



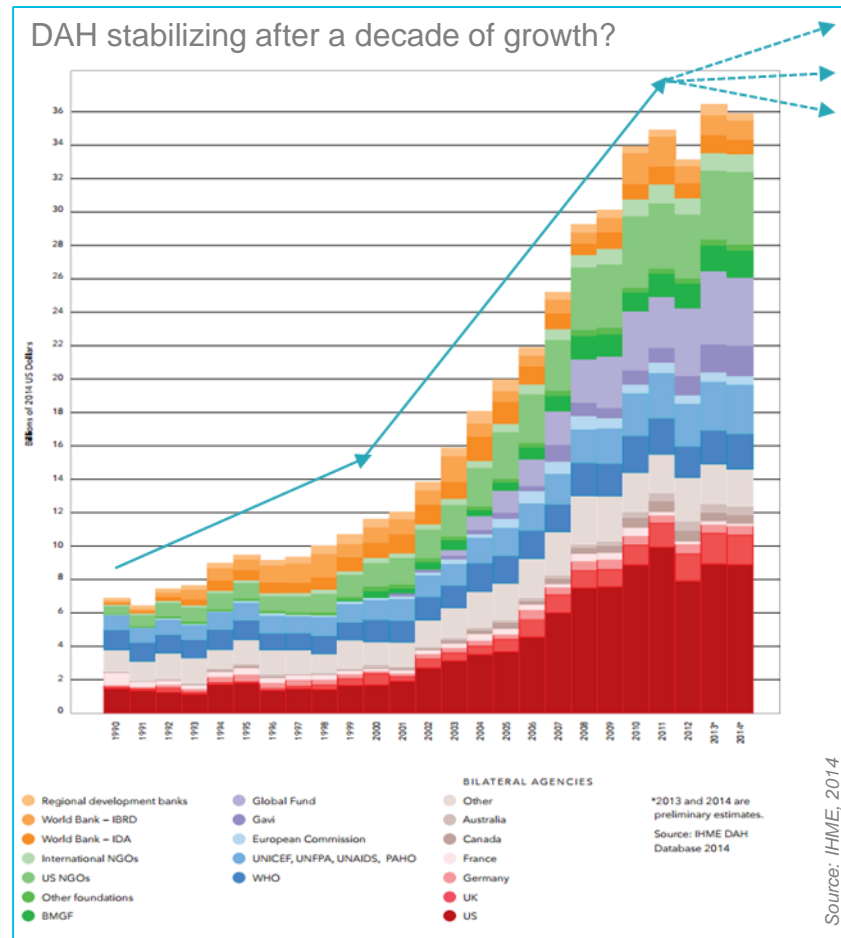
Towards a Universal Health Care system: the road to SDG 3

Financing for health: follow up to Addis & the role of the EU
The Global Fund perspective

15 March 2016
Brussels, Belgium
Presented by Dr Christoph Benn

The current trajectory of DAH highlights the need for continued progress in:

- domestic financing for health
- contribution from private sector (corporations, foundations, HNWI's)
- innovative finance mechanisms
- + greater efficiency in allocation & spending



Addis Ababa Action Agenda

Two key action areas to highlight



**FINANCING FOR
DEVELOPMENT**

13-16 JULY 2015 • ADDIS ABABA • ETHIOPIA

TIME FOR GLOBAL ACTION

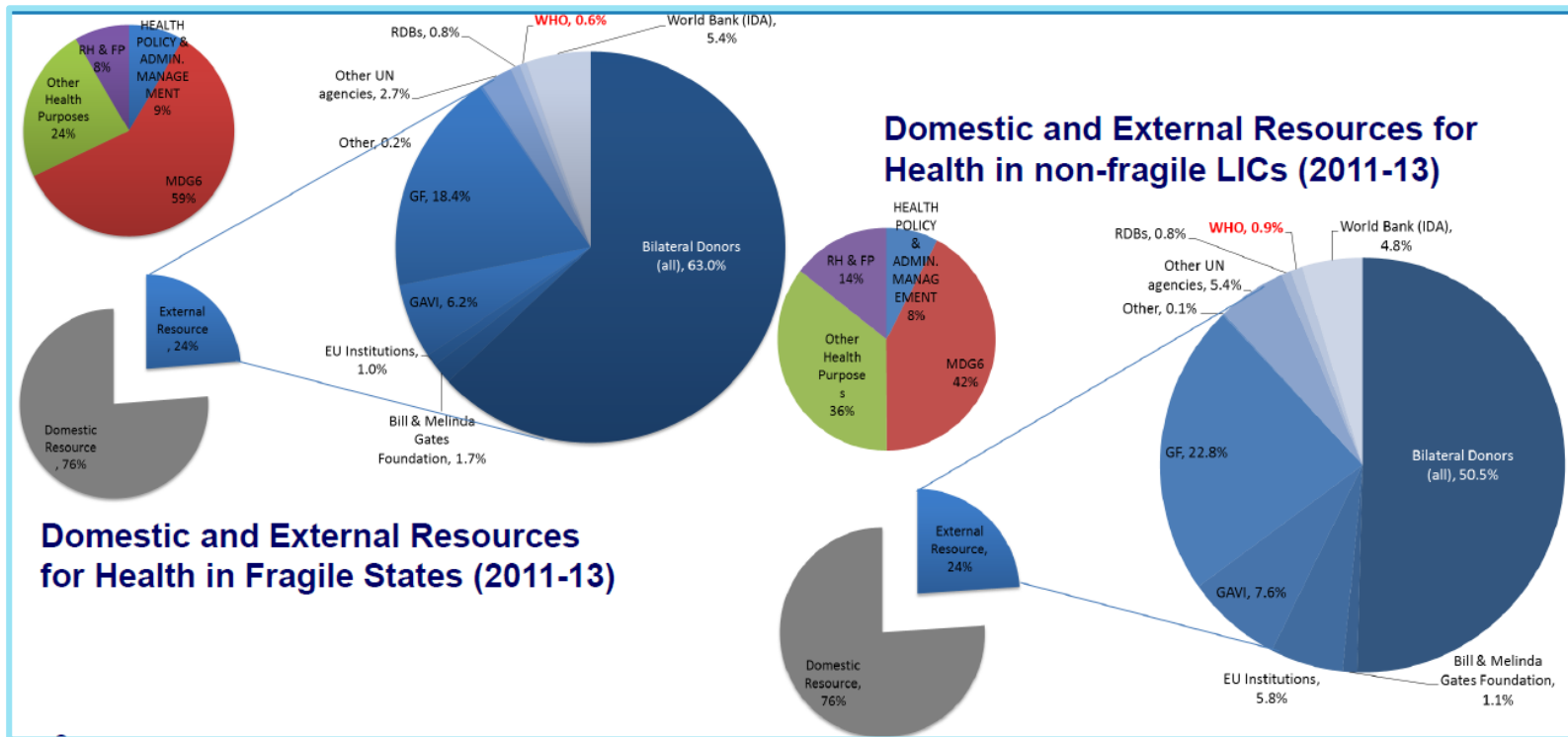
Domestic financing

- > For all countries, public policies and the mobilization and effective use of domestic resources, underscored by the principle of national ownership, are central to our common pursuit of sustainable development, including achieving the sustainable development goals. (A/RES/69/313, para. 20)

Domestic and international private business and finance

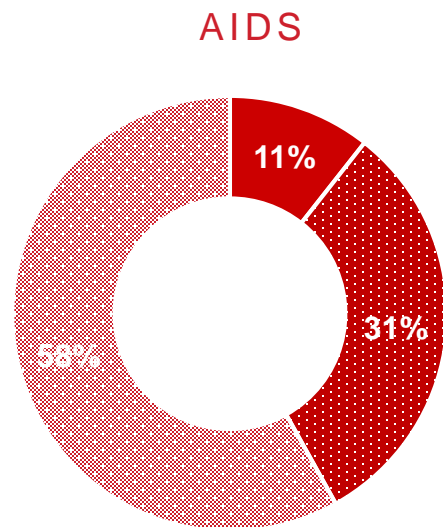
- > Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation (...) We call upon all businesses to apply their creativity and innovation to solving sustainable development challenges. (A/RES/69/313, para. 35)

WHO: Domestic financing predominant even in low income and fragile states

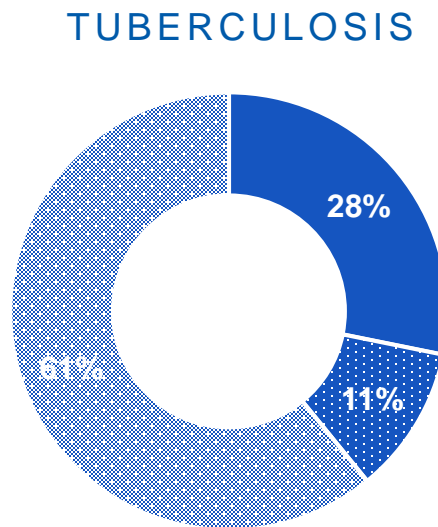


Sources: 1. OECD DAC2011-2013 (28 Fragile States, 10 billion constant 2013 USD/7.57 per capita, 26 non-fragile LICs (20 billion constant 2013 USD/10.45 per capita) : other includes donors who gave less than 100 M\$; disbursement-base data to a country from a donor and not include multi-country donations; World Bank "HARMONIZED LIST OF FRAGILE SITUATIONS FY15" was used for the fragile status. 2. WHO Global Health Expenditure Database (24 Fragile States, 24 non-fragile LICs); external resource represents health expenditure from external source as percentage of total health expenditure; domestic resource includes both private and public health expenditures

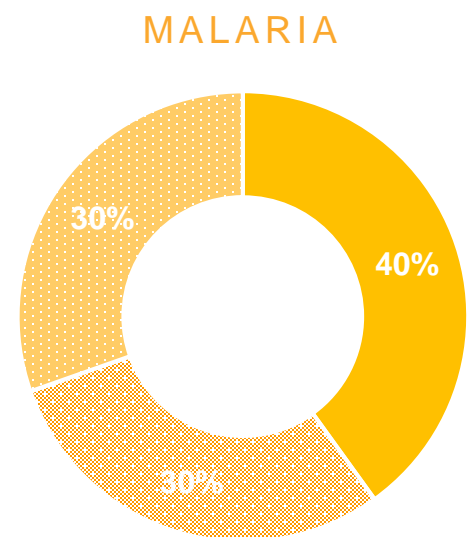
The Global Fund and HIV, TB and malaria financing



■ Global Fund
■ Other International Contributors
■ Domestic Resources



■ Global Fund
■ Other International Contributors
■ Domestic Resources



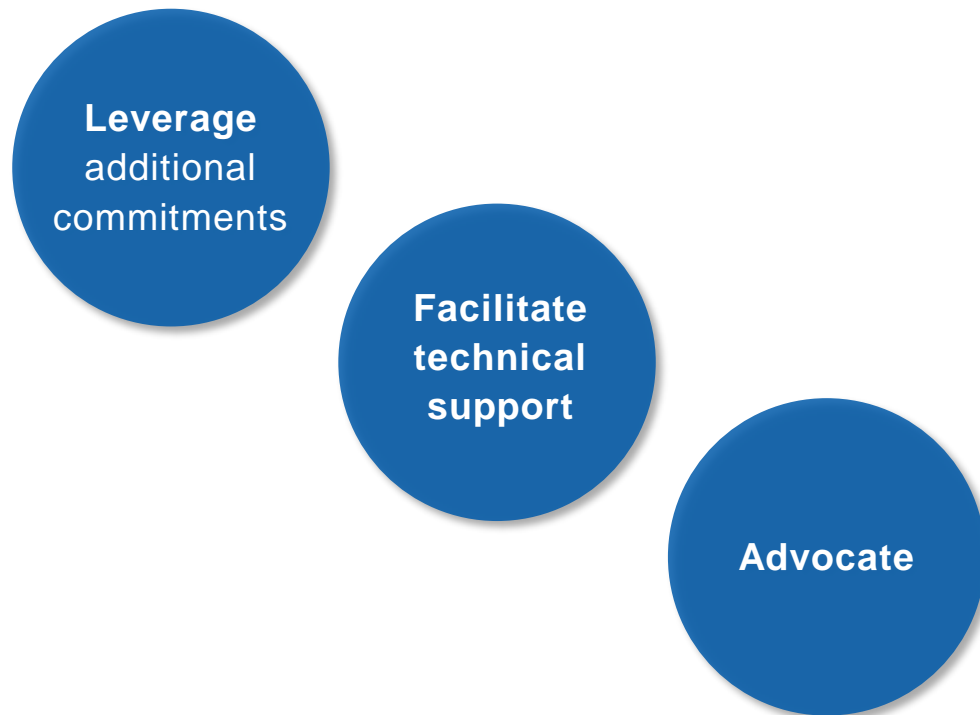
■ Global Fund
■ Other International Contributors
■ Domestic Resources

Source : KFF foundation/UNAIDS factsheet on Funding for AIDS 2015, Global Tuberculosis report 2015, World Malaria report 2015

"African countries must find more ways to invest more into health. This is fundamental. The transformation of our economies and our countries will never be complete without claiming victory over diseases."

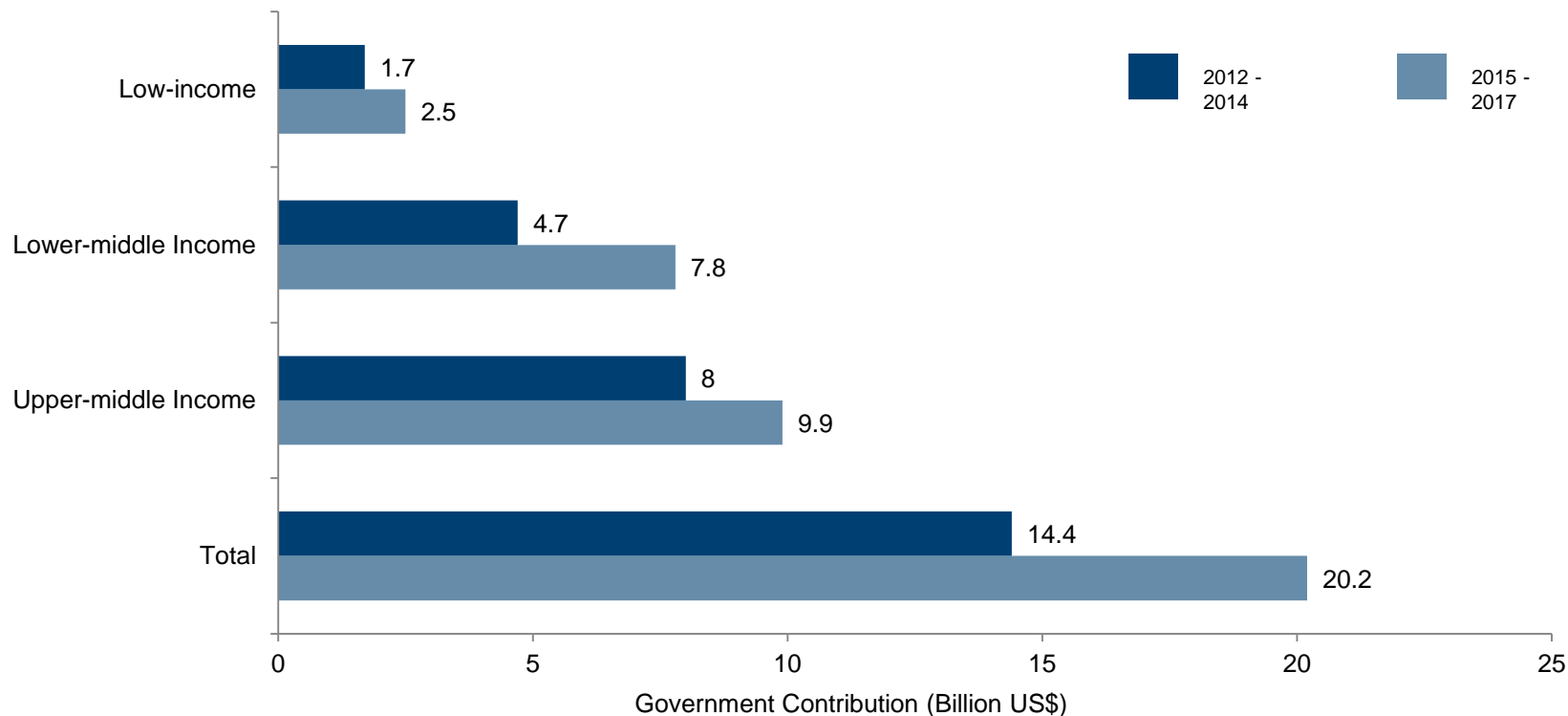
HE Hailemariam Desalegn of Ethiopia
speaking at the Financing for Development
Conference in Addis Ababa, July 2015

Sustainable Health Financing



Partnering to Increase Domestic Financing for Health

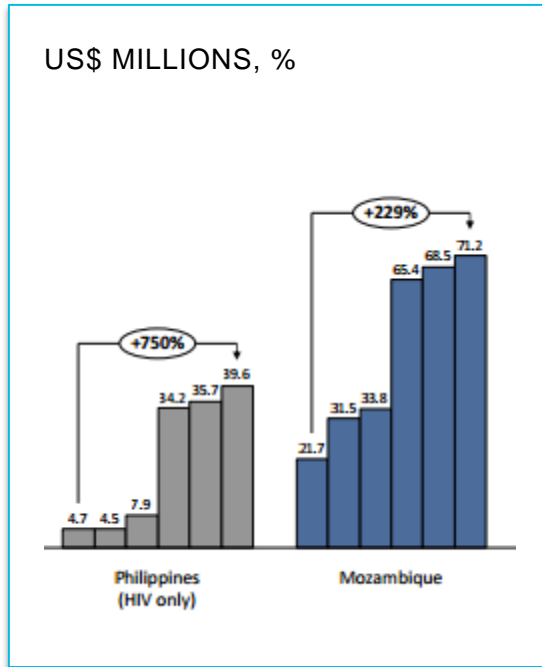
An additional US\$5.9 billion committed – an increase of 41%



Source : Country Concept Note submissions up to Wave 8 (2014 to 2015).

Country examples of increased domestic government contributions 2012-17

Philippines and Mozambique



- **The Philippines** has shown leadership in the area of domestic financing. Backed by strong political support for UHC, the government earmarked about 85% of a projected US\$6 billion revenue from new alcohol and cigarette taxes over five years to improve health care. In 2014, DOH budget recorded a 58% increase compared with 2013. The government's commitments to HIV in 2015-2017 account for 92% of resources in the response, compared to 18% in 2009.
- **Mozambique** has demonstrated strong commitment to providing additional budgetary support of about \$28 million to programs supported by the Global Fund in 2015, and thereafter maintain a steady increase in its contribution. These commitments of direct program funding along with increases in service delivery costs for program scale up, translate into an additional \$118 million from government resources for HIV, TB and malaria in the current period compared to the past one – an increase of more than 130%.

Increased government commitment for Key Populations

Country	Addressing key affected populations
Azerbaijan	During country negotiations, Azerbaijan increased its domestic financing for key populations from 0% to 68% by 2018.
Philippines	The Philippine HIV/AIDS program will absorb over 90% of ARV costs during the current allocation period, freeing GF resources to be targeted on key populations.
Kazakhstan	Gradually taking over needle exchange programs from the GF with 100% domestic funding as of 2016, as compared to 0% in 2013.
Belarus and Moldova	Increased domestic funding for needle and syringe programs to cover 80 percent to 100 percent of the costs by 2018 being negotiated.



Mobilizing the private sector

Increased and more diverse engagement with private sector actors

Mobilizing resources

Mobilize resources to scale up programs. Contributions can be unrestricted or notionally earmarked or earmarked to Unfunded Quality Demand (UQD). Partners can also co-invest with Global Fund by directly funding existing implementers.



Driving innovation

Identify, develop and test private sector solutions that are adaptable and scalable and promote integration into country-led health programs through the Innovation Hub and its workstreams:

1. Finance & Risk Management
2. Procurement & Supply Chain Management
3. Program Quality



Innovative finance

Work with implementing countries to explore alternative funding mechanisms and platforms for domestic resource mobilization for health.

Innovative solutions go hand in hand with investment by the government, the Global Fund and other partners, while attracting a new set of private sector stakeholders, foundations, impact investors and high net worth individuals into the ecosystem of sustainable domestic financing for health.

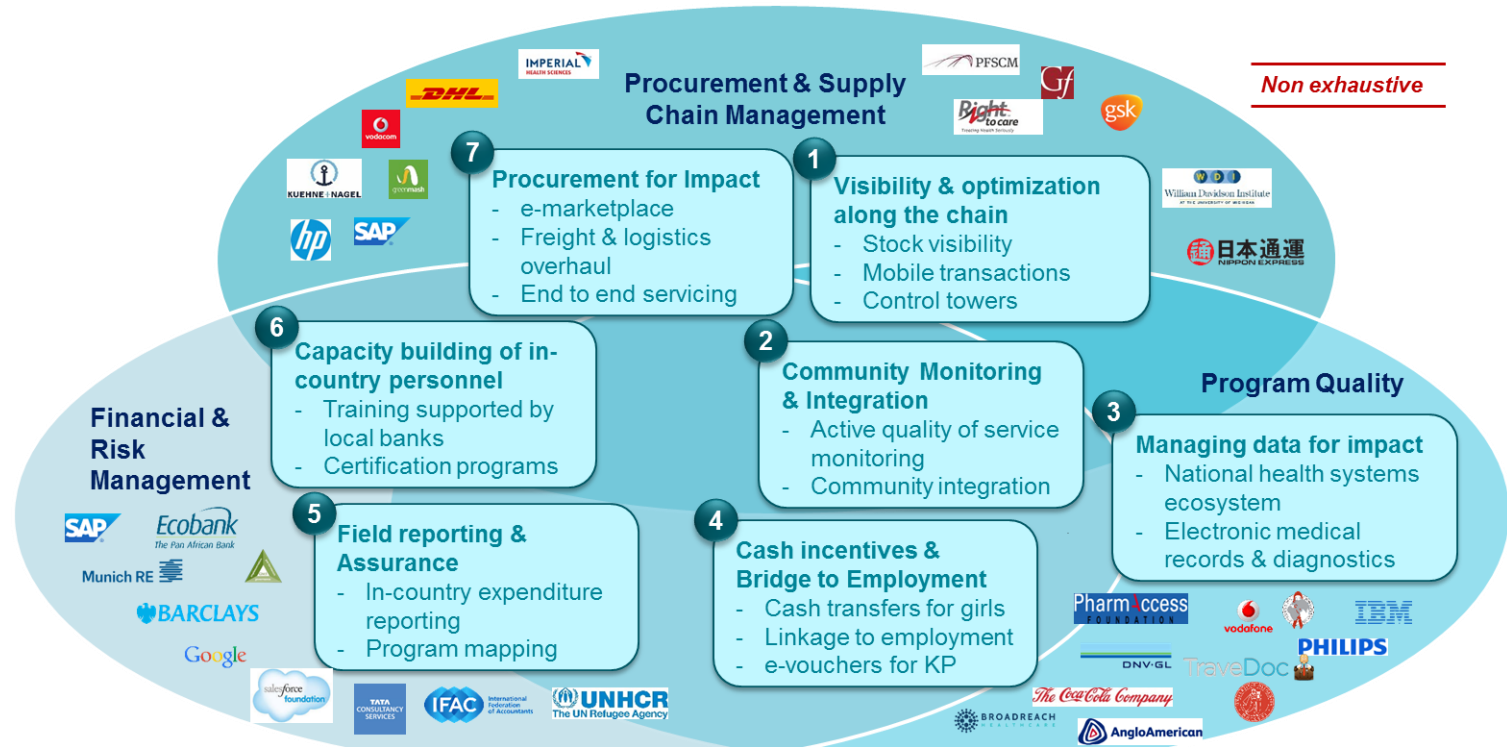
Advocacy/ governance

Mobilize private sector advocates in-country and globally to call for action in the fight against the three diseases, including for increased domestic financing, more efficient use of funds, etc.



Innovation Hub

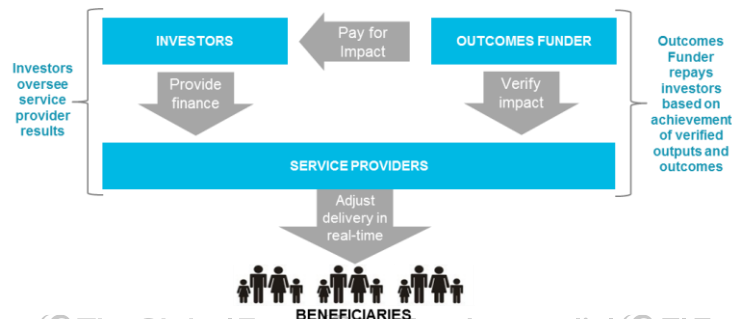
Partnerships active and in pipeline



Examples of innovative financing tools

1 Social Impact Bonds

Investors pay for services upfront to improve an outcome that is of social and/or financial interest to the outcomes funder. Payments back to investors are triggered if and only if outputs and outcomes are successfully verified, with returns linked to the level of success achieved



2 Blended Finance

Defined as the strategic combination of Global Fund grants with commercial loans from Development Finance Institutions (DFIs) or other investors, aimed at releasing significant amounts of highly concessional financing for health and smoothening a country's transition away from donor support

Commercial vs Concessional (Blended) US\$110M loan

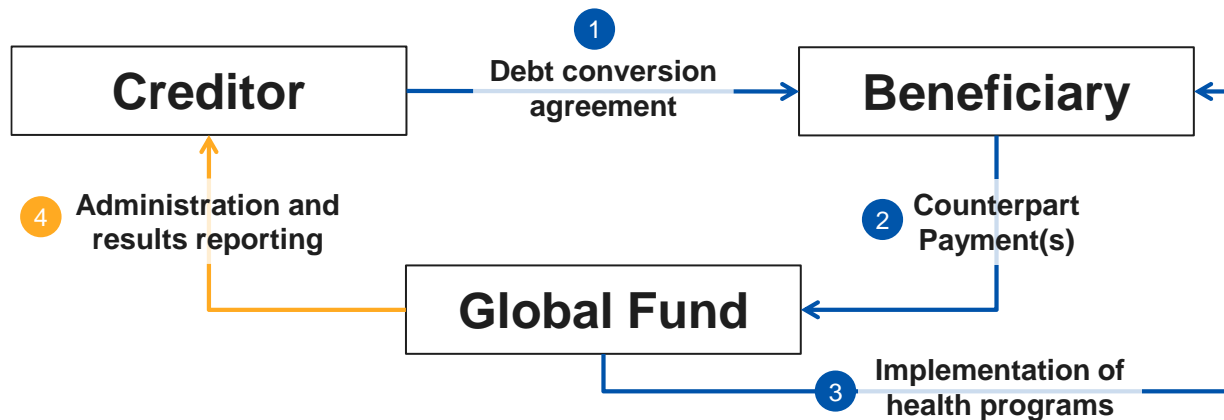
- Country A has identified a US\$110m funding gap for health in the next ten years
- A lender is willing to provide a commercial loan charging 10% interest for this 10-year period
- The alternative: A "package" of US\$100m commercial loan + US\$10m grant from the Global Fund



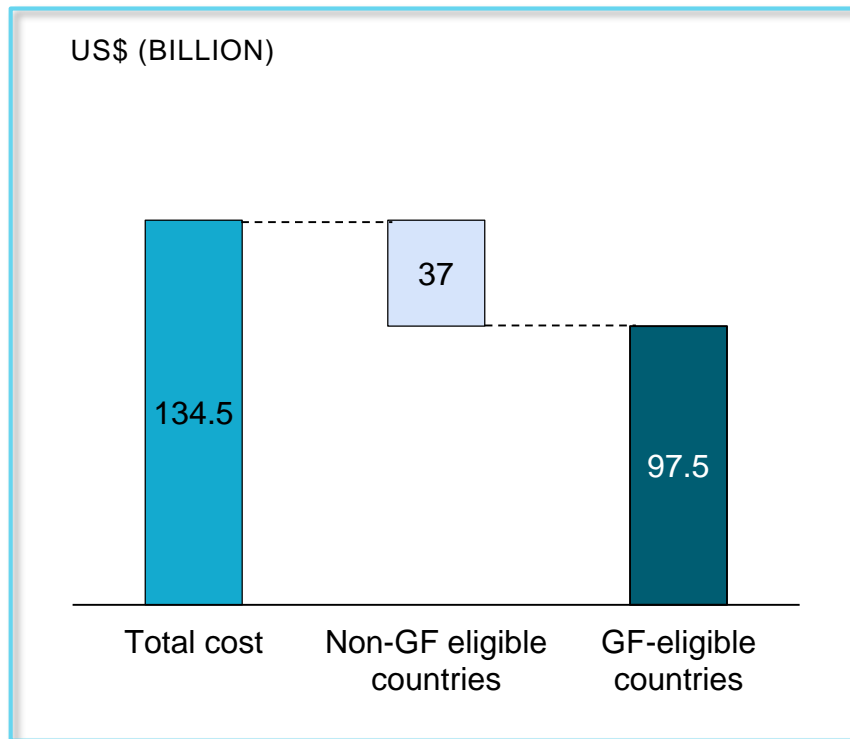
Examples of innovative financing tools

3 Debt2Health

Under Debt2Health, a creditor agrees to relinquish its rights to repayment of qualifying outstanding debt to the Beneficiary upon condition that the latter channels all or part of this repayment (the “counterpart payments”) to the Global Fund. The Global Fund uses its established systems to channel the counterpart payments to the Beneficiary’s programs against AIDS, Tuberculosis and Malaria and to report on implementation progress and results to the Creditor.



Resource need is defined by the cost to implement the global plans for HIV, TB and malaria over 2017-2019



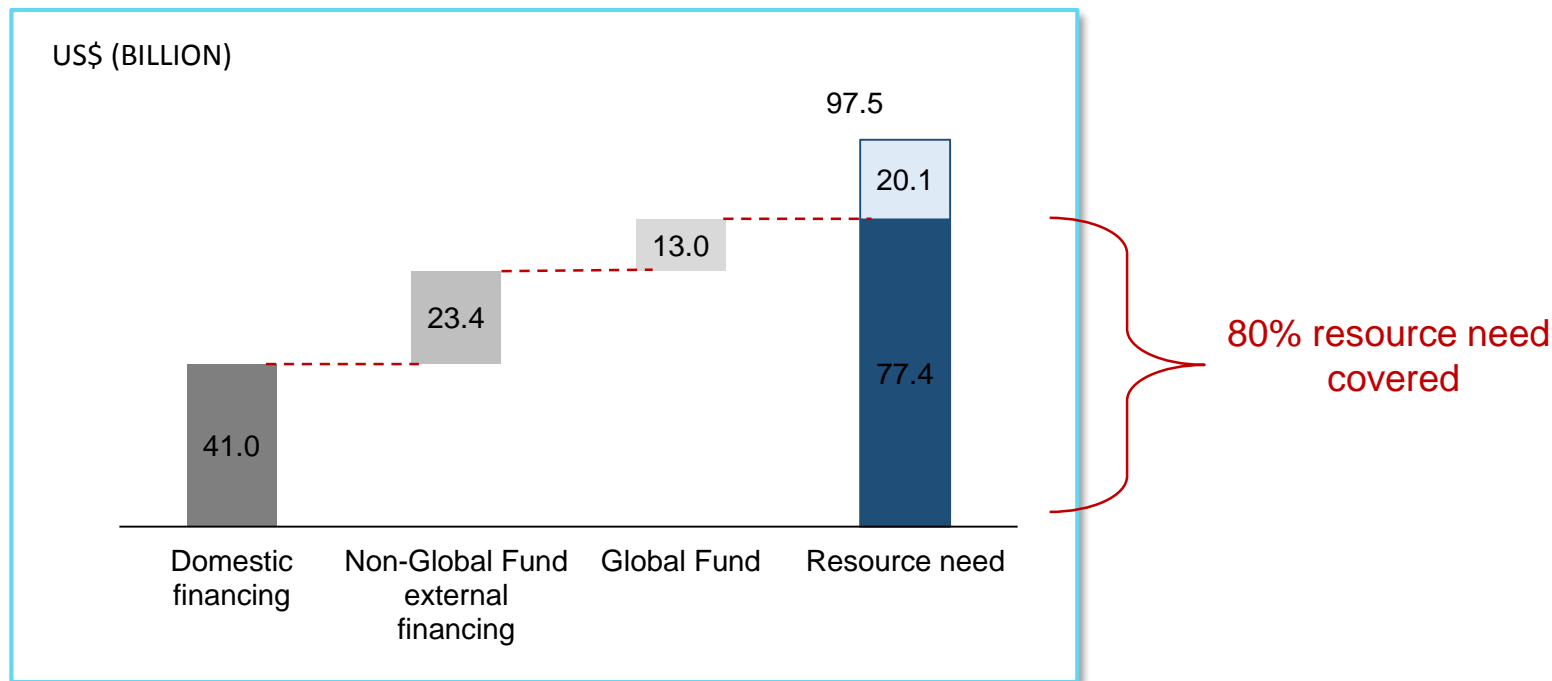
Of the \$134.5B needed globally for 2017-2019, \$97.5B is in Global Fund-eligible countries

This is a 12% increase over the resource need for the 2014-2016 replenishment period

Amount needed by Global Fund-eligible countries (\$B)			
	HIV	TB	Malaria
Total	66.1	17.7	13.7
Share of global need	78%	50%	96%

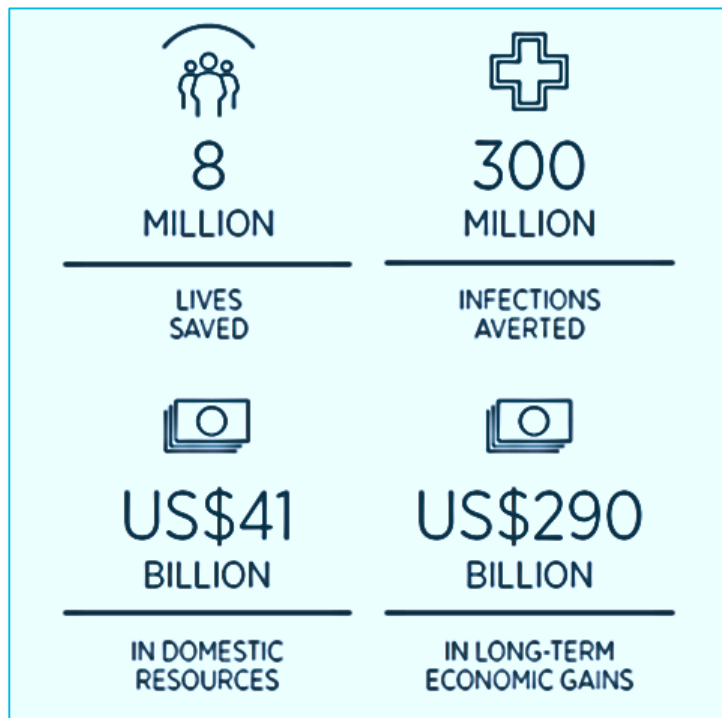
The Global Fund asks for \$13 billion over 2017-2019

Together with strong growth and domestic financing and other external financing at constant levels, **80% of the funding need** would be covered



On the right side of the tipping point

For 2017-2019, a \$13 BN contribution for the Fifth Replenishment would achieve -



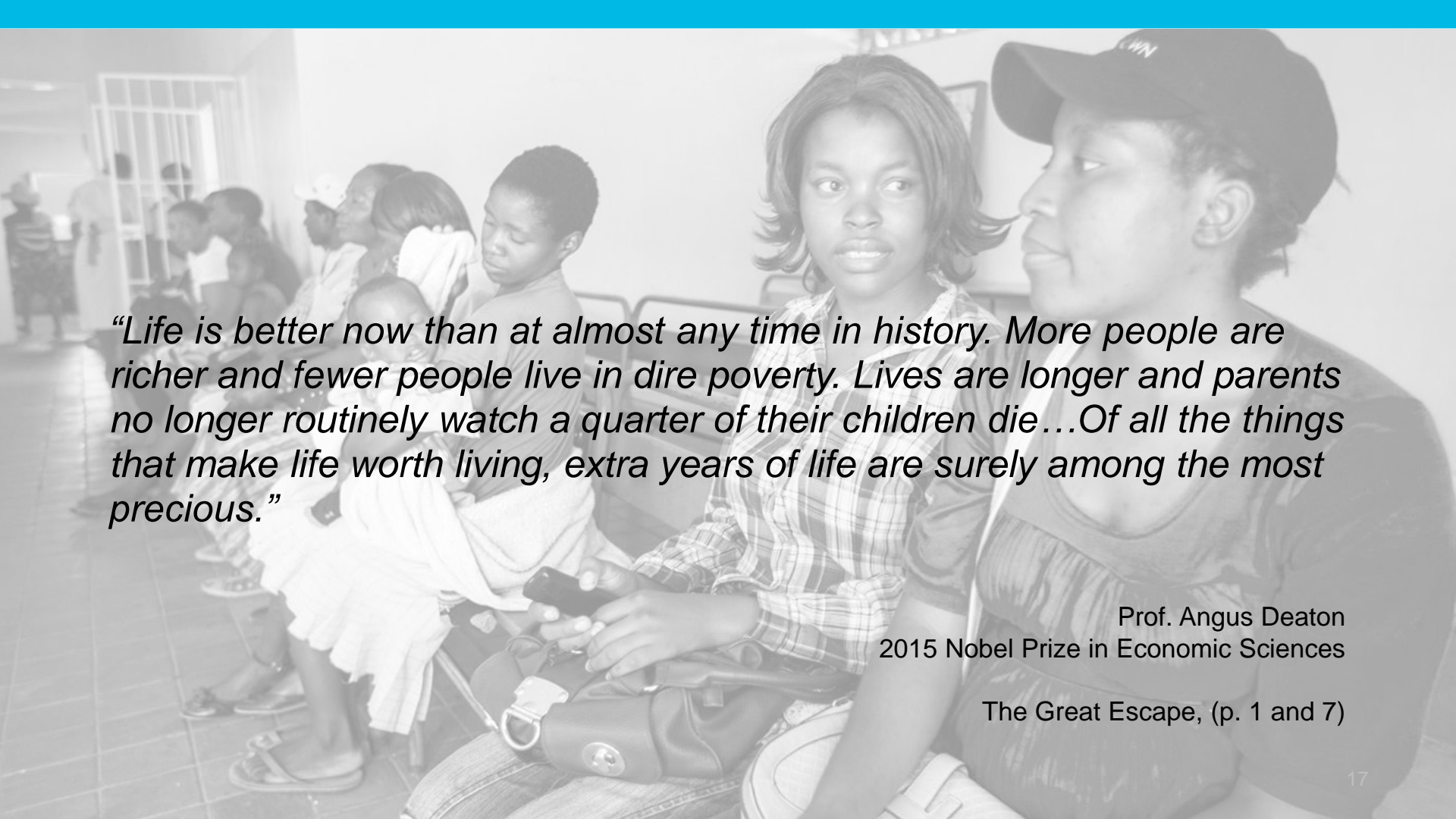
- **Up to 8 million lives saved** through programs supported by the Global Fund, leading to 30-32 million lives saved cumulatively by 2020;
- **Up to 300 million new infections averted** across the three diseases;
- Allow the Global Fund to make substantial contributions towards **building resilient and sustainable systems for health**;
- Support partners in **domestic investment of \$41 B** toward the three diseases;
- Support strengthened responses for **women & girls**, key populations and human rights;
- Lead to **broad economic gains of up to \$290 B** over the coming years and decades, based on partner estimates.

Major donors building momentum ahead of the Global Fund's 5th Replenishment Pledging Conference

- **EC** announced a 27% increase of their pledge from EUR 370 million for 4th and EUR 470 million for 5th replenishment
- **More early announcements** anticipated over the coming months



Neven Mimica, Member of the EC in charge of International Cooperation and Development, received Mark Dybul, Executive Director of the Global Fund to Fight AIDS on 3 March 2016 in Brussels, and announced a major increase in the EC's pledge from EUR 370M in 4th Replenishment to EUR 470M for the 5th.



“Life is better now than at almost any time in history. More people are richer and fewer people live in dire poverty. Lives are longer and parents no longer routinely watch a quarter of their children die...Of all the things that make life worth living, extra years of life are surely among the most precious.”

Prof. Angus Deaton
2015 Nobel Prize in Economic Sciences

The Great Escape, (p. 1 and 7)

Thank you.

