

## GLOBAL DRUG FACILITY

### Restructuring

Caroline Bogren, GDF Manager

Washington DC, 31 March – 1 April 2011



## GDF RESTRUCTURING 2010 - 2011

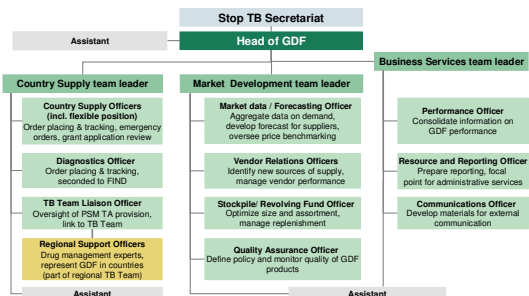
### Background

- BCG Implementation and Restructuring Plan (IRAP) completed Oct 2010
- Proposed organigram presented to the Board at 19<sup>th</sup> Board Meeting
- Endorsed subject to review and input from the new GDF Manager and the new Executive Secretary



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## BCG ORGANIGRAM



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## COMMENTS ON BCG ORGANIGRAM

COST - USD5,590,725

### Observations:

- Misleading because there is no staff count
- Reference boxes to job descriptions
- No mapping of the number of staff within such jobs
- Appears that 15 Officers and 3 Assistants are being proposed
- Procurement continues to be outsourced

### Reality:

- BCG proposed 22.5 staff at HQ and 4-6 Regional Support Officers
- Total 26.5-28.5 staff
- Similar cost to the existing GDF structure - USD5,254,925



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## GDF RESTRUCTURING 2011

- IRAP reviewed by new GDF Manager and new Executive Secretary following their appointments
- Agreement on all key points
- Disagreement with respect to approach to Country Support/Technical Assistance
- Observations in restructuring:
  - Operational issues to be rectified
  - Cost/workload analysis
  - Sustainability for the future
  - Capacity building required
  - Communications strategy

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## GDF OPERATIONAL ISSUES 2011

- Inadequate filing system
- Insufficient systemic review and oversight of orders
- Outdated Management Information System (MIS)
- Inaccurate/insufficient data in the MIS
- Difficult to track/monitor orders in accordance with KPI's
- Insufficient monitoring of the performance of procurement agents, including shipping modalities and costs, pre shipment inspections and laboratory testing
- Reactive approach to workload as opposed to proactive and consequent "fire fighting"

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## GDF OPERATIONAL COSTS 2010

HR COSTS - USD5,254,925  
OPERATIONAL COSTS -USD2,059,400

- Strategic Development: USD611,300  
(including USD563,000 paid to BCG)
- Staff Development: USD43,000
- Desk Audits: USD77,000
- Forecasting/QA/Management/External Relations: USD141,800
- Monitoring Missions: USD358,000
- Supply Chain Management training: USD365,100
- Travel and meeting costs: USD408,500
- Other costs (computers and consultants): USD54,700

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## PROCUREMENT AGENT COSTS 2010

USD3,629,377

- GDF outsourced its core business to 3<sup>rd</sup> parties to conduct procurement on its behalf
- Inefficient and illogical
- Cost is paid by procurement services clients in the case of direct procurement orders/donor funds in the case of grant orders
- Cost allocation in 2010 was as follows
  - PFSCM: USD1,329,912
  - GTZ: USD345,991
  - IDA: USD1,953,473

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## GDF COSTS/WORKLOAD 2010

TOTAL COSTS (HR, Operational, PA's) : USD10,316,277

- **Measurable** output was:
  - 55 grant agreements
    - 75 technical agreements
    - 57 technical assistance and monitoring missions
  - 15 annual and interim donor reports
  - 6 donor funding proposals
  - 464 purchase orders/value of USD86,660,960 excluding shipping costs, for delivery to 105 countries
    - 2.5 million patient treatments delivered
  - 8 bidding exercises
    - 4 training courses
    - Variety of key meetings

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## RESTRUCTURING ISSUES

*GDF's primary objective is to procure the right anti TB products, at the right price, of the right quality, in the right quantity, for delivery to the right people at the right time*

### Issues:

- GDF's performance is measured on this basis
- Control has been reduced due to outsourcing
- Siloed modus operandi has been ineffective
- Many factors in the procurement cycle are not within GDF's control
- Capacity building and clear communications strategy required

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## SUSTAINABILITY - IMPACT OF FINANCIAL CRISIS

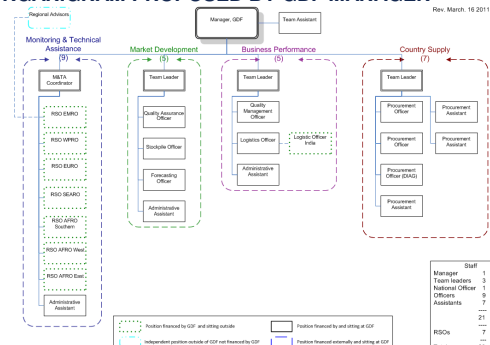
- GDF is donor funded
- Currently 100% reliant on donor funding
- No "income" generated by GDF for work conducted with respect to procurement services
- Missed opportunity
- Donors want best value for money
- Grants made in tranches/over several years
- Grants are subject to approval by donors governing bodies
- Risk that pledges may be revoked in times of financial difficulty
- GDF needs to be proactive/look at generating "income"
- Change in modus operandi – in house procurement

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## ORGANIGRAM PROPOSED BY GDF MANAGER



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## GDF MANAGER'S PROPOSED ORGANIGRAM

USD5,610,275 compared with USD5,590,725 for BCG

### Role of GDF:

- ✓ Procurement, Marketing development, Technical Assistance
- ✓ In house procurement by GDF
- ✓ Procurement services fees payable on non grant orders
- ✓ Fees could be used to partially offset operational costs/reduce our reliance on donor funds
- ✓ Requires WHO approval if the Partnership remains as currently hosted by WHO

### Key differences between the BCG and GDF Manager's organigrams

- Staffing levels are similar, but outsourcing costs still remain in BCG proposal ie USD5,590,725 + USD3,629,277 = USD9,220,002
- RSO presence in all locations except AMRO, including 3 in AFRO due to problems in these countries. Cost is USD1,803,200
- RSO's will take the lead in interface with countries, be proactive from the outset, including conducting monitoring missions



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## CAPACITY BUILDING – STOCK OUTS

- Lack of basic infrastructure results in stockouts
- Parallel systems sometimes being implemented
- Cross cutting issue requiring joint intervention of all partners
- Issues to be addressed and GDF RSO areas of assistance in italics/\*:
  - Robust systems for forecasting – *RSO provision of TB forecasting tools and assistance in utilisation during monitoring missions*
  - Drug quantification – *RSO provision of drug quantification tools and assistance in utilisation during monitoring missions*
  - MIS
  - Procurement planning reflecting lead times at all stages of the procurement cycle\*
  - Identification of national/donor funding – *RSO assistance*
  - Inventory management – *RSO assistance during monitoring missions*
  - Recording and reporting of drug utilisation
  - Storage facilities
  - Distribution systems



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## CAPACITY BUILDING – DATA COLLECTION PROJECT

- Data collection in 5 countries commencing Q3 2011 (Philippines, India, Georgia, Brazil, Rwanda)
- Annual plans provided to GDF by Stop TB (TB Monitoring and Evaluation Team)
- Regimens used, patients enrolled, number of diagnostics performed, stock inventory, projected requirements for the next quarter/year
- Information provided by countries/partners (MSH, PIH, CHAI and CESA) and received in GDF database
- Model developed with CHAI calculates quarterly requirements
- Revised against the previous quarter/annual plan
- Web reports available to countries, suppliers (consolidated data by product) and potentially to partners to highlight risks of stock out
- Funding required for scale up. Need to demonstrate outcome of the pilot first

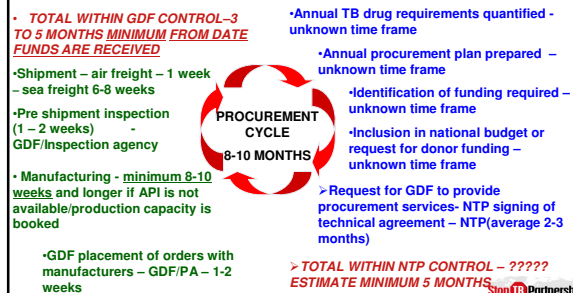


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## CAPACITY BUILDING – COMMUNICATIONS STRATEGY

- Joint communications strategy proposed with the Global Fund VPP
- Emphasise procurement cycle and planning required, namely:



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## SUMMARY - NEXT STEPS

- Restructuring activities commenced end Q4 2010
- Operational issues currently being addressed
- Implement new organigram upon Board endorsement
- Job descriptions finalised for submission to HR
- Posts reviewed by HR Classification panel – approx 1 month
- Fixed term staff eligible for reprofiling
- Short term staff (35%) ineligible for reprofiling
- Unfilled posts following reprofiling, advertised in the normal manner for recruitment from internal WHO candidates, including staff on short term contracts
- Aim to have all staff in place Q3 2011 and new structure fully operational Q1 2012



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