

# Procurement and Supply Management Approach

## Monitoring Availability and Pricing

WHO/WIPO/WTO technical Symposium on  
Access to Medicines, 16 July 2010

Pharmaceutical Management Unit

# Presentation Outline

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1. Global Fund grants: portfolio update and results
2. Global Fund approach to Procurement and Supply Management for health products
3. Monitoring availability and pricing

# Rapid scaling up of results

## Global Fund Top 3 result indicators (2010)

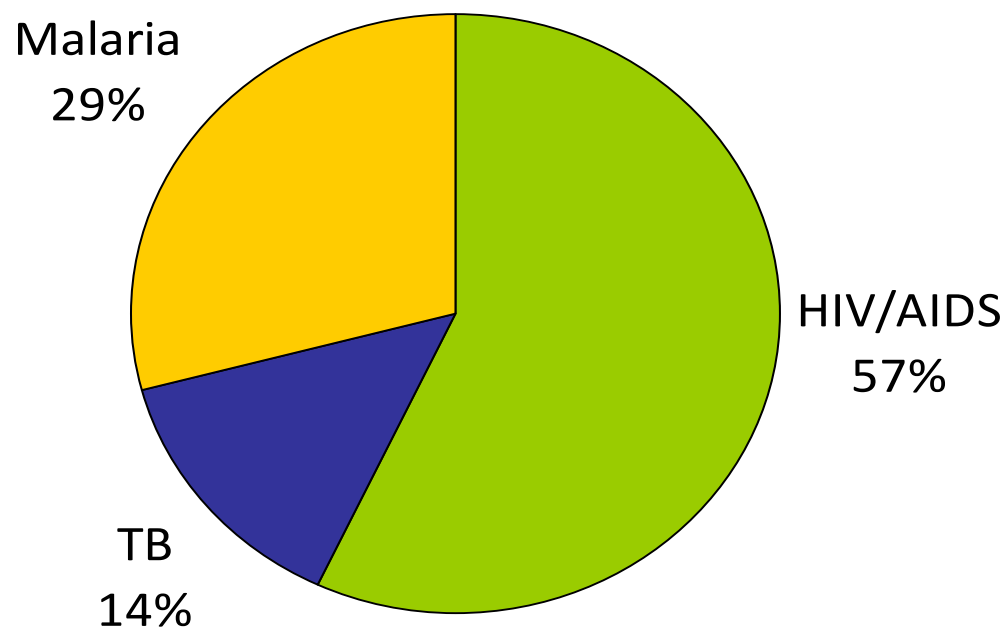
Intervention	mid 2007	mid 2008	July 2009	July 2010
<b>HIV:</b> People on ARV treatment	1.1 million	1.75 m	2.3 m	2.8m
<b>TB:</b> People treated under DOTS	2.8 million	3,9 m	5.4 m	7m
<b>Malaria:</b> Insecticide-treated nets distributed	30 million	59 m	88 m	122m

600 active grants in 144 countries (May 2010)

# Disease Components Distribution

## Rounds 1-8, (July 2009)

### Global Fund Resources by Disease Component

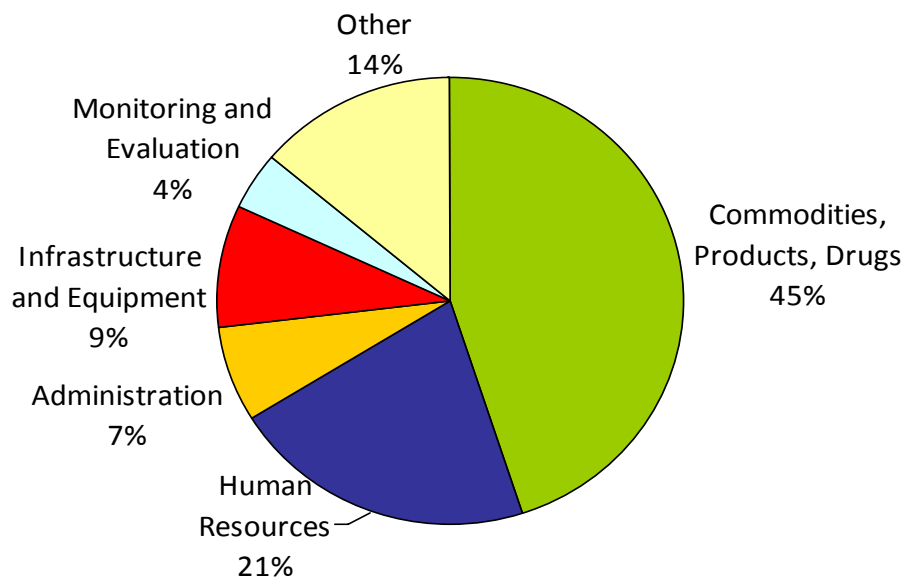


100% = US\$ 15.9 billion  
Percentages of total funds approved by the Board, including Phase 2 & RCC

# Global Resources Distribution

Rounds 1-8, (July 2009)

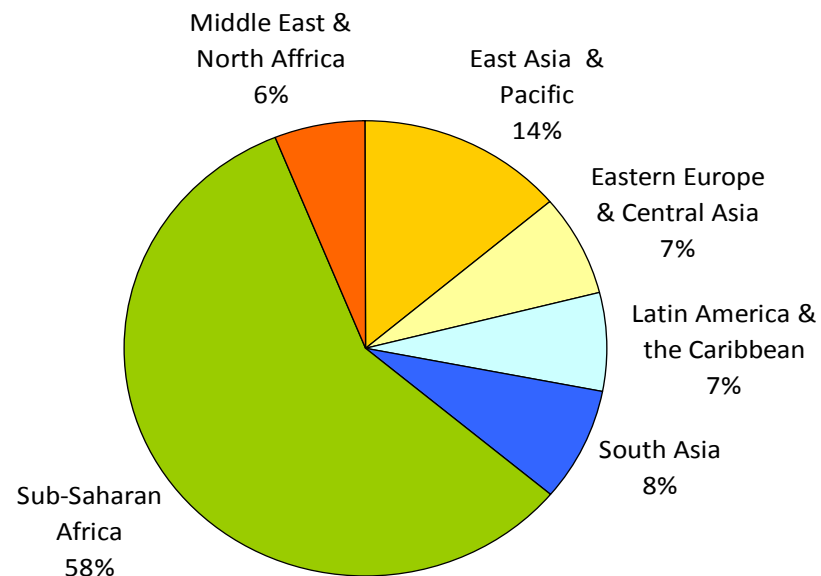
## Expenditure Component (July 2009)



Estimates from Rounds 2-8 proposals

100% = \$8.2 billion USD

## by Regions



100% = US\$ 15.9 billion

% of total funds approved by the Board, including Phase 2 & RCC

# The Global Fund PSM Policy and Principles



- Quality-assured products
  - Quality Assurance Policy for Pharmaceutical Products
- Lowest possible price
- Transparent, fair and competitive procurement
  - “Operational principles for Good Pharmaceutical Procurement”
- National laws and international agreements
- Build on existing systems

Recipients are responsible for health products management

# QA Policy for Pharmaceutical Products (as of 2009)

## Clinical Criteria

- Medicines listed in WHO or national or institutional Standard Treatment Guidelines
- Require applicants/recipients to provide justification for selection of unlisted products in one of the STGs

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## Quality Criteria

### For all products

Authorization for use in the recipient countries

### For ARVs, anti-TB and anti-malarial products

WHO Prequalified or authorized by a Stringent Regulatory Authority;  
or  
Recommended for use by an **Expert Review Panel**,

Only If <2 WHO PQed or SRA authorized products available

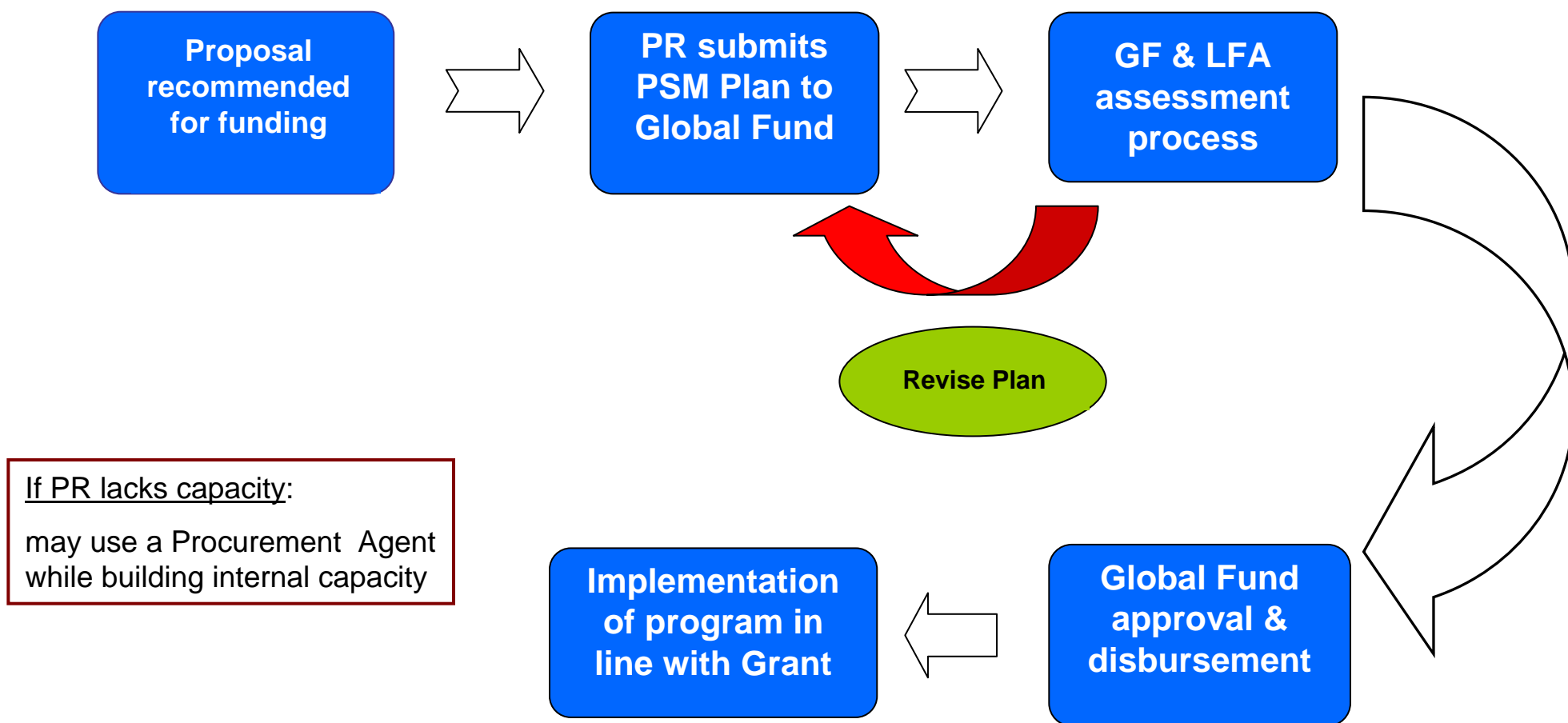
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## Monitoring Quality

- Monitoring quality of products all along the supply chain
- Systematic random quality control testing
- Recipients report testing results to Global Fund

# PSM Plan Approval Process

## From grant approval to implementation





# Presentation Outline

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- Global Fund grants: portfolio update and results
- Global Fund approach to PSM for health products
- **Monitoring availability and pricing**

# Monitoring Availability and Pricing



The Price and Quality Reporting system for key health products:  
Element of the Market Dynamics Strategy

- Make publicly available price and quality information
  - Transparency and accountability
  - Informed procurement decisions by countries
  - Basis to develop demand forecasts
- Monitor price and quality information
  - Inform implementers on market conditions
  - Monitoring Pricing and supplier performance
  - Monitoring QA Policy compliance
- Analyze procurement information for policy and decision-making purposes

“Essential foundation of sound market dynamics and procurement practices”

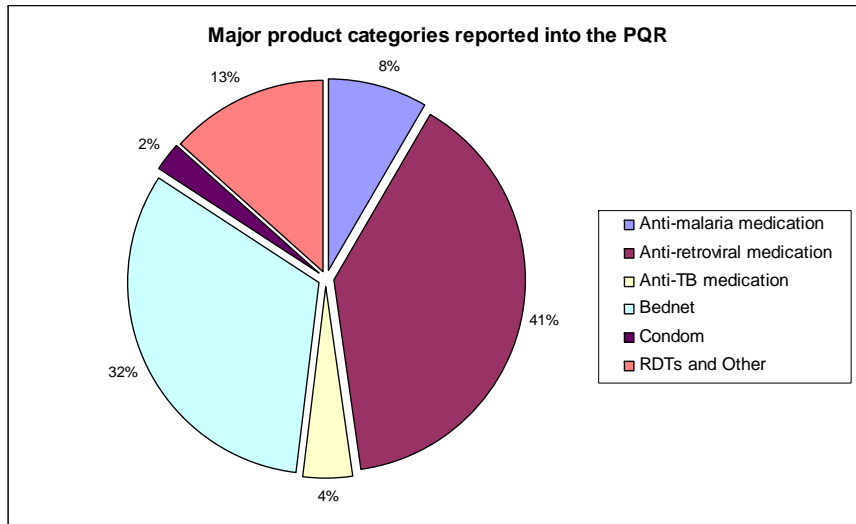
# Monitoring Availability and Pricing



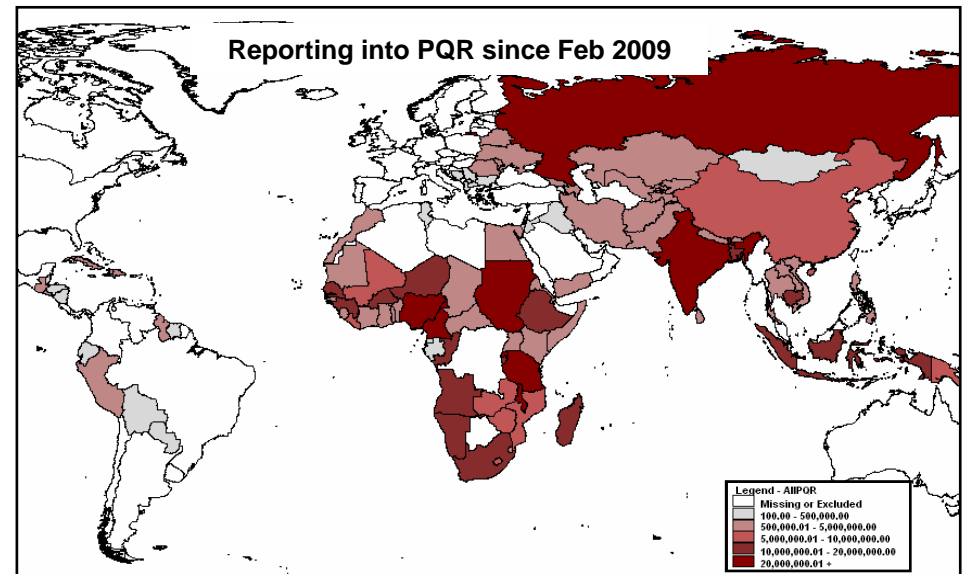
- Reporting is mandatory for key health products
- Health Products reported
  - Antiretrovirals
  - Antimalarial medicines
  - Tuberculosis medicines
  - Bednets
  - Condoms
  - Rapid diagnostics tests

# Accomplishments

- Since February 2009
  - More than 700 million\* USD reported
  - 712 registered users in 128 countries,
  - 6,111 invoices and over 11,000 product purchases registered



\*As of July 2010

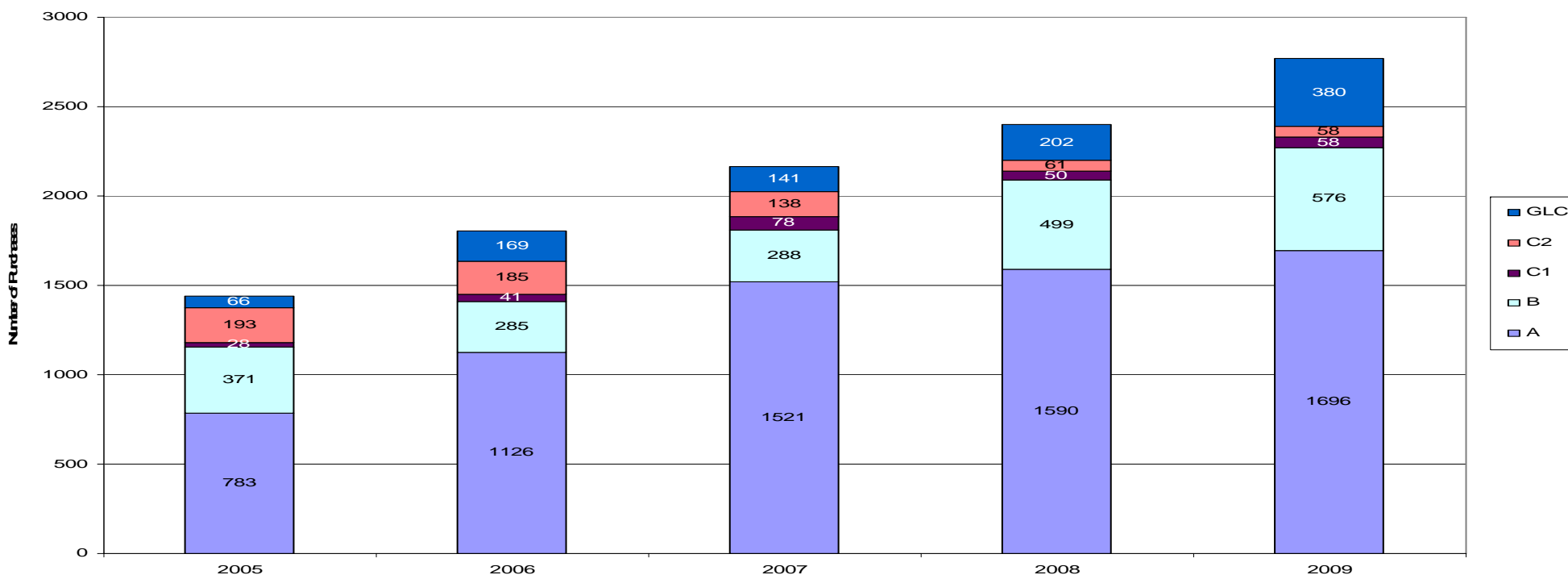


# Reported Products by Quality Criteria

WHO prequalified and SRA authorized products are purchased in priority, if available.

Currently, 95% (in units) of ARVs purchased by PRs are WHO PQed

Number of Purchases Reported to the PRM/PQR by Quality Level



# Publication of Pre-shipment QC Results

http://www.theglobalfund.org/documents/psm/communication/Preshipment\_QC\_testing\_result.htm - Windows Internet Explorer provided

http://www.theglobalfund.org/documents/psm/communication/Preshipment\_QC\_testing\_result.htm

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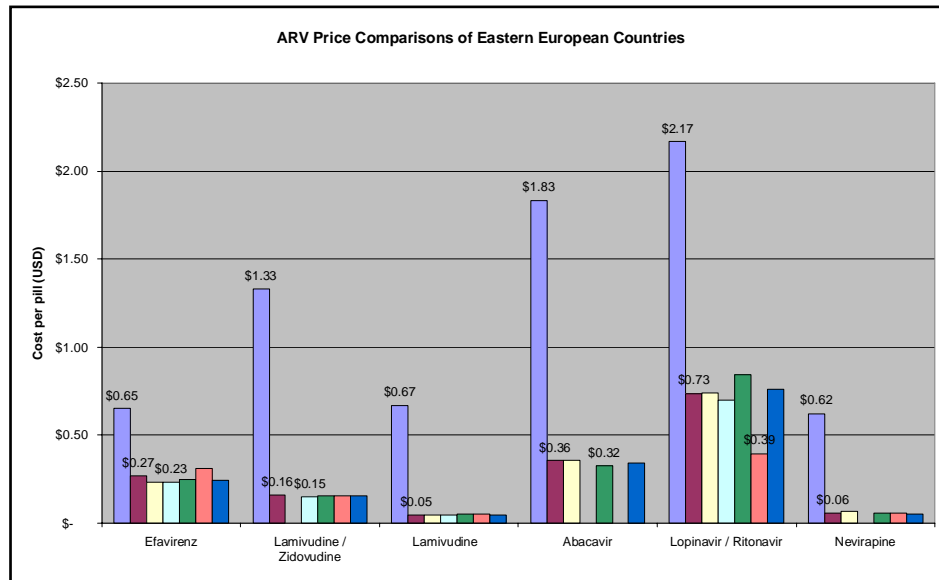
**LIST OF PRODUCTS AND CORRESPONDING BATCH NUMBERS TESTED ON BEHALF OF GLOBAL FUND**

PERIOD OF TESTING	2007
	2008
	2009
	2010

Product	Manufacturer	Country of origin	Batch no	Batch no	Batch no	Batch no
HA Abacavir 600mg/Lamivudine 300mg capsules, CIP	CIPLA	INDIA	<a href="#">K71628</a>	<a href="#">K80771</a>	<a href="#">K81085</a>	
HA Abacavir300mg / Lamivudine 150mg/Zidovudine300mg/tablets, RAN	RANBAXY	INDIA	<a href="#">1761196</a>			
M Artemether 20mg/ml Injectable 1ml amp, DAF,	DAFRA	BELGIUM	<a href="#">70416</a>	<a href="#">90611</a>	<a href="#">80035</a>	<a href="#">42</a>
M Artesunate 60mg pwd for inj+Sodium bicarbonate 55 inj., GUI	GUILIN	CHINA	<a href="#">ZA070404</a>	<a href="#">ZA070406</a>	<a href="#">ZA070801</a>	<a href="#">ZA070802</a>
M Artemether 80mg/ml Injectable 1ml solution, DAF,	DAFRA	BELGIUM	<a href="#">80144</a>	<a href="#">80528</a>	<a href="#">90685</a>	
M Artemether 80mg/ml Injectable 1ml solution,STR,	STRIDES	INDIA	<a href="#">7003188</a>			
M Artesunate 50mg rectocaps, MEP	MEPHA	SWITZERLAND	<a href="#">750020</a>	<a href="#">750044</a>	<a href="#">850291</a>	<a href="#">950290</a>

# Monitoring Pricing

- Building capacity within the Global Fund for analysis
- Value-for-Money: medicine pricing essential component
- Working to make the data operational
- Type of reports
  - Price comparison and Benchmarking
  - Price reference



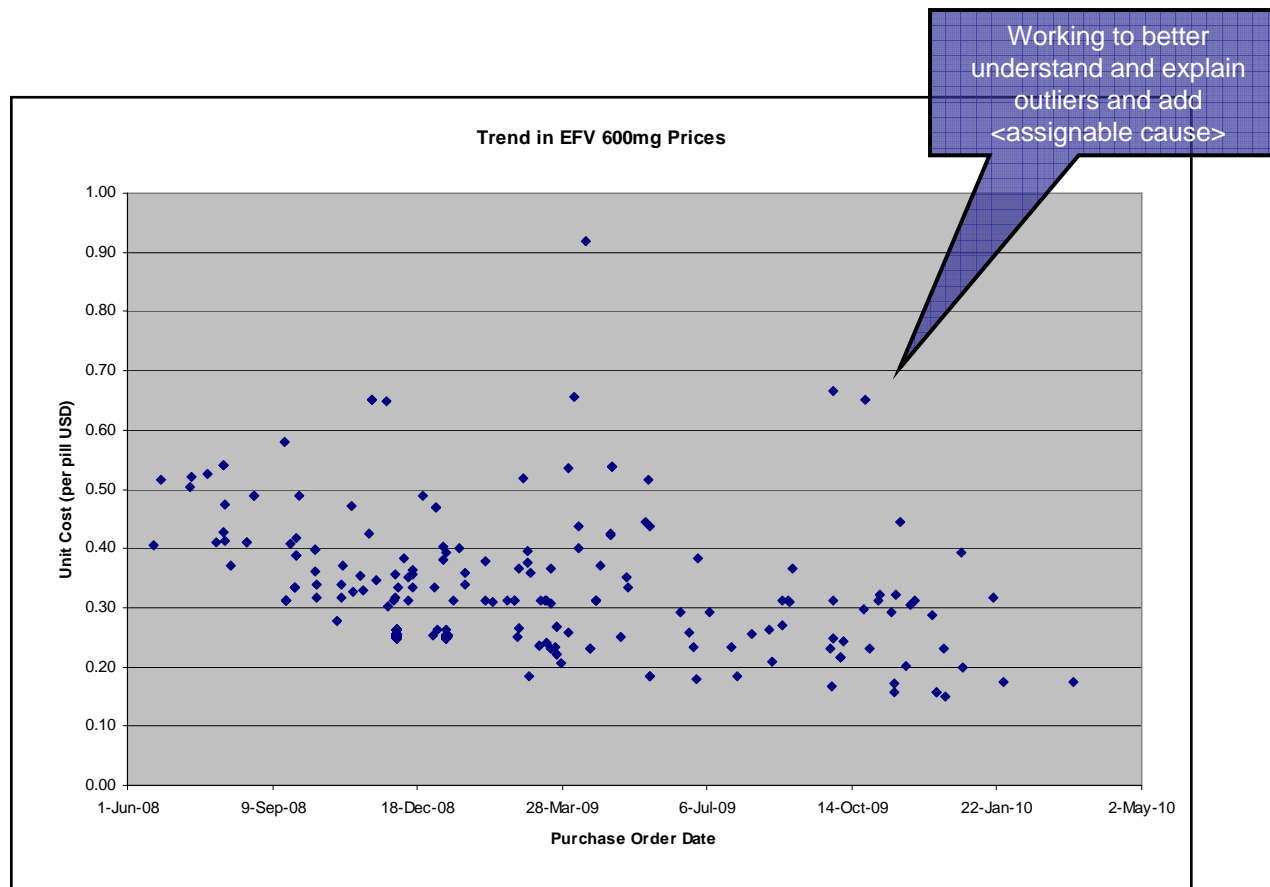
Publicly available reports...coming soon

Cluster Name:	Category:	INN & Strength
West and Central Africa	Anti-retroviral medication	Efavirenz (EFV) 600 mg

Country	Manufacturer	Supplier	Delivery Date	N. of Packs	Pack:	Incoterm:	Pack Cost (USD):
Nigeria	Aurobindo Pharma Ltd	Crown Agents Nigeria Limited	30-May-09	39,758	Bottle of 30 Tablets	CPT	\$6.67
Nigeria	Hetero Drugs Limited	Crown Agents Nigeria Limited	2-May-09	43,592	Bottle of 30 Tablets	CPT	\$6.67
Nigeria	Aurobindo Pharma Ltd	IDA Solutions	14-Jun-09	19,962	Bottle of 30 Tablets	CIP	\$6.95
Nigeria	Matrix Laboratories Ltd	IDA Solutions	20-May-09	16,143	Bottle of 30 Tablets	CIP	\$6.95
Guinea	Matrix Laboratories Ltd	Matrix Laboratories Limited	5-Nov-09	6,000	Bottle of 30 Tablets	CIF	\$7.65
Togo	Matrix Laboratories Ltd	IDA Foundation	4-May-09	4,528	Bottle of 30 Tablets	CIP	\$7.97
Central African Republic	Matrix Laboratories Ltd	IDA	13-Oct-09	13,676	Bottle of 30 Tablets	DDU	\$8.09
Ghana	Emcure Pharmaceuticals Ltd	Emcure Pharmaceuticals Ltd	30-Apr-09	25,270	Bottle of 30 Tablets	CIF	\$8.35
Liberia	Matrix Laboratories Ltd	Matrix Laboratories Limited	11-Aug-09	1,985	Bottle of 30 Tablets	CIP	\$8.75
Benin	Aurobindo Pharma Ltd	IDA	18-May-09	31,650	Bottle of 30 Tablets	DDU	\$9.09
Cameroon	Ranbaxy Laboratories Ltd	Centre National d'Approvisionnement en Medicaments Essentiels - CENAME	10-Sep-09	18,276	Bottle of 30 Tablets	EXW	\$9.30
Sierra Leone	Cipla Ltd	Cipla Ltd	28-Apr-09	4,200	Bottle of 30 Tablets	CIF	\$9.30
Cameroon	Matrix Laboratories Ltd	Centre National d'Approvisionnement en Medicaments Essentiels - CENAME	10-Nov-09	17,479	Bottle of 30 Tablets	EXW	\$9.33
Equatorial Guinea	Matrix Laboratories Ltd	UNICEF Supply Division	3-May-09	1,051	Bottle of 30 Tablets	EXW	\$9.39
Central African Republic	Strides Arzobal Ltd	Centrale Humanitaire Medico-Pharmaceutique	2-Apr-10	3,660	Bottle of 30 Tablets	DDU	\$9.53
Equatorial Guinea	Hetero Drugs Limited	UNICEF Supply Division	15-Jan-10	1,386	Bottle of 30 Tablets	EXW	\$9.65
Sierra Leone	Cipla Ltd	Cipla Ltd	22-Jan-09	1,500	Bottle of 30 Tablets	CIF	\$10.70
Equatorial Guinea	Matrix Laboratories Ltd	UNICEF Supply Division	30-Sep-09	524	Bottle of 30 Tablets	EXW	\$10.99

# Monitoring Pricing : Price trends & variance

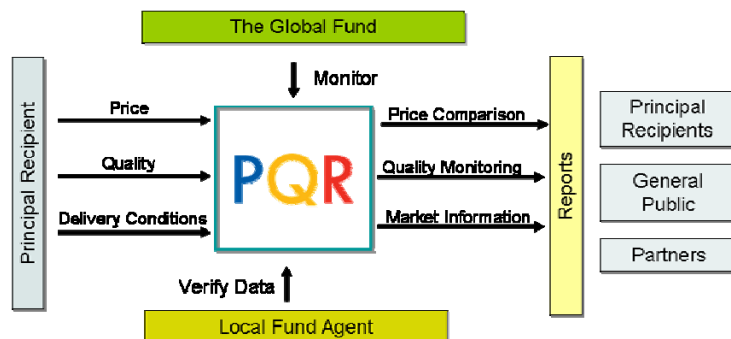




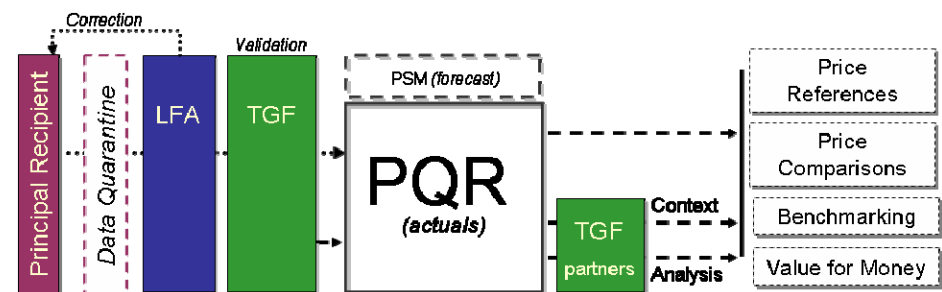
# Ongoing Efforts

- Designing reports to help Principal Recipients
- Improving data quality
- Increasing completeness of reporting
- Improving understanding of price variation and capturing contextual information
- Developing business process that integrate the use of the PQR into grant decision making

## Original Design of the PQR



## New model



Application Process Explained

Apply Now

Funding Decisions

New Grant Architecture

Phase 2

**Procurement and Supply Management**

Guide to Writing PSM Plans

Quality Assurance Information

Price & Quality Reporting (PQR)

Procurement Support Services (VPP, CBS/SCMA)

Information for suppliers

Affordable Medicines Facility - malaria (AMFm)

Monitoring and Evaluation

Regional Meetings

Policies and Guidelines

## Procurement and Supply Management

An estimated 47% of Global Fund grants has been used on procurement. The Global Fund's role in procurement and supply management is **primarily focused on policy approach and assistance to countries with policy requirements** when procuring products with Global Fund resources for the prevention, the treatment and care of HIV/AIDS, Tuberculosis and Malaria. Although the Global Fund is not engaged in direct procurement activities, which are managed and conducted under the full responsibility of grant recipients, it provides the following mechanisms to promote safe and cost-effective procurement of health products:

- **Procurement and Supply Management (PSM) Plan:** The objective of the PSM plan for health products is to outline how the PR will adhere to the Global Fund's procurement and supply management policies.
- **Quality Assurance Policy:** The Global Fund's revised quality assurance policy (effective 1 July 2009) defines the requirements which must be met for finished pharmaceutical products (FPP) funded with Global Fund resources.
- **Price and Quality Reporting (PQR) database** (formerly PRM) offers information on procurement of selected health products, including prices and results of quality control testing.
- **Procurement Support Services (VPP, CBS/SCMA):** Voluntary Pooled Procurement and capacity building services / Supply Chain Management Assistance programs for Principal Recipients are being established since January 2009.

### New version - November 2009 Guide to the Global Fund's Policies on Procurement and Supply Management



English PDF - 363 KB

عربي PDF - 6,38 MB

Français PDF - 428 KB

Español PDF - 411 KB

Русский PDF - 169 KB

#### PSM Plan Template:

English Français Español Русский  
 DOC - 200 KB

- Ten quick facts on procuring Malaria Rapid Diagnostic Tests (RDTs)  
[English](#) [Français](#)
- **New:** WHO Information note on [interim selection criteria for procurement of malaria RDTs](#) (20 Jan 2010)
- Quick Facts on Procuring Long lasting Nets  
[English](#) [Français](#) [Español](#)