Aidspan

Independent observer of the Global Fund

GLOBAL FUND EXECUTIVE DIRECTOR CALLS FOR INCREASED DOMESTIC INVESTMENTS IN HEALTH AT ICASA MEETING IN RWANDA

Peter Sands, the Executive Director of the Global Fund, called on implementing countries in the African region to increase domestic investments towards the three diseases, at the 20th International Conference on AIDS and Sexually Transmitted Infections in Africa (ICASA) held in Kigali, Rwanda from 2 to 7 December. The conference's main theme was an AIDS-free Africa through innovation, communities and political leadership. The call for increased domestic funding comes after a successful Sixth Replenishment, which saw the Global Fund raise $14 billion for the 2020-2022 funding cycle.

While sharing the Global Fund's perspective on sustaining gains in the AIDS response, in a panel session on that subject convened by the Joint United Nations Programme on HIV/AIDS (UNAIDS), Sands underlined the importance of increased domestic spending towards the AIDS response. He noted that there were two types of targets set out in the Investment Case for the Sixth Replenishment. First, the Global Fund had an overall target of raising $14 billion, which represented a 15% increase from the previous replenishment cycle. Second, the Global Fund projected that implementing countries would need to raise $46 billion in domestic resources for the three diseases over the 2021-2023 grant implementation period through their co-financing commitments; the $46 billion represents a 48% increase from the 2018-2020 implementation period. "Both need to happen if we are to sustain and step up the fight against HIV successfully", said Sands.

Indeed, the Global Fund achieved the 15% increase targeted in the Investment Case. Sands remarked that the increase is "evidence of the sustainability of the international commitment to sustain the fight against HIV" and urged implementing countries to also raise their contributions to the three diseases.

Sands noted that even though the 48% increase seems like a “stretch”, implementing countries had achieved a similar feat in the current 2018-2020 implementation period when they raised their contributions to the three diseases by 46% from the 2015-2017 period.

“We will certainly use our increase [the 15% increase achieved in the Sixth Replenishment] as leverage in our negotiations with governments around what they need to do to step up in partnership with us,” he said. Negotiations will go beyond finances and will emphasize changes in policies, such as those on user fees, or removing legal barriers to accessing services by key populations, he added.

Key recommendations for increased domestic investments

Sands shared a few recommendations on raising domestic investments on health during the UNAIDS session as well as during one of the conference’s plenary sessions:

First, countries need to step up their fiscal mobilization efforts. Most countries are not raising nearly enough (in taxes) from their own people, he said. A 2019 IMF working paper on tax revenue mobilization in low-income countries noted that low-income countries collect only 16% of their GDP from taxes as compared to 26% by advanced economies. Sands pointed out that the goals of ending the epidemics of the three diseases cannot be achieved via out-of-pocket expenditures or the private sector alone, but require sustained financing by government. He remarked on the need for African countries to build resilient and effective tax collection mechanisms.

The new Executive Director of UNAIDS, Winnie Byanyima, speaking on the same panel, said she was perturbed by the reduction in health spending by some African countries, including Kenya and Zambia, at the expense of debt servicing. Byanyima cautioned against the reliance on indirect taxes – i.e. taxes on goods and services – which is “twice as harmful [for] poor people”. She stated that poor people end up paying more taxes via this mechanism, and yet the taxes generated are still not enough to guarantee them quality services.

Instead, Byanyima recommended that countries strengthen the collection of corporate tax. She noted that harmful tax practices, such as companies investing in countries with the expectation of receiving tax exemptions, erode national tax bases and push countries to rely more on indirect taxes. Byanyima asserted that if countries were to cut down on tax exemptions, the resulting increases in tax revenues would be enough, in some countries, to finance the entire health budget.

The second recommendation by Sands was to increase the proportion of money apportioned to the health sector. In reference to the Abuja Declaration of 2002, where African Heads of States committed to spending at least 15% of total government spending on health, Sands noted that only a few countries meet this target. In fact, only Madagascar and Sudan met the 15% target in 2018, according to the African Union’s Africa Scorecard on domestic financing for health. “If we really want to get to Universal Health Coverage (UHC), 15% should be the minimum,” he said. “UHC is not a cheap option, but it is a brilliant one,” he added. He noted that developed countries spend a higher proportion of their total government spending on health.

The third recommendation is that the money needs to be spent on the right programs. Sands commended Rwanda as one of the few countries that have really put a lot of focus on primary health care (PHC). He noted that efficiency in allocating funds, observed across many countries, indicates that countries are not spending health-care resources on the right programs. In some countries, he said, money is being spent on the needs of the elite rather than on those who are most vulnerable.

The fourth recommendation is on the efficient utilization of resources. Sands noted that most health-care systems are wasteful. ‘Wasteful’ can range from services or processes that are either harmful or do not

deliver benefits, or costs that could be avoided by introducing cheaper alternatives with identical or better benefits. Indeed, the World Health Organization (WHO) in 2010 estimated that 20-40% of health care resources are wasted. Sands called for improved transparency in the use of health resources, reducing opportunities for corruption, and improved accountability.

Lastly, the resources need to target populations that are most in need, including those that are marginalized, criminalized or most at risk. He noted that governments need to work with civil society, who are a key stakeholder, not just on advocacy, but also in providing services to communities.

Private sector can bring innovation and technical expertise

Sands acknowledged the critical role of the private sector in the fight against the three diseases and in strengthening health systems. For instance, he noted that the private sector contributed more than $1 billion towards the Global Fund's Sixth Replenishment. This amount represents the highest-ever private sector contribution to the Global Fund since its inception. The Global Fund has also entered into partnerships with private sector organizations to help solve critical challenges by using innovative finance and mobile and digital technology.

However, Sands cautioned against the commonly-held perception of the private sector as a "knight in shining armor" noting that countries cannot build a sustainable health-financing system based on corporate philanthropy. Sands asserted that the biggest role the private sector can play is in the creation of jobs that in turn build the national tax base. Overall, the private sector offers innovation, capacity and infrastructure that could go much further in supporting the achievement of national health objectives.

The article does not include discussions that were held at a special session of the Annual Leadership Meeting – Investing in Health, where Peter Sands participated in a panel discussion. The theme of the session was to promote, at the Africa Leadership Meeting, an increase in domestic financing for health. The Annual Leadership Meeting – Investing in Health is an initiative by the African Union aimed at increasing commitments for health, improving the impact of spending and ensuring the achievement of universal health coverage across African states. The Global Fund Observer will report on this in subsequent issues.

Further reading:

- The Global Fund Investment Case: Sixth Replenishment 2019
- International Monetary Fund (IMF) Working Paper. Case Studies in Tax Revenue Mobilization in Low-Income Countries, May 2019

Read More