

Market Shaping Strategy

Voluntary Pooled Procurement

Global Fund Board, May 2011

“The Global Fund

- is **well-positioned to drive value for money**
 - has a **critical role in shaping markets** to maximize global access to health products in accordance with **quality assurance** requirements **at affordable & sustainable prices**
 - Should more actively shape markets to **optimize price, quality, design, & sustainable supply”**
-
- ✓ **fully implement voluntary pooled procurement (VPP)**
 - ✓ **implement the Market-Shaping Strategy**

Procurement Support Services

(Voluntary Pooled Procurement & Capacity Building Service)

- Leverage Global Fund Purchasing Power (health products)
- Support improving grant performance
 - Address procurement bottlenecks / challenges – procurement process and delivery outcomes
 - Improve in-country capacity for effective, efficient & sustainable supply chain systems
- Mitigate financial risks (direct disbursement)

Voluntary Pooled Procurement (operational since June 2009)

- Core: ARVs, ACTs, LLINs, rapid diagnostic tests for malaria & HIV
- Non-core: other medicines, other diagnostics, condoms
- A tool for the market shaping strategy
- Operates through prequalified procurement services agents

VPP procurement base established

(June 2009 - June 2011)

- U\$ 0.6 billion 85 grants in 46 countries

- Potential reach

HIV

- **7.2 million HIV rapid tests**
- ART: 242,000 patients
- 93 condoms

Malaria

- Treatment for 30 million episodes of malaria
- 87 million mosquito nets to protect 167 million people
- 14.8 malaria rapid tests

PROCUREMENT AND SUPPLY MANAGEMENT

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Guide to Writing PSM Plans

Quality Assurance Information

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PROCUREMENT SUPPORT SERVICES

With over US\$ 19.9 billion committed for more than 785 programs in 144 countries (November 2010), the Global Fund has become the main source of financing in the fight against AIDS, tuberculosis and malaria. Over 40% of these funds are committed to the procurement and management of pharmaceuticals and other health products. The Procurement and Supply Management (PSM) activities are also identified as key challenges during grant implementation, thus negatively impacting grant performance and access to medicines and health products.

The Procurement Support Services was established in response to the decision made by the Board to provide Voluntary Pooled Procurement (VPP) and Capacity Building Services/ Supply Chain Management Assistance (CRS/SCMA) to its grant recipients. The Procurement Support

Related Documents

Frequently Asked Questions
(PDF - 120 KB)

 Additional Languages

Capacity Building Service Process
(PDF - 103 KB)

 Additional Languages

Voluntary Pooled Procurement Process
(PDF - 194 KB)

 Additional Languages

2009-10 Progress report
(PDF - 236 KB)

Procurement Service Agent Fees

Back-up slides

Board Decisions (2007-2011)

- Grant performance
- Market shaping
- Value for money

- Global Fund Strategy 2012-2016
- High Level Panel Report
- Consolidated Transformation Plan

Principal Recipients

National systems

Secretariat

Partners

Manufacturers

Improve grant performance

- Supporting identification, mitigation and resolution of PSM risks and challenges during grant implementation and negotiation
 - Procuring quality health products at the lowest possible price in a timely manner
 - Strengthening national capacity in procurement and supply

Maximize global health access: shaping markets

- Leverage Global Fund's purchasing power
- Optimize price, quality, design and sustainable supply (commodity security)
- Strengthen PRs capacity to forecast & plan for procurement

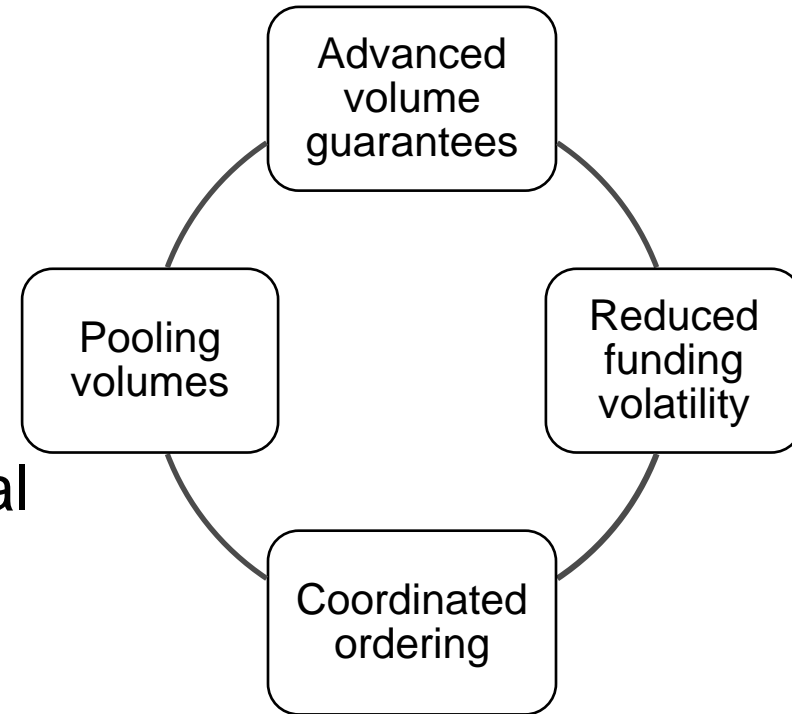
Strategic Interventions

- Pooled procurement service
- Capacity building and supply chain strengthening
- MDC "Toolkits" – strategic interventions for ARVs

¹ GE/B15/DP15; GE/B23/DP9

Strengthening the VPP mechanism

- Addressing challenges; streamlining processes
- Working for more predictable demand (and delivery)
- Implementing specific strategic interventions (e.g. paed ARVs)
- Monitoring performance of procurement service agents
- Generating market intelligence/real time procurement information to identify emerging issues for broader grant management



Strengthening country capacity

- Holistic approach, with emphasis on investments on Pharmaceutical Systems
 - Strengthening Procurement and Supply Chain Management Systems
 - Quantification / forecasting;
 - Procurement planning
 - Logistics management (storage, inventory control, transportation, distribution and management information systems)
 - Quality assurance activities

Market classification framework

Health products can be classified into three categories:

Market equilibrium

- 1) Medium or large market
- 2) Balance in supplier and buyer power

Example:
Existing first- and second line ARVs

High-opportunity

- 1) Small market, high growth potential **AND/OR**
- 2) High supplier power relative to buyer power

Example:
New first-line ARVs

High-risk

- 1) Small market/demand fragmentation **AND**
- 2) Low market growth potential

Example:
Pediatric ARVs

Strategy – initially applied to ARVs

All products

Optimize product selection:
Identify value-for-money products

3TC vs **FTC**
ATV/r vs **LPV/r**
TDF+3TC vs **ABC/ddi**

Product availability:
Ensure predictable demand and payment

Capital fund (pooling)
Revolving fund
(emergencies)

Country capacity:
Support relevant national institutions

Direct funding, building on partner's work in countries

High-opportunity products

Accelerate uptake of new first-line ARVs
(e.g. rilpivirine)

High-risk products

Secure the pediatric ARVs market