

## **The Global Fund and the role of Private Sector Partnerships in Promoting Economic Growth and Reducing Poverty in the Indo-Pacific Region**

### **Background on the Global Fund and its Impact in the Indo-Pacific Region:**

The Global Fund to Fight AIDS, Tuberculosis and Malaria is one of the main multilateral financiers in global health. It channels 82% of the international financing against TB, 50% against malaria, and 21% against AIDS. To date, more than \$29 billion USD has been granted to health programs globally, with implementation carried out on the ground by local recipients. The Global Fund works with partners in government, civil society, the private sector and communities living with the diseases, to effectively fight these deadly infectious diseases.

Since its inception in 2002 to the end of 2012, the Global Fund has contributed to saving 8.7 million lives.

Today, with more than 650 active grants, the Global Fund to Fight AIDS, Tuberculosis and Malaria is supporting more than 140 countries to fight these diseases more effectively, rapidly, efficiently, and successfully.

6.6 million people are currently receiving Antiretroviral therapy, 11.9 million new Smear-positive TB cases detected and treated, 410 million Insecticide-treated nets distributed.

Across the Indo Pacific region, 950,000 people are now receiving anti-retroviral treatment for HIV, over 8 million cases of tuberculosis have been identified and treated and over 59 million bed nets have been distributed to prevent new cases of malaria.

Since 2002, the Global Fund has invested A\$5.7 billion in Australia's top 21 countries of interest - A\$14 of investment for every A\$ dollar contributed by Australia to the Fund.

Looking forward over the next three years the Global Fund will invest a further A\$3 billion in those same countries through our new funding model with a corresponding Australian investment of A\$200 million – A\$15 of return for every A\$ invested by Australia.

The Global Fund continues to deliver excellent value for money via a robust, performance-based funding mechanism that ensures an extraction of the best value for each dollar spent by incorporating evaluation parameters around intervention effectiveness, efficiency and additionality in concept notes and other funding requests. The approach is complemented by recently introduced procurement P4i initiative that will provide earlier involvement and closer collaboration with manufacturers, better planning and scheduling to support continuity of supply, improved purchasing capability and changed contracting models, optimized international supply chain to reduce cost, and leverage our significant market power to establish scale while maintaining product quality in the long term.

### **Impact of the Global Fund beyond the Three Diseases:**

As a leading actor in creating and supporting health programs, and by extension the foundation of well-functioning markets, country owned and led GF supported programs have an impact beyond the narrow scope of affected populations, contributing to:

- An increase in the average life expectancy, positively influencing several macroeconomic indicators including labor supply, GDP and tax base growth and FDI<sup>1</sup>.
- A decrease in new infection rates, thereby exerting a stimulus on rural community and cluster development.
- More and better skilled health workers that provide improved health services to a wider population.
- Increased food production and security.
- Reduction in rural migration.

In turn, these interventions also generate a “health dividend” for business that operate in the region, by

- Boosting disposable income & growth in spending power<sup>2</sup>
- Increasing the number of potential consumers.
- Creating of new market segments <sup>3</sup>
- Creating a more stable supply chain and work force, with associated productivity and efficiency gains.

### **The Global Fund as a Public Private Partnership:**

The Global Fund operating model is strongly shaped by the private sector - at the secretariat, at the operational level and indeed at all levels of governance.

In addition to representatives of donor and recipient governments, nongovernmental organizations, and communities affected by the diseases, the Global Fund Board includes a representative of the private sector, supported by a larger delegation of private sector companies.

The private sector also contributes to governance at the country level by engaging in the Country Coordinating Mechanisms<sup>4</sup>, thereby strengthening capacity and improving the effectiveness and scale of grant implementation. As of the end of 2013, 72% percent of Country Coordinating Mechanisms included private sector representatives and thirteen had a private sector representative as Chair or Vice-Chair. The benefits of engaging the private sector in the Country Coordinating Mechanism range from drawing on their expertise in key areas such as financial planning, project management, logistics and supply chain management to providing a link between Global Fund-supported programs and national business-led responses in the fight against the three diseases.

Due to the very nature of this framework, the Global Fund has been able to engage in a multidimensional relationship with the Private Sector, enabling businesses, corporations,

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<sup>1</sup> *The impact of HIV and AIDS on Africa's economic development* by Simon Dixon, Scott McDonald, Jennifer Roberts.

<sup>2</sup> *The Effect of Aid on Growth*: Sebastian Galiani (University of Maryland) Stephen Knack (The World Bank) Lixin Colin Xu (The World Bank) Ben Zou (University of Maryland)

<sup>3</sup> *The Fortune at the Bottom of the Pyramid* by C.K. Prahalad and Stuart L. Hart

<sup>4</sup> The Country Coordinating Mechanisms are composed of representatives of all key stakeholders involved in the response to the three diseases, and in particular representatives of communities living with the diseases. The role of the Country Coordinating Mechanism is to write and submit a request for funding on behalf of the entire country, and to oversee the implementation of the program once the request for funding has been approved.

philanthropic foundations and individuals to partner with our organization in ways that best match their own strategic direction and comparative advantage. These include:

- Financial Contributions and grass roots marketing product campaigns
- Pro bono services and core competency partnerships to support program implementation
- Support for advocacy and governance, globally and locally
- In-country investments and operational contributions

Presently, the Global Fund is also exploring other types of partnerships that use market-based approaches to resolving bottlenecks at the country level and improving program implementation.

At the secretariat level, the engagement in strategic high level partnerships such as Product (RED)<sup>5</sup>, Chevron, and BHP Billiton has guided the Global Fund in our approach towards the Private Sector at large. This dynamic enabled the Global Fund to dramatically increase the financial contribution from this constituency by 80% over the last three years.

The Bill & Melinda Gates Foundation has been a key partner of the Global Fund, providing cash contributions, substantial advocacy and fundraising efforts and active participation on its board and committees. To date, the foundation has contributed or pledged a total of US \$1.4 billion to the Global Fund, which includes the issuance of the long term promissory note of US \$750 million.

The foundation has also funded many of the “Friends of the Global Fund” groups in both developing and developed countries. Additional support has also been provided to develop and launch innovative initiatives like Debt2Health and Product (RED). The foundation has also funded special initiatives in the health supply chain related to the Global Fund, such as the Affordable Medicines Facility - malaria (AMFm).

## **Overview of Private Sector Partnerships and Regional Initiatives in the Indo-Pacific Region:**

### Financial Contributors:

BHP Billiton (via BHP Billiton Sustainable Communities): Contribution of A\$10.7 million to support malaria efforts in Mozambique for the period 2014-2016, with the objective to reach universal malaria prevention coverage by 2014, and to maintain those levels every year with additional interventions.

Tahir Foundation: Contribution of A\$69.6 million, matched by the Bill & Melinda Gates Foundation, for a total A\$139.2 million investment in the Global Fund. The Tahir contribution, by far the largest ever made to the Global Fund by a private foundation in an emerging economy, will support efforts to diagnose, treat, and prevent AIDS, TB and malaria, which are leading causes of death and disability in Indonesia.

Chevron Corporation: as part of its A\$26.7 million contribution to the US Fund for the GF to support the mission of the Global Fund, Chevron Corporation directed A\$9.6 million to support Global Fund HIV and AIDS programs for women and children in Vietnam and Thailand (A\$1.1 million and A\$8.5 million respectively) that targeted prevention of mother-to-child transmission of HIV in the period between 2011-2013.

### Program Implementers

The work of implementing a grant is carried out by one or more organizations within the country known as Principal Recipient(s). These can be any type of organization –

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<sup>5</sup> Product (RED) is an ongoing cause marketing initiative that engages the private sector and consumers in raising awareness and mobilizing funds to help eliminate HIV/AIDS in Africa.

government ministry, faith-based organization, NGO, private sector entity – and they are tasked with the financial and programmatic responsibility for the grant.

In the Philippines, Pilipinas Shell Foundation, Inc. (PSFI) has been the Principal Recipient of two malaria grants covering 40 endemic provinces of the country. PSFI was first appointed Principal Recipient in 2006.

In Papua New Guinea, Oil Search Health Foundation has been working with the Global Fund since 2011 as a Principal Recipient for an HIV grant as well as a malaria grant. With regard to the HIV grant, the Foundation focuses on reducing the risks of transmission, addressing factors that contribute to HIV vulnerability, scaling-up counseling and testing, and expanding treatment, care and support services, with a particular focus on Prevention of Parent to Child Transmission (PPTCT). Particular emphasis is given to the general population in 9 high-priority provinces. The program also focuses on strengthening organizational and human capacity for coordinating and implementing the National HIV and AIDS Strategy as well as improving the capacity of district level health service delivery.

As for the malaria grant, the Foundation focuses on procuring and distributing Artemisinin-based Combination Therapy and Rapid Diagnostic Tests to health facilities, increasing capacity for diagnosis and management, and strengthening the monitoring and evaluation capacity of the malaria control program.

#### Country Business Alliances in Viet Nam and India

The Global Fund works with Business Alliances to strengthen national health programs in collaboration with key stakeholders. The Business Alliances support cross-industry cooperation, and its members contribute financial and in-kind resources in generating greater impact in the provinces and key micro markets where they operate and source, accelerating both health and economic/market development.

The Global Fund is currently working with such Business Alliances in Viet Nam and India.

#### **Conclusions**

The Global Fund is a unique global public-private partnership dedicated to attracting and disbursing additional resources to prevent and treat HIV/AIDS, tuberculosis and malaria. This partnership between governments, civil society, the private sector and affected communities represents a new approach to international health financing.

The Global Fund works with the private sector in all aspects of its work ranging from mobilization of resources support in program implementation, provision of commercial services, to public advocacy and good governance. As such, the private sector makes important contributions at global, regional and country levels, leveraging its resources, capacities and networks to strengthen the Global Fund financed programs.

Businesses also have a direct interest in contributing to the well-being of the communities where they operate. HIV/AIDS, Tuberculosis and Malaria not only claim thousands of lives every day, but also decrease GDP growth, inhibit investments and overburden national health systems and represent significant obstacles to fostering an enabling environment where companies can generate value and positive impact for the benefit of the community.

There is a strong case for harnessing and coordinating the multitude of competencies, initiatives and best practices that today exist in the private sector space and bring these solutions to scale to accelerate impact and health outcomes.

In this context, multilateral institutions such as the Global Fund, that have a proven track record in positively engaging with the private sector, and are able to balance the needs of all constituencies are the ideal conduit for further and deeper private sector engagement in promoting economic growth and reducing poverty.

While the Global Fund welcomes and encourages greater engagement from the Private Sector, it should be emphasized that this is complementary and additional to strong governmental support of the Fund's activities. Such support remains essential to enable us to support lifesaving programmes in country, as well as working closely with technical partners and bilateral/multilateral government partners.