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NEW STRATEGY WILL ALLOW THE GLOBAL FUND TO PLAY A MORE ACTIVE ROLE IN SHAPING MARKETS

The Global Fund's new market-shaping strategy is designed to allow the Fund to play a more active role in shaping market dynamics to increase access to health products. The new strategy, which was adopted by the Board at its meeting on 16-17 November, includes a section on preparing for when countries transition away from Fund support.

According to a paper presented to the Board, past market shaping efforts by the Global Fund and others have had significant impact, particularly in promoting greater availability and affordability for a core set of health products. However, the paper said, there are still market factors that prevent access to affordable, quality-assured products or the introduction and adoption of needed new products. Hence, the need for a new strategy to replace the one adopted in 2011.

The new strategy contains six objectives, as follows:

- to ensure continued availability and affordability of health products;
- to promote consistent quality standards;
- to support efforts to stimulate innovations;
- to accelerate adoption of new and/or cost-effective products;
- to prepare for country transition and long-term market viability; and
- to strengthen key foundational elements for market shaping.

The last objective refers to building the Secretariat's data systems and strengthening partnerships to improve the Fund's ability to shape markets.

The objective on preparing for country transition is new. The Global Fund recognizes that it has a responsibility to ensure that transitioning countries retain access to affordable, quality-assured health products.

The new strategy was developed following a consultative process undertaken by the Secretariat with over 30 technical and development partner organizations, civil society, donors and the private sector, as well as Board constituencies and committees.

According to the paper, in 2013 approximately 45% of the \$3.9 billion disbursed by the Global Fund was used to finance the procurement of health products such as antiretroviral medicines, artemisinin-based combination therapies, long-lasting insecticidal nets, tuberculosis medicines, and diagnostic products.

The strategy will continue to focus on these products where the Global Fund finances large volumes of procurements. However, market-shaping efforts may also include products for which the Fund does not currently finance a significant volume of procurements but where it could be catalytic in bringing a product to scale. This could include, for example, new anti-malarial medicines or vector control products.

The strategy states that the Global Fund supports countries in obtaining products at the lowest cost, including through the use of TRIPS flexibilities, in compliance with national laws and international obligations to protect public health. (TRIPS is an international agreement on trade-related aspects of intellectual property rights.) The strategy also states that the Fund supports efforts to promote generic competition to help reduce costs.

The market-shaping strategy states that the Global Fund will deploy seven tools to help resolve market shortcomings: (a) the price and quality reporting mechanism (PQR); (b) existing quality assurance policies; (c) its pooled procurement mechanism; (d) its revolving fund to support new product introduction; (e) the guidance contained in the Fund's Guide to Procurement and Supply Management Policies (including guidance on the legal obligations that apply to health products financed by the Fund); (f) guidance provided to grant recipients by the health product management specialists in the Secretariat; and (g) cost-effectiveness analyses.

The market-shaping strategy includes an implementation plan and a monitoring and evaluation plan.

To implement the strategy, the Secretariat said that it needs incremental resources in the form of six full-time-equivalent positions and a budget of \$3.9 million over six years. This investment will support engagement with in-country stakeholders, an initial procurement capacity-building effort, and studies on market dynamics and country transition; forecasting and data systems; and cost effectiveness analysis and health technology assessment. In approving the strategy, the Global Fund said the necessary funds will be included in each year's operating budget.

In addition, the Secretariat said that a one-time investment of \$10 million is required to continue the existing revolving fund beyond 2016. The Board said that the source for this investment will be confirmed by the Finance and Operational Performance Committee prior to the next allocation period.

A \$2 million revolving fund was approved in 2014. It allows the Secretariat to commit to the purchase of large volumes of new products (to keep the price as low as possible) without the need to tie these orders immediately to grant commitments. The idea is that as orders for these products came in from principal recipients or procurement agents, any monies committed by the revolving fund for these products are "reimbursed." It appears from the Board decision point that the \$2 million revolving fund will be replaced by a \$10 million revolving fund after 2016.

The \$10 million for the revolving fund is not included in the Global Fund's operating budget.

The Market Shaping Strategy, Board Document GF-B34-17 (which includes Annex 1 as a separate paper and Annexes 2-9 as another separate paper) should be available shortly at www.theglobalfund.org/en/board/meetings/34.

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