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## Message from the Executive Director – wambo.org

13 June 2016

As part of the Global Fund's ongoing evolution and improvements to its systems and procedures, a review of risk and opportunity to improve results by the Secretariat and partners, along with findings from reports from the Office of the Inspector General, clearly identified procurement as an area requiring urgent action. Since 2013, the Secretariat has revamped the Pooled Procurement Mechanism (PPM) that has given countries access to lower priced, quality products. Through the PPM, by working with partners and negotiating directly with manufacturers, the price of long-lasting insecticide treated bed nets to prevent malaria has decreased by 38 percent since 2013, and the price of combination antiretroviral therapy for HIV has been reduced by 25 percent. But despite the significant advantages and improvements, the PPM is a Global Fund-managed mechanism. That means it does not in itself address the enduring challenge in global health: how to achieve country ownership and long term sustainability.

To address this challenge, the Global Fund conceived, developed and delivered a new online marketplace for medicines and health commodities, giving countries the tools to access pooled procurement to reduce the price of quality-assured products in an effective and sustainable way. Country ownership was a core principle from the beginning of the wambo.org project. Implementing countries played a key role in the design of the wambo.org software that was created.

From the initial idea to the placement of the first order, the implementation of wambo.org took only 18 months. To date, three countries – Bangladesh, Mozambique and Zambia – have placed orders with a value of US\$65 million. It is conservatively estimated that wambo.org will save US\$250 million for implementers of Global Fund grants over the next five years. By the end of 2016 we anticipate that the first few countries will use wambo.org with domestic resources, significantly increasing the value and savings beyond Global Fund financing. It is the longer term vision to include all health commodities and to open the program up to other organizations outside the Global Fund, thereby establishing wambo.org as an independent entity and as a global public good.

In addition to the cost savings, wambo.org provides a fully transparent and accountable procurement process, which will significantly reduce transaction costs and time, increasing efficiency and value for money. It also has the potential to help shorten the historic delay between the issuance of new health guidance by the WHO and the subsequent access to improved diagnostics and therapies; and to promote innovative products and increase access to global markets for all suppliers of quality products.

Audits by the Office of the Inspector General are an essential form of quality control for the Global Fund. These help us achieve our mission of effectively investing the world's money to support countries to save lives, end epidemics and build resilient and sustainable systems for health. I would like to restate the Secretariat's support and appreciation of the role of an independent audit function. Concerning this report, I would like to underscore three important issues. First, and as the report clearly states, there was no evidence of any wrongdoing.

Second, the OIG is clear that the report is not meant to provide a complete picture of the wambo.org project, and is not an opinion on the platform itself. It is not the product of a full audit of wambo.org, but of a "limited scope review" of the processes undertaken to procure consulting services and recruit staff for the implementation of wambo.org. Third, the Global Fund Secretariat, in all its work, endeavors to maintain the highest standards of transparency and accountability, while balancing procedural requirements and risk management with the reality and needs of rapidly implementing our mission. So while the report highlights important issues of consistent application of procedures, we believe we acted in good faith throughout the project and pursued the principles of transparency, value for money and efficiency.

In that regard, the project delivered every benchmark on time and within the estimated cost as per the information initially submitted to the Global Fund's governing structures. The one exception was external financing, which has now been met. To meet the ambitious timelines of the project, in some cases we made use of 'exception to competition', a legitimate procurement option expressly provided for by the Global Fund's procurement regulations. While in most cases the Secretariat aims to minimize the use of this approach, as indicated in the report and Agreed Management Actions (AMA), this is an area for improvement. In this case, it was decided that the substantial savings merited use of Global Fund procurement regulations that facilitated speed and agility.

As with all OIG reports, we jointly identified areas for improvement and the Secretariat is fully committed to implementing the AMA. As recognized in the report, the improvement area that stands out most clearly is that of documentation. Despite our fast project timelines, we could have been more diligent in documenting each step of the procurement processes. In this area, the limited scope review has highlighted shortcomings that will be addressed, which will improve the clarity and accountability in the Secretariat's procurement framework.

The report also rates the procedures followed for human resources as “effective” because existing procedures were followed. However, the review also highlights the need for tighter overall procedures and Human Resources have already begun to implement the AMA.

In summary, we are grateful for the work of the OIG to improve our systems. We are also very excited about the opportunity wambo.org provides to country-owned procurement systems to increase equitable access to low cost, high quality products; improve transparency, accountability, efficiency and value for money in procurement systems; and provide access to global markets for all suppliers of quality products, thus saving more lives.

Respectfully,

Mark Dybul  
Executive Director