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An update on the Global Fund's new market-shaping strategy

Measures to enhance the Global Fund's Supply Operations were at the center of the 48th Global Fund Board Meeting discussions held in Geneva on 15–17 November 2022. The Secretariat updated the Board on the status of the new market-shaping interventions. The Board approved the Strategy Committee's recommendation of the continuation of government and non-government development organization use of wambo.org, the Global Fund's digital procurement platform, to place orders not covered by Global Fund funding. The Decision Point can be found at the end of this article.

Since May 2017, the Global Fund has allowed non-Global Fund financed procurements on a pilot basis. The organization has made a Pooled Procurement Mechanism (PPM) available to its grant implementers to order large quantities of multiple products. This has given countries additional access to quality-assured health products for eligible buyers using their own domestic resources and resources provided by partners. Since that time, the Board has continued to provide this service on a pilot basis. As of 31 July 2022, wambo.org had processed 150 orders not covered by Global Fund funding valued at \$65 million.

In its presentation, the Secretariat underscored the critical role the Global Fund plays in shaping global health markets. It leverages the combined volume of orders from different implementers to obtain long-term framework agreements from manufacturers. In this way it is able to secure competitive market terms and prices for health and non-health products. Consequently, it has contributed to the availability and affordability of health products needed for implementing HIV, tuberculosis (TB), and malaria programs. For instance, over the past three to five years, PPM has contributed to a 32-37% price reduction of key products and a 40% improvement in emergency order responsiveness since 2016. Furthermore, by 2021 On-Time In-Full delivery, the extent to which shipments are delivered to their destination according to both the quantity and schedule specified on the order, was between 87 and 94% across key product categories.

The Global Fund's new market-shaping strategy is an integral part of the organization's 2023-2028 Strategy

The next Global Fund market shaping strategy is designed to operationalize the organization's 2023-2028 Strategy. The new market-shaping strategy is focused on:

- Delivering equitable access to quality-assured health products and services
- Including a holistic set of programmatic-driven interventions oriented around the people and communities
- In-country capacity building to sustain the progress in building more robust and resilient national and community health systems
- Building on achievements and lessons learned from COVID-19.

Accelerating health product introduction at scale

The Secretariat updated the Board on the roadmap for the Global Fund to strengthen partnerships to accelerate the large-scale production of health products. In particular, the Global Fund will leverage its collaboration with [Unitaid](#) to increase access to health products for HIV, TB, and malaria for those who need them most. Since 2014, the Global Fund has had a formal agreement with Unitaid, a global health agency engaged in finding innovative solutions to prevent, diagnose, and treat diseases more quickly, cheaply, and effectively, in low- and middle-income countries.

The Global Fund has lined up several activities to reduce HIV, TB, and malaria sickness and death through better prevention, diagnostic, and treatment outcomes. It will co-finance and partner in monitoring and investing in the most promising products and support clinical trials to assess and collect data for policy changes. It will also position itself as a large public sector investor in health products to influence its main partners to use its services to order their health products.

Through its catalytic investments, the Global Fund will incentivize innovation by leveraging its relationships with the industry and sourcing capabilities. Furthermore, it will develop financing mechanisms and market-shaping interventions to secure supply, support accelerated regulatory pathways, and ensure sustainable affordability. At the country level, the Global Fund will strengthen operational guidance and provide technical support on new product introduction.

The Global Fund intends to promote local manufacturing capacity to achieve equitable access to quality-assured health products

The Global Fund's aim is to ensure equitable access to quality-assured health products and increase the resilience and responsiveness of global and regional health supply chains. To achieve this, it intends to intensify regional harmonization of regulatory frameworks and increase the share of locally manufactured health products in low- and middle-income countries. It also wants to influence a sustainable and transparent long-term demand for local products. The Fund will leverage its comparative advantage to:

- Influence a country-led model and inclusive partnerships for promoting alignment and robust technical support
- Apply its long experiences and lessons learned in fighting the three diseases
- Deploy market intelligence in the health product industry and from long-existing supplier relations
- Influence market shaping through large-scale procurement and relations with big buyers.

As part of promoting local manufacturing the Global Fund will introduce these capacity-building initiatives:

- Leverage Global Fund tenders to incentivize additional suppliers to meet harmonized quality assurance standards
- Support the strengthening and harmonization of a regional regulatory framework
- Engage with regional procurement platforms and consortia to increase sustainable capacity
- Build inter-agency efforts and partner and country engagement to identify key priorities
- Support accelerated product qualification and country demand forecasting
- Advocate for technology transfer amongst global and local manufacturers.

The Secretariat has already launched a mapping analysis to identify key bottlenecks and focus areas. It has also initiated the adjustment of the PPM tender processes and internal procedures to further incentivize local manufacturing and market engagement. The Global Fund is shifting its focus to identify local manufacturing capacity to enhance the Global Fund products portfolio. Also, it will identify priority focus areas and assess key risks associated with local manufacturing capacity-building initiatives, thereby developing mitigation approaches. At the partnership level, the Global Fund has held initial conversations to explore opportunities for collaboration depending on areas identified for building capacity.

The Global Fund intends to enhance the capacity of countries to drive sustainable procurement and supply chains

The Global Fund seeks to improve the availability of commodities through efficient supply chain operations and enhanced product and patient safety through strengthened National Regulatory Authorities and regulatory systems. It will achieve this by applying experiences and lessons learned from the Procurement and Supply Management (PSM) Strategic Initiative from the previous two cycles. In addition to country grant funds, it will invest Matching Funds in PSM and further strengthen partnerships with in-country stakeholders.

The Global Fund has lined up several capacity-building areas, including:

- Capacity-building, collaboration, and knowledge-sharing of and between national and regional procurement platforms
- Increasing their capacity to identify and respond to drug safety issues and market surveillance, including in-country quality assurance capacity assessments and technical support
- Improve their capacity to govern supply chains, establish an efficient, data-driven supply chain operation and efficient supply chain warehousing and distribution operations, and enhance the management of outsourced logistics services.

The Global Fund digital procurement platform will continue to be an enabler for strengthening the capacity of regional and national procurement channels

The Secretariat informed the Board that countries require well-developed and well-managed national procurement mechanisms with access to regional and global pooled procurement platforms. The Global Fund's PPM and wambo.org provides countries with a better entry point for nurturing the collaboration of national procurement mechanisms with global and regional procurement platforms. The PPM and wambo.org will continue to facilitate strengthening the capacity of national procurement channels by:

- Allowing them to access quality-assured health products through a diverse set of global pooled

mechanisms

- Facilitating their partnership with regional platforms, such as accessing the Global Fund's long-term framework agreements, including joint tender approaches
- Continuing to provide them access to the Global Fund's long-term agreements and knowledge sharing for countries for both grant and non-grant-funded procurement.

Stakeholders' feedback

Through written statements, some constituencies expressed the importance of the early introduction of health products as envisaged in the new market-shaping approaches. However, they indicated that this cannot only be achieved through the Board and thus required the Secretariat to explain the kind of partners the Global Fund will cooperate with and the specific roles it will play in those partnerships. Others expressed concerns about how the ambitious market-shaping approaches will be implemented in the context of constrained resources.

Other stakeholders recommended the involvement of the community, the public, and the private sector in formulating the new market-shaping strategy. Some pointed to the need to learn from the COVID-19 experiences, particularly regarding a requirement for market-shaping interventions that are more robust and responsive to ensure no one is left behind. On the decision to approve the continuation of non-Global Fund financed procurement through wambo.org, some constituencies urged the Secretariat to further work with countries to find solutions to address the pre-financing challenges which have so far limited the use of the digital platform.

During the Board discussions, several participants felt that the Global Fund should not stray into areas that are already well covered. Others agreed that the Global Fund can shape volume and diversifying into local production, which is critical for sustainability, but were unsure how the organization will use procurement to incentivize choices. Some suggested that interventions should be aligned with national efforts to strengthen regulatory frameworks.

Many felt that the Global Fund is underestimating the financial resources needed for market shaping and that it had underfunded this initiative. In response, the Secretariat fronted an idea of holding a roundtable discussion with all partners to discuss how to streamline efforts and avoid duplication. It also pointed out that national systems strengthening and capacity building efforts are already underway.

The Board approved the continuation of government and non-government development organizations' use of wambo.org to place orders not covered by Global Fund funding

On 17 November 2022, the Board discussed and approved the Strategy Committee's recommendation for government and non-government organizations to continue placing orders not covered by Global Fund funding via wambo.org. The Board also removed the cap on transactions related to orders not covered by Global Fund funding and incorporated their reporting into the annual updates. The annual operational costs related to information technology and staff to operationalize the non-Global Fund financed mechanism is \$350,000.

Decision point

Decision Point GF/B48/DP03: Extension of the COVID-19 Response Mechanism (C19RM)

1. The Board acknowledges that C19RM was established to support (i) COVID-19 control and containment interventions, (ii) COVID-19 risk-related mitigation measures for programs to fight HTM, and (iii) expansion and reinforcement of key aspects of health systems, and recognizes that C19RM requests and awards through 2021 largely focused on the acute response to the COVID-19 pandemic;
2. The Board acknowledges that the pandemic is evolving, and that recipient priorities are correspondingly shifting towards longer-term investments in health systems' infrastructure and capacities for pandemic preparedness response;
3. To facilitate careful planning of such investments, including alignment with potential funding requests for the Seventh Replenishment grant cycle, the Board approves that C19RM funds may be awarded through 30 June 2023, with opportunity for subsequent C19RM portfolio optimization awards;
4. To enable maximization of impact from investments in resilient and sustainable systems for health, the Board approves that any C19RM funds may be implemented through 31 December 2025 and will finance interventions across the Sixth and Seventh Replenishment periods – acknowledging that the Secretariat will continue to ensure rapid deployment of funds and quality implementation notwithstanding this deadline;
5. The Board approves that C19RM funding requests will continue to be developed through appropriate, multi-stakeholder consultation and fully inclusive decision-making, which must engage communities and civil society, and ensure coordination with the national COVID-19 response coordinating body or provide other evidence of alignment with the national approach to COVID-19 response in the absence of such a coordinating body;
6. The Board approves that the Secretariat may use up to 4.5% of C19RM funds, representing an increase from the prior ceiling of 3%, to cover additional management and operating costs related to extension of C19RM;
7. The Board agrees that all other parameters of C19RM under GF/B46/EDP06 remain unchanged.

Budgetary implications (included in, or additional to, OPEX budget):

Incremental management and operating costs directly attributable to C19RM will be covered by up to 4.5% of funds made available for C19RM.

Board Documents GF/B48/11, Drive equitable access to quality-assured health products through NextGen Market Shaping, and GF/B48/05, Non-Global Fund-financed procurement through wambo.org, should be available shortly at <https://www.theglobalfund.org/en/board/meetings/48>

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