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of the Global Fund

E-MARKETPLACE ENDORSED AS CENTERPIECE OF GLOBAL FUND'S EMERGENT SOURCING STRATEGY

Transformation of the way the Global Fund sources and buys the products needed to underpin its response to AIDS, TB and malaria will continue with the design and roll-out of a new electronic marketplace that seeks to be a transparent and cost-efficient platform for countries to purchase equipment and drugs.

Further development of the e-marketplace is part of the new approach to market-shaping unanimously approved by the Board during its 32nd meeting held 20-21 November in Montreux, Switzerland.

An estimated 66% of all Global Fund grants are spent on the acquisition of things: drugs, equipment, vehicles and other products directly or indirectly used by a country to fight the three diseases or strengthen its health system. Any improvement in the way those things can be acquired means more money can be spent on saving lives.

Cost savings of more than \$270 million have already been recorded in 2014 by streamlining procurement procedures, Chief Procurement Officer Christopher Game told Aidspan — and even more savings are likely before the end of the year, freeing up assets to be spent on the purchase of even more commodities.

These efficiencies are due to market-shaping tenders initiated for long-lasting insecticide-treated bednets for malaria control and for the purchase of artemisinin combination therapies for malaria treatment.

Further market-shaping is anticipated in the next three years across the three disease components and ordained by the decision passed by the Board. Market dynamics will now be overseen by a joint working group drawing members from the Strategy Investment and Impact Committee as well as the Finance and

Operational Performance Committee, resulting in the dissolution of the Market Dynamics Advisory Group that was in place since 2011.

Central to the market-shaping objectives is the design, development and testing of the e-marketplace: a new tool being developed to track pricing, supply and distribution logistics for all of the commodities bought using Global Fund resources in eligible countries. The e-marketplace will be an extension of the pooled procurement mechanism that leverages larger volumes to access better prices, shorter manufacturing lead times and more timely deliveries of the life-saving commodities needed for the fight against the three diseases.

Describing the envisioned e-marketplace as a so-called kayak.com price comparison tool for drugs, diagnostics and nets, the Fund's executive director, Mark Dybul, said that it could revolutionize the way money is spent in public health.

The laudatory vision of the Secretariat was not shared in equal measure among implementing countries or Board delegations, however. They expressed concerns that it would limit country ownership and restrict a country's ability to choose what it wanted to its own specifications. Others expressed fear that some or all of a country's allocations would remain with the Fund — and not be transferred to in-country bank accounts for spending at a national program's discretion in line with its approved spending plan.

Of greatest concern to many implementers, Aidsplan understands based on conversations that took place on the margins of the Board meeting, is that the new tool will concentrate control and management in the hands of the Secretariat without developing an indigenous capacity or improved awareness of best practice for procurement at the country level: something desperately needed in many of the countries where the Fund operates.

Other technical advisors are also worried about quality assurance processes and the ability of manufacturers to effectively and cost-effectively scale to meet the increased demands.

The new, committee-based working group will, therefore, have to contend with those issues as it watches the development of the e-marketplace tool, the roll-out of which is expected in 2015. Other areas of oversight for the working group will include price and quality forecasting, quality assurance, the existing pooled procurement mechanism, improved operational management of supply chains including product shortages and the progress of agreements made with technical partners also heavily invested in procurement.

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