



Independent observer  
of the Global Fund

## Global Fund Says Not Enough Money Being Spent on Ways to Prevent Stock Outs

Secretariat: “More in-depth involvement in PSM issues is beyond our capacity”

The solution may be to use more grant monies to strengthen PSM systems

The current level of funding devoted to supporting procurement and supply management (PSM) processes are less than 1% of total funding channelled to countries, and are not adequate to address the risks of stock-outs, according to the Global Fund Secretariat. The secretariat considers that its current ability to anticipate, prevent and mitigate stock-outs related to weak PSM capacity at country level is “low.”

PSM issues at country level are by far the most frequent cause of stockouts. Other causes include interruption of the flow of funding and global supply problems. The Global Fund Secretariat says that it is addressing the issue of funding disruptions through improving monitoring of funding continuity, bridge funding and extension policies, improving disbursement processes, and working with partners. The Secretariat expects that these measures will significantly reduce the risk of stock-outs due to funding flow issues. Global supply issues are being addressed through working with partners and improving the monitoring of procurement outcomes.

The Global Fund says that while countries have full responsibility for PSM, the secretariat is undertaking several initiatives to address problems in this area. These initiatives include setting policies to enable a fair, transparent and effective procurement process; assessing (through the local fund agent) whether proposed procurement systems meet minimum requirements; and proposing and facilitating solutions to mitigate identified risks. However, the secretariat says that more in-depth involvement in PSM issues is beyond the capacity of the secretariat as it is currently structured, and that improvements in this area will

require major new efforts and funding.

The above information was included in a report from the secretariat to the Global Fund Board's Portfolio and Implementation Committee (PIC). Judging from the report that the PIC prepared for the Board for its December 2010 meeting, there does not appear to be any attempt to find more money from within the Fund's operating budget to address this issue. Instead, the strategy appears to be to implement some small measures within the secretariat, to engage partners more directly, and to promote the use of grant monies to strengthen PSM systems.

In terms of what the secretariat can do, it is planning to formalise partnership arrangements for the anticipation of low stock levels; to work with partners to strengthen in-country management information systems so that they can better detect potential problems; and to explore the feasibility of establishing buffer stock mechanisms or joining existing ones.

The PIC suggested that the secretariat also consider using technical assistance projects and the Health System Funding Platform as a way of channelling more funding towards improving PSM systems; and enlisting the support of in-country partners, including bilateral aid agencies.

Information for this article was taken from "Prevention of Treatment Disruptions and Stock-Outs," October 2010, prepared by the Global Fund Secretariat for the PIC (this report is not available on the Global Fund website); and "Report of the Portfolio and Implementation Committee," December 2010, Document GF/B22/5, which should be available shortly at

[www.theglobalfund.org/en/board/meetings/twentysecond/documents](http://www.theglobalfund.org/en/board/meetings/twentysecond/documents).

[Read More](#)

---