



Public Private Partnerships

21st Century Development Models

March 2013

**Harnessing Innovation and Inclusiveness for
Global Health**

Executive Summary

Today's challenges and the post-2015 development goals require innovative and inclusive ways of "doing development". This will involve development partnerships that can harness the resources and solutions of the public and private sectors, together with civil society.

One of the most significant innovations in the last 15 years of development has been the merging of public, private and civil society sectors into powerful partnerships for poverty reduction through development. There is much to learn and build on from public-private partnerships (PPPs) working in global health such as the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

As well as focusing on the health Millennium Development Goals (4, 5 and 6), both GAVI and the Global Fund have provided some of the more innovative approaches to MDG 8, "a global development partnership." Both partners engage with public, private and civil society partners from their global governance structures through to planning and implementation.

Working alongside an effective multilateral (United Nations agencies) and bilateral system, the PPP's have helped to ensure results at an unprecedented scale. Since inception the GAVI Alliance has helped countries to immunise an additional 370 million children and averted more than 5.5 million early deaths. The Global Fund has helped to provide AIDS treatment for 4.2 million people, anti-tuberculosis treatment for 9.7 million people and 310 million insecticide-treated nets for the prevention of malaria, resulting in 8.7 million lives saved.

Having raised well over US\$ 30 billion for global health since their creation, these PPPs have demonstrated the potential to raise funds from the private sector, through capital markets, innovative marketing, as well as via commercial relationships and direct donations.

Both partnerships have also had a positive effect on the availability and price of life-saving health commodities, through innovative public-private approaches. The work of GAVI to pool and forecast demand for vaccines and encourage manufacturers to enter new markets helps to ensure a sustainable supply of essential vaccines. The Global Fund has helped to reduce the price of antiretroviral drugs by over 50%.

The potential of the private sector and civil society need to be fully integrated into development partnerships to ensure a sustainable response to poverty alleviation. The global challenges we face beyond 2015, in finance, health, education, the environment, food security and energy, require innovative and inclusive solutions.

What has changed since the year 2000?

In 2000, very few people in developing countries received AIDS treatment and coverage of insecticide treated bednets to protect families from malaria was less than 10%. The price of AIDS drugs was prohibitively expensive, and civil society focused its efforts to ensure access in Europe and America. Since then, a broad based global development partnership has emerged – with the private sector playing its role to make drugs affordable, civil society developing a global response to engage communities in the poorest districts in Africa, and health and community workers deployed through a reinvigorated health system. The Global Fund provided an important platform for this effort, building these sectors into its business model globally and in each country alongside other partners. This approach is not without its challenges, but has transformed the response to HIV, TB, malaria and health in low-income countries.

Immunisation is recognised as one of the most efficient, successful and cost-effective public health investments in history. In 2000 however vaccination rates in low-income countries had stagnated below 60% meaning that two in every five children were not receiving the life-saving vaccines they needed and most low income countries only routinely used six vaccines, whereas children in high income countries had access to protection against ten or more diseases. Partly as a result, almost 12 million children under five died every year. The GAVI Alliance was created to bring together the public and private sectors to address this problem and help low-income countries to increase access to immunisation. Immunisation rates have risen sharply. Today, four in every five children worldwide receive the protection of vaccines, and the number of children dying before their fifth birthday has dropped by more than 40% to fewer than 7 million. Most low income countries are now routinely using 8-10 vaccines and, with GAVI assistance, are expanding their programmes.

Introduction

The impact of new partnerships which bring together public, private and civil society sectors to address global development issues and fight poverty has been profound. We need to learn from the innovations and challenges of this approach to create inclusive and sustainable post-2015 development partnerships.

In 2000, when the MDGs were being formulated, the world recognised that, in order to make a sustainable difference, we had to combine resources and find new ways of working. This acknowledgement is enshrined in MDG8 “Develop a Global Partnership for Development”. The past decade shows how much can be achieved by working differently, and offers lessons for how global public-private partnerships can continue to be innovative and inclusive.

The GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria are two such global health public-private partnerships (PPPs) which have demonstrated that involving the public and private sector at every level - governance, technology development, fundraising and implementation - can yield dramatic public health impact on an unprecedented scale.

The GAVI Alliance was created in 2000 and the Global Fund in 2002. Both were born out of a desire to bring new approaches to solvable challenges. Vaccination rates in many developing countries had stagnated despite the best efforts of existing initiatives and new life-saving vaccines were not reaching populations most in need. At the same time, HIV and AIDS were ravaging sub-Saharan Africa, the price of treatment from the private sector was prohibitively expensive, civil society groups were limited in the services they could provide, and governments were struggling with the burden of AIDS and malaria on their health systems.

While the two organisations have different mandates and distinct approaches, they have both succeeded in bringing new actors, resources, business models and a sense of urgency to addressing complex health and development issues. Largely as a result, the past 13 years have seen a substantial increase in funding, particularly for global health, and a wider, more inclusive political movement. They have also focused on results to ensure this funding is used effectively – saving 8.7 million lives from Global Fund-supported programmes and averting 5.5 million early deaths through GAVI’s support to developing countries.

PPPs have had a significant impact on the effectiveness of the markets in which they operate. GAVI has contributed to dramatic reductions in the prices of key vaccines as well as increasing the number of suppliers from developing countries. The Global Fund has helped to reduce the price of antiretroviral drugs by over 50% by including the private sector and civil society in the solutions to development.

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These two PPPs were created to develop and distribute life-saving technologies for the people who need them most. The emergence of new funders who wanted to see development done differently, incorporating methods and metrics from the private sector, provided much of the financial impetus for progress.

Inclusiveness and innovation at country level

In fragile states like Somalia and South Sudan, the Global Fund has built its model on multilateral and NGO implementers to achieve increased access to malaria interventions in very difficult situations. In Ethiopia it has helped the country deploy community health workers to extend coverage of the basic health system from under 50% to over 90% to deliver HIV, TB, malaria, child and maternal health services. This has allowed it to extend gains from MDG 6 to MDG 4 and 5. In Ukraine it has supported civil society organisations to match services with groups difficult to reach with the health system, reducing HIV incidence substantially. In South Africa, building on the health sector, community and private hospitals have helped the country extend the response to diseases like AIDS, resulting in the first increases in life expectancy in a decade.

From delivering vaccines to the hardest to reach in some of the world's poorest countries, to influencing global health and development policies, civil society organisations help to advance GAVI's vision of a world where vaccines are available to all. Civil society, in partnership with government, are important actors in implementing immunisation programmes, delivering up to 65% of immunisation services in many developing countries, strengthening health systems, training health workers, creating demand for immunisation, and supporting logistics and vaccine delivery. In Ethiopia's western Gambella region, for example, civil society has been critical in raising immunisation rates in just one year to 71% from 40% among communities that are poor, remote, or semi-nomadic. In Afghanistan, immunisation coverage increased from 24% in 2000 to 66% in 2010.

Impact

Since 2000, the GAVI Alliance has helped countries to immunise an additional 370 million children and prevent over 5.5 million early deaths. As a result of its focus on market shaping, GAVI has helped developing countries to secure life-changing vaccines at a fraction of the global market price and is closing the historical time lag between vaccines availability in rich and poor countries. Since its creation in 2002, the Global Fund has supported more than 1,000 programmes in 151 countries, providing AIDS treatment for

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4.2 million people anti-tuberculosis treatment for 9.7 million people and 310 million insecticide-treated nets for the prevention of malaria, resulting in 8.7 million lives saved.

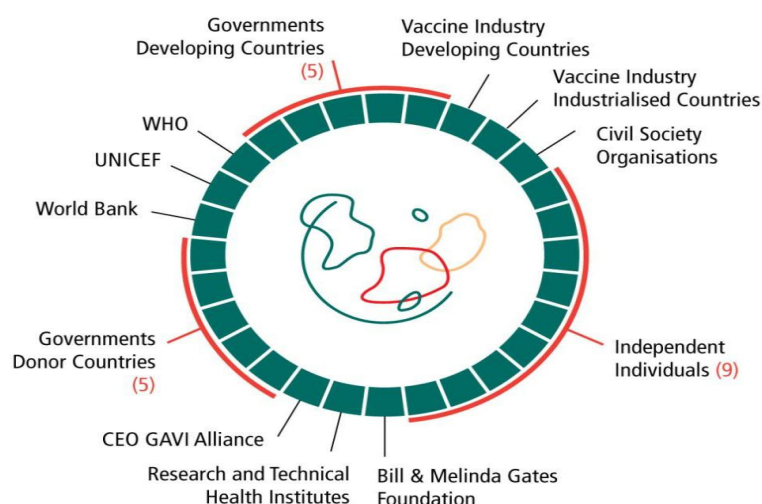
In addition to the direct health impact of these interventions, there is growing evidence of a broader development impact. Immunisation contributes to a healthy start to life and thus enables children to attend school more frequently and for longer. This in turn leads to increased earning potential and a greater contribution to broader community income and national economic output. Similarly, preventing and treating disease caused by HIV, tuberculosis and malaria enables people to live healthier, longer and more productive lives, leading to increased economic development. Increasing healthy years of life is an end in itself, which also contributes to increasing economic output and reducing poverty.

Inclusive partnerships

In order to achieve results at such scale, GAVI and the Global Fund represent a significant innovation in the partnership through which development is delivered. Having donor and implementing governments in equal representation as Board members, alongside multilateral partners, was in itself new. However both partnerships made an even bolder move by opening the doors of their boardrooms to non-governmental organisations, the private sector, affected communities and private individuals. Involving such different, and sometimes divergent, voices in the Board deliberations often creates tension but it facilitates balanced strategic decision making, innovation and collaboration.

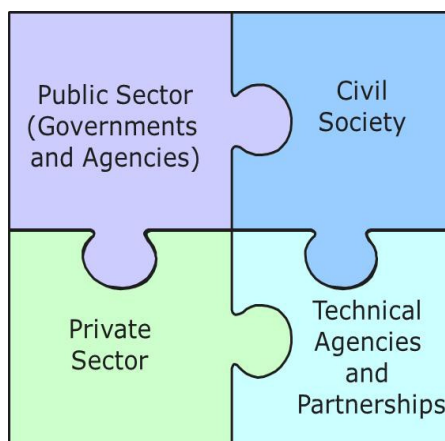
The key role played by civil society has been recognised, supported and harnessed by the PPPs. Both partnerships have civil society representation at board level through an organised constituency; the constituency also actively contributes to policy development, resource mobilisation, and programme oversight. At the same time, civil society plays an important role as a watchdog, keeping a close eye on the activities of governments, multilaterals and global health partnership. On many levels, the active participation of civil society has been critical to the success of both PPPs.

The GAVI Alliance Board membership



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The Global Fund is made up of a partnership at Board and country levels



PPP's are increasingly looking towards the private sector not only to broaden the donor base but to inject new management capacity and innovation into the business of development. Private sector organisations have brought substantial amounts of money to the table, through direct donations, through the capital markets, innovative marketing like the product (RED) campaign, and via commercial relationships. At the same time, private sector organisations and individuals have brought a clear focus on measurement, results and evaluation.

Country level partnerships

Country Coordinating Mechanisms (CCMs) bring together public and private sector partners, including civil society, multilateral and bilateral partners to develop and submit grant proposals to the Global Fund. After grant approval the CCMs also oversee progress during implementation.

Interagency Coordination Committees (ICCs) are a key coordinating mechanism for immunisation services in developing countries. Membership includes the ministry of health, GAVI Alliance partners such as WHO, UNICEF, nongovernmental organisations and donor governments. ICCs sign all country applications for GAVI support.

Private sector solutions

In December 2012, GAVI and the mobile communications leader Vodafone announced a unique partnership to explore how mobile technology can help increase childhood vaccination levels in sub-Saharan Africa.

The Global Fund works closely with the private sector in implementation, providing key management, auditing and IT support for programmes. They also deliver services through private and workplace health clinics, which in turn reduced

These partnerships can be difficult, and the relationships are not always easy to manage. But there are creative tensions and a power in the collective energy that means the GAVI Alliance and the Global Fund are stronger than the sum of their parts.

Innovative Solutions

Ensuring predictable and sustainable financing to developing countries can be challenging. As a result, both PPPs continually look for new ways to supplement and build on their donor base. Donors, both public and private, have strongly mobilized in favor of health focused PPP's. Collectively, thanks to bilateral donors, private sector

Innovative financing mechanisms

The International Finance Facility for Immunisation (IFFIm) increases the predictability and level of financing for immunisation by converting long-term government commitments into immediately available cash resources by issuing bonds known as "vaccine bonds" on the capital markets. For the first time, donors have been prepared to provide legally binding 20 year financial commitments and the power of the capital markets has been tapped for large-scale development finance. In just over five years, IFFIm has raised more than \$3.5 billion in vaccine bond sales.

The GAVI Matching Fund is GAVI's instrument directed at the private sector. It enables donations by corporates and philanthropists, whether financial or in-kind, to be matched on a 1:1 basis by the UK Government and the Gates Foundation. It enables GAVI to raise funds, acquire core business skills and expand its network of advocates. Since its launch in mid-2011, the Matching Fund has already raised over \$85 million for immunisation.

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partnerships and innovative funding mechanisms, the Global Fund and the GAVI Alliance have raised well over \$30 billion for global health since their inception. The ability to raise and disperse unrestricted, predictable and flexible funding continues to have a unprecedented positive impact on health outcomes at country level.

Country co-financing

One important tenet of GAVI's efforts to ensure country ownership and build sustainability is its policy of requiring country co-financing of vaccines, which gradually transfers responsibility for funding new vaccines to the government. More than 60 countries are currently committed to co-financing their vaccines, with their share of the costs determined by their ability to pay.

The Global Fund requires counterpart financing in all its grants, to ensure that country HIV, TB, malaria and health programs are scaled up alongside global fund financing. Some of the poorer countries in Africa are planning to set up national AIDS funds to cover an increasing part of their sustainable response to AIDS.

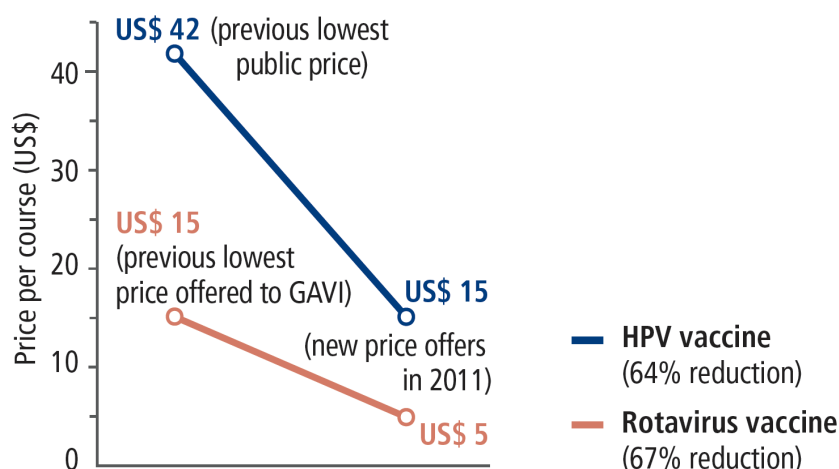
While PPPs have succeeded in raising unprecedented core funding for global health, their focus has continued to be on ensuring that support to developing countries leads to sustainable outcomes. One way to ensure sustainability is to ensure a secure supply of appropriate health commodities at an affordable price.

In the case of vaccines, there was essentially a market failure before the creation of the PPPs. Manufacturers were, on the whole, not interested in supplying developing countries. There was a clear mismatch in focus of manufacturers between maximising revenue from existing markets and the needs of countries where the burden of vaccine preventable disease is most pronounced. Put simply, vaccines were not getting to those who needed them the most. So the GAVI Alliance developed a strategic focus on market shaping.

By pooling demand from eligible countries and purchasing large amounts of vaccines, GAVI has created a reliable market for vaccines in developing countries. Initial successes include increased production and supply of quality, affordable vaccines, as well as accelerated price decreases and tiered pricing that enables developing countries to pay significantly less than higher income countries for the same vaccine. Significant price drops have helped to increase access to hepatitis B and Hib-containing vaccines, as well as rotavirus and HPV vaccines.

Public-Private Partnerships: 21st Century Development Models

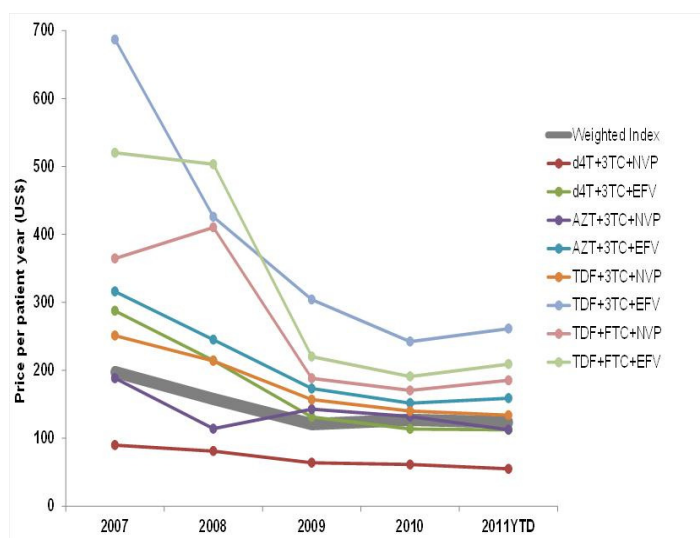
GAVI's market shaping focus driving down the cost of life-saving vaccines



Source: GAVI Alliance, PAHO, UNICEF Supply Division, 2011

The Global Fund continues to contribute to the reduction in the prices paid for AIDS drugs and for insecticide treated bednets. It has developed approaches to allow countries to pool procurement and to benefit from preferential prices for the key commodities they need, in close collaboration with the private sector and other partners.

Common first line AIDS drugs: median price reduced to \$127 per year



Inclusive partnerships promote transparency and accountability. The Global Fund and GAVI both operate on these principles and hold their recipients accountable to strict standards. Programme documents and Board meeting documents are routinely published on their respective websites as are independent evaluations of the organisations' own performance.

Learning and Challenges

By combining ideas and implementation capacity from government, civil society and the private sector, PPPs continue to develop novel approaches based in the operation of the market, overlaid with a concern for equity.

The growth of PPPs has not been without its critics and challenges. By focusing on funding and providing commodities for a limited range of diseases, PPPs have been accused of taking a siloed approach to health care. They have been criticised for not sufficiently strengthening the health systems as a prerequisite for disease programmes. Both the Global Fund and GAVI responded and have provided funding specifically designed to strengthen health systems. Their success requires the on-going coordination of its wide range of multilateral and country partners.

There continues to be a need for better coordination between different sectors at the country level, where connections may not be as strong and the sectors may not be used to interacting with each other. PPPs have worked hard on cooperation and transparency at country level, including improving aid effectiveness. Both the Global Fund and GAVI are moving increasingly towards a country-tailored approach. Both PPPs have a specific focus on increasing access for populations currently underserved by health services. Non-governmental partners hold the key to unlocking this door.

Looking to the Future

There is the potential to transform global responses to a wide range of issues, as the responses to immunisation, AIDS, TB and malaria have been transformed in the last 13 years through the contributions of public, private and civil society sectors. This will be the basis of a wider and innovative global development partnership.

As traditional donors come under increasing pressure to justify financial commitments and as global problems become more complex, multi-sectoral partnerships will become an increasingly important model to extend our development partnership. Alternative sources of finance are needed, such as foreign investment, capital markets, remittances and the better operation of the market, as well as ways to more effectively shape markets to support development.

At the same time, the focus on aid effectiveness requires clear measurement of results achieved and progress made in reducing poverty. As the world focuses on the need to pursue new development goals beyond 2015 and reduce poverty, effective partnership, together with predictable, flexible funding - must be part of a new way of thinking. The model developed and refined through the global health PPPs, over the past decade and a half, has clearly demonstrated the benefit of combining the skills and attributes of government, civil society and the private sector.

GAVI and the Global Fund have shown that inclusive and innovative partnerships work. Their experience can inform broader development approaches in the fight against poverty.