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Global Fund Says Its VPP Programme Contributes to Price Stabilisation and Market Sustainability

Forty-two countries have participated

The Global Fund says that its Voluntary Pooled Procurement (VPP) programme has resulted in increased pooling of demand, and has contributed to price stabilisation and market sustainability for the medicines that it covers. However, a number of challenges remain. This information is contained in a report prepared for the Global Fund Board meeting in December 2010.

The VPP is a mechanism that allows participating principal recipients (PRs) to procure a large number of health products through a global pooled procurement service operated by third party procurement agents selected by the Global Fund.

The Global Fund said that, so far, 42 countries representing 83 grants have participated in the VPP, far exceeding expectations. A total of \$384 million in orders were confirmed by September 2010, 91% of which were for core products – long-lasting insecticide treated nets (LLINs) (78%), antiretrovirals (ARVs) (10%) and artemisinin-based combination therapies (ACTs) (3%).

Master supply agreements were signed with manufacturers of most ARVs and ACTs. Between June 2009 and September 2010, an average decrease of 14% in the price ceilings for both ARVs and ACTs was achieved.

Under the VPP, \$220 million worth of health products, representing 57% of confirmed orders, have been delivered to PRs. Average time for delivery was 6-8 months. The Global Fund said that an earlier analysis of procurement processes at the national level showed an average of 5-18 months for delivery.

One of the challenges faced by the VPP is how to ensure the long-term participation of countries in the programme, especially when there are changes in PRs. Other challenges include the difficulty of aggregating demand effectively (due to various country- and grant-specific factors); the fact that emergency orders account for 40% of requests; and the difficulty of sourcing health products other than LLINs, ARVs and ACTs, which are not core VPP products but which nevertheless are critical for grant implementation.

Information for this article was taken from the "Report of the Market Dynamics and Commodities Ad-Hoc Committee," December 2010, Document GF/B22/10, which should be available shortly at www.theglobalfund.org/en/board/meetings/twentysecond/documents.

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