The Global Fund Sourcing Strategic Review Meeting
16-17.10.2017
Contents

▪ Welcoming and introductory remarks
  ▪ Market Shaping Strategy: Vision and Progress
  ▪ Category Highlights
  ▪ Responsible Procurement
  ▪ Provision of Market Information
  ▪ Quality Assurance
  ▪ Tuberculosis Market
  ▪ Material for breakouts
  ▪ Wrap-up
### Agenda Day 1

**Day 1 – 16th October**

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.30 – 10.00</td>
<td>Welcome coffee</td>
<td>-</td>
</tr>
<tr>
<td>10.00 – 10.20</td>
<td>Welcome remarks</td>
<td>Patrik Latin</td>
</tr>
<tr>
<td>10.20 – 11.00</td>
<td>Market Shaping Strategy: Progress &amp; Vision</td>
<td>Mariatou Tala Jallow</td>
</tr>
<tr>
<td>11.00 – 12.30</td>
<td>Category Highlights</td>
<td>Azizkhon Jafarov; Lin (Roger) Li; Martin Auton; Mathieu Courtois</td>
</tr>
<tr>
<td>12.30 – 13.30</td>
<td>Lunch</td>
<td>-</td>
</tr>
<tr>
<td>13.30 – 15.15</td>
<td>Breakout 1</td>
<td>Mariatou Tala Jallow; Lin (Roger) Li; Martin Auton; Melisse Murray; Nathan Vasher</td>
</tr>
<tr>
<td>15.15 – 15.30</td>
<td>Regrouping coffee</td>
<td>-</td>
</tr>
<tr>
<td>15.30 – 16.00</td>
<td>Responsible procurement</td>
<td>Nick Jackson; Lin (Roger) Li</td>
</tr>
<tr>
<td>16.00 – 18.00</td>
<td>Breakout 2</td>
<td>Mariatou Tala Jallow; Lin (Roger) Li; Martin Auton; Melisse Murray; Nathan Vasher</td>
</tr>
<tr>
<td>18.30 – 20.00</td>
<td>Cocktail, incl. day one closing</td>
<td>-</td>
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</table>

For each of the breakout sessions, 3 simultaneous workshops will run on Leveraging Impact, Total Cost Approach and New Product Introduction.
# Agenda Day 2

**Day 2 – 17th October**

<table>
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<tr>
<th>Time</th>
<th>Topic</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.30 – 09.00</td>
<td>Welcome coffee</td>
<td>-</td>
</tr>
<tr>
<td>09.00 – 10.45</td>
<td>Breakout 3</td>
<td>Mariatou Tala Jallow; Lin (Roger) Li; Martin Auton; Melisse Murray; Nathan Vasher</td>
</tr>
<tr>
<td>10.45 – 11.00</td>
<td>Regrouping coffee</td>
<td>-</td>
</tr>
<tr>
<td>11.00 – 12.30</td>
<td>Sharing market information</td>
<td>Nick Jackson (GF) Alexandra Hazell and Rod Carlton (Freshfields)</td>
</tr>
<tr>
<td>12.30 – 13.00</td>
<td>Quality Assurance</td>
<td>Alain Prat; Lin (Roger) Li</td>
</tr>
<tr>
<td>13.00 – 14.00</td>
<td>Lunch</td>
<td>-</td>
</tr>
<tr>
<td>14.00 – 15.00</td>
<td>Tuberculosis market</td>
<td>Stop TB – Presentation to be uploaded to TGF website at a later date</td>
</tr>
<tr>
<td>15:00 – 17.00</td>
<td>Breakout feedback and discussion</td>
<td>Patrik Latin, McKinsey &amp; Co.</td>
</tr>
<tr>
<td>17.00 – 17.30</td>
<td>Summary + Closure</td>
<td>Patrik Latin, Mariatou Tala Jallow</td>
</tr>
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</table>

For each of the breakout sessions, 3 simultaneous workshops will run on Leveraging Impact, Total Cost Approach and New Product Introduction.
Contents

- Welcoming and introductory remarks
- **Market Shaping Strategy: Vision and Progress**
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  - Wrap-up
Market Shaping Strategy: Progress and Vision

Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Mariatou Tala Jallow
The MSS is a key component of The Global Fund’s mission

Mission of MSS: Leverage our position to facilitate healthier global markets for health products – today and in the future

Source: Team analysis
Healthy markets have 6 characteristics

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>There is a <strong>robust pipeline of new products</strong>, regimens or formulations intended to improve clinical efficacy, reduce cost, or better meet the needs of end users, providers or supply chain managers</td>
</tr>
<tr>
<td>Availability</td>
<td>New and/or superior evidence-supported, quality-assured products are <strong>rapidly introduced in the market and made available</strong> to those in low- and middle-income countries. Adequate and sustainable supply exists to meet global needs</td>
</tr>
<tr>
<td>Demand and adoption</td>
<td>Countries, programs, providers (e.g., healthcare providers, retailers), and end users rapidly introduce and adopt the <strong>most cost-effective products</strong> (within their local context)</td>
</tr>
<tr>
<td>Quality</td>
<td>Medicines and technologies are available at an <strong>internationally-recognized standard of quality</strong>, and there is reliable information on the quality of the product. This includes not only the quality of the final, finished product, but also the quality of starting and intermediary materials used to manufacture the final product</td>
</tr>
<tr>
<td>Affordability</td>
<td><strong>Medicines and technologies are offered at the lowest possible price that is sustainable</strong> for suppliers and does not impose an unreasonable financial burden on governments, donors, individuals, or other payers</td>
</tr>
<tr>
<td>Delivery</td>
<td>Supply chain systems (including quantification, procurement, storage, and distribution) <strong>function effectively to ensure that products reach end users in a reliable</strong> and timely way</td>
</tr>
</tbody>
</table>

Source: Market Shaping Strategy, Annex 1 to GF/B4/17 - Revision 1
The market shaping strategy has come a long way

1. Birth of market shaping strategy
3. GF strategy 2012-2016
4. First Annual Strategic Review
5. Second Phase of MSS implementation

Vision 2022

- Adoption of objective and guiding principle of market shaping
- New market shaping strategy, incl. specific instructions for ARVs
- Call to more proactively shape markets
- Recognition of GF’s abilities to influence market and call to extend toolkit
- Reinforcement and development of market shaping objectives and toolkit

Source: Team analysis

1 Market Dynamics Ad-hoc Committee

Adoption of objective and guiding principle of market shaping
Our efforts have borne fruit

Savings equivalent to:
- >400mn courses of ACTs for under 5
- >65 mn bed nets

Reduction of scale-up time
- 2

Tenders including innovation criteria
- 100%

Collaboration and co-investment
- 50%

Terms and conditions of framework agreements extended
- 4

Large Buyer Forum in ARV market

OTIF in PPM

Introduced to prevent stockouts

Price reductions LLIN/ARV
- 1

mn$ savings (2016)

Adoption of new/cost efficient products

Stimulated innovation

Contribution to GF mission

Country transition and long-term market viability

Availability and affordability
Consistent quality standards

1 Since 2013 and 2014, respectively
2 In case examples
3 E.g. RSA, Kenya, PAHO
4 To other large buyers like PAHO, Kenya

Source: Team analysis
The journey to evolve sourcing needs to take place against the backdrop of existing strategies and initiatives.

- Market Shaping Strategy 2016-21
- Supply Chain Implementation Plan
- GF strategy 2017-22
- Others, incl. responsible procurement
- Implementation of wambo.org

Implementing the second phase of the MSS

Source: Team analysis
A range of tools support the implementation of the MSS

...there is a set of tools to support implementation

<table>
<thead>
<tr>
<th>Tools</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pooled procurement mechanism (PPM)</strong></td>
<td>Consolidates recipient demand for health products, negotiates procurement, offers vehicle to deploy a variety of strategic procurement practices</td>
</tr>
<tr>
<td><strong>The Global Fund’s Quality Assurance policies</strong></td>
<td>Covers pharmaceutical and diagnostic products and quality requirements for other health products (incl. Expert Review Panel)</td>
</tr>
<tr>
<td><strong>Price and quality reporting mechanism (PQR)</strong></td>
<td>Captures transaction-level procurement data on core health products financed by GF in public database</td>
</tr>
<tr>
<td><strong>Revolving fund (catalytic fund)</strong></td>
<td>Supports new product introduction</td>
</tr>
<tr>
<td><strong>The Global Fund’s guide to procurement and supply management (PSM) policies</strong></td>
<td>Details the legal obligations that apply to GF-financed health products and other recommended best practices for PSM</td>
</tr>
<tr>
<td><strong>Guidance provided by the grant management division’s health product management specialists</strong></td>
<td>Interfaces with PRs on PSM topics in grant-making and implementation process and monitors grant compliance with the procurement policies described above</td>
</tr>
<tr>
<td><strong>Cost-effectiveness analysis (HTA)</strong></td>
<td>Informs country priority-setting and selection of health technologies commissioned by countries with GF financing or centrally via the GF’s Value for Money special initiative</td>
</tr>
<tr>
<td><strong>wambo.org</strong></td>
<td>Serves as “face” of PPM to increase country ownership and provides full visibility and a transparent and auditable process</td>
</tr>
</tbody>
</table>

Source: Annex 1 to GF/B34/17 – Revision 1
We identified 6 strategic priorities for which we wish to improve collaboration with partner organizations

<table>
<thead>
<tr>
<th>Strategic priority areas</th>
<th>What we have achieved</th>
<th>What we want to attain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leveraging impact</td>
<td>▪ Greatly improved <strong>affordability and availability</strong>&lt;br&gt;▪ <strong>Strong partner relationships</strong>, incl. co-investments and benefit sharing</td>
<td>▪ Define ways of <strong>SMART</strong> collaboration&lt;br&gt;▪ <strong>Sustain and extend impact</strong> achieved through, e.g., framework agreements, potential joint procurement solutions</td>
</tr>
<tr>
<td>Total cost approach</td>
<td>▪ Significant <strong>value unlocked</strong> through unit-price focused efforts</td>
<td>▪ Unlock <strong>additional benefits beyond unit price reductions</strong> through holistic cost approach</td>
</tr>
<tr>
<td>Innovation and new product introduction</td>
<td>▪ Targeted <strong>case-by-case support</strong> leveraging <strong>organically evolving collaboration</strong></td>
<td>▪ Leverage <strong>synergetic end-to-end support</strong> based on each partner’s <strong>unique value proposition</strong></td>
</tr>
<tr>
<td>Responsible procurement</td>
<td>▪ Societal and environmental concerns addressed through <strong>multiple ad-hoc initiatives</strong></td>
<td>▪ <strong>Work hand in hand with partners</strong> to comprehensively ensure responsible procurement across 4 dimensions (i.e., <strong>economy</strong>, <strong>ecology</strong>, <strong>society</strong>, and <strong>business practices</strong>)</td>
</tr>
<tr>
<td>Provision of market information</td>
<td>▪ <strong>Healthier markets</strong> through generous information sharing on case-by-case basis</td>
<td>▪ <strong>Improve impact and mitigate risk</strong> through <strong>principle-based information sharing</strong></td>
</tr>
<tr>
<td>Quality assurance</td>
<td>▪ <strong>Averting of critical quality issues/incidences</strong> and improved patient safety</td>
<td>▪ Play more <strong>pro-active role</strong>, incl., improving of <strong>information flow</strong> and increasing ability to <strong>act upon quality relevant information</strong></td>
</tr>
</tbody>
</table>

Source: GF; Team analysis  1 Specific Measurable Achievable Realistic Timebound
Contents

- Welcoming and introductory remarks
- Market Shaping Strategy: Vision and Progress

**Category Highlights**

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Highlights: Antimalarials

Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Lin (Roger) Li
Responsible procurement in Antimalarials Medicine Sourcing Strategy 2018-20

**Context**

- **Agricultural Artemisinin prices are volatile** due to, e.g.,
  - Overproduction capacity because of low technical barriers to entry
  - Lack of harmonized quality standards
  - Inconsistent in-house EHS control
  - Lack of visibility of demand and long term agreement
- **Agricultural Artemisinin price volatility causes supply interruption to ACT suppliers**

**Approach**

- **GF mitigated Artemisinin price volatility and supply interruption** by:
  - Assessing all Artemisinin manufacturers’ EHS standards through 3rd party
  - Selecting panel Artemisinin manufacturers for 2018-2020 implementation
  - Incentivizing best practices among manufacturers along upstream supply chain by offering 3 years long term agreements
- **Promoted semi-synthetic Artemisinin source** for long term sustainability

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**Historical Average Agricultural Artemisinin Pricing**

- Highest price = ca. 1,100 US$/kg

Data Source: Agricultural Artemisinin price is based on Chinese export to India
GF moved Antimalarials production closer to demand to decrease carbon footprint

**Context**
- Most eligible suppliers have approved production sites outside of Africa where the largest ACTs demand is, translating to relatively important transportation costs
- ACT timely demand has been a challenge
- In-time responsiveness of manufacturers is critical

**Approach**
- Explicitly value “production footprint in Africa/proximity to high volume demand”
- Encourage rapid supply mechanism through vendor-managed inventory or other innovative supply chain solutions

**Impact**
- **Shortened lead times** between order confirmation and arrival of goods at port of entry
- **Lower transportation costs** to first port of entry
- **Decreased carbon footprint**
- **In-country economic development** towards achievement of SDGs, e.g., local employment in areas most affected by malaria

Source: GF
Highlights: LLINs
Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Aziz Jafarov
LLIN sourcing has been evolved along 2 strategic rounds

First round LLIN Sourcing Strategy
2014-2015

- Maximize investments on LLINs within a dynamic and sustainable market environment
- Address price volatility and standardization

Second round LLIN Sourcing Strategy
2016-2017

- Maintain availability and affordability
- Strive for continuous improvement
- Support investment in innovation
- Maintain flexibility and prepare for change

Overarching objectives
In order to maximize investments on LLINs within a dynamic and sustainable market environment, the first round pursued 6 targets:

- **Develop new supply chain model**, incl. direct supplier management, risk reduction, updated pooled procurement and improved delivery.
- **Create new processes**, incl. forecasting to improve net availability in line with country programs.
- **Move towards standardization of specifications** to simplify procurement and production.
- **Unlock value for GF in LLIN through improved sourcing and greater understanding** of the market.
- **Encourage local production** to WHO standards without de-stabilizing the market (where appropriate).
- **Engage with other agencies and suppliers to drive innovation and collaboration.**
The first round 2014-2015 already delivered significant impact

- Started **new way of doing business**

- Created **competitive supplier base** by selecting 9 instead of 3 suppliers to procure 167 million nets

- Enabled more **stable/predictable pricing**

- Improved demand **visibility and delivery performance**

- Initiated **support for local manufacture**
Building on the first round achievements, the 2016-2017 LLIN Sourcing Strategy set ambitious targets to shape LLIN markets.

**Maintain availability and affordability**
- Ensure **sufficient capacity is maintained** across the 3 year replacement cycle
- Optimize **plant utilization** where feasible
- Encourage **manufacture close to the customer**
- Support **ROI on supplier-owned assets**

**Support investment in innovation**
- Recognize the **differences between origination and equivalence**
- Support **ROI in new products**
- Participate in and support initiatives on **durability and resistance**

**Strive for continuous improvement**
- Adopt a **landed cost approach**
- Improve **data management**

**Maintain flexibility and prepare for change**
- Prepare for **product differentiation**
- Develop mechanisms to **support change**
- Encourage **QMS adoption** prior to WHOPES PQ

**These targets were reflected in the tender structure**

SOURCE: McKinsey
Also the second round enabled a leap forward, but there remain challenges to be addressed.

### Impact

- Procured **169 mn nets** (2016-2017) with estimated value of **$ 350 mn** by mid 2017

### Supply

- Quarterly allocation updates for suppliers
- Selected 10 panel Suppliers
- **Manufacture closer to customer** (lower landed cost and shorter lead time)
- Improved **supplier performance management**
- Increase **On Time In Full deliveries to 98% in 2016**

### Product and price

- Standardized **package of accessories** (net specifications), incl. **colour coding** the nets to support initiatives on durability monitoring
- **Stable prices** with observed decrease
- **Flexibility for new products** is built into the Framework Agreements

### ... there remain challenges to be tackled

- Trade-off between evolving of **new-generation nets and availability/affordability**

### Supply

- Significant **manufacturing over-capacity**
- **Align changes in the LLIN pre-qualification process and roles**
- One WHOPES-recommended new generation net, but **WHO guidance is still pending**

### Product and price

- **Product differentiation guidance** (e.g. PBO nets) is **challenging to implement**
- Limited number of **new generation nets** in the development pipeline

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Deep dive on the next page.
**Problem**

- 10 out of 12 eligible LLIN manufacturers are selected as panel manufacturers in GF 2014 tender for 2015-2016 implementation\(^2\)
- Average deliveries to PRs are at 7.25 mn nets per month, which is just 1/4 of committed capacity
- Some of panel manufacturers offer very aggressive prices to other buyers to maintain minimum production load and skilled works

**Solution**

- GF competitive tender has adapted to the balanced supply system approach to evaluate the supply base. Both “originator” and “me-too” manufacturers are kept as panel manufacturers
- GF allocation was structured in the way to be able to respond to both low and high demand periods

**Opportunities and Challenges**

- Idle capacity can be utilized further to return value
- As LLIN are a labor intensive operation, sustainability issues become an emerging concern
- How many panel LLIN manufacturers we need to achieve our mission is at question

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\(^1\) Data source: Regular Manufacturer performance review meeting

\(^2\) In 2017, 1 more LLIN manufacturer is pre-qualified with “me too” products
Highlights: Viral Load and Early Infant Diagnostics Testing
Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Aziz Jafarov
GF engages to provide transparency in pricing, costs, acquisition, and contracting options to tackle historical market shortcomings

**Initial situation**

- Historically there has been **little visibility in pricing**, due to country-by-country or even machine-by-machine arrangements in place.
- As a result, **price variability tended to be very high**.

**Need for intervention**

- Provide **transparency in pricing, costs, acquisition, and contracting options**.
- Select a **panel of manufacturers to enter into Framework Agreements** to supply PRs both through PPM and through other procurement channels of GF grant recipients.
- Provide inputs for **defined, competitive, and transparent selection** of viral load technologies by PRs.
- Potentially include options for **allocated or committed volumes based on aggregated forecast demand** across GF PRs.

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1 The term and level of any commitment will follow the Global Fund evaluation of submitted proposals and subsequent second stage review.
### Regulatory status of panel suppliers

<table>
<thead>
<tr>
<th>Supplier panel</th>
<th>Eligibility and Testing products</th>
<th>Technology approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott</td>
<td>WHO PQ</td>
<td>VL, EID</td>
</tr>
<tr>
<td>Alere</td>
<td>WHO PQ</td>
<td>EID</td>
</tr>
<tr>
<td>Biocentric</td>
<td>CE mark</td>
<td>VL</td>
</tr>
<tr>
<td>BioMérieux</td>
<td>WHO PQ</td>
<td>VL</td>
</tr>
<tr>
<td>Cepheid</td>
<td>CE mark/WHO PQ</td>
<td>VL, EID</td>
</tr>
<tr>
<td>DRW</td>
<td>CE mark</td>
<td>VL, EID</td>
</tr>
<tr>
<td>Hologic</td>
<td>CE mark</td>
<td>VL</td>
</tr>
<tr>
<td>QIAGEN</td>
<td>CE mark</td>
<td>VL</td>
</tr>
<tr>
<td>Roche</td>
<td>WHO PQ</td>
<td>VL, EID</td>
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</tbody>
</table>
GF targets a range of credible, cost-effective, competitive options with more transparent pricing and contracting, which are broadly accessible to all

<table>
<thead>
<tr>
<th>Achievements</th>
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<tbody>
<tr>
<td><strong>Leveraged volumes</strong>  ▪ Enabled <strong>volumes to be leveraged</strong> and <strong>promoted maximum up-time</strong> and <strong>throughput</strong></td>
</tr>
</tbody>
</table>
| **Transparent contracting**  ▪ Guided **new selection** and establish **contracting modalities and templates**  
  ▪ **Benchmarked existing arrangements** with forward-applicability in many cases  
  ▪ Delivered **framework contracts and transaction agreements** |
| **Transparent costing**  ▪ Provided **standardized costing** enabling easier and more transparent decision-making  
  ▪ Provided **clear cost build-up to Total Cost of Ownership** for a more meaningful and fair comparison |
| **Additional acquisition models**  ▪ Provided **options of different acquisition models** (i.e., purchase and reagent rental)  
  ▪ Made available **“reagent rental”** from majority of suppliers that is comparable with the equivalent “all in” bottom up price – no/small “premium”  
  ▪ Identified various **value-added solutions** available  
  ▪ Introduced **bundling approach** |
| **Broader supplier base**  ▪ Included **2 new offerings for lab-based systems**  
  ▪ Included **3 new entrants for lower throughput/near-Point-of-Care offerings**  
  ▪ Established **process for new entrants** with a clear target for pricing and contracting |
| **Global visibility**  ▪ Enabled better **global visibility and framework for performance management** (rather than fragmented country-level) and **sustained delivery**  
  ▪ Included **agreement to make key elements of this RFP “available”** in the public domain including TCO calculations |
We introduced a HIV Viral Load and Early Infant Diagnosis Selection and Procurement Information Tool

<table>
<thead>
<tr>
<th>Country scenario</th>
<th>Programming &amp; funding</th>
<th>RFP process/outcomes</th>
<th>Platform/technology selection</th>
<th>Pricing options</th>
<th>Contracting option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan to scale-up</td>
<td>Implementation plans</td>
<td>RFP objectives and process</td>
<td>Supplier panel</td>
<td>Total Cost of Ownership explanation</td>
<td>Comparison between options</td>
</tr>
<tr>
<td>Exploit new arrangements</td>
<td>Funding requests</td>
<td>RFP outcomes</td>
<td>Supplier information</td>
<td>VL – comparison</td>
<td>Supplier options</td>
</tr>
<tr>
<td>Procure and implement</td>
<td>Other guidance</td>
<td>Commercial results</td>
<td>Technical summary</td>
<td>EID – comparison</td>
<td>Key principles</td>
</tr>
</tbody>
</table>

NOTE: This tool is being continually updated and the latest version of this tool can be downloaded from https://www.theglobalfund.org/en/sourcing-management/health-products/viral-load-early-infant-diagnosis/. We welcome receiving any comments or suggestions - contact details are provided on the webpage link above.
wambo.org update
Sourcing Strategic Review Meeting, Montreux
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Mathieu Courtois
The wambo.org vision

Wambo.org is built upon the vision of an online procurement platform which can tackle several challenges faced by PRs

An innovative online procurement platform with several important benefits

- **Search and compare** price and lead time across suppliers
- **Select** desired specifications, order terms and place order
- **Track and trace** requisition, direct payment
- **Easy reporting**, allowing for better, more specific forecasting
- **Reduces market complexity and need for intermediaries**
- **Decreases administrative burden**; for PPM PRs, automates PPM ordering
- **Acceleration of the procurement process**
- **PRs able to procure more efficiently**
wambo.org connects PRs to the best available sourcing options

**Products from multiple sources**

wambo.org ambitions to promote **best in class** LTAs and sourcing options, **internally** through the Global Fund or **through partners**, and make them available to its users

Global Fund LTAs
- LLINs
- ACTs and other anti-malarials
- ARVs
- Viral Load / EID

Outsourced LTAs
- Condoms & Lubricants (UNFPA)
- Vehicles & Generators (UNOPS) *soon!*

Outsourced catalogues
- RDTs
- Other diagnostics
- Non-core pharmaceuticals
- Laboratory supplies
- Medical equipment

POs transit through PSAs* (and equivalent)

wambo.org issues Purchase Orders (POs) on behalf of its users to **PSAs** (and equivalent) who **cascade** them to the relevant manufacturers and logistics providers

e-RFQs direct to manufacturers *soon!*

*PSA: Procurement Services Agent*
All PPM transactions are now flowing through wambo.org

wambo.org has launched all of the product categories available to PRs through PPM at a careful pace and is now looking to expand to non-health through the UNOPS MoU and TB through the GDF MoU.

On-boarding of Global Fund PRs

wambo.org is available to nearly 700 users from 90 PR organisations in 56 countries. The Global Fund ran 8 regional workshops in 2016 to train and on-board these users: wambo.org is configured to the needs of each individual PR’s approval governance.

By the end of June 2017, all PRs historically ordering through the manual process had been on-boarded to wambo.org: all transactions are now electronic.

Since its launch in January 2016, over 300 POs have been processed through wambo.org for a total value of over $715 million.
The Global Fund is taking wambo.org to the next stage and piloting the use of domestic funds

**Background**

In May 2017, the Board approved a **pilot** for the procurement through wambo.org of **10 purchase transactions using domestic funds**. Findings will inform the extension of wambo.org into Phase 2 beyond the Global Fund.

**Pilot scope**

- Only **government** PRs that are **currently PRs** (no NGO, only countries w/ active grants)
- Can purchase any product available on wambo.org
- **Upfront payment**
- Limit of 10 transactions
- Key caveats
  - Subject to manufacturers agreeing to extend price
  - May or may not go beyond pilot phase
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Responsible procurement
Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Nick Jackson, Lin (Roger) Li
Partners, donors and other stakeholders expect GF to deliver a responsible procurement approach that supports the Sustainable Development Goals.

In 2015, countries gathered and committed to end poverty, protect the planet and ensure prosperity for all.

Increasingly, partners and donors are requesting guarantees for social and environmental responsibility in procurement.

SOURCE: WHO; Team analysis
GF is on a journey to build a holistic responsible procurement approach

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>What we have achieved</th>
<th>What we want to attain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach</td>
<td>GF addressed responsible procurement reactively through specific ad hoc cases</td>
<td>GF proactively employs a responsible procurement approach tailored to its end-to-end value chain with 4 dimensions: economy, ecology, society and business practices</td>
</tr>
<tr>
<td>Guidelines</td>
<td>Guidelines created by initiative in specific cases (e.g., Artemisinin; Supplier Code of Conduct) but not holistic codification</td>
<td>GF intends to build responsible procurement guidelines by leveraging existing ones</td>
</tr>
</tbody>
</table>

SOURCE: Team analysis
GF plans to define a tailored, holistic responsible procurement approach across 4 elements

**Dimensions**

- **Economy**
  - Provide additional economic benefits to in-country community
  - Empower community by sharing knowledge

- **Ecology**
  - Mitigate effect on environment along the end-to-end supply chain
  - Use knowledge and skills to contribute to a constant rise in eco-efficiency

- **Society**
  - Promote fundamental human rights, e.g.,
    - Advocate for decent labor conditions
    - Promote children rights
  - Promote workers’ health and safety

- **Business practices**
  - Promote best business practices among suppliers and other buyers

**Principles to build holistic standards**

- Build on existing guidelines
- Provide practical guidance
- Include phased approach
- Focus on procurement
- Align with GF objectives

SOURCE: Adapted from corporate responsibility’s framework by Crane et al, 2014
GF has addressed each dimension of responsible procurement’s framework through a case-by-case approach

<table>
<thead>
<tr>
<th>Dimension addressed</th>
<th>Case examples</th>
<th>Issue</th>
<th>Solution</th>
</tr>
</thead>
</table>
| LLINs               |              | ▪ LLINs manufacturing countries have weak regulators’ focus on textile  
▪ Plastics and insecticides used for LLINs present high chemical risks for environment  
▪ Historical reputational issues related to corruption, environment and disposal  | ▪ GF mandated social and environmental assessment by a 3rd party in 2015 for 7 LLIN production sites in 3 countries  
▪ GF provided action plans for each site assessed to implement environmental and labor regulations  | |
| Artemisinin         |              | ▪ Agricultural artemisinin prices are volatile due to:  
  – Overproduction capacity because of low technical barrier to entry  
  – Lack of harmonized quality standards  
▪ Agricultural artemisinin price volatility causes supply interruptions to ACT suppliers  | ▪ GF mitigated artemisinin price volatility by visiting upstream agricultural artemisinin producers:  
  – GF conducted agricultural artemisinin manufacturer qualification through 3rd party  
  – GF incentivized best practices among manufacturers by offering 3 years allocation  | |
| ARV                 |              | ▪ 40% GF procured ARV products were shipped by air in 2014 during spot tenders  
▪ Poor performing suppliers lobby when loosing volumes  | ▪ GF included in suppliers’ tenders quarterly ARV allocation. As a result, 85% of ARV volume is shipped by ocean in 2016  |
Partner and donor organizations have raised concerns about responsible procurement which GF has addressed through several initiatives.

- **2009**
  - DFID raised concerns about LLINs misuse

- **2013**
  - DFID raised concerns about LLINs misuse

- **2014**
  - GF introduces the supplier code of conduct
  - GF addresses LLIN ecological concerns through its anti-malaria strategy
  - GF starts risk assessment per product category

- **2015**
  - GF sign contribution agreement with Norway on eco-footprint

- **2016**
  - GF joined the SPHS task team on sustainable procurement
  - GF appoints its first ethics officer
  - GF signed the Joint Interagency Statement for sustainable procurement

---

1 SPHS: Sustainable Procurement in the Health Sector

SOURCE: WHO
GF will continue to work hand in hand with partner organizations towards delivery of sustainable procurement

**Stepping stones going forward**

- Gather and address inputs from partner organizations
- Refine holistic responsible framework based on best practices
- Build resilience to lobbying and promote best business practices

SOURCE: Team analysis
Contents

- Welcoming and introductory remarks
- Market Shaping Strategy: Vision and Progress
- Category Highlights
- Responsible Procurement
- **Provision of Market Information**
  - Quality Assurance
  - Tuberculosis Market
  - Material for breakouts
  - Wrap-up
Provision of Market Information
Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Nick Jackson, Rod Carlton (Freshfields)
**WHY:** Sharing information is critical to building healthy markets

**Market shaping process**
- **Understand**
- **Shape**
- **Monitor**

**Importance of mutual information sharing**
- Use data for **operational and strategic decision-making**
- Enable **diagnosing market dynamics** challenges and identifying opportunities for improvement
- Increase visibility on market to **strengthen competition, and reduce prices/price volatility**
- Enable **partners and recipients**
- **Monitor and control** utilization of GF funds with respect to price, product and service quality
- Establish impact and **“value for money”**

---

Data is the “**essential foundation of sound market dynamics and procurement practices**”

“Disclosure of information (...) is a **matter of principle and will facilitate a process leading to lower prices**”

*GF Board*
**WHAT:** GF aims to share with each recipient data that is crucial to them

### Recipients of market information

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Partner organisation and other buyers</th>
<th>PRs / countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Healthy supply structures&lt;br▪ Innovation and uptake of new products</td>
<td>▪ Standardized and aligned market practices/strategies&lt;br▪ Healthy markets</td>
<td>▪ Availability and affordability of products&lt;br▪ Capability and capacity building</td>
</tr>
<tr>
<td>▪ Demand data and prediction&lt;br▪ Procurement pathways&lt;br▪ Eligibility&lt;br▪ Benchmark pricing</td>
<td>▪ Market intelligence&lt;br▪ Risk identification&lt;br▪ Supply chain logistics best practices&lt;br▪ Supplier assessment</td>
<td>▪ Pre-negotiated price lists for budgeting/benchmarking&lt;br▪ Selected and quality assured product selection&lt;br▪ Best practice supplier interaction/assessment&lt;br▪ Specifications/alternative products, incl. view on total cost</td>
</tr>
</tbody>
</table>

**Objective**

- Healthy supply structures
- Innovation and uptake of new products

**Types of information to share**

- Demand data and prediction
- Procurement pathways
- Eligibility
- Benchmark pricing

**Modes of information sharing**

- Tailored channel mix, incl. PQR, standard market intelligence and on-demand information

**SOURCE:** Team analysis
**HOW: GF employs 3 key channels for information sharing**

<table>
<thead>
<tr>
<th>Key channels</th>
<th>Status quo</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Selected</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PQR</strong></td>
<td>Description</td>
<td>Benefits</td>
</tr>
<tr>
<td></td>
<td>• Public database</td>
<td>• Sharing of price data, benchmarks, and forecasting</td>
</tr>
<tr>
<td></td>
<td>• Transaction-level procurement data</td>
<td>• Potential identification of “value for money” opportunities</td>
</tr>
<tr>
<td><strong>Standard market intelligence</strong></td>
<td>Set of regularly updated, standardized reports, e.g., tender outcomes, strategy documents, and reference prices</td>
<td>• Broad spectrum of high-level market intelligence</td>
</tr>
<tr>
<td></td>
<td>Benefits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Broad spectrum of high-level market intelligence</td>
<td>• Benefits for large scope of interested stakeholders</td>
</tr>
<tr>
<td></td>
<td>• Benefits for large scope of interested stakeholders</td>
<td>• Formalized and established market conditions</td>
</tr>
<tr>
<td><strong>On demand</strong></td>
<td>Solicited information sharing</td>
<td>Needs-based in-depth provision of information</td>
</tr>
<tr>
<td></td>
<td>Provision based on legitimate needs</td>
<td>• High relevance due to tailoring to specific context/circumstances</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mid-term opportunities</th>
<th>Long-term vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Refine value proposition for the needs of 2017</td>
<td>• Create fully transparent markets to generate healthy structures and fierce competition</td>
</tr>
<tr>
<td>• Extend quality standards to full data set</td>
<td>• Provide pre-processed market intelligence to cater for a variety of needs and increase visibility and awareness for the broader public</td>
</tr>
<tr>
<td>• Collaborate with partners to provide broader perspective</td>
<td>• Enable partners by ensuring that market shaping never fails due to the inaccessibility of available information</td>
</tr>
<tr>
<td>• Establish needs and interests of different stakeholders and further tailor reports</td>
<td></td>
</tr>
<tr>
<td>• Define clear principles for evaluating requests</td>
<td></td>
</tr>
<tr>
<td>• Develop joint platform/mechanism to institutionalize sharing</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: Team analysis
CONTRAINTS: Information sharing is constrained from 3 angles

- Information that could distort markets might violate antitrust law
- IP law or contractual obligations set further constraints
- GF will always “better be safe than sorry” and prudent in information sharing

Ensure rigorous compliance with applicable regulations and obligations

- Both market and stakeholders place high expectations in the quality and relevance of intelligence provided by GF
- Credibility is crucial for GF to be taken seriously in the market and remain a trusted partner

Stakeholders place high trust in GF

- Trust- and loyalty-based relationships are the foundation of GF’s ability to shape markets in the long-term
- GF will protect confidences and share information only to the extent that does not infringe upon legitimate stakeholder interests

Uphold high ethical standards

SOURCE: Team analysis
A set of key principles aims to maintain GF’s integrity and credibility

<table>
<thead>
<tr>
<th>Principles</th>
<th>Examples of “don’ts”</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uphold highest data quality</td>
<td>▪ Share un-validated raw data</td>
<td>▪ Increase level of confidence by sharing only validated, cross-checked and consolidated data</td>
</tr>
<tr>
<td>Stay within GF’s mandate</td>
<td>▪ Make commitments on behalf of others</td>
<td>▪ Set clear boundaries to ensure conformity with relevant guidelines and policies</td>
</tr>
<tr>
<td>Maintain credibility</td>
<td>▪ Give ad-hoc commentary on market dynamics</td>
<td>▪ Do not share premature insights</td>
</tr>
<tr>
<td>Safeguard legitimate stakeholder interest</td>
<td>▪ Provide manufacturer technical and commercial information</td>
<td>▪ Protect confidences and trust-based relationships with all stakeholders</td>
</tr>
<tr>
<td>Ensure compliance</td>
<td>▪ Share data protected by NDAs or law (e.g., IP, antitrust sensitive data)</td>
<td>▪ Uphold zero-tolerance policy towards breaches of law or contractual obligations</td>
</tr>
</tbody>
</table>

SOURCE: Team analysis
## Key principles that GF will need to bear in mind

<table>
<thead>
<tr>
<th>Key principles</th>
<th>Considerations</th>
</tr>
</thead>
</table>
| Whether exchanging information is permissible will depend upon the type of information requested | - Public/confidential?  
- Historic/forward-looking?  
- Aggregated/anonymised?  
- Relating to prices/volumes? |

It is important that GF consider how and why information has been disclosed to them

- What was the purpose of the information disclosure?  
- Was the information solicited? (NOTE: There is a presumption of usage)  
- Is the information confidential? Is there an NDA?  

GF should also consider why this information has been requested, and by whom

- What is the purpose of the request?  
- Are safeguards necessary to protect the data?  
- Was the information requested during a tender process?  
- Could a hub-and-spoke arrangement be in operation?
It is crucial to understand the potential impact of the information on the market. Could the information exchange impact on key parameters of competition?

- Price
- Product quality
- Product variety
- Innovation
- Quantity

Source: Team analysis
Contents

- Welcoming and introductory remarks
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**Quality Assurance**

- Tuberculosis Market
- Material for breakouts
- Wrap-up
Quality Assurance

Sourcing Strategic Review Meeting, Montreux
16-17.10.2017

Alain Prat; Lin (Roger) Li
GF strives to evolve to further promote consistent quality standards

**Strategic priorities**
- Break-down information barriers to increase patient safety
- Improve setup and enlarge leeway to effectively act-upon quality-relevant information

**Mission**
- Uphold **consistent quality standards** for health products
- Leverage position as a large financing institution to promote international collaboration

**Vision**
- Medicines/technologies are **available at an internationally-recognized standard** of quality
- There is **reliable and timely information** on the quality of the product

Source: GF
GF has already attained significant achievements in Quality Assurance

<table>
<thead>
<tr>
<th>What we have done</th>
<th>What we have achieved</th>
<th>What opportunities remain</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Evolved QA policies to shape market</td>
<td>▪ Increased and refined toolkit&lt;sup&gt;1&lt;/sup&gt;</td>
<td>▪ Play more (pro-)active role in Quality Assurance</td>
</tr>
<tr>
<td>▪ Managed ERP&lt;sup&gt;2&lt;/sup&gt; process with partners</td>
<td>▪ Accelerate access to &gt;40 innovative products</td>
<td></td>
</tr>
<tr>
<td>▪ Refined understanding of marketed products</td>
<td>▪ Improved ability to identify and act upon signals from the market</td>
<td>▪ Facilitate sharing of information</td>
</tr>
<tr>
<td>▪ Improved visibility on patients’ safety (incl. better and more timely information)</td>
<td>▪ Actively managed quality risks</td>
<td>▪ Integrate multiple stakeholder approaches</td>
</tr>
<tr>
<td>▪ Mitigated risk of quality issues</td>
<td>▪ Refine and act upon own QA risk appetite</td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup> E.g., PSM guide

<sup>2</sup> Expert Review Panels

Source: GF
Further reducing patient risk is impeded by different challenges observed in the Quality Assurance ecosystem.

Challenges observed, selected:

1. **Limited capacities of countries** to generate adequate information in a timely manner.
2. **Insufficient information quantity and quality from the field** for RRA authorities to effectively act upon.
3. **Current setup constraining ability to fully act upon quality issues observed**.
4. **Manufacturers informing predominantly RRA authorities** and only partially countries on quality-relevant issues.
5. **Limited sharing of information between countries and stakeholders**.

Source: GF
There are multiple levers for GF to tackle challenges and further improve safety of patients

<table>
<thead>
<tr>
<th>Nature of GFs involvement</th>
<th>Potential levers</th>
</tr>
</thead>
</table>
| Play catalytic role       | **1** Foster in-country capacity to ensure generation of quality-relevant data/information  
   a) Leverage external resource partners  
   b) Structure GF financing for increased coherence |
| Engage (pro-) actively    | **2** Systemize and structure information sharing mechanisms to accelerate and increase actionability |
|                           | **3** Refine policies to enable application of own risk assessments  
   a) Clarify GF’s position to employ own risk appetite  
   b) Formalize process for decision making |
|                           | **4** Extend rigorous information loop to all national authorities, facilitate information flow |
|                           | **5** Pool and leverage resources, knowledge, and data of GF and other organizations by sharing of regulatory data with key stakeholders (e.g., PRs) |

Source: GF

See underlying challenges on previous page
Key takeaways

**Situation**
- GF has contributed to the reduction of patient risk through its continuous efforts in Quality Assurance.
- There remain opportunities to further mitigate risk and play a more proactive role in the quality ecosystem.

**Challenges**
- Effective Quality Assurance relies on an ecosystem of multiple stakeholders.
- Key challenges observed relate to the flow of information/data within the ecosystem as well as the comprehensive integration and leveraging of stakeholder aspirations to the benefit of Quality Assurance.

**Opportunities**
- GF continues to play a catalytic role and instigates measures to facilitate and improve information flow within the Quality Assurance ecosystem.
- Further, GF envisions to actively be part of the solution, e.g., by partaking in pooling and sharing of resources and information.

Source: GF
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- Material for breakouts
- Wrap-up
Playback of breakout-sessions

1. Leveraging Impact
2. New Product Introduction
3. Total Cost Approach
Breakout: Leveraging impact

Sourcing Strategic Review Meeting, Montreux, 16/17 October 2017

Mariatou Tala Jallow; Melisse Murray
### Leveraging impact at a glance

<table>
<thead>
<tr>
<th>What is this?</th>
<th><strong>SMART</strong>(^1) and effective collaboration, including leveraging volumes between TGF, international financing partners and public health bodies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why this is relevant?</td>
<td>Collaboration can enable significant additional impact on the journey to create healthy markets</td>
</tr>
<tr>
<td>Where the challenge is?</td>
<td>Identify, prioritize and seize opportunities for collaboration while maintaining focus and respecting resource constraints</td>
</tr>
<tr>
<td>How it matters to partners?</td>
<td><strong>SMART coordination</strong> offers the opportunity to get the most of existing resources, incl. leveraging TGF’s benefits</td>
</tr>
</tbody>
</table>

---

Source: Team analysis

1 Specific Measurable Achievable Realistic Timebound
## Our journey

<table>
<thead>
<tr>
<th>PRs</th>
<th>PPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-PPM</td>
<td></td>
</tr>
</tbody>
</table>

### What we have achieved

- **Greatly improved affordability and availability** through leveraging of pooled volumes, e.g., 38% reduction in LLIN prices since 2014
- **Healthier markets** through collaboration and benefit sharing, e.g., extension of framework agreements to additional geographies, incl. Georgia
- **Strong partner relationships**, incl. collaboration, co-investments and benefit sharing leading to tangible impact, e.g., collaboration with PAHO, PEPFAR, South African government

### Where we want to get

- Sustaining of impact achieved while extending framework agreements, direct engagement and information sharing to/with further suppliers
- Strengthened impact leveraging of non PPM ecosystems, e.g., through information sharing, coordination and collaboration, joint procurement solutions
- Strengthened impact leveraging within international ecosystems, e.g., through improving coordination, increasing visibility, developing strategic sourcing

Source: Team analysis
Through collaboration we can unlock significant benefits and deliver on the Market Shaping Strategy.

**Sources:** Estimates based on Institute of Health Metrics and Evaluation; UNAIDS report on global AIDS epidemic 2013; Global Tuberculosis Report 2013; World Malaria Report 2013; TGF; extreme scenarios excluded.
Collaboration across all of these areas delivers benefits for markets and beneficiaries

**TGF**
- Extend benefits through synergies and economies of scale in order to increase impact through collaborative initiatives
- Leverage larger data volumes and information pools to capture network and learning effects by sharing information with partners
- Better root/embed impact in countries

**International financing**
- Collaborate and use TGF’s momentum to extend benefits to larger volume
- Capture network and learning effects

**Total public health spend**
- Receive broader scope of support and synergies between different kinds of support, e.g., tap into health worker training and networks
- Share experiences, best practices, information and tools with other public health systems

**Health markets**
- Sustain and develop healthier markets, e.g., stable supply structures and predictable demand
- Improve market shaping interventions through synergies, e.g., end-to-end support through partners with different lifecycle focus

**Beneficiaries**
- Benefit from increased availability and affordability of existing and new products, i.e., better coverage, higher OTIF, and more innovation
- Benefit from better access to more products on key diseases

Source: Team analysis
The nature and focus of partnerships will vary by category depending on the existing level of collaboration.

**Level of collaboration**

1. **Gain visibility**
   - on procurement practice and planning
2. **Coordinate**
   - tender cycle and timeline
3. **Align principles**
   - of performance-based procurement approach
4. **Join/pool**
   - procurement practice

**Examples**

<table>
<thead>
<tr>
<th>Level of collaboration</th>
<th>Strategic priorities</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gain visibility</td>
<td>See below</td>
</tr>
<tr>
<td>2</td>
<td>Coordinate</td>
<td>LLIN: UNICEF, PMI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ARV: PEPFAR, South Africa</td>
</tr>
<tr>
<td>3</td>
<td>Align principles</td>
<td>ARV: E.g., Kenya/Ethiopia/UNDP and other non-PPM country procurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ARV: PAHO</td>
</tr>
</tbody>
</table>

**Insights**

- Depending on the stage of the market in terms of level of collaboration, different levers have the potential to increase impact.
- Both degree and focus of collaboration/mutual impact leveraging should be tailored to specific level of collaboration.
- TGF seeks to collaborate with the right partners at the right point in time to achieve optimal results.

Source: Team analysis
## Strategic initiatives and activities

<table>
<thead>
<tr>
<th>Partners</th>
<th>Examples of initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>TGF PPM</td>
<td></td>
</tr>
<tr>
<td>Non-PPM</td>
<td></td>
</tr>
<tr>
<td>International financing</td>
<td></td>
</tr>
</tbody>
</table>

- **Initiatives**
  - **Disease areas** (Malaria, HIV, TB)
  - **Stakeholders** (e.g., PRs, partners)

<table>
<thead>
<tr>
<th>Partners</th>
<th>Examples of initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>TGF PPM</td>
<td>- Drive visibility into current demand and procurement practices</td>
</tr>
<tr>
<td></td>
<td>- Coordinate approach, e.g., when to tender, go-to-market timings</td>
</tr>
<tr>
<td></td>
<td>- Encourage and facilitate sharing of best practices</td>
</tr>
<tr>
<td></td>
<td>- Enter into joint procurement</td>
</tr>
<tr>
<td></td>
<td>- Improve access to innovative products through procurement solutions, i.e., generate visibility on demand, identify demand levers, explore procurement solutions (e.g., bundling, catalytic funding, leveraging existing supplier relationships)</td>
</tr>
<tr>
<td>Non-PPM</td>
<td>- Improve visibility into current demand and procurement practices</td>
</tr>
<tr>
<td></td>
<td>- Coordinate approach, e.g., when to tender, go-to-market timings</td>
</tr>
<tr>
<td></td>
<td>- Facilitate development of strategic sourcing, e.g., further drive initiatives to improve OTIF and quality metrics</td>
</tr>
<tr>
<td></td>
<td>- Secure supply and mitigate price volatility on emerging, declining and low volume/fragmented products</td>
</tr>
<tr>
<td></td>
<td>- Coordinate with other major buyers on provision of upstream demand forecasts in order to generate secure supply and minimize price volatility</td>
</tr>
<tr>
<td></td>
<td>- Continue to promote product standardization and quality as part of Innovation to Impact, e.g., establish clear normative guidelines on policy, co-ordinate buyers to streamline inputs to suppliers</td>
</tr>
</tbody>
</table>

Source: Team analysis
Instructions for exercise: opportunities for collaboration

**Objective:** Identify additional preliminary opportunities to mutually leverage impact with TGF

**Instructions:**

1. There are post-its at your disposal. Each post-it signifies 1 opportunity you see to collaborate with TGF

2. Write each of the opportunities you see as well as your organization on a post-it and stick it onto the poster

3. The color stands for the impact potential you expect the opportunity to have:
   - High impact
   - Medium impact
   - Low impact

Source: Team analysis
### Exercise: Opportunities for collaboration

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
<th>Disease specific</th>
<th>Cross-diseases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information sharing</td>
<td>- Pool resources and information</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- …</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capability/capacity building</td>
<td>- Integrate activities to use synergies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Utilize economy of scale</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- …</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier management approach</td>
<td>- Align supplier management approach and metrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Share best practices across volumes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- …</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanisms and contracts</td>
<td>- Build and strengthen automatisms to extend beneficiary conditions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- …</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other ideas</td>
<td>- …</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Team analysis
Breakout: Total Cost approach

Sourcing Strategic Review Meeting, Montreux, 16/17 October 2017

Lin Roger Li; Nathan Vasher
## Total Cost approach at a glance

<table>
<thead>
<tr>
<th><strong>What is this?</strong></th>
<th>An estimate of <strong>the direct and indirect costs involved in acquiring, shipping, operating and disposing of a product from the moment the demand is logged until the product has been delivered to the point of care</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why this is relevant?</strong></td>
<td>Looking systematically at all cost buckets at each stage of the end-to-end value chain will <strong>generate significant benefits</strong> (incl. savings, supply chain, social, environmental benefits) that will empower country capability and enable achievement of SDGs</td>
</tr>
<tr>
<td><strong>Where the challenge is?</strong></td>
<td>Allocation and optimization of each cost bucket for each product and stage of the value chain requires <strong>SMART coordination with partner organizations</strong> to generate highest benefits while maintaining highest product quality</td>
</tr>
<tr>
<td><strong>How it matters to partners?</strong></td>
<td><strong>SMART coordination</strong> and sharing of information among partners is needed to <strong>maximize savings/supply chain/environmental/social benefits for all partners</strong></td>
</tr>
</tbody>
</table>

Source: Team analysis

1 Specific Measurable Achievable Realistic Timebound
TGF’s approach to analyzing cost has progressed through 3 horizons, towards a Total Cost approach tailored to the TGF value-chain.

**Phase 1 – Unit cost plus initial total cost considerations**
- Product unit cost negotiation with potential suppliers
- Broader mindset adopted in selected instances
- Transport/logistics costs and shelf lives factored-in in some procurement decisions (e.g., pharmaceuticals)

**Phase 2 – Holistic TC\(^1\) approach tailored to GF value-chain**
- Tailored Total Cost approach to TGF value chain
- End-to-end mapping of the value chain including HTAs (e.g., LLINs)
- Identification of immediate actions to unlock value
- Selection of key themes/products for long term development of TC reduction (e.g., viral load)

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**Level of sophistication**

**Unit cost focus**
- Product unit cost negotiation with potential suppliers

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1 Total Cost approach is defined as "an estimate of all the direct and indirect costs involved in acquiring, shipping, operating and disposing of a product from the moment the demand is logged until the product has been delivered to the point of care"

Source: Team analysis
Our journey

What we have achieved

- **Significant value unlocked at unit price level**, e.g., 38% reduction in LLIN price since 2014
- **Ad hoc extension of analysis beyond unit price** to inform decision making, e.g., changed lab warranty agreement in an African country, which generated ~0.3 mn $ cartridge savings over 5 years

Where we want to get

- **Unlock additional value** through end-to-end total cost analysis and valuing enhanced specifications
- **Identification of value creation levers** through:
  - **Implementing innovative sourcing approaches**, e.g., improving supplier sourcing strategies and demand forecasting
  - **Capturing potential savings in the supply chain**, e.g., optimizing packaging and transports/logistics

Unit cost approach

Evolving towards a Total Cost approach

Source: Team analysis
A total cost approach could deliver benefits, incl. ~5% of product value

<table>
<thead>
<tr>
<th>Examples of initiatives</th>
<th>Description</th>
<th>Case example</th>
<th>Examples of potential benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve forecasting</td>
<td>• Predict future TGF demand (quantitative, qualitative, variations) to tailor supply accordingly</td>
<td>• A manufacturer of the highest volume product proposed to reduce its price by 10% if demand and supply were optimized (e.g., volume, freight)</td>
<td>• Negotiation power to discuss unit prices with suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Changing warranty agreement for 1 type of lab machine in 1 African country generated 295,000 USD savings over 5 years</td>
<td>• Potential 10% unit price reductions</td>
</tr>
<tr>
<td>Optimize lab equipment selection and maintenance agreements</td>
<td>• Reduce total cost of test through decreased down time</td>
<td></td>
<td>• Up to 2-3% of product cost through more efficient freight</td>
</tr>
<tr>
<td>Optimize packaging and labelling</td>
<td>• Leverage bar-coding to drive efficiencies in the full supply chain</td>
<td>• A supplier of pharma products unlocked 20% of total shipping cost by increasing number of bottles per boxes (case study)</td>
<td>• Higher testing availability</td>
</tr>
<tr>
<td></td>
<td>• Use low cost / environment friendly materials for packaging; avoid unnecessary packaging</td>
<td></td>
<td>• Decrease loss to follow-up</td>
</tr>
<tr>
<td></td>
<td>• Leverage further multi-month packs and drive shelf life improvements</td>
<td></td>
<td>• Better informed treatment decisions</td>
</tr>
<tr>
<td></td>
<td>• SKU standardization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sourcing closer to demand</td>
<td>• Locate strategic sourcing options close to demand</td>
<td>• Sites located in East Africa supplying ACTs and LLINs under framework agreements</td>
<td>• Increase production/supply flexibility and responsiveness</td>
</tr>
<tr>
<td>Optimize storage</td>
<td>• Minimize overall volume of stored product to reduce temporary warehouse volume</td>
<td>• Significant cost saved for 700 sq meter temporary warehouse</td>
<td>• Reduce quantity of paper/plastic used to decrease carbon footprint</td>
</tr>
<tr>
<td></td>
<td>• Minimize cost of temporary warehouse solution (e.g., rental cost, number of warehouses in an area)</td>
<td></td>
<td>• Decrease freight cost equivalent to 2-3% of product cost (opportunity will increase with new ARV regiments)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source: Team analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For the long term, there are 5 areas for the sourcing team to investigate

<table>
<thead>
<tr>
<th>a</th>
<th>Improve demand forecasting in order to unlock value from the upstream supply chain as well as improve supply security and reduce lead time</th>
</tr>
</thead>
<tbody>
<tr>
<td>b</td>
<td>Employ lean management approach all along TGF end-to-end-value chain to continuously improve process efficiency at each step of the value chain while reducing cost</td>
</tr>
<tr>
<td>c</td>
<td>Engage in relationship management with suppliers, especially working hand-in-hand to jointly co-create/generate product innovation</td>
</tr>
<tr>
<td>d</td>
<td>Structure approaches to meet tradeoffs between multiple objectives, e.g., benefits through enhanced relationship with selected suppliers vs. protection of supply structures</td>
</tr>
<tr>
<td>e</td>
<td><em>Push the boundaries: evaluate contract manufacturing</em> (long term, for discussion)</td>
</tr>
</tbody>
</table>

Source: Team analysis
Instructions for breakout

Objective: Identify Total Cost initiatives

Instructions:

1. On the poster are examples of Total Cost initiatives.
2. Please write on post-its how your organization could contribute to realizing the initiatives. The color of the post-it signifies the level of impact you expect.
3. Stick your post-its onto the poster.
4. If you have ideas for additional initiatives, please put them onto the “Others”-box on the bottom-right.

- High impact
- Medium impact
- Low impact

Source: Team analysis
<table>
<thead>
<tr>
<th>Improve forecasting</th>
<th>Get sourcing closer to demand</th>
<th>Optimize packaging and labelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidate demand over time</td>
<td>Optimize storage</td>
<td>Jointly generate innovation</td>
</tr>
<tr>
<td>Employ lean approach</td>
<td>Optimize lab equipment &amp; maintenance agreement</td>
<td>Others</td>
</tr>
<tr>
<td>Example of initiative</td>
<td>Definition</td>
<td>Initiative</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Improve forecasting</td>
<td><strong>Predict future demand</strong> (e.g., quantitative, qualitative, seasonal/ regional variations)</td>
<td>Get sourcing closer to demand</td>
</tr>
<tr>
<td>Consolidate demand over time</td>
<td><strong>Gather orders over a determined period of time</strong> to optimize mean of transport</td>
<td>Optimize packaging and labelling</td>
</tr>
<tr>
<td>Employ lean approach</td>
<td><strong>Employ lean management approach</strong> all along end to end value chain to improve process efficiency while reducing cost</td>
<td>Optimize lab equipment selection &amp; maintenance agreement</td>
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<tr>
<td>Optimize storage</td>
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Source: Team analysis

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Breakout: New product introduction

Sourcing Strategic Review Meeting, Montreux, 16/17 October 2017

Martin Auton; Azizkhon Jafarov
New product introduction at a glance

**What is this?**
Fostering an environment that supports the development and accelerates the uptake of innovative/cost effective products.

**Why this is relevant?**
Innovation can help ensure fundamental long-term progress in disease mitigation and eradication, to which all of us can make a significant contribution.

**Where the challenge is?**
Stakeholder collaboration is required to navigate the trade-offs between increasing access to superior health products and maintaining affordability.

**How it matters to partners?**
Finding the optimal mode of collaboration, building on each partner’s mandate, value proposition, strengths and resources.

Source: Team analysis
## Our journey

### What we have achieved

<table>
<thead>
<tr>
<th>Leveraging TGF’s position</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Case-by-case support to innovators focused on facilitation and engagement with partners under constraint not to commit volumes, e.g., DTG&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>▪ Engaged cooperation of multiple internal stakeholders, e.g., Sourcing, Grant Management, SIID&lt;sup&gt;2&lt;/sup&gt; and PRs</td>
</tr>
</tbody>
</table>

### Where we want to get

<table>
<thead>
<tr>
<th>Collaborating with partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ End-to-end support, employing comprehensive toolset of interventions and making full use of TGF’s unique position within its mandate in spirit of full collaboration</td>
</tr>
<tr>
<td>▪ Full internal collaboration with clear delineation of responsibilities and assignment of ownership (particularly on demand)</td>
</tr>
<tr>
<td>▪ Organically evolving collaboration with &gt;18 partners leading to tangible impact (e.g., reduction of DTG introduction time from 10 to 5 years), heavy dependency on setup and context</td>
</tr>
<tr>
<td>▪ Principle-based, purposeful shaping of collaboration ensuring smooth processes, incl. terms of engagement delineating roles/responsibilities and assigning ownership</td>
</tr>
<tr>
<td>▪ Clear, communicated and recognized value proposition of TGF facilitating realistic expectations</td>
</tr>
</tbody>
</table>

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Source: Team analysis 1 Dolutegravic 2 Strategy, Investment and Impact Division

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Engagement in product innovation requires collaboration

- Encouraging and fostering innovation implies support before and after launch
- TGF’s engagement in innovation is a two way street in terms of information flow

**Objectives of support**

- Enable preparation for future uptake
- Give information on pipeline and upcoming developments
- Collaborate with partners in smooth product-introduction and scale-up
- Ensure adequate approval and endorsement of products by key authorities and guidelines (e.g., countries, WHO)
- Increase market transparency and decrease originator risk
- Fuel both fundamental and incremental innovation

**Policy Development**

- Support introduction and adoption of new products identified as high priorities from a public health perspective
- Foster environment that supports innovation with financing mechanisms, technical/development parties and countries
- Boost adoption of the most cost effective products, formulations, and presentations

**Insights**

- Sustainably available and affordable new/ cost efficient product

**Information-flow between key stakeholders**

- Enable forecast of future uptake and commercial case
- Decrease risk of innovation through smooth entry and scale-up

Source: Team analysis
Incentivize and facilitate research and development
- Ensure adequate and timely pipeline of products
- Develop and harmonize policies

Develop, sustain, and secure supply

Foster adoption and uptake

Facilitate transition/switching

Relevance along product lifecycle

R&D | Grow | Maturity | Decline
--- | --- | --- | ---
**DISCUSSION DOCUMENT**

Significant impact has been achieved along the product lifecycle.

**Sales**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical inputs</td>
<td>Leveraging of volumes and relationships, incl. PRs</td>
</tr>
<tr>
<td>Recommendations and commercial information</td>
<td>Increase in access to formerly too expensive products</td>
</tr>
<tr>
<td>Leveraging of relationships, incl. PRs</td>
<td>Price reductions</td>
</tr>
<tr>
<td>Support in development of exit strategies</td>
<td>Sustenance and stabilization of supply structures</td>
</tr>
</tbody>
</table>

**R&D**

- Early and proactive engagement together with partners
- “Being at table” and alignment of expectations
- Support with regulatory pass ways

**Growth**

- Successful support of innovation and launch of products without having to commit to volumes
- Acceleration of introduction

**Maturity**

- Provision of negotiation support
- Extension of framework agreements
- Identification of potentially interested countries to induce demand
- Establishment of contact with countries

**Decline**

- Support in establishment of contact
- Facilitation of negotiations
- Sharing of best practices and benefits, e.g., PSA for logistics or supplier relationship management
- Successful support of innovation and launch of products without having to commit to volumes
- Acceleration of introduction

*Source: Team analysis*
A series of frequent challenges are faced as the global community aims to support new production introduction and development.

<table>
<thead>
<tr>
<th>Types of challenges</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Internal**        | - Objectives and priorities not fully aligned across different departments/divisions (GM, TAP, PSE, Sourcing, etc.) impeding adoption of new measures, e.g., trade-offs between generation of savings and investment in new products  
- Limited ability of **Sourcing to shape in country demand**  
- **No single point of contact** at TGF for key processes, e.g., demand aggregation  |
| **Supply**          | - **Lack of demand visibility** driven by unclear funding availability inhibits investment decisions  
- Supply side interventions that do not factor in future demand or procurement approaches  |
| **Demand**          | - Program **switching costs inhibit rapid scale-up** of new products  
- Lengthy policy waterfalls and regulatory approvals limit academic demand from becoming actualized  |
| **Approach/coordination** | - **Lack of end-to-end coordination** on ongoing interventions  
- **Sustainable procurement approaches** may not be utilized during intervention, design and implementation phases  
- Misalignment of expectations for roles/responsibilities for future interventions  |

Source: Team analysis
There are multiple opportunities along the product lifecycle to foster innovation.

**Pipeline and emerging**

- Address long lead-time and poor delivery performance
- Early engagement
  - Lack of clarity for investment
- Competitive cost
  - Recover from investment and growth
- Deliver sustainability: mitigate price volatility and secure supply
  - Brutal competition
  - Ethical exit plan

**Growth**

- Leverage volumes to reduce price (and price volatility) as well as secure supply and stabilize supply structures
- Help originators/suppliers forecast sales erosion and foresee market development

**Maturity**

- Leverage supplier relationships, partners and recipients to smoothen exit and stabilize supply structures

**Decline**

- Engage with partners/PDP to include supplier metrics early in pipeline
- Leverage relationships with partners and PRs to support pick-up of demand

Source: Team analysis
Instructions for exercise: improving collaboration

Objective: Identify opportunities to improve collaboration to support new innovative product development/uptake

Instructions:

1. Please put on the first column of the poster **pain-points you have experienced regarding collaboration** to support introduction and uptake of new, innovative products.

2. We will **discuss the pain points together**. Subsequently, please put on the second column **opportunities you see for your specific organization to engage and relieve** any of the pain points:

   - High impact
   - Medium impact
   - Low impact

Source: Team analysis
Exercise: How can we improve collaboration

<table>
<thead>
<tr>
<th>Pain points</th>
<th>Opportunities for your organization to collaborate and relieve pain points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product development</td>
<td></td>
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<tr>
<td>Policy development</td>
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<tr>
<td>Demand generation</td>
<td></td>
</tr>
<tr>
<td>Supply development</td>
<td></td>
</tr>
</tbody>
</table>

Source: Team analysis
GF has identified a set of success factors for collaboration

<table>
<thead>
<tr>
<th>Product development</th>
<th>Policy development</th>
<th>Demand generation</th>
<th>Supply development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For pilot launch</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Early and proactive engagement together with partners</td>
<td>▪ Support with regulatory pass-ways</td>
<td>▪ Leveraging of relationship pool, incl. PRs</td>
<td>▪ Early and proactive engagement together with partners</td>
</tr>
<tr>
<td>▪ “Being at table” and align expectations</td>
<td></td>
<td>▪ “Being at table” and align expectations</td>
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</tr>
<tr>
<td>▪ Sharing of technical inputs</td>
<td></td>
<td>▪ Leveraging of relationship pools, incl. PRs</td>
<td>▪ Sharing of technical inputs</td>
</tr>
<tr>
<td>▪ Sharing of recommendations</td>
<td>▪ “Being at table” and align expectations</td>
<td>▪ Rewarding of innovative products</td>
<td>▪ Sharing of recommendations and commercial information</td>
</tr>
<tr>
<td><strong>For scale-up</strong></td>
<td>▪ tbd</td>
<td>▪ Rewarding of innovative products</td>
<td>▪ Rewarding of innovative products</td>
</tr>
<tr>
<td>▪ Sharing of technical inputs</td>
<td></td>
<td></td>
<td>▪ Engagement with partners/PDPs to include supplier metrics early in pipeline</td>
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</tr>
</tbody>
</table>
Contents

- Welcoming and introductory remarks
- Market Shaping Strategy: Vision and Progress
- Category Highlights
- Responsible Procurement
- Provision of Market Information
- Quality Assurance
- Tuberculosis Market
- Material for breakouts
- Wrap-up
Playback of breakout-sessions

1. Leveraging Impact
2. New Product Introduction
3. Total Cost Approach
### Leveraging impact: we want to move towards a smarter collaboration

**Category**

<table>
<thead>
<tr>
<th>Examples of opportunities for collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information sharing</td>
</tr>
<tr>
<td>▪ Extend joint forecasting across all categories</td>
</tr>
<tr>
<td>▪ Define purpose of different types of forecasting (e.g., short vs long term, funded vs non funded)</td>
</tr>
<tr>
<td>▪ Develop/align on transparent forecasting methods</td>
</tr>
<tr>
<td>▪ Align on nomenclature</td>
</tr>
<tr>
<td>Capability/capacity building</td>
</tr>
<tr>
<td>▪ Build in country data capability with aligned approach</td>
</tr>
<tr>
<td>▪ Jointly ensure long term strategy (including support of regional/sub-regional mechanisms)</td>
</tr>
<tr>
<td>Supplier mgmt approach</td>
</tr>
<tr>
<td>▪ Jointly publish and align tender schedules for more products categories</td>
</tr>
<tr>
<td>▪ Harmonize regulations (e.g., QA) across organizations/ countries where feasible</td>
</tr>
<tr>
<td>Mechanisms and contracts</td>
</tr>
<tr>
<td>▪ Expand reach/scope of tenders:</td>
</tr>
<tr>
<td>▪ Fully align strategic principles/ tender requirements (especially key categories)</td>
</tr>
<tr>
<td>▪ Explore joint tenders where feasible</td>
</tr>
<tr>
<td>▪ Create tenders for small volume high impact products</td>
</tr>
<tr>
<td>▪ Expand reach of existing tools (e.g., wambo.org)</td>
</tr>
<tr>
<td>Other ideas</td>
</tr>
<tr>
<td>▪ Explicitly define needs for collaboration per topic area (e.g., product categories, cross-cutting themes like data capability building) and map partners and existing committees against these needs</td>
</tr>
</tbody>
</table>

Source: Output of breakouts; team analysis
### Situation
- Fostering product development and uptake is **a key ambition of multiple partners** and stakeholders.
- There is **significant willingness, readiness and a large stock of ideas** to increase collaboration and engage among the partnership.
- Each **partner has a unique mandate, value proposition and strengths** that collectively and complementarily enable the partnership to provide end-to-end support for innovation.

### Challenges
- There is a **“web”** of partners, product regulation policies and requirements, as well as innovators/innovations that is
  - **Difficult to navigate up- and downstream** for developers/producers both in terms of how to introduce a product and what regulatory pathways exist, hindering development of supply
  - **Limits country visibility downstream**, curbing full development of demand
- The **benefits/support generated by the partnership fall short of potential** since they are not fully complimentarily aligned and adequately conveyed to developers/producers.

### Action points for GF
- **Collaborate to “untangle the web”**, e.g., by co-developing the two-way “needs” at each stage of the lifecycle to prepare for scale and navigate regulatory pathways.
- **Align and join support with partners** to fully and complimentarily leverage and communicate support, with clear **delineation of roles and responsibilities** depending on focus/mandate.
- Fully leverage **GF’s mandate and position** to support innovation, especially **close to scale-up and to sustain supply in mature/declining markets**, if needed.

Source: Output of breakouts; team analysis
**New Product Introduction: Pain points and opportunities (1/2)**

<table>
<thead>
<tr>
<th>Pain points</th>
<th>Takeaways going forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product development</strong></td>
<td></td>
</tr>
<tr>
<td>- There are limited “upstream signals”, leading to, e.g., slow and bothersome navigation of market entry process (incl., guidelines, PQ etc.)</td>
<td>- Specify approach to be flexible per category</td>
</tr>
<tr>
<td>- Visibility of early-stage development pipeline for TGF is limited</td>
<td>- <strong>Introduce cross-secretariat/partner biannual stock-take on uptake progress and bottlenecks for new products meeting criteria for success</strong></td>
</tr>
<tr>
<td>- Grants do not necessarily contain optimal products</td>
<td>- Deliberately evaluate the inclusion of products with fundamental innovation in funding technical review or grant making</td>
</tr>
<tr>
<td><strong>Policy development</strong></td>
<td></td>
</tr>
<tr>
<td>- Health product regulation policies and requirements are not harmonized enough and there is lacking visibility for producers/developers, be it on a SRA level, on country level</td>
<td>- Collaborate to pool resources/information, leverage stakeholder relationships and increase visibility on process and decision points for clinical recommendations and regulatory approvals</td>
</tr>
<tr>
<td>- Assessment of value beyond unit price is not mature for innovative products</td>
<td>- Consider valuing participation in regional / WHO collaborative registration in tenders</td>
</tr>
<tr>
<td><strong>Demand generation</strong></td>
<td></td>
</tr>
<tr>
<td>- Countries have limited visibility on product pipeline, benefits of new products, as well as general innovation-related information</td>
<td>- Collaborate to pool resources/information, leverage stakeholder relationships and increase visibility on innovation landscape and developments in the market</td>
</tr>
<tr>
<td>- <strong>Lacking involvement of communities/patients in product design characteristics and generating downstream demand</strong></td>
<td>- As partnership, increase user and program acceptance to improve chances of successful uptake</td>
</tr>
</tbody>
</table>

*Source: Output of breakouts*
Pain points

- Messaging towards suppliers conveys image of lacking ROI / unattractiveness and misses to communicate benefits provided by partnership (e.g., reduction of transaction cost, procurement/negotiation support)
- Lacking end-to-end support not fully utilizing momentum of benefits/support provided by different partners
- Limited support to sustain declining products (if needed)

Takeaways going forward

- Articulate clear position statement to support business case developments: market entry and how the GF recognizes innovation in procurement and can minimize some risks
- Establish the two-way “needs” at each stage of the lifecycle to prepare for scale; identification and filling of gaps
- Structured periodic engagements on upstream developments from partners and industry to ensure “needs” for scale are incorporated; Sourcing advice where valued to support future scale
- Intensify dialogue to identify complementary levers with partners, especially close to scale-up in order to sustain support post-donors and before scaled demand
- Fully leverage strong downstream position of GF to sustain products until countries are ready for new products / new products are available

Over-arching

- There is a “web” of partners, product regulation policies and requirements, as well as innovators/innovations that is difficult to navigate for demand/supply

- Collaborate to “untangle the web”, to show how to scale-up products, navigate regulatory pathways, and depicting innovation landscapes adequately
In the Total Cost approach break-out, numerous ideas were raised that can enable collaboration

<table>
<thead>
<tr>
<th>Improve forecasting</th>
<th>Get sourcing closer to demand</th>
<th>Optimize packaging and labelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIDO can help show how improving forecasting can reduces risk for manufacturer</td>
<td>Utilize DFID country networks/market shaping team to promote local production/manufacturing</td>
<td>DFID offers to connect with NHS teams to understand how reduced packaging costs</td>
</tr>
<tr>
<td>USAID to investigate how to give more certainty in forecasts</td>
<td>USAID can collaborate on local manufacturing initiatives and analyses</td>
<td>MPP works closely with generics manufacturers to make sure the integrate recommendations</td>
</tr>
<tr>
<td>UNFPA pushes to improve forecasting of condoms between with the GF and USAID</td>
<td></td>
<td>USAID drive to encourage packaging improvement and co-ordinate to SKU standardisation and barcoding</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidate demand over time</th>
<th>Optimize storage</th>
<th>Jointly generate innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFID is co-funding the global visibility and analytics network – to investigate how this improves country demand and providing inbound inventory visibility</td>
<td>Investigate collaboration with NSCIP in Nigeria and also Malawi</td>
<td>FIND and Gates Foundation can collaborate with manufacturers</td>
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<td>MPP also offers collaboration with manufacturers and stakeholders to drive innovation in making novel generic products</td>
</tr>
</tbody>
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<tr>
<th>Employ lean approach</th>
<th>Optimize lab equipment &amp; maintenance agreement</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDF and UNITAID support workstream to look into end-to-end chain involved in key procurement processes</td>
<td>GDF is keen to align/co-ordinate approach to negotiating prices on service/maintenance</td>
<td>USAID + Communities Delegation to GF Board support to include programmatic costs not included in direct supply chain (i.e. outside TGF)</td>
</tr>
<tr>
<td>UNIDO supports lean manufacturing approach to value chain processes (experience in Kenya)</td>
<td>Gates Foundation exploring how to contract for maintenance for both dx and medical equipment</td>
<td>GIZ – connect supply chain experts with GF team working on supply chain (East Africa)</td>
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<td></td>
<td>UNITAID/USAID also support leveraging the Integrated Diagnostics Procurement Consortium</td>
<td></td>
</tr>
</tbody>
</table>

Source: Output of breakouts

NOT EXHAUSTIVE