

**LAUNCH OF DFID's NEW HEALTH STRATEGY
Room 104 Central Hall, Westminster, London**

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**Remarks by Prof Michel Kazatchkine, Executive Director
Global Fund to Fight AIDS, Tuberculosis and Malaria**

- *Rt. Hon.* Secretary of State Hilary Benn,
- *Rt. Hon.* Gareth Thomas; Honorable Members of Parliament,
- *Mr. Chairman* – Dr Richard Horton,
- Dr Margaret Chan, Dr Joy Phumaphi,
- Ladies and Gentlemen:

I would first like to express my appreciation for this opportunity to attend the launch of DFID's new Health Strategy. It is a great pleasure to be here and I look forward to a constructive and fruitful debate about how indeed, we can all *Work Together for Better Health*.

I would also like to thank the Secretary of State Hilary Benn for his remarks about the Global Fund's work.

The United Kingdom has been a strong supporter of the Global Fund to fight AIDS, Tuberculosis and Malaria, since its creation in 2002 as a public-private partnership with the express mandate of raising and channeling significant additional resources to assist countries - *particularly those with the greatest disease burdens and resource needs* - to achieve sustainable impact on the three pandemics.

Today, the UK Government stands among the major donors of the Global Fund -- the sixth largest donor. We are indeed very grateful for its support.

The Global Fund also commends the UK for its continued commitment, as articulated in DFID's new strategy, to deliver '*more and better*' resources for health through an improved and more flexible range of results-oriented

bilateral *and multilateral* mechanisms. These will ensure the sustainable and predictable financing which countries need to scale up their interventions against the three pandemics specifically -- as well as to broaden access to other essential health and basic services by strengthening their health delivery systems.

The results achieved by Global Fund-supported programs to date provide ample proof that “*despite the challenges, progress is possible*” – a recurrent message in DFID’s new health strategy.

Four years after the first money was disbursed by the Global Fund:

- More than 1.1 million people have been given access to AIDS treatment through programs supported by the Global Fund;
- Over 2.8 million people have received TB treatment; and
- Insecticide-treated bed nets have been distributed to around 30 million families, to protect young children and mothers from malaria.

Conservatively, we estimate that these services save 3,000 lives every day. Providing access to quality prevention, treatment and care for AIDS, TB and malaria *is possible* even in resource-poor countries; it is clearly, not the ‘utopia’ many might have imagined it to be just a few years back.

The results indicate that within a decade, with higher and sustained investments, the rate of new HIV infections can be reduced; that malaria can be eradicated in some countries, eliminated as a public health problem in many more, and be drastically reduced in all countries struggling under its burden today. TB can also be reduced to a manageable public health problem in most countries.

But we are still far from reaching the needs-based targets in fighting the three diseases. Overall, progress towards the Millennium Development Goals (MDGs) remains slow in many countries, especially in sub-Saharan Africa.

As noted in DFID's strategy, the MDGs are interdependent and hence essentially a 'blueprint for partnership'. While the Global Fund's core mandate is encapsulated by the sixth MDG, progress on malaria for example, (MDG 6) will improve both maternal (MDG5) and child health (MDG4). Conversely, overall advances towards the MDGs *targeting the root causes of disease and ill health* -- extreme poverty (MDG 1) and lack of education (MDG2) will greatly enhance impact on the three pandemics (MDG6).

Today's launch of DFID's new strategy coincides with the completion of the Global Fund's own strategy. There is indeed congruence between the priorities set out in DFID's strategy and a number of the strategic areas and policies which the Global Fund has developed to guide its operations over the next four years. *This is testimony to the emerging consensus among partners on the main issues we face in today's complex environment of international development assistance. We are increasingly speaking a common language. And this in itself, is significant. However, what we also need is to discuss how any of these things we agree upon can be achieved and within which frameworks of accountability?*

I will now focus the remainder of my remarks on DFID's four main priority areas, raising a few questions under each, to contribute to the debate.

1. First, is the delivery of more resources for health: "more and better"

The Global Fund has been advocating strongly for substantially higher, more predictable and sustainable resources to enable countries to scale up their interventions against the three pandemics. We are thus greatly encouraged to see DFID put its full weight behind this urgent priority. The rationale behind this is very clear. Spending on health has significant and direct impact on the accumulation of human capital and thus on economic growth. Bad health results in waste in human capital and reduces the incentives to invest in the future of people. On the other hand, reducing morbidity and mortality positively impacts on productivity. Recent macro-economic modeling has, for

example, demonstrated that scaling-up access to ARV treatment, if initiated soon enough, may compensate losses in GDP growth linked to the AIDS epidemic in sub-Saharan Africa. *Despite this, growth in ODA spending on the health sector still lags behind that of other sectors: + 59% vs. +70% on average between 2000 and 2004.* Scaling up and sustaining proven health interventions will require greater resource commitments. But higher spending on services alone will not be sufficient. Significant resources must also be invested in strengthening the *systems* for delivering those services. And as is well recognized in DFID's Strategy - building health systems - clearly requires long-term investments and concerted action.

But while the 'more resources' part is clear; the Strategy only gives a cursory explanation of what is meant by 'better'. The notion of 'a flexible range of aid instruments' is put forward by DFID. But what does it mean in concrete terms? How for example, will it change the way in which DFID currently operates? And how is this flexible range of aid packages compatible with our collective objective of simplifying the aid architecture?

We acknowledge DFID's commitment to support long-term predictable financing for global health initiatives (e.g. Global Fund, UNITAID, IFFIM). The Strategy points out that among the main constraints facing multilateral mechanisms is their inability to provide long-term commitments. The Strategy also asserts that donors (*presumably also including DFID*) should "move away from short-term financing tied to their own priorities." But this does not seem to translate into a commitment to reevaluate the balance of allocations between bilateral and multilateral channels.¹ We would welcome further strategic discussions with DFID on the complementarity of bilateral and multilateral approaches.

2. The second priority area is about 'expanding access to basic services'

¹ (see page 30)

We welcome DFID's explicit commitment to contribute to the vital endeavor of health system strengthening. This is a key issue for the global health community, as also emphasized by Margaret Chan and Joy Phumaphi.

The Strategy's comprehensive analysis of the various health system components requiring attention [*e.g. sound national policies, human resources, health information systems, reliable supplies of safe, effective and affordable medicines and diagnostics, health service management capacity – etc*] is a clear indication that we should now be done with "abstract thinking" about what health systems strengthening is about.

We should also move beyond the 'vertical' vs. 'horizontal' debate. Obviously these are not mutually exclusive approaches and can in fact be effectively integrated, as demonstrated by countries themselves. Contrary to some perceptions, the Global Fund – a disease-targeted mechanism, spends over 50 percent of its grants investing in infrastructure, human resources and other system strengthening interventions. This is done working closely with WHO and the World Bank. Current estimates are that Global Fund and GAVI together invest more in health system strengthening than IDA.

In addition, in countries where the three diseases represent 70 percent or more of the total disease burden, building systems to deliver treatment and care for AIDS, TB and malaria is tantamount to strengthening the overall health system and to also ensure that the benefits reach the poorest communities.

Mozambique - where, a Global Fund-supported program has been incorporated into both the DFID-supported Health SWAP and the Health Common Fund since 2004 – provides a prime example of how a disease-specific funding mechanism has been adapted to fit better with existing country systems.

I strongly believe that, in defining the scope of health systems strengthening, we need to adopt a 'bottom-up' view – in essence, ask ourselves what

services do poor people need to access to life-saving medicines and prevention services?

In addition, it is essential that we bring the same focus on *accountability and results* in defining the investments that should be in basic infrastructures and systems, that we do in delivering prevention and treatment. We do need milestones, time-bound actions, measures of success that can be tracked over time.

Another important question is how focusing on health system strengthening can be balanced with attention to the more fundamental sector-wide reforms that are needed in many countries? [these include, decentralization, and building health insurance systems that will provide the necessary basis for sustainability at the country-level]

Also in the context of broadening access to services – greater clarity is needed on what we mean by 'cost-effective' interventions. "Cost-effective" can be a highly contextual / localized concept. For example, on face value, PMTCT – a vital service -- can be seen as a 'cost-effective' intervention – but of course there is much more than the mere monetary value of the treatment itself to consider in delivering this service effectively and on an appreciable scale. In many contexts, the 'costs' of overcoming the complex socio-cultural barriers to reach women with this service in a timely manner is considerable.

We must also consider that cost-effectiveness of an intervention can also change or improve over time – often in a matter of a few years. I believe that with increased scale-up, ARV treatment is likely to become a cost-effective intervention even in *poorer countries, as it has now been shown in the lowest stratum of middle-income countries*.

3. Third is the importance of improving the effectiveness of international funding for health

This is among the key areas where the Global Fund strongly shares DFID's commitment.

The principles of maximizing overall efficiency, minimizing transaction costs and procedural burdens on country programs are built into the Global Fund's operational model. The Global Fund harmonizes donor funding upstream in a common untied fund which it makes available to programs owned by countries based on mutual accountability.

Let me briefly outline some of the Global Fund's involvements to date in living up to its commitments to aid effectiveness:

The Global Fund has helped pioneer the measurement of aid effectiveness for global initiatives for which it has been given responsibility. These initiatives have now formed an important learning set of organizations.

The Global Fund with other global initiatives, such as the GAVI Alliance, is transparently measuring the principles of the Paris Declaration², setting targets for 2010. The Global Fund was the first organization was to publish a self-evaluation against the indicators agreed in the Declaration.

In Ethiopia, a Global Fund recipient has signed an agreement with PEPFAR and the World Bank to support a full national program approach. Funding involved direct investment in the health systems strengthening plan, coordinated with a new grant from the GAVI Alliance. *Partners are starting to work together on health system strengthening while at the same time promoting harmonization and alignment.*

The Global Fund is a flexible organization committed to learning. Our Board has just agreed to a number of strategic measures that further increase the Global Fund's alignment with beneficiary countries. This includes, for example,

² **Aid Effectiveness Principles: Country-ownership alignment, harmonization, managing for results and mutual accountability**

accepting national strategies, which are appropriately certified, with only minimal additional information, as the basis for applications to the Global Fund; this would replace the current, Global Fund-specific, extensive application forms.

4. Building the 'evidence-base'

As a results-oriented learning institution, the Global Fund welcomes DFID's special attention to the importance of operational research and the need to continually draw lessons from program implementation.

In closing, I would like to express again our appreciation to DFID for launching this new strategy. As we all know, globalization is a powerful driver for development and for the generation of wealth. It also leaves however hundreds of millions of women, men and children confined to extreme poverty, hunger non-literacy and disease. "*Working together for better health*" is indeed, working for social development, equity and human dignity. It is working for a globalization that would benefit all.

Thank you.
