ED Report

Montreux, Switzerland
16-18 November 2014

The Global Fund
Content Overview

1. Key questions

2. The historic opportunity

3. Recent Global Fund innovations and possible ways forward
Key questions

• What kind of Global Fund will we need in 15 years?
• How should the Global Fund evolve and adapt to the changing landscape?
• Considering the changing landscape and environment, how should the Global Fund adjust its ways of working in different country contexts to maximize health impact?
• What are the key actions and ideas that should be central to the Global Fund’s 2017-2021 Strategy and operations?
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Projected acceleration of TB incidence: decline to target levels

- Average -10%/year
- Introduce new vaccine, new prophylaxis
- Average -17%/year
- Optimize current tools, pursue universal health coverage and social protection
- Current global trend: -2%/year

Source: WHO
Accelerate to zero: bending the curve to Save more lives using new strategies with existing tools

Global annual malaria parasite incidence

2010 2015 2020 2025 2030 2035 2040 and beyond

“Bend the Curve”

Resurgence

Sustain progress

Accelerate to zero

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Figure 4(A): Annual number of new infections over time (in thousands) using the Uniform approach (green line), the Focused approach (red line) and a baseline scenario of no additional interventions (black line).

Prevalence of HIV among youth

Prevalence of HIV among young women and men (15–24 years), by region, 2001 and 2012 [%]

Source: UNAIDS 2012 estimates
Challenge: Key affected populations in MICs

HIV prevalence rate for key affected populations vs. national adult population [%]

<table>
<thead>
<tr>
<th>Female sex workers</th>
<th>Men who have sex with men</th>
<th>People who inject drugs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swaziland</td>
<td>Jamaica</td>
<td>Mauritius</td>
</tr>
<tr>
<td>Zambia</td>
<td>Cameroon</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Côte d'Ivoire</td>
<td>Pakistan</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Congo</td>
<td>Thailand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ukraine</td>
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<tr>
<td></td>
<td></td>
<td>Belarus</td>
</tr>
</tbody>
</table>

Most at risk populations face a prevalence rate multiple times above the national average (although data quality on population segments remains mediocre at times)

Source: UNAIDS data (2009-2012)
Two historic opportunities

- Ending HIV, TB and malaria as pandemics/public health threats (low-level endemicity)
- Creating an inclusive human family
Opportunities: New Powers

• BRICS, MIKTA (Mexico, Indonesia, Korea, Turkey and Australia) and shift from G8 to G20

• These countries are:
  ─ Emergent rather than just emerging; and
  ─ Powers rather than just economies

• Others are close behind

What is role of new powers in/with Global Fund?
Co-investment (technical support/financial)? Governance?
Changing income distribution

Note: Data point represents GNI per capita of a country.
Countries are ranked in ascending order.

Countries which changed income group

Source: World Bank, Global Fund analysis
Opportunity: Economic growth in high impact countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross national income per capita [USD]</th>
<th>Growth rate ‘12-13 [%]¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMICs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>230</td>
<td>7,610</td>
</tr>
<tr>
<td>China</td>
<td>380</td>
<td>6,200</td>
</tr>
<tr>
<td>LMICs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>440</td>
<td>8,600</td>
</tr>
<tr>
<td>Philippines</td>
<td>510</td>
<td>8,300</td>
</tr>
<tr>
<td>India</td>
<td>570</td>
<td>7,700</td>
</tr>
<tr>
<td>Ghana</td>
<td>650</td>
<td>6,800</td>
</tr>
<tr>
<td>Sudan</td>
<td>7,610</td>
<td>7,700</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8,420</td>
<td>9,500</td>
</tr>
<tr>
<td>Zambia</td>
<td>1,035</td>
<td>7,700</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1,500</td>
<td>7,700</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>1,220</td>
<td>7,500</td>
</tr>
<tr>
<td>Myanmar</td>
<td>1,144</td>
<td>7,500</td>
</tr>
<tr>
<td>LICs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenya</td>
<td>860</td>
<td>8,300</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>840</td>
<td>7,500</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>650</td>
<td>6,800</td>
</tr>
<tr>
<td>Tanzania</td>
<td>570</td>
<td>7,000</td>
</tr>
<tr>
<td>Mozambique</td>
<td>510</td>
<td>8,600</td>
</tr>
<tr>
<td>Uganda</td>
<td>440</td>
<td>8,700</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>380</td>
<td>9,300</td>
</tr>
<tr>
<td>DR Congo</td>
<td>230</td>
<td>9,300</td>
</tr>
</tbody>
</table>

LIC: Low Income Country, LMIC: Lower Middle Income Country, UMIC: Upper Middle Income Country

¹ GNI growth except for Côte d’Ivoire, Myanmar, Nigeria and Sudan, where GDP growth was used.

USD 1,035 threshold
Challenge: ~ 70% of global poverty in MICs

Share of global poverty (people living with less than 1.25 USD/day [m people, % of total])

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (m)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Countries</td>
<td>310</td>
<td>(29%)</td>
</tr>
<tr>
<td>Lower Middle Income Countries</td>
<td>560</td>
<td>(51%)</td>
</tr>
<tr>
<td>Upper Middle Income Countries</td>
<td>200</td>
<td>(18%)</td>
</tr>
</tbody>
</table>

Notes: World Bank data, Global Fund analysis – Results are indicative only and should not be used outside Global Fund bodies without prior consent.
Challenge: Majority of disease burden in MICs

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Lower Middle</th>
<th>Upper Middle</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIV</strong> [m people, % of total$^{11}$]</td>
<td>12.1 (34%)</td>
<td>10.1 (29%)</td>
<td>9.8 (28%)</td>
</tr>
<tr>
<td><strong>TB</strong> [m cases, % of total]</td>
<td>2.1 (24%)</td>
<td>0.04 (24%)</td>
<td>4.2 (48%)</td>
</tr>
<tr>
<td><strong>Malaria</strong> [m cases, % of total]</td>
<td>94 (46%)</td>
<td>107 (52%)</td>
<td>5 (2%)</td>
</tr>
</tbody>
</table>

1) Total global HIV estimate: 35.3 m
Notes: UNAIDS data, WHO 2012 data, Global Fund analysis — Results are indicative only and should not be used outside Global Fund bodies without prior consent.
Opportunity: Resources for HIV in LICs and MICs

Resources available for HIV in low- and middle-income countries, 2002–2012 and 2015 target [USD bn]

The UN General Assembly 2011 Political Declaration on HIV and AIDS set a target of USD 22bn–24bn by 2015

Source: UNAIDS estimates
Increase in domestic financing
First four waves of Concept Notes submissions

Σ: USD 3.4 bn increase in domestic financing (+56%)

<table>
<thead>
<tr>
<th>Income category</th>
<th>GF allocation 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>4,168</td>
</tr>
<tr>
<td>Lower- LMI</td>
<td>4,222</td>
</tr>
<tr>
<td>Upper- LMI</td>
<td>597</td>
</tr>
<tr>
<td>UMI</td>
<td>698</td>
</tr>
<tr>
<td>Total (US$ M)</td>
<td>9,685</td>
</tr>
</tbody>
</table>

1) Global Fund Initial NFM allocation from January 2014 onwards to components accessing funding in first four waves
Potential sustainability gap

Source: ICTD 2010 (for tax revenues), WDI 2010 (for ODA); analysis by Brookings Institution

High ODA, low tax revenues

Declining ODA, still low tax revenue – potential gap

High tax revenues, low ODA

GDP per capita [1,000 USD]
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Funding Model

Funding model now delivers a more differentiated approach to Global Fund investments

1. Differentiation by “ability-to-pay” (function of GNI per capita)

2. Differentiation by Band

Band 1
- Lower income
- Higher burden

Band 2
- Lower income
- Lower burden

Band 3
- Higher income
- Higher burden

Band 4
- Higher income
- Lower burden
Allocation focus on high disease burden, low-income countries

Disease burden quartiles

Income Levels

Note: “Recent funding” are 2010-2013 disbursements. Figures are limited to countries eligible for funding as of the 2014 eligibility list.
Global Fund context and recent developments

- Differentiated approaches in different country contexts including:
  - Approach to Challenging Operating Environments (TERG thematic review) including emergencies (examples in report)
  - Catalytic role in MICs (e.g. focus on PWID in Eastern Europe, Transgender in LAC) – including regional approaches
  - Results-based financing approach in countries that are close to self-sustained response (e.g. Rwanda, EMMI)
Development Continuum Working Group

• “Working Group on Engaging across the Development Continuum” to:
  1. Establish shared set of key facts about the development continuum
  2. Assess implications for the Global Fund
  3. Provide recommendations to Secretariat and SIIC

• Overall goals of convening Working Group (and sub-working groups) are to:
  1. Assess ways to increase Global Fund’s impact on HIV/AIDS, TB and Malaria across the development continuum
  2. Prepare intellectual groundwork for post-2016 Global Fund Strategy
Equitable Access Initiative

- Coefficients (at least for health) could help smooth transition for countries and impact GF investments and post-2016 Strategy
- Examples could include:
  - % people living in poverty;
  - % people with access to key health commodities;
  - coverage rates of key interventions for general and key populations
- New outcome-based GF indicators helpful
- **Conveners:** GAVI, Global Fund, UNDP, UNICEF, UNITAID, World Bank
  **High-level observer:** WHO (tbc)
- Focus only on economic classification/transition (commodities/pricing separated)
- Process being developed
Supply Chain Performance
(Manufacturer to port-of-entry)

- Products delivered on time (percent)
- Supply chain team formed

- Sep-13: 38%
- Nov-13: 40%
- Jan-14: 38%
- Mar-14: 38%
- May-14: 68%
- Jul-14: 68%
- Sep-14: 68%
Convergence

- Global Heath 2035 Report shows that:
  - Convergence in global health (infectious and child deaths reduced to universally low levels) if right investments made to scale-up health tools
Notional Direction

Time horizon

- Domestic finance
- Role of emergent/ing powers
- Innovation exchange
- Equal opportunity/External program finance

Short | Medium | Long
The Innovation Hub
Sectors and strengths

- Strengthen supply chain to countries and in countries to foster more accessible and more affordable quality drugs to patients
- 3 initial focus areas: Inbound and outbound logistics, capacity development for procurement

- Identify and prioritize interventions to address key risk exposures to the Secretariat and implementing partners
- Development of a sustainable framework for capacity development and technical collaboration in FRM
- Capacity development initiatives piloted through technical partnerships with the private sector

- Identify site level management and organization approaches that contribute to higher quality and effectiveness
- Support the replication of identified innovative approaches for smarter investments
- Support shift towards more data-driven approaches, enabling providers to optimize programs at site-level
E-marketexchange

A game-changer for global health procurement with benefits in the short term

<table>
<thead>
<tr>
<th>Buyers</th>
<th>E-/marketplace procurement mechanisms</th>
<th>Key benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Global fund-funded countries</td>
<td>More accessible and affordable products</td>
</tr>
<tr>
<td></td>
<td>Global fund-funded countries</td>
<td>Significantly more efficient and cheaper procedures</td>
</tr>
<tr>
<td></td>
<td>Pool with other buyers to issue e-</td>
<td>Independent decision making</td>
</tr>
<tr>
<td></td>
<td>RFPs and e-auctions</td>
<td>Direct payment to suppliers, with potential benefit for IMF fiscal space</td>
</tr>
<tr>
<td></td>
<td>Purchase at pre-agreed prices from</td>
<td>and fewer reporting requirements</td>
</tr>
<tr>
<td></td>
<td>Global Fund tender</td>
<td>Optimal pricing and equitable access</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acceleration of product innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acceleration of procurement autonomy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainable procurement function after from Global Fund support</td>
</tr>
</tbody>
</table>

Short term

- All countries along development continuum and global health key stakeholders
- Pool with other buyers to issue e-RFPs and e-auctions
- Optimal pricing and equitable access
- Acceleration of product innovation
- Acceleration of procurement autonomy
- Sustainable procurement function after from Global Fund support

Long term

- More accessible and affordable products
- Significantly more efficient and cheaper procedures
- Independent decision making
- Direct payment to suppliers, with potential benefit for IMF fiscal space and fewer reporting requirements