

# Global Fund Pooled Procurement Mechanism Update on LLIN Procurement Strategy

27 January 2015  
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## Highlights of the last year's update

- The Global Fund has initiated a new procurement strategy (Procurement for Impact)
- In the framework of the new procurement strategy, a new approach has been developed for the LLINs
- The new approach has resulted in tender by the Global Fund selecting panel suppliers for the a two-year timeframe underwritten by volume allocations & commitments to the suppliers

# Procurement For Impact (P4i) - LLIN Tender

The LLIN procurement strategy was based on the following key principles

- A shift to long term contracts to provide greater visibility for capacity planning; production optimisation and a sustainable market;
- The maintenance of a competitive pricing dynamic in the market;
- Risk mitigation through the distribution of long term contracts across various geographic regions and mechanisms to avoid market dominance by few suppliers;
- An acknowledgement of the differences between nets but also a recognition of the current limitations on LLIN durability data & the current LLIN replacement policy on procurement decisions;
- A collaborative approach and support on LLIN durability studies and other innovative activities related to cost effectiveness of nets to ensure value for money;

# LLIN –Better Understanding of the market

Our strategy included key elements learnt during our supplier visits and subsequent analysis

What we learnt	What we did
Stop start production in a labour intensive industry was driven up costs	Provided longer term contracts to optimize unit costs of production
Raw materials costs were up to 50% of overall price	Designed a price protection mechanism to share risk between parties
Multiplicity of specification was adding complexity and cost	Standardized wherever possible
Freight was a significant proportion of total landed cost	Geographically divided suppliers and encouraged local manufacture

# Framework Contracts 2014 & 2015

## 2014

- Year one of the LLIN tender in 2014 has been successfully implemented
- 80 Million nets committed to all panel suppliers
- Over 90 Million nets delivered
- Improved lead times and on time and in full delivery

## 2015

- 70 million LLINs have been allocated to the suppliers
- Started placing orders through the Global Fund selected PSA
- The 2015 volume to be updated – concepts notes still being developed and approved

## Next steps

- Continued collaboration with partners
- Implement the second year allocation
- Continue supplier engagement including manufacturer visits and consultations
- Monitor performance of suppliers
- Continued demand management of PRs
- The way forward: Update procurement strategy for the LLINs and implement by the end of 2015

# Considerations for the way forward

## New Combination Long-lasting Insecticidal Net Products:

- We are working closely with technical partners on durability study and resistance patterns— fabric strength, and resistance to existing insecticides
- Discussions ongoing under which conditions deployment of new nets may make sense based on the analysis of the field data
- The Vector Control Technical Expert Group of WHO to set up an Expert Reference Group to review these data

*more clarity in terms of normative guidance and recommendation on the deployment of these nets would help to make sound decisions for the way forward*