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GLOBAL FUND'S WAMBO.ORG PLATFORM HAS NOT ACHIEVED PROJECTED SAVINGS, NOR IMPROVED LEAD TIMES FOR ORDERS, OIG SAYS

Although clients using wambo.org express a high degree of satisfaction with the platform, the project has experienced delays, has not achieved projected savings, and has not improved lead times for orders, compared to the Pooled Procurement Mechanism (PPM).

These are the principal findings of an audit conducted by the Office of the Inspector General (OIG) in the second quarter of 2017. A [report](#) on the audit was released on 2 November.

This article provides background information on wambo.org; discusses the OIG's main findings; lists the OIG's ratings and summary comments on each of the three objectives of the audit; reports on issues raised in a previous audit; and summarizes the agreed management actions in response to the audit findings. For readers who want to dig a little deeper, there is a section at the end of this article on additional audit findings.

Background

According to the OIG, the Global Fund designed, developed and implemented wambo.org in 18 months from conception in 2014 to launch in early 2016. The wambo.org platform went live with the expectation that it would go to scale by offering both health products and non-health products such as vehicles and IT equipment. The implementation approach consisted of three phases.

In Phase 1a, wambo.org was only accessible by principal recipients (PRs) using Global Fund resources to procure commodities through the PPM. As of June 2017, 81 PRs from 54 countries were using

wambo.org. This includes 73 PRs who were already using the PPM plus eight other PRs. Orders worth \$555 million had been processed through the platform.

Phase 1b: In May 2017, the Board approved a pilot for a limited number of transactions in which PRs can use non-Global Fund funding through the platform, thus extending wambo.org beyond Global Fund grants. The objective of the pilot is to gain practical understanding of additional risks, operational modalities and related challenges, and the level of interest from countries in using wambo.org. At the time of the audit, some countries were reported as having expressed interest in using wambo.org with domestic financing, but no procurements had yet been initiated.

A potential future Phase 2 would transform the platform into a global public good for health where program implementers would be able to procure a range of both health and non-health products and services using domestic resources or other donor funding.

Main audit findings

The OIG found that wambo.org has brought increased transparency to the ordering process of the PPM; and that the platform has received high client satisfaction ratings. However, the OIG stated, progress has been affected by various factors, internal and external. Specifically:

- There was a six-month delay in the approval by the Board for the pilot for domestic purchases.
- In 2016 and in the first half of 2017, the project's Steering Committee prioritized the transitioning of existing PPM PRs onto the platform. This effectively deprioritized efforts to (a) increase the number of non-PPM PRs and (b) expand the range of products available on wambo.org, both of which were considered key conditions of success in the initial concept note. The rationale for this prioritization was to avoid operating a dual manual/online process for too long.
- The Chief Procurement Officer position at the Global Fund remained vacant for most of 2017, which delayed the development of specific strategies to support the implementation of Phase 1b.
- The setup of a new supply chain team at the Secretariat in 2016 has also led to certain initiatives that were previously part of the wambo.org project being reassigned to this new team.

The OIG stated that the combination of these factors has materially affected the timely implementation of wambo.org as initially planned and has affected the ability of the platform to meet its stated targets within the expected timeframe.

At the time of the audit, the OIG said, wambo.org was not on track to meet projected savings of \$246 million by 2019. As well, the project has not yet brought projected efficiencies to the PPM process: Lead time for orders was 47 days compared to the target of 21-26 days, and compared to 44 days for orders placed through the PPM. (In a "Message from the Executive Director" attached to the audit report, Interim E.D. Marijke Wijnroks said that subsequent to the audit a project to streamline processes was initiated, resulting in a drop in lead times to 34 days.)

Although the risks associated with this initiative have been identified, the OIG said, many of them have yet to be effectively mitigated.

There is a need for greater clarity in how wambo.org relates to the Global Fund's overarching procurement and supply chain management strategy, the OIG said. Partly as a result of the lack of an explicitly approved and formal mandate at the outset, significant questions remain as to how wambo.org fits into the broader strategic framework.

As originally conceived, wambo.org was supposed to offer a comprehensive suite of products. However, at the time of the audit, the OIG reported, the platform had not diversified beyond the original PPM product list. (Subsequently, the Secretariat indicated that some product line extensions, such as vehicles, are now

being implemented.)

Although both wambo.org and the PPM report to the Chief Procurement Officer, the OIG said, they are currently run by independent teams, with different oversight arrangements, systems and data sets for the same transactions. The OIG said that this fragmented implementation arrangement, and the lack of clear direction on how best to integrate these two processes, has hampered the organization's ability to leverage potential synergies that the introduction of wambo.org could have otherwise provided.

The objectives of the audit and the ratings assigned by the OIG are summarized in the table.

Table: Objectives of the audit and OIG ratings

OBJECTIVE 1: Whether the wambo.org platform as designed is able to deliver the goals and objectives as articulated in the business case including significant cost savings. Rating: Needs significant improvement.

OIG comments: The wambo.org platform is meeting its qualitative performance indicators related to increased access to information and transparency of the procurement process. However, it is not meeting its quantitative performance indicators, particularly its projected savings and goal of increased efficiency in the procurement process. The assumptions articulated in the business case need to be reassessed, particularly related to projected savings.

OBJECTIVE 2: Whether key risks impacting the wambo.org platform in its current and future phases of implementation have been properly identified and assessed, and that adequate mitigations have been implemented by the Secretariat in a timely manner. Rating: Partially effective.

OIG comments: While risks that would impede wambo.org meeting its goals have been adequately identified, effective mitigations have not been instituted to move wambo.org to scale. In consequence, some risks identified earlier have materialized; while other risks exist but have not so far materialized, or may materialize during future phases of wambo.org. Some of the risks are within the control of the Secretariat while others will require Board guidance and support. If unmitigated, these risks may impact the ability to move wambo.org to scale.

OBJECTIVE 3: Whether structures, systems and processes for the current phase of implementation are adequate and effective. Rating: Partially effective

OIG comments: While wambo.org in its current form is mainly an automation of the PPM, strategically, structurally and operationally, wambo.org and PPM, are run independently with different oversight arrangements and performance metrics. This has impacted the cohesiveness of the two teams and impacted the overall effectiveness of wambo.org during the transition phase. The priorities of the two teams as directed by their visions and key performance indicators should be aligned so that they operate in synergy.

The OIG has a four-tiered rating scheme, as follows: Effective; partially effective; needs significant improvement; ineffective.

Previously identified issues

In 2016, the OIG conducted a [Limited Scope Review of the Processes Undertaken to Procure Services and Resources for the Implementation of Wambo.org](#). That audit noted that 65% of the procurements to set up

wambo.org that were eligible for competitive tendering were not awarded competitively, contrary to the Global Fund's Procurement Policy. Some weaknesses in the management of contracts once they had been awarded were also identified. To correct the anomalies found by the OIG, the Global Fund Secretariat has revised its procurement framework to strengthen compliance and accountability. The new framework has been cleared by the Audit and Finance Committee and was approved by the Interim Executive Director in August 2017.

Agreed management actions

The Secretariat will prepare a wambo.org implementation plan reflecting its short, medium and long-term ambitions. This will explain how wambo.org links to the Market Shaping Strategy, and organization procurement and supply chain management strategies; and will update wambo.org's business case, organization structure and key success metrics.

Message from the Executive Director

In her message, Interim E.D. Marijke Wijnroks said that "the original business case for wambo.org was ambitious, and like all business cases, dependent on certain assumptions. While we still have high ambitions for wambo.org, we also want to point out that we made several conscious decisions that reduced the original scope and delayed some deliverables."

"We cannot accept the status quo, even when it is the easier path," Ms Wijnroks added. "The only way to achieve ambitious goals of ending epidemics is to embrace change that makes sense. In this case, that means significantly expanding access to quality-assured medicines and health products. Continuing to improve wambo.org supports our focus on leveraging innovation and advances in technology, and getting greater economies of scale, all to achieve greater impact for the people we serve. "

Additional audit findings

Anticipated benefits

According to the OIG, some of the key anticipated benefits of wambo.org were as follows: building countries' procurement capacity; promoting national ownership; fostering sustainability for countries transitioning out of Global Fund financing; expanding the menu of available options to non-health products; and providing countries with greater visibility of the delivery process, with the ability to track orders from placement to receipt. Although it is important to acknowledge that wambo.org is still in its early stage of implementation, the OIG said, there are still uncertainties about the platform's ability to deliver on each of these core objectives:

- **Building country procurement capacity:** The project's Steering Committee decided in late 2015 to replace a broader capacity-building approach with training limited to the actual use of the platform, the OIG stated. Procurement capacity building was reassigned to the sourcing team, as part of the Market Shaping Strategy. It is still premature to draw definitive conclusions on the effectiveness of the capacity-building approach, the OIG concluded.
- **Promoting national ownership:** While wambo.org has brought improvements in areas such as transaction transparency, the OIG said, the platform operates under the same model as the PPM, which it mainly automates. Thus, it faces the same challenges and limitations as the PPM does in terms of national ownership.
- **Fostering sustainability for countries transitioning out of Global Fund investments:** The OIG said this objective hinges significantly on the implementation of a future Phase 2.
- **Providing non-health commodities on the platform:** This is not covered under the Board- approved Market Shaping Strategy, the OIG noted. Thus, the ability of wambo.org to deliver on this objective may depend on a Board decision as to whether the Global Fund can diversify its PPM portfolio to cover non-health products.
- **Providing visibility throughout the procurement cycle until the point of delivery:** As currently designed, the OIG stated, wambo.org can only track the process until a purchase order is released. It does not currently support order tracking through to the point of delivery. Following the creation of a unit dedicated to in-country supply chain in the Grant Management Division, the OIG reported, the work on order tracking through the

point of delivery has now been incorporated in the scope of that unit.

Lead times

According to the OIG, the underlying causes for shortfalls in lead time efficiencies are two-fold:

- The platform is mainly an automation of the front end of the PPM ordering process, leaving the back-end purchase requisitions to manual processing by the PPM team. Wambo.org currently operates mostly as an electronic ordering platform, with limited impact on the back-end order processing.
- The vendor software which is the backbone for wambo.org was not procured for the purpose of automating the PPM. Under wambo.org, the team has worked hard to customize and adapt this backbone to respond to PPM needs, but this remains work in progress and some limitations persist.

To the extent that wambo.org is expected to effectively support the PPM procurement transactions and to yield the anticipated efficiency gains, the OIG concluded, a significant reassessment, and potentially an end-to-end redesign, of the order procurement process may be required.

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