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of the Global Fund

Global Fund Executive Director discusses priorities laid out in his first Report to the Board

Peter Sands became the Executive Director of the Global Fund in March 2018. He gave his first interview to the Global Fund Observer after the 40th Board Meeting in Geneva, in November 2018. This is the first article of a two-part interview with the ED.

GFO: In the runup to the Sixth Replenishment, your first priority as laid out in your Report to the Board, you have said that you want to complement the core narrative with other themes, the first of which is the “Global Fund’s vital role in the delivery of the SDG agenda and in accelerating the journey towards UHC”. How you would like to see the Fund position itself to do this?

Peter Sands: I think we play a vital and irreplaceable role in the delivery of Sustainable Development Goal 3 and in accelerating the journey towards universal health coverage. One of the most tangible and concrete elements of SDG3 is ending the epidemics of AIDS, TB and malaria. And without a fully funded Global Fund there is simply no chance of achieving that goal.

Achieving universal health coverage by 2030 will require significant investments in building resilient and sustainable systems for health. The Global Fund is the largest multilateral provider of grants for strengthening health systems and I think that achieving SDG 3 will require an unprecedented degree of collaboration and coordination across various actors in global health. We are playing an active and leading role in driving that collaboration.

(Editor’s note: See [separate article in this issue of GFO on the Fund’s investments in resilient and sustainable systems for health](#).)

GFO: At the Amsterdam AIDS conference in July and elsewhere, you spoke about three sources of potential financing: public, private, and domestic. For Replenishment, how do you – or do you – think it’s

realistic to get a significantly increased share of domestic financing commitments? And how will you engage countries to generate (where needed) the political will to increase domestic financing? At country level there are so many competing priorities – how can you influence the internal discussion?

Peter Sands: I think the first thing is that the Global Fund's co-financing model has been proven to be successful as a catalyst for stimulating increased domestic resource mobilization for health. The co-financing commitments in the previous cycle were roughly 30 percent above what was committed before that, and in this cycle are 40 percent above the previous one, at about \$4.5 billion. So we're seeing very significant steps in countries' commitments to mobilizing their own resources to end epidemics and strengthen health systems.

We will want to see similar significant steps in domestic resource mobilization in the next cycle. How do we get there? It's a combination of things. One, we've got to continue to develop and communicate a compelling investment case for ending the epidemics of AIDS, TB and malaria, and more broadly for improving the health of a country's people. Two, we have to help with our partners, and this is very much a collaborative exercise. We have to help countries find ways of doing that, whether health ministers are winning the internal prioritization debate or the development and implementation of new ways of fiscal mobilization, greater tax efficiency, sin taxes, health insurance schemes, or improving public finance and management and allocative efficiency. So it's both ensuring more money is spent on health, but also ensuring it's better spent on health.

How do you balance the need for more commodities and where co-financing can play a big role in building the system? I don't think there is a single right answer for every country about the optimal balance of incremental spending for different component parts, be it commodities, the workforce, infrastructure, technology. Ultimately you want the health system to be domestically resourced in a sustainable way across all these elements. The route to that end point will be different for different countries. There are some difficult trade-offs in there, and those choices have to be made very thoughtfully. But ultimately countries will want to have their own procurement capabilities, domestically financed health workforces, and underlying technology and physical infrastructure. We need to work through the CCM process with countries on what is right mix of external and domestic resourcing, which will change over time.

GFO: You are clearly very keen on innovation and use of data – where would you like to see a stepped-up use of innovation and/or data in GF programming/implementation/reporting?

Peter Sands: Fundamentally, there are two or three dimensions of data we've got to work on. First is frequency and freshness of data – in global health we tend to rely too much on relatively old data, and that makes it more difficult to be dynamic in the response to disease. And this is particularly notable for diseases where the intrinsic volatility, the speed with which they vary, is high. Malaria is a good example of that. Second is granularity: We need to have our data even more segmented by age, by gender, by geography, by dimensions that are relevant to the epidemic. This is crucial so that we can target our interventions as effectively as possible, and that in turn means we can increase the efficiency and effectiveness of those interventions. Third is the underlying quality of the data. The more we can be certain that the data is robust, the more we can make decisions off the back of it.

We are playing a role; we are a major investor in health management information systems [HMIS] in national account data, in national health systems, so we're directly supporting the development of data infrastructure and capabilities in countries. In addition, we need to be working with our country partners on why better data makes sense, what's the logic of having better data, in way that, if you have more frequent, higher quality data, you make better decisions that have more impact.

GFO: What does the framework agreement with WHO allow the Global Fund and WHO to do differently, together? How does the SDG 3 Global Action plan translate into practice for the Global Fund and partners?

Peter Sands: The anchoring document here is the Global Action Plan for SDG 3, which commits all the actors involved to align, to accelerate, and to account. And the framework agreement with WHO is an example of how we are setting about translating that into reality. How are we going to do that with WHO? This document is in itself a starting point because we're going to use it as the basis for consistent and corresponding framework agreements with the regional organizations, starting with AFRO. In a way, you can think of the SDG 3 Action Plan as being a kind of broad architecture. What we now have to do is, in a sense, fill that in. Fleshing out the Action Plan has two dimensions. Around relationships with other specific institutions, we already made huge progress on deepening synergies and cooperation with Gavi. A similar exercise is taking place with Unitaid, and a framework agreement with WHO has been done. The other dimension is picking specific themes and that's what the whole notion of the accelerator on sustainable finance is about – how are we going to all work together to help countries as they develop more sustainable ways of financing their health systems and achievement of their health objectives.

A draft of the Action Plan is on the WHO website – a lot of this is about ensuring that we work together well. One good example is about collaboration with entities that can bring different sorts of financial expertise and resources to bear. So, things like, where it's appropriate, using blended finance, which often requires a multilateral bank working with an entity like the Global Fund. How we can streamline that and reduce transactions costs, and that sort of thing.

GFO: It was clear from the Board meeting that transition (in the context of the Sustainability, Transition and Co-financing policy) is a huge and somewhat contentious topic, and in your report you talk about the political challenges for Transition being more difficult than the technical ones. What are the biggest immediate issues facing the Fund relating to transition?

Peter Sands: I think the starting point is that achieving sustainable transition is an imperative. Ultimately we all want countries to be able to finance their own health systems and not be reliant on the GF. So it's in the interests of communities and countries to get onto the path of sustainability and transition really as early as possible. And we need to work together to ensure that roadblocks, issues [are solved], capabilities that need to be built are developed. And this is important partly because that's the long-term, sustainable outcome for each country. But also, getting countries to step up as they become wealthier through economic growth allows the Global Fund to focus its efforts on the places in the world with the highest disease burdens and the least ability to pay, which is where there is still massive unmet need.

Yes, transition is inherently challenging. There are at least three reasons. One: we are asking governments to pay for, or shoulder, financial burdens that some would prefer the Global Fund to keep paying for. Two: transition involves building capacities that some countries find difficult to develop. Three: transition involves governments reaching out to key populations that unfortunately some are inclined to neglect. And we have to confront and overcome all three of those challenges as countries go through the transition process.

Part of the answer to this is good planning, part is partnerships with other actors such as multilateral development banks. Ultimately, though, the key ingredient for a successful transition is political leadership. And that requires broad engagement across governments with civil society, as I think I said in my report. Political commitment and leadership is the sort of irreplaceable ingredient of a successful transition.

GFO: Another big issue clearly is absorptive capacity – how are you working to identify opportunities to maximize absorption at country level? How do you see role of country teams in helping to improve absorptive capacity through their own proactive measures? And will increasing absorption rates affect the

scenario planning that will go into the Investment Case?

Peter Sands: The starting point is that absorption has improved across the portfolio quite significantly – running at 75 percent versus 66 percent in the previous cycle. That’s a result of both the work of the country teams and the way they work with partners on the ground, be they technical partners, the PRs, governments anticipating and identifying bottlenecks and proactively taking action to resolve them. One of the critical issues here is to be systematically monitoring and measuring absorption challenges both by geography and by disease component, and actually in my report I laid out some of the numbers around that. I don’t think we should ever be complacent about absorption but the quality of the grants in this grant cycle sets us up well for further improvements in absorption across the portfolio. Absorption is a long-term challenge, and the challenges vary by country, and we’re making good progress. So no, that does not significantly affect our planning for the Investment Case.

Aidspan CEO Ida Hakizinka contributed to this interview on behalf of the GFO.

The Global Fund and announced its target for the Sixth Replenishment on January 11, 2019, in Paris. The Fund’s full Investment Case will be sent to participants of the Preparatory Meeting in New Delhi on February 8, towards the end of January.

Part 2 of Aidspan’s interview with Peter Sands will be published in a future edition of the GFO.

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