ACT Public Market
The Global Fund Perspective

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Outline

• The Global Fund funding channels
• Malaria in Global Fund grants
• ACT forecasting for Global Fund grants
• The Voluntary Pooled Procurement initiative
Global Fund Funding Channels

- **Round based channel:** all eligible applicants can apply for a max 5 years
- 9 Rounds of funding
- 620 grants among the 3 diseases
Global Fund Funding Channels

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>RCC – 1st Term</th>
<th>RCC – 2nd Term</th>
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</thead>
<tbody>
<tr>
<td>2 yrs.</td>
<td>3 yrs.</td>
<td>3 yrs.</td>
<td>3 yrs.</td>
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**Round based**

- Initial Proposal

**Rolling Continuation Channel (RCC)**

- Mid-term Review

- RCC – 1st Term

- RCC – 2nd Term

- 23 RCC grants signed out of 39 approved proposals

- Qualifying grants (expected 33%) are invited to apply for RCC

- invitation-only funding channel for well performing grants to apply for continuing funding for up to an additional 6 years beyond the original proposal term

- Round based channel: all eligible applicants can apply for a max 5 years: 9 rounds of funding for 550 grants

- Beyond phase 2: the Rolling Continuation Channel
# Rounds-based & RCC funding

<table>
<thead>
<tr>
<th>Rolling Continuation Channel</th>
<th>Rounds based Channel</th>
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<tbody>
<tr>
<td>Maximum 6 years funding</td>
<td>Maximum 5 years funding</td>
</tr>
<tr>
<td>Prioritized above Rounds</td>
<td>Prioritized below the RCC</td>
</tr>
<tr>
<td>Streamlined Proposal Form</td>
<td></td>
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<tr>
<td>Flexibility to change scope and scale</td>
<td>Ability to propose an entirely new proposal, unconnected to an expiring grant</td>
</tr>
<tr>
<td>Offered multiple times per year</td>
<td>Currently offered only once a year</td>
</tr>
<tr>
<td>TRP may recommend approval of RCC proposal conditional upon the removal of a limited set of elements</td>
<td>TRP less likely to exercise this option</td>
</tr>
<tr>
<td>If not approved – can address weaknesses and resubmit in next wave (access to bridge funding)</td>
<td>If not approved – must await reapplication through next round</td>
</tr>
<tr>
<td>The proposal is submitted for only ONE disease component (that qualifies).</td>
<td>The proposal is submitted for one to three disease components.</td>
</tr>
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Portion of Global Fund rounds allocated to malaria

Approved Malaria Grant Amounts as a Percentage of Total Amount Approved by Round

- Round 1: 12%
- Round 2: 22%
- Round 3: 22%
- Round 4: 28%
- Round 5: 30%
- Round 6: 23%
- Round 7: 41%
- Round 8*: 51%

Source: Grant Details Report.

** Round 8 based on Phase 1 value recommended for approval by the Technical Review Panel.
Disbursed and Remaining Approved Malaria Grant Amounts by Round

68% of approved grant amounts yet to be disbursed are concentrated in Round 7 and 8

Source: Grant Details Report.

* Round 8 total amount subject to 10% Board mandated reduction.
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Procurement of ACTs planned in Round 7 approved proposals

Source: Years 1 and 2 from proposal Attachment B and Budget. Years 3-5 based on budget with assumptions on constant proportions to LLIN’s and unit prices.

Average $26M per year for Y1-5
ACT procurement planned in R8 approved proposals

Source: Years 1 and 2 from proposal Attachment B and Budget. Years 3-5 based on budget with assumptions on constant proportion to ACT's.

- Average $43M for Y1-5
- 65% increase over R7
Scenario: proposed ACT procurement with R7-8 grants by year

Assume 50% of R8 Y1 procurement in 2009

Forecasted ACT Procurement with R7-8 GF Grants by Year

Assumptions
• Assume 50% of R8 Y1 procurement in 2009; grant years shifted by half year
• Based on 5-year lifetime proposals for R7/8; only years 1-2 approved*
• Includes only ACTs planned to be procured with GF grant
• Does not include grants prior to R7 or forecast for future grants
• Forecast truncated at 2013

• Average $65-70M per year for 2009-12 from R7-8
• If R1-6 account for 32% of near future procurement, implies $96-103M total per year

Source: Round 7 and 8 proposals.
* Round 8 grants subject to Board mandated 10% reduction.
Round 9

The Technical Review Panel reviewed a combined 2-year funding request of US$ 4.80 billion, (157 disease components)

• Total 2-year upper ceiling (Phase 1) recommended for funding by the TRP was US$ 2.21 billion.

• Overall success rate for Rd 9 by number of components: 51%.
  – The success rates for Malaria: 17 successful proposals, (54.8%).

• 2yr upper-ceiling (US$): 596.5 m for malaria Rd9 proposals
Voluntary Pooled Procurement

• Global Fund Strategic Initiative for its grants recipients, operational since Q2 2009

Objectives

• Influence the market dynamics
  – Attain improved market outcomes: Consistent access to quality-assured products, lower prices and long-term market sustainability

• Address the key procurement “Bottlenecks”
  – Improve supply and delivery outcomes
    • Reduce lead time and stock-outs due to delays in procurement process
    • Minimized complexity and multiple steps in ordering transactions

• Improve the grant management and performance
  – Improve portfolio outcomes
Voluntary Pooled Procurement

• Pooled procurement of core products, including ACTs by a Procurement Service Agent:
  – Partnership for Supply Chain Management Systems
• Negotiation of prices and suppliers selection with support from Clinton Foundation
• Participation to the VPP– voluntary and ongoing
  – 14 countries for malaria grants registered (Sept09) and 15 with malaria grants expressing interest