



Independent observer  
of the Global Fund

## GLOBAL FUND IS DEVELOPING A COMPREHENSIVE SUPPLY CHAIN STRATEGY

The Global Fund is developing a comprehensive supply chain strategy that will define a scope of responsibility, oversight, and necessary initiatives to address supply chain challenges. In addition, the Fund will conduct supply chain diagnostic studies in 12 countries and use these to develop specific plans to strengthen supply chain systems. Finally, the Fund will work with government and private sector partners to implement supply chain transformation projects.

This information is contained in a [message](#) from Executive Director Mark Dybul which was posted on the Fund's website on 28 April.

“Procurement and supply chain represent a continuum,” Dybul said. “The work of procuring drugs and medical supplies in a timely way is only the first step in getting them through a supply chain, so that they can actually reach the people who need them, at clinics and in villages that often present obstacles in the ‘last mile’.”

Dybul said that the Fund could not address many supply chain issues until it had first worked hard on procurement, the primary building block toward delivery of any products. Since the Global Fund began investing heavily in procurement four years ago, Dybul said, an expanded pooled procurement mechanism (PPM) has saved more than \$650 million. On Time and In Full (OTIF) deliveries for the PPM increased from 36% in 2013 to 80% in 2016. The PPM now covers 60% of procurement supported by the Global Fund.

“But OTIF is measured at a central warehouse level, and the ‘last mile’ can be significantly more challenging,” Dybul said.

Dybul said that both procurement and supply chain processes have been identified as requiring additional action by the Fund’s own internal risk assessments, by other global health actors, as well as in audits of programs in several countries by the Office of the Inspector General (OIG.) The OIG Audit Report on Global Fund In-Country Supply Chain Processes, released on 28 April 2017, further validates the need. (GFO will report on this OIG audit in a future issue.)

In 2016, the Secretariat created a new Supply Chain Department within the Grant Management Division, and appointed senior managers with significant private sector experience.

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