

## Conversation with Stefano Bertozzi on November 20, 2013

### Participants

- Dr. Stefano Bertozzi, Dean and Professor of Health Policy & Management, UC Berkeley School of Public Health
- Cari Tuna, Co-Founder, Good Ventures
- Ben Rachbach, Research Analyst, GiveWell

### Summary

Stefano Bertozzi is the Dean of the UC Berkeley School of Public Health and Professor of Health Policy & Management. He is the former HIV Director at the Gates Foundation. Good Ventures spoke to him about a range of topics, including program related investments, the Global Fund, health systems strengthening, and schools of public health.

### Program related investments (PRIs)

PRIs include equity investments, insurance, concessional/non-concessional loans, or volume guarantees/advance market commitments.

As one example, a philanthropist could offer to guarantee \$1 billion in sales for the first HIV vaccine that meets a set of criteria. Vaccine producers are reluctant to invest significant funding in new vaccine development in part because another producer might quickly create a slightly better vaccine and capture the full market. It's likely that the market for the first HIV vaccine would exceed \$1 billion and the guarantee would not cost the philanthropist anything. Also, the philanthropist would know many years ahead of time what HIV vaccines were in the drug approval pipeline and could thus have early warning of possibly having to pay out the prize. Potentially, a philanthropist with more limited resources could offer such a prize, and a larger foundation such as the Gates Foundation could "reinsure" the philanthropist.

Such a prize is a good fit for philanthropy rather than government because such a funding scheme would be politically unpalatable.

PRIs tend to encourage close scrutiny of funding opportunities because of the potential for financial returns. It is ironic that a foundation might end up doing greater due diligence on investments where there might be returns in health and financial returns as compared to investments where the returns are only in health.

### The Global Fund

### Governance

The Global Fund's board is comprised of 10 donor and 10 implementer (recipient) representatives. The donor representatives include one representative for the private sector and one for private foundations. The Gates Foundation sends the representative for private foundations because it is the largest contributor to the Global Fund among that constituency; most other private foundations perform roles complementary to the work of the Global Fund rather than giving to it directly (e.g., the Open Society Foundations do complementary human rights work and the Kaiser Family Foundation does analytic work). Implementer representatives include representatives from Northern and Southern NGOs as well as from affected populations.

The Gates Foundation funds a large proportion of independent groups doing external fundraising for Global Fund. It also works closely with ONE and the (RED) campaign and helps to educate funder governments about the benefits obtained from their investments in the Global Fund.

### **Activities**

The Global Fund Secretariat and its Technical Review Panel (TRP) both review project proposals for funding. In past funding rounds, the reviewers gave an up or down vote to each proposal, and proposals voted down in one round could not be resubmitted until the next round. There is now a more iterative process, with a rolling review structure and four possibilities to submit proposals for funding per year. The proposals receive feedback from the secretariat, the TRP, and the Global Fund's technical partners (WHO, UNAIDS, The Roll Back Malaria Partnership, and the Stop TB Partnership). The feedback is designed to strengthen the proposals and to ensure that the projects are integrated into national strategies rather than serving as one-off initiatives. National strategies should be funded by a combination of the country, bilateral aid, and the Global Fund.

### **Monitoring and evaluation**

In its work with the Global Fund, the Gates Foundation particularly focuses on improving the efficiency and effectiveness of their operations and funded programs. The Global Fund has made great progress on this front in reducing the costs of procurement, which comprise about 60% of total Global Fund spending. For example, the Global Fund has significantly reduced the heterogeneity in price and the mean price of the antiretrovirals for HIV that it procures, and is currently working on reducing the cost of the malaria bednets that it purchases. The Global Fund has found that one key is to maintain a plurality of suppliers rather than narrowing the field to one supplier. The foundation has also worked closely with GAVI on market dynamics in the vaccine market.

The Global Fund's work on improving the efficiency of service delivery is much more nascent. It has worked with PEPFAR in the field and is collaborating on expenditure analysis with the Gates Foundation as well.

The Global Fund has always allowed 10% of any grant to be used on evaluation, but these funds are typically underspent. Previously, when projects were funded in discreet rounds, evaluation was left out of project proposals in the rush to ready them for consideration. This problem is less acute under the new rolling structure, and newer projects incorporate more M&E. However, it is

still challenging to provide timely technical assistance in this area, especially for impact evaluation, and the quality of M&E in project proposals is still lower than it could be.

## **Health systems strengthening**

Both the Global Fund and GAVI are investing substantial sums in health systems strengthening (HSS), but neither organization has strong expertise in this field (for example, the Global Fund has disease-specific interaction with its technical partners but gets limited support on HSS). This has affected the quality of HSS projects. The World Bank, which is the trustee of the Global Fund's capital, invests significantly in HSS, has significant expertise, and might seem like a natural fit to be the technical advisor on HSS, but it is not heavily involved in such a role.

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