



Independent observer  
of the Global Fund

## REPORT OF THE GLOBAL FUND'S INTERIM E.D. TOUCHES ON AMAS, SUPPLY CHAIN MANAGEMENT AND OTHER TOPICS

“We need to work with the OIG more on AMAs [agreed management actions] to try to make the timelines and deliverables more realistic,” Marijke Wijnroks says in her progress report to the Board.

Wijnroks has served as Interim Executive Director since Mark Dybul's term as Executive Director concluded at the end of May. This article summarizes what Wijnroks said about AMAs and about supply chain transformation; grant-making; “Fit for the Future”; Gavi and the Global Health Campus; and the transition to the new E.D., Peter Sands.

### Agreed management actions (AMAs)

In 2017, as of the end of September, the Secretariat completed and closed 57 AMAs emanating from the audits and investigations conducted by the Office of the Inspector General (OIG), while 84 AMAs remain open. Of those, 35 are classified as overdue, and 19 as long overdue (i.e. more than 180 days).

“If you look only at the timeline for overdue AMAs,” Wijnroks said, “you might reasonably conclude that there is a problem, and you might wonder how it is that country programs supported by the Global Fund can achieve such impressive results.”

“The answer,” Wijnroks said, “is that AMAs are admirably ambitious, and often strive to get at the root causes of implementation problems in the national systems in countries where we invest.” Successfully addressing AMAs usually requires participation from partners and from governments whose officials are balancing competing political demands, Wijnroks said. Many AMAs take far longer to conclude than

originally conceived, she said. In many cases, the majority of elements in an AMA is achieved, but the AMA remains on the docket until it is 100% complete.

In addition, Wijnroks said, every time an OIG audit or investigation report is issued, new AMAs are added to the list. The number of AMAs grew from 375 in September 2016 to 450 a year later.

Wijnroks cited an example that she said is typical of the challenges the Secretariat faces:

An AMA related to an audit conducted in the Democratic Republic of Congo (DRC) called for the Secretariat to present an analysis to the Global Fund's Supply Chain Task Force of ongoing and planned actions and pilot initiatives to strengthen the DRC supply chain for HIV and malaria health products financed by the Fund. The analysis was to include expected results, timelines and the geographical focus of the actions, covering warehousing, distribution and the last-mile delivery arrangements managed by partner organizations. The analysis was also to include a risk assessment and mitigation response options of the current last mile distribution arrangements for artemisinin combination therapies and antiretrovirals, and to present options for the Fund, in collaboration with other partners, to sponsor a transformative supply chain project for essential medicines under the leadership of the Government of DRC.

"The AMA was due for completion by 28 February 2017," Wijnroks said, "but that deadline turned out to be too ambitious. The country team, which has supported very impressive progress on many fronts in DRC, has not yet succeeded in securing the comprehensive solution envisioned by the original AMA. The work continues, but we cannot realistically set a target date for 100% completion."

"We need to work with the OIG more on AMAs to try to make the timelines and deliverables more realistic," Wijnroks said.

#### Supply chain transformation

Between 2014 and 2016, Wijnroks reported, the Global Fund invested more than \$10 billion to support countries responding to HIV, TB and malaria and strengthening health systems. Half of that amount went to procurement and management of health products.

The Global Fund began investing heavily in procurement four years ago, Wijnroks said. "An important next step is to improve on time and in full (OTIF) deliveries," she added. "To meet the goals set in the Global Fund Strategy, reforming supply chain is fundamental."

In 2016, the Fund launched a new supply chain initiative. In addition to developing a supply chain strategy, the initiative involves conducting in-depth diagnostics in up to 20 high-risk countries by 2019, and working with government and private sector partners to implement a supply chain transformation program. Wijnroks said that the Fund's new strategic approach has the following objectives:

- significantly improve product availability to patients at the point of service;
- reduce wastage of products;
- reduce supply chain costs;
- significantly improve forecast accuracy and also increase inventory turnover; and
- build responsive supply chains that achieve faster replenishment of products.

As [reported](#) earlier in GFO, a new Supply Chain Department has been established within the Grant Management Division.

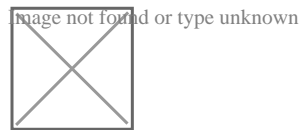
#### Grant-making

To date, Wijnroks reported, funding requests representing 88% of the \$10.3 billion in funds allocated for 2017-2019 have already been approved for grant-making. One-third of this funding is for RSSH. (See Figure 1.) Wijnroks also said:

- in the first two windows about \$2.4 billion has been added to the Unfunded Quality Demand (UQD) Register;
- to date, 40 matching funds requests have been approved, representing 58% of the \$346 million in matching funds available for 2017-2019; and
- the Global Fund has attracted an estimated \$1.7 billion in additional domestic investments in health in 2015-2017, and \$3.4 billion in additional domestic commitments for 2018-2020. (See Figure 2.).

As Figure 2 shows, the largest increases in domestic investments are in low-income and lower lower-middle-income countries, while the smallest increases are in upper lower-middle-income and upper-middle-income countries. (The Global Fund splits the lower-middle-income category into two parts.)

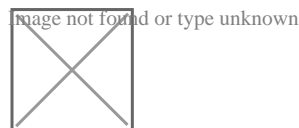
Figure 1: Funding requests



Source: Report of the Interim Executive Director 2017

Note: Most of the RSSH funding was included in disease-specific funding requests.

Figure 2: Minimum previous co-financing requirements vs. actual spending, by income group (\$ billion)



Source: Report of the Interim Executive Director 2017

### Fit for the Future

“We need to continually re-evaluate our priorities,” Wijnroks said. She added that to this end, in September, she launched a project called “Fit for the Future” – a review of how the Secretariat aligns its human and financial resources to the activities identified as most critical to successfully deliver the Global Fund Strategy. “The goal of the review is to develop options for the incoming Executive Director to take steps to maximize impact, reduce workload and manage budgetary constraints,” Wijnroks said.

“We are mindful that in recent years, we have added many new initiatives on top of ongoing work, at times leading to an unsustainable workload,” Wijnroks said.

### Gavi and the Global Health Campus

In early 2018, the Global Fund will move its offices to a new building, the Global Health Campus. Wijnroks revealed that the Fund and Gavi, the Vaccine Alliance, have agreed to an equal partnership in the Health

Campus. The campus will also be home to other global health organizations.

“The new building will not only change where we work, it will change how we work,” Wijnroks said. “Our new workspace is intended to reinforce a culture of collaboration and to promote efficiency and innovative working styles.”

Wijnroks said that the Global Fund is investing about \$28 million in the Health Campus, and that this investment will yield savings of about \$57 million over the 10-year lease period, compared with costs at the Fund’s current location. The break-even point is less than five years, she added.

### Transition

The Secretariat has done extensive planning preparing for the transition to the new E.D., Wijnroks said. All members of the Management Executive Committee are preparing transition memos, including key issues, anticipated challenges and opportunities, and division and department work plans and priorities for 2018.

“During the transition period, the incoming Executive Director will be regularly updated and informed of any significant issues, and will effectively make all key decisions,” Wijnroks said. “Based on the incoming Executive Director’s schedule and availability, we will propose a transition retreat with the Management Executive Committee, and sessions with staff.”

“I consider myself very lucky to be able to work in global health,” Wijnroks concluded. “I have witnessed first-hand the enormous progress we have made collectively, and feel humbled that I could be part of that incredible journey.... It is a tremendous honor for me to serve as Interim Executive Director, and I am grateful for the trust the Board has put in me.”

Board Document GF-B38-08 (Report of the Interim Executive Director 2017) should be available shortly at [www.theglobalfund.org/en/board/meetings/38](http://www.theglobalfund.org/en/board/meetings/38).

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