



Independent observer
of the Global Fund

E-MARKETPLACE (PHASE 1) TO BE LAUNCHED THIS QUARTER

The phased launch and roll-out of the Global Fund's e-marketplace is scheduled to begin this quarter. The e-marketplace is an online procurement platform where buyers will be able to view and procure a broad range of products to be used in health programs. The e-marketplace will operate within the framework of the Fund's pooled procurement mechanism. Its objectives are to increase procurement efficiency, reduce costs, and reduce stock-outs.

The information for this article on the e-marketplace comes from a paper prepared for the Global Fund Board meeting in November 2015 and from discussions with Secretariat staff.

The e-marketplace is expected to provide principal recipients with information on pricing and availability, as well as a means to purchase qualified medicines, diagnostics, and health and non-health commodities. The Global Fund anticipates that this will lead to increased market transparency and competition, and facilitate the adoption of innovative products.

In this first phase, the buyers will be limited to Global Fund PRs. However, Phase 2 of this initiative could see the e-marketplace spun off on its own. The Global Fund believes that the tool has the potential to become a veritable "global public good," available to broader global public health community. Buyers could include governments procuring with their own funds (in transitioned countries, for example), PRs procuring with funds from development partners other than the Fund, NGOs, and partner organizations. However, at this point Phase 2 is just a concept. The implications of an e-marketplace spin-off, and what would be required to make it happen, are currently being discussed. So far, the Board has only approved Phase 1.

Nevertheless, the Secretariat is of the view that the spin-off phase is essential if the financial and non-financial benefits of the platform (in terms of price, quality, and processes) are to be fully realized.

The e-marketplace will provide product specifications and costs for each product, and will eventually include estimated shipping and other associated costs. A "search and discover" feature will enable buyers to access and compare product catalogs from various qualified suppliers with pre-negotiated prices, availability, and delivery estimates.

The buyer will be able to "select and buy," filling a shopping cart with multiple items across categories,

gathering information on specific delivery times, and specifying packaging requirements. This feature will track whether the buyer has sufficient financial means in a grant to pay for the requested good or service. A “pay and track” feature to automate the payment process and track orders will provide visibility of payment, shipping, and delivery status.

Buyers will have the option to procure commodities via three mechanisms:

- e-order from LTAs: Buyers purchase from a catalogue of products based on long-term framework agreements (LTAs) between the Global Fund and manufacturers, which reflect the outcome of pooled procurement mechanism tenders. For each product category, the catalogue will show the pre-negotiated reference price;
- e-order from catalogue: Buyers purchase product categories which are not covered by LTAs, but rather are available in catalogues maintained by the Global Fund or other organizations, in conformity with the Global Fund’s quality assurance policy; or
- other online mechanisms such as e-RFQs (requests for quotes) and e-auctions: The platform could be used by buyers as an electronic tool to automate and facilitate the procurement process (e.g. tenders, auctions) and optimize quality and price outcomes.

When it is launched this first quarter of 2016, the e-marketplace will facilitate procurement of long-lasting insecticide-treated bed nets via the e-order from LTA mechanism. Artemisinin combination therapies will be made available in Q2 2016, followed by malaria and HIV rapid diagnostic tests and antiretrovirals in Q3 2016, all via the e-order from LTA mechanism. Condoms and vehicles are scheduled to become available via the e-order from catalogue mechanism in Q3 2016. The Secretariat is in discussions to make available a number of other product categories, such as viral load HIV diagnostics (Q2 2016), and additional sole-sourced TB diagnostics that could be prioritized, such as MGIT (Mycobacteria Growth Indicator Tube), GeneXpert (Q2 2016), and Hain (Q4 2016) via the e-order from LTA mechanism.

The number of PRs expected to participate in the e-marketplace will be small initially, but will grow over time until mid-2017. The primary selection criteria for pilot countries includes (a) the level of readiness of a country or PR to participate; and (b) a sufficient amount of orders planned for the respective quarter.

The Secretariat expects that between 10 and 20 countries will use the e-marketplace in 2016.

The Global Fund sees the e-marketplace as a tool that can help countries to build sustainable procurement processes.

The Board paper contains considerably more detail, including the financial business case for the e-marketplace, an analysis of the risks involved; an explanation of the strategies to mitigate the risks; a description of the implementation process; and a section on the strategic partnerships to implement the e-marketplace.

Board Document GF-B34-24, “Development of an E-marketplace for Procurement of Public Health Commodities,” is available on the Global Fund website [here](#).

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