

FOCUS ON

Sourcing and Procurement



The Global Fund / Karin Scherbrucker

The Global Fund is a 21st-century partnership designed to accelerate the end of AIDS, tuberculosis and malaria as epidemics. The Global Fund raises and invests nearly US\$4 billion a year to support programs run by local experts in countries and communities most in need. Since it was established in 2002, the Global Fund partnership has saved 27 million lives.

Results in 2017 in countries where the Global Fund invests:



17.5
MILLION

PEOPLE ON
ANTIRETROVIRAL
THERAPY FOR HIV



5
MILLION

PEOPLE TESTED
AND TREATED FOR
TUBERCULOSIS



197
MILLION

MOSQUITO NETS
DISTRIBUTED TO
PREVENT MALARIA



US\$4.2
BILLION

GLOBAL FUND
GRANTS DISBURSED



US\$205
MILLION

SAVINGS GENERATED
BY POOLED
PROCUREMENT

Sourcing and Procurement Overview

Sourcing and procurement of health products is a critical component of health programs in the fight against the three diseases.

The Global Fund plays a significant role in global markets for medicines and technologies that prevent, diagnose or treat HIV, tuberculosis and malaria. We remain committed to playing an active, deliberate and strategic role in shaping markets to maximize access to health products and improve health outcomes for people affected by the diseases.

Global Fund procurement spend accounts for 10 percent of the global public health market.

Nearly half of Global Fund investment in health programs is used to procure and manage quality-assured medicines and health products. In 2017 that amounted to about US\$2 billion. Health product spend accounts for between 40-60 percent of money allocated to a country by the Global Fund.

Components of Market Shaping Strategy that Guide Sourcing and Procurement Strategies



The Global Fund is committed to seeing that all countries it supports are able to:

- ▶ Access quality medicines and health products.
- ▶ Obtain the best prices and terms/conditions.
- ▶ Have information to plan and manage the purchase, delivery, and distribution of products.
- ▶ Work closely with key partners to improve supply chains.

A key strategic objective of the Global Fund is to enable a balanced and sustainable supply system while we work to increase access to affordable, quality assured key medicines and technologies. We are committed to stimulating innovation to support the introduction and expansion of cost-effective health technologies.

Key Elements of a Balanced Supply System

We support suppliers to introduce better formulations, and work with new suppliers to ensure sufficient supply of medicines and health products while overcoming geographic supply risks.



- ▶ Providing products **at the lowest possible affordable and sustainable price** to reach the maximum number of patients.
Reducing price volatility and eliminating predatory pricing.
- ▶ Incentivize suppliers to supply **on-time and in-full**.
Encourage suppliers to **introduce better formulations**.
- ▶ **Supporting new suppliers** to ensure sufficient supply and mitigate geographic supply risks.
Investing in **sustainable business and manufacturing practices**.
- ▶ Maintaining **diversified supplier base**
Meeting **Global Fund, national and international quality** requirements.
Mitigating **implementation risks**.
- ▶ Publishing **reference prices**.
Building capacity and implementing rapid supply mechanisms.
Providing access to PPM contract terms for other buyers.

Procurement Tools: Pooled Procurement Mechanism and wambo.org

The Pooled Procurement Mechanism is a key tool that the Global Fund uses to deliver on our sourcing and procurement and market shaping strategies.

The Pooled Procurement Mechanism is a Global Fund strategic initiative that aggregates order volumes on behalf of participating grantees to negotiate prices and delivery conditions with manufacturers. In 2017, the Pooled Procurement Mechanism managed US\$1 billion in orders, serving grantees in 63 countries. Health products available through the mechanism include antiretroviral drugs, antimalarial medicines, long-lasting insecticidal nets, essential medicines used in HIV programs and condoms, viral load tests and rapid diagnostic tests.

Pooled procurement now covers 55 percent of procurement supported by the Global Fund and saved an additional US\$205 million across Global Fund grants in 2017. On-time and in-full deliveries increased to 84 percent in 2017, which has significantly contributed to decreasing reports of stock-outs. These efforts are expanding the ability of partners to achieve greater value for money that can, in turn, be invested to save more lives.

On behalf of our implementing partners, we negotiate favorable procurement terms for medicines and health products that implementers will be sourcing through the Pooled Procurement Mechanism.

The Pooled Procurement Mechanism:

- ▶ Provides access to competitive market terms and prices no matter the size or value of the order.
- ▶ Eliminates procurement delays that may occur due to complicated tendering processes.
- ▶ Supports timely grant expenditure.
- ▶ Delivers medicines and health products to those most in need in a timely manner.

Our innovative online purchasing platform, **wambo.org**, provides access to negotiated pricing and key information for medicines and health products. It is an easy-to-use online platform that gives in-country procurement teams the power to compare, search and purchase transparently priced, quality-assured products needed for HIV, tuberculosis and malaria programs.

Key Procurement Figures (2017)

67 MILLION

Mosquito nets procured in 2017 through the Pooled Procurement Mechanism.

190 MILLION

Life saving antimalarial treatments procured in 2017 through the Pooled Procurement Mechanism and private sector co-payment mechanism.

3.8 MILLION

People in 49 countries receiving antiretroviral therapy procured through the Pooled Procurement Mechanism in 2017.



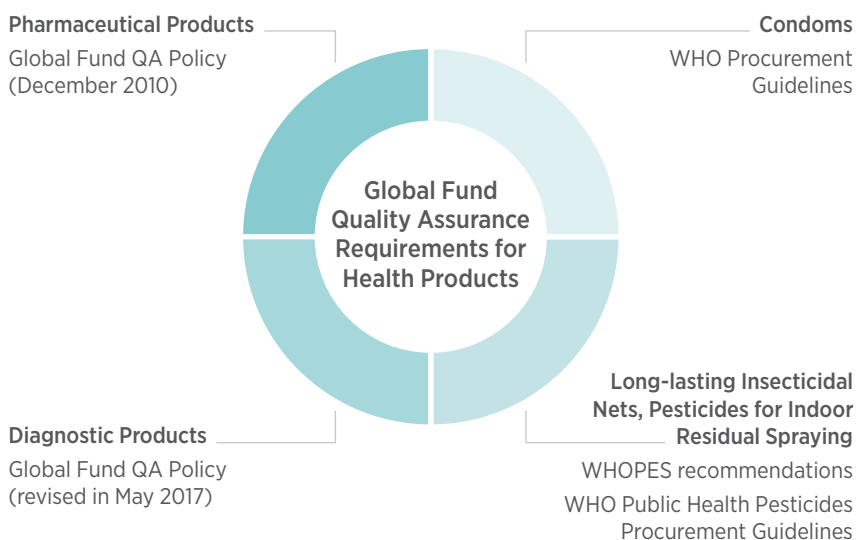
The Global Fund engages in responsible procurement practices and is committed to working with manufacturers who meet health and safety standards.

Quality Assurance

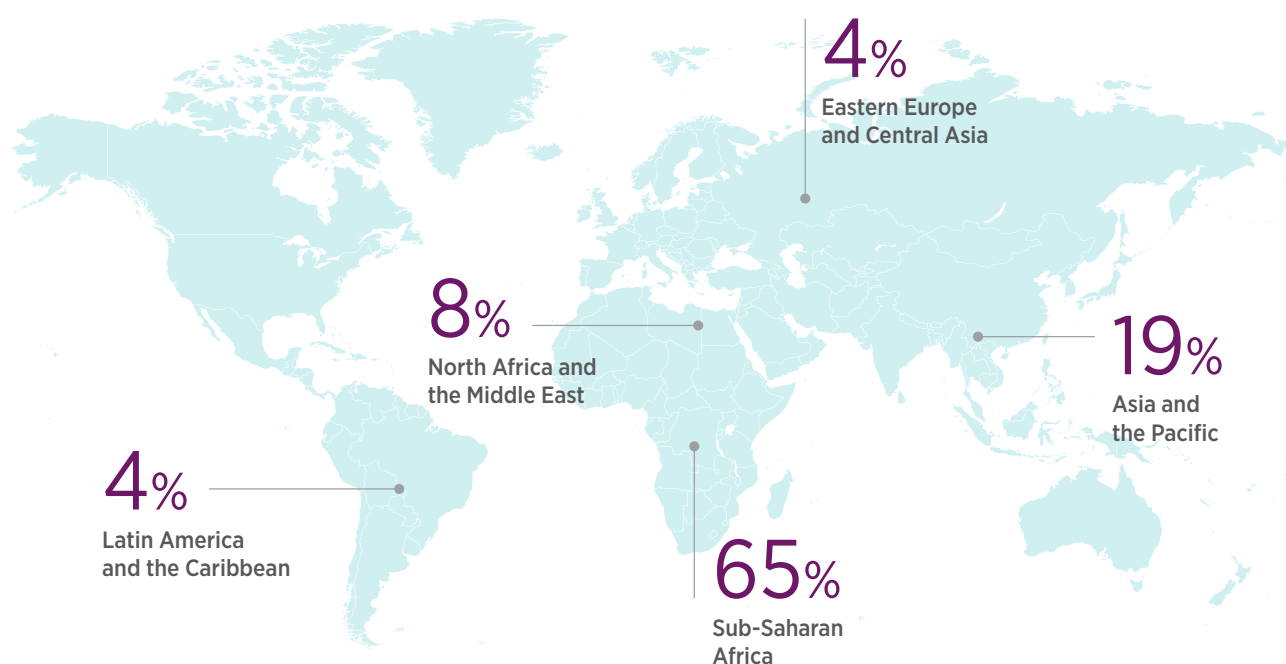
The Global Fund requires adherence to its policies, including the Global Fund's Quality Assurance Policies, which rely on internationally recognized quality assurance standards for medicines, diagnostics, and other health products. All health products purchased and used by Global Fund-supported programs should be safe, effective, of good quality, and available to patients when they need them.

The Global Fund has committed to sourcing quality-assured products from a geographically diverse footprint. Our suppliers are mostly located in the U.S., Germany, Japan, France, India, China, South Korea, Uganda, Tanzania and Pakistan.

Global Fund Health Assurances Policies



Breakdown of Portfolio by Global Fund Region



About the Global Fund

The Global Fund is a 21st-century partnership designed to accelerate the end of AIDS, tuberculosis and malaria as epidemics. As a partnership between governments, civil society, the private sector and people affected by the diseases, the Global Fund mobilizes and invests nearly US\$4 billion a year to support programs run by local experts in more than 100 countries. By challenging barriers and embracing innovative approaches, we are working together to better serve people affected by the diseases.

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theglobalfund.org/en/sourcing-management