

Technical Evaluation Reference Group: Thematic Review on The Role of the Private Sector in Program Delivery

TERG Position Paper, Management
Response and Final Report

May 2021

Technical Evaluation Reference Group: Position Paper - Thematic Review on the Role of the Private Sector in Program Delivery

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GENEVA, SWITZERLAND

Executive Summary

Context for this Thematic Review

The private sector (PS) has been a key component of the Global Fund (GF) partnership model, contributing financial and other resources, as well as supporting major advancements against the three diseases at the country and global levels. The Board, Strategy Committee (SC) and Secretariat have been keenly interested in examining how to strengthen the Global Fund's relationship with elements of the PS, especially private service providers.

This Private Sector Engagement (PSE) Review was commissioned by the TERG and carried out between August 2020 and February 2021. It is based on six country case studies, key informant interviews with Global Fund stakeholders and document reviews, all completed remotely due to COVID restrictions. The Review focuses on for-profit PS entities involved in the fight against the three diseases and in health systems strengthening. While not-for-profit entities were not the focus, they were included in the private sector landscaping done and some findings here may be useful in later analysis of these organizations. Private resource mobilization and commodity supply were out of scope.

The PSE report identifies five focus areas for private sector engagement for the Global Fund. These focus areas were identified as areas of active private sector engagement in program delivery across the Global Fund implementing countries selected for country case studies in this review. The focus areas, which can be interlinked to the Global Fund strategic objectives, are 1). engagement of private sector service delivery to increase access to quality care, including to key populations (KPs); 2). data management; 3). supply chain management; 4). financing and financial management and 5). policy and regulation.

Key Messages and Conclusions of the Review

The PS accounts for over half of all care delivered worldwide, with a similar picture for the three diseases, albeit less pronounced for HIV. It is unlikely that the Global Fund could fulfil its mission without effective PSE. However, there are concerns regarding some key aspects of PS care: to what extent do PS patients receive adequate quality care; whether governments can and do effectively monitor PS cases; how much transmission is reduced by the PS; and how much disease burden is lowered by the PS through effective notification, contact tracing and case management.

Despite limited policy or guidance from the Global Fund, some innovative activities have taken place in partnership with the PS at both Secretariat and country level. In particular, in selected areas, the Global Fund has reached out to the PS to benefit from innovation and to take advantage of outreach where the PS is either already dominating the market, as in information technology (IT), or is already reaching low-income populations with healthcare services and innovative products. Across many countries a range of PSE initiatives are being implemented, driven by governments, Fund Portfolio Managers (FPMs), Country Coordinating Mechanisms (CCMs) and Principal Recipients (PRs), though often only in pilot or at a small scale. This report offers both an overview and many examples of these initiatives.

Two areas that are critical for the Global Fund for better PSE involve strengthened government capacity in: (i) bolstering ability to design, manage and enforce contracts with the PS since expertise is weak in most low- and middle-income countries (LMICs); and (ii) facilitating regulations on the quality of PS care.

The Report identifies several barriers to engagement with private entities, both non-profit and for-profit that deserve consideration in Global Fund strategy development. Some FPMs and governments have sought creative solutions to these, including through partnership with other donors or PRs.

Recommendations

The Report suggests five categories of recommendations, which are further broken down into suggested actions (Table 2). **The TERG in large part endorses the consultant's report and recommendations.** The TERG, considering comments from the Global Fund Secretariat and partners, has consolidated the consultant's recommendations, focusing them both at the Strategic and at the Operational levels. They are summarized below and are further described in this report.

Strategic Recommendations

- Recognize the private sector in the post-2017-2022 Global Fund Strategy;
- Develop a Private Sector Engagement Strategy.

Operational Recommendations

- Expand the knowledge base and explore promising high-value interventions and models;
- Strengthen PSE-related partnerships with development partners;
- Mobilize additional resources and expand access to health services, by engaging other players through Global Fund Secretariat.

Input Received

In July 2020, the TERG Chair circulated the draft PSE Review terms of reference, including the scope and questions, for SC consideration. The review questions were developed by the TERG PSE Steering Committee after extensive consultation with the wider TERG, Global Fund Secretariat and the SC leadership. The SC comments were taken into consideration in the final Request for Proposals, issued on 4 August 2020. The PSE Review was initiated and conducted under the overall guidance of the TERG PSE Steering Committee with substantial contributions from the Global Fund Secretariat, including the PSE Secretariat Working Group¹.

¹ Manager, Private Sector Engagement Department (PSED); Manager, Supply Chain; Senior Technical Coordinator, Community Rights and Gender Department (CRG); Senior Technical Coordinator, MNCH & HSS & Private Sector Focal Points of the Technical Advice and Partnerships Department (TAP); FPMs of the Grant Management Division (GMD); and the TERG Secretariat.

Report

Part 1: Background

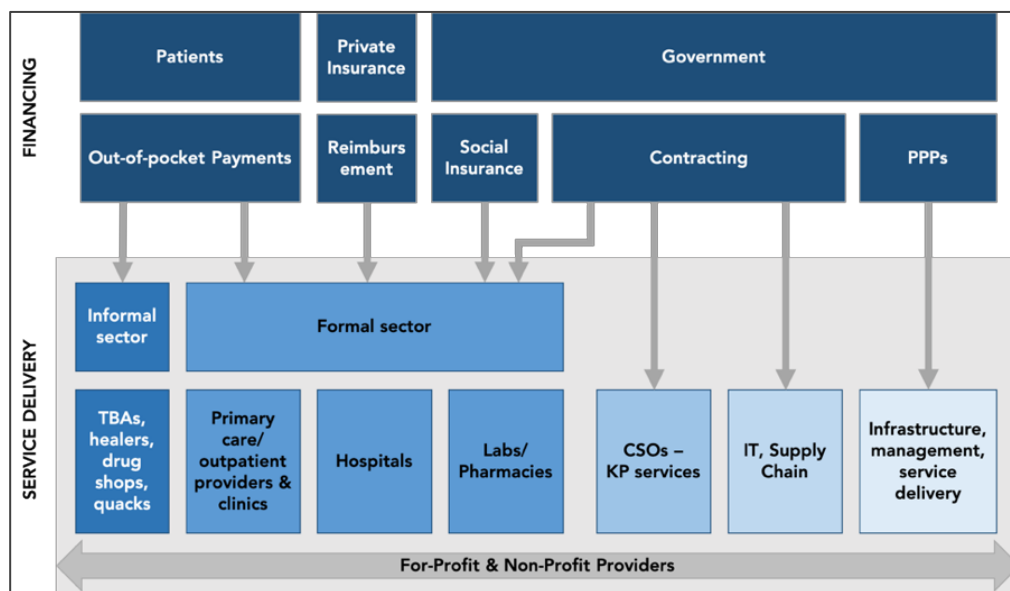
1. The Global Fund (GF) was created as an innovative public-private partnership between governments, civil society, the private sector and people affected by HIV/AIDS, tuberculosis (TB) and malaria. The private sector (PS) was a founding partner of the Global Fund in 2002, and has played a vital role in providing resources, both financial and non-financial and in increasing the scale and effectiveness of the Global Fund's efforts in fighting the three diseases. However, unlike some other major global health institutions, **the Global Fund has not developed an explicit strategy to govern its interactions with the PS in programme delivery.**
2. The PS actors play a significant role both globally and, particularly, in national health systems including in the fight against HIV/AIDS, TB and Malaria. Examples include commercial private health providers who offer services in diagnosis, treatment and prevention activities; supply chain management activities such as warehousing; information systems; reaching the under-served with Seasonal Malaria Chemoprevention or behavior change services; training health workers; supporting technology development and implementation; and in many other areas. Within the umbrella of the PS, the for-profit PS plays an important role in the delivery of health care and health services and in the attainment of the health objectives and global health goals for 2030.
3. The Private Sector Engagement (PSE) Review was commissioned by the Technical Evaluation Reference Group (TERG) of the Global Fund. It was carried out between August 2020 and February 2021. The scope of work and the strategic evaluation questions were developed in consultation with the Global Fund Secretariat and the Strategy Committee (SC). The review had three main objectives.
4. **Objectives of the review:** To assess the current Global Fund engagement with for-profit private sector actors in program delivery; their contribution to the three diseases and the health system; their experience in delivering results; identify lessons learned; potential options for sustainability; and for improving its engagement at country and regional levels through:
 - **Main Objective 1:** Landscaping, assessing and articulating the current role and scope of the broader in-country private sector actors, with a particular focus on for-profit private sector actors, in health delivery and health systems; identifying the opportunities and potential for greater impact and alignment to improve health outcomes. This would include documenting the contribution across Global Fund disease priorities, as well as areas such as supply chain, information systems and new technologies.
 - **Main Objective 2:** Identifying the barriers that prevent governments, CCMs, PRs, the Global Fund, and its stakeholders from working more effectively with the for-profit PS in service delivery. Reviewing how these can be alleviated, including identification of enablers and tools for stakeholders to better engage with the for-profit private sector. Analyzing the cost-effectiveness of the for-profit private sector in programme delivery and the risks and limitations of a greater role for private sector providers in health delivery and health systems.
 - **Main Objective 3:** In collaboration with TERG and Global Fund Secretariat, to provide high-level recommendations as to how for-profit PSE could be enhanced and facilitated by the Global Fund to strengthen program delivery, outcomes and sustainability.
5. The review aims to inform the implementation of the current Global Fund Strategy 2017-2022 and the development of the post-2022 Global Fund Strategy.

6. This review focuses on the for-profit organizations but also for partly pragmatic reasons of data collection, includes areas where non-profits operate similar models (customer fee based or Government contracted), and therefore only captures part of the non-profit PS. The review does not provide a comprehensive assessment or analysis of the non-profit PS or how the Global Fund relates to civil society implementers. The inclusion of the non-profit PS is limited to its overlap with the for-profit sector models. Mission-driven, purely charitable organizations and corporate social responsibility (CSR) activities that already play a major role in the Global Fund agenda were outside the scope of this review.
7. **Landscaping the Private Sector:** The review examined the service delivery landscape in countries through the lens of the four strategic objectives of the Global Fund strategy 2017-2022 and specifically focused on five priority areas. These focus areas cover many aspects of health systems, in line with the Global Fund objective of building resilient and sustainable systems for health. These areas are:
 - a. Engagement of private sector service delivery to increase access to quality care, including to key populations (KPs);
 - b. Data management, e.g., development of health management information systems, innovative data collection, data analytics; M&E technologies, surveillance;
 - c. Supply chain management, e.g. logistics, forecasting, warehousing, distribution, waste management;
 - d. Financing and financial management, e.g., strengthening financial management of grant recipients, including governments; working with Social Health Insurance (SHI) to ensure coverage for the three diseases; and PS contracting, via social franchising and vouchers;
 - e. Policy and regulation, e.g., making diseases notifiable and other ways to get and utilize data from the private health sector, and improving quality of care.
8. **Methods and Approaches:** The review included key informant interviews (KIIs) with representatives from all stakeholders, including members of the Global Fund Board and Secretariat; TERG; the PS, governments, civil society and Global Fund representatives in-country. The review built on existing research and resources, for example the PS landscape analysis that was recently completed by USAID and WHO. Six country case studies in India, Indonesia, Kenya, South Africa, South Sudan and Thailand were also included. The selection of countries was based on criteria suggested by the TERG and PSE Secretariat Working Group and reflected the following criteria: region; income category; disease component; share of private sector within health care spending and nature of the for-profit private sector respectively.
9. **Key Limitations:**
 - COVID-19 pandemic - The PSE consultant team completed all the literature review, KIIs, and the six country case studies virtually due to travel restrictions. The impact and implications of the COVID-19 pandemic were not included at the time of commissioning this review nor during the main period of their information gathering for the obvious reason that this pandemic had not yet struck. However, at the request of TERG, the consultants have attempted to factor the implications of the pandemic in as much as is possible given it was not part of their main information gathering process.
 - Limited representativeness of countries analyzed - Given the highly variable contexts in which the Global Fund operates and the differences in the nature of Global Fund support across countries, the limited representativeness of countries analyzed constrains the ability to extrapolate conclusions on how findings may apply to other settings.

Part 2: Key Findings

10. **Definition of the Private Sector:** The World Health Organization (WHO) defines the private health sector as “the individuals and organizations that are neither owned nor directly controlled by governments and are involved in provision of health services. The PS can be broadly classified into subcategories as for-profit and non-profit, formal and informal, domestic and international.” This report has adapted this definition and focuses on organizations that act as for-profit PS entities, even where they may on occasion technically be not-for-profit or are contracted by government.
11. **Typology of the Private Sector in Health:** The PS in a given country or context will be multi-faceted, with characteristics that include health sector functions, legal formalities and size in terms of value or volume of services. Together, these characteristics help to define a private provider market and its individual components. The analysis also focuses on provision rather than financing of services. PS care can be funded through any mix of public and private finance that a government decides. The typology of the PS, as articulated by the consultants, is given in figure 1 below.

Figure 1: Typology of the Private Sector in Health



12. The PS accounts for over half of all care delivered worldwide (Harding and La Forgia 2009). WHO’s Private Sector Utilization report (2019) analyzed 65 countries from 2010 to 2019 and found that the PS provides nearly 57 percent of outpatient and inpatient services in Southeast Asia, 62 percent in the Eastern Mediterranean, and nearly 40 percent in Latin America and the Caribbean, Africa and the Western Pacific. A similar picture emerges for the three diseases, albeit less pronounced for HIV. Assessments show that 75 percent of TB patients in high prevalence countries seek initial care in the PS, and 54 percent of all anti-TB drugs are prescribed by private sources in some countries (WHO 2018a).
13. Although the PS services are clearly already being used for the three diseases, it is not always clear whether patients receive adequate quality care, and if governments can and do effectively monitor cases, reduce transmission and lower the overall burden of disease by ensuring notification, contact tracing and effective case management. Strategic engagement of the PS by the public sector and donors can help to better align and coordinate efforts within

and across fragmented health systems and ensure effective management of the three diseases.

14. There are already on-going innovative activities with the PS at both Secretariat and country-level. At the Secretariat level, the Global Fund has reached out to the PS to benefit from innovation, non-financial capabilities and financial contributions including in key areas such as supply chain and digital health. These activities could benefit with greater guidance and support and being more strategically structured.
15. Across many countries, driven by governments, Fund Portfolio Managers (FPMs), Country Coordinating Mechanisms (CCMs) and Principal Recipients (PRs), a range of PSE initiatives are currently being implemented. Many of these initiatives are being piloted or have been implemented on a small scale such as in the areas of health systems, regulation, financing arrangements, supply chain management and digital technology innovations.
16. The accompanying PSE Report (Annex 4) elaborates on the PS role in service delivery for the three diseases and how the Global Fund is already partnering with the PS at the country level. An overview of some PS activities in selected Global Fund country programs is also given in Annex 5 of this document.
17. **Fragmentation of Data:** Fragmented, antiquated or nonexistent case detection reporting mechanisms in many settings highlight the urgent need for data sharing and aggregation across healthcare systems. Fragmentation of data has contributed to inefficiencies and poor quality of care, and ultimately exacerbates challenges in the management of the three diseases. In some settings, private providers account for between two and 19 percent of all notifications officially submitted to the authorities. The juxtaposition of widespread utilization of PS services with an undeveloped notification system presents challenges for the Global Fund but also may serve as an entry point for a strategy that builds on the experience of existing initiatives and engagements of the Global Fund and partners.
18. **Contracting and Regulations:** Governments, especially in most LMICs, often lack skills to perform contract management and oversight throughout the process. Engaging the PS also requires complementary attention to issues of regulation. Hence, two areas that are critical for the Global Fund for effective PSE are: (i) bolstering governments' abilities to design, manage and successfully implement contracts with the PS; and (ii) support government stewardship across a number of areas including incentives, regulations, policy guidance and financing mechanisms.
19. **Barriers to Private Sector Engagement:** The Report identifies several barriers to engagement and partnering with private entities, both non-profit and for-profit, that deserve consideration in Global Fund strategy development². Driven by slow progress in one or more of the three diseases, FPMs and governments are addressing some of these barriers through creative solutions. In some cases, partnerships have been formed with other donors or PRs to identify alternative solutions to help governments figure out how to leverage the PS. These partnerships have resulted in a robust PSE agenda at the country level. Some of these barriers include:
 - a. Challenges governments face in working with the PS: general mistrust, lack of predictability of consistent resources, weak and non-existent regulations, and the fact that maturity of the PS varies from country to country.
 - b. Risks and limitations of the PS working with the public sector: delayed payments, administrative costs, and an inability to manage contracts.

² A more in-depth discussion on barriers is provided in Section 3 of the Annex to the report.

- c. Challenges and risks of engaging with the PS: misaligned incentives, sustainability risks, counterfeit drugs, lack of trust and poor Government cooperation.
- d. Challenges the Global Fund faces in working with the PS: a lack of policies, siloed knowledge, a lack of focus on multi-country partnerships, and contracting issues.

20. **Mapping of specific areas for PSE to the Global Fund’s strategic objectives:** The report highlights potential synergies between the Global Fund objectives and what is offered by the PS. Table 1 below maps potential broad areas of engagement to the Global Fund’s strategic objectives, broken down by the five focus areas articulated in the report. Due to the interlinking nature of the strategic objectives, many of the areas of engagement support multiple Global Fund strategic objectives. For example, strengthening supply chains can increase the impact against the three diseases by ensuring end-users receive quality medicines consistently and equitably, can build more resilient health systems and can effectively increase resources by improving value-for-money of existing funds. The weakest linkage between the PS and the Global Fund strategic objectives is in the area of human rights and gender equality. While many CSOs and some non-profits are critical in championing human rights and gender equality, most private providers are not engaged in or focused on these issues.

Table 1: Mapping Potential Areas for PS Engagement to the Global Fund Strategic Objectives

Focus Area for PS Engagement	The Global Fund Strategic Objectives			
	Maximize Impact Against HIV, TB & Malaria	Build Resilient & Sustainable Systems for Health	Promote & Protect Human Rights & Gender Equality	Mobilize Increased Resources
1. Engagement of PS service delivery to increase access to quality care, including to KPs	Innovative PS delivery models and partnerships to reach Key and Vulnerable Populations (KVPs) with services for the three diseases <ul style="list-style-type: none"> • Delivery models that use aggregators and intermediaries of private providers, including social franchises, for-profit chains and medical industry associations to reach KVPs; • Private pharmacies and labs (e.g., blood draws), a frequent first point of contact for users, which deliver services for the three diseases, particularly in hard-to-reach areas; • PS telehealth innovations that improve access to care, retention in care, and continuity of care across providers. 			
2. Digital technology and data Management	Robust M&E and surveillance systems through PSE <ul style="list-style-type: none"> • Collection and use of data (and KVP- and gender-disaggregated data) for decision-making by scaling proven cost-effective IT systems and implementation models; • Access to PS health data by improving reporting through incentives and engagement. 			
3. Supply Chain Management	Supply chain management leveraging the PS <ul style="list-style-type: none"> • Contracting supply chain operators based on performance (e.g., reduced stock outs and costs) to generate efficiencies and increase predictability of resources 			

	<ul style="list-style-type: none"> Engaging PS expertise, systems and practices to innovate in logistics management and increase efficiencies with potential transformative solutions (for instance with drone delivery to access hard to reach populations or areas of conflict.
4. Financing and Financial Management	<p>Engaging Social Health Insurance (SHI) schemes to mobilize increased resources and improve access to services, including through PS service delivery mechanisms</p> <ul style="list-style-type: none"> Advocating and engaging the Government and other authorities responsible for SHI to include priority services related to the three diseases, including through PS providers. This may involve exploring subsidies for specific benefits packages, on the condition that long-term funding for such services would be assumed by the SHI; <p>Based on clear parameters, appropriate regulations and quality assurance measures, use payment mechanisms to incentivize desired outcomes and subsidize services</p> <ul style="list-style-type: none"> Use of pay-for-performance (P4P) models, vouchers, and other subsidy arrangements and incentives to reach KVPs; Leveraging PS capabilities to explore options to mobilize health savings accounts and subsidize services for KVPs through innovative financing measures and mobile money options; <p>Strengthen financial management systems through PSE</p> <ul style="list-style-type: none"> Strengthening financial management practices of Principal- and Sub-Recipients by leveraging PS-led financial management and mobile money systems.
5. Policy & Regulation	<p>Strengthen regulation of health services delivered by the PS</p> <ul style="list-style-type: none"> Advocating and funding the Government to improve regulation and enforcement capabilities of PS service delivery Providing support to improve the quality of private (and public) providers
<p><i>Crosscutting Potential Areas for PS Engagement Across the 5 Focus Areas</i></p> <ul style="list-style-type: none"> Revising Global Fund financing as necessary so that it can be used to scale up promising PSE and service delivery models, e.g., with the use of catalytic funds Compiling and sharing good practices of PSE with countries; and Developing formal country guidance for CCMs and PRs on potential advantages and pitfalls of engaging the PS in country grants, and how to do so effectively. 	

Part 3: Conclusions and Recommendations from the PSE Review Report

The main conclusions and recommendations provided in the report have been summarized below.

21. **Key Conclusions of the Report:** Based on the review’s findings, some of the key conclusions of the PSE report are as follows:

- a. While the PS has been a key part of the Global Fund’s partnership since its founding, private sector engagement has been largely concentrated on its role as a contributor of financial resources. There has historically **been a lack of strategy, policy and guidelines to shape the role of the private sector in service delivery and health systems support;**

- b. Notwithstanding the absence of an explicit PSE strategy for service delivery, the Global Fund is already engaging the PS in achieving national and global goals. Governments, CCMs and PRs are already using grant funding to partner with the private sector in a range of initiatives covering all three diseases and health system strengthening;
- c. There is significant evidence of the value add on exploring High-Value Interventions that could accelerate PSE and have a significant impact on the outcomes of the program design, implementation and assessment and on the Global Fund mandate;
- d. Recognizing that all healthcare systems are mixed is key for PSE in program delivery. The government plays the overarching role, but it does not deliver every service in the context of mixed health systems. A key role is stewardship of the mixed health system, the engagement and supervision of health delivery even where it is not directly delivering services, including to foster an enabling impact environment for healthcare providers. As such, the government plays a central role in defining and supporting PSE initiatives. Engaging the PS will require complementary attention to issues of regulation, understood as the legal rules of the game and standards for health providers and payers that are the basis for accountability in SOs 1 and 2. The PS needs transparent laws and regulations, and predictability to function effectively;
- e. It is vital that governments build and strengthen their capacity to perform contract management and oversight throughout the process. Contracting is likely to be the future as efficiency and performance become more embedded in healthcare as ultimate objectives, and achieving specific outcomes, such as eradication of the three diseases, becomes paramount. All contracting, including for supply chain, requires specific managerial expertise. Governments often lack these skills and must build it from the ground up. Recognizing this, the Global Fund and others play an important role in advising and helping governments reduce these risks and increase PS capacity.

22. **Key recommendations from report:** Based on the findings and conclusions, the report provides five main recommendation areas on how the Global Fund can better engage with the PS.

Table 2: Recommendations provided in the PSE Report

PSE Review Recommendations
Recommendation 1: Global Fund Strategy
<ul style="list-style-type: none"> • Explicitly recognize that health systems are mixed health systems where the PS already plays a significant role in the treatment of the three diseases; • Recognize there is a need and opportunity to increase and optimize the contribution of the domestic PS within countries to achieve the 2030 goals; • Recognize and support the increased contribution of the domestic PS in building more resilient and sustainable health systems; and, • Move past debating about the PS’s value and engage in analysis of what channels can accelerate and drive sustainable and effective change, with the development of the tools to support appropriate and effective implementation that can advance the 2030 goals.
Recommendation 2: Policy and PSE Strategy Development
<ul style="list-style-type: none"> • Develop a Global Fund PSE strategy and policy to clearly define the Global Fund position on engaging with the PS;

<ul style="list-style-type: none"> • Determine an acceptable and broadly applicable definition of the PS and PSE so that there is a clear basis for a Global Fund PSE strategy and appropriate activities can be defined and endorsed;
<ul style="list-style-type: none"> • Engage in partnerships to strengthen the Global Fund approach and extend its reach;
<ul style="list-style-type: none"> • Build public sector capacity in contracting as it is the cornerstone for government’s PSE;
<ul style="list-style-type: none"> • Support regulation and policy at the country-level to help governments structure an “enabling environment” for the PS;
<ul style="list-style-type: none"> • Understand patient journeys and the rationale for patient decisions more clearly in order to design interventions that meet patient needs and optimize the impact for patients;
<ul style="list-style-type: none"> • Define performance parameters to provide a basis for assessing PSE activities.
<p>Recommendation 3: High-Value Intervention Options</p>
<ul style="list-style-type: none"> • Compile existing experiences and evidence on Global Fund PSE since there are a considerable number of ongoing activities;
<ul style="list-style-type: none"> • Explore how the Global Fund can support scalable innovations in digital health and share knowledge across countries;
<ul style="list-style-type: none"> • Explore partnerships related to supply chain, pharmacies, and laboratories;
<ul style="list-style-type: none"> • Explore market-based models of access harnessing for-profit, nurse-run primary care networks that reach both AGYW and patients with the three diseases. Subsidies can be made through vouchers, digital payments, and other means.
<p>Recommendation 4: Mobilizing Resources, Financing Interventions and Coordination</p>
<ul style="list-style-type: none"> • Support domestic and international resource mobilization and public sector management;
<ul style="list-style-type: none"> • Initiate stronger coordination with other actors, particularly those with PSE experience, and MDBs that have a broader mandate and greater levels of investment;
<ul style="list-style-type: none"> • Engage with SHI systems as it is growing rapidly across Global Fund focus countries and has implications for financing for the three diseases;
<ul style="list-style-type: none"> • Develop a clearer vision and guidance for multi-country partnerships internally to address rigidities that impede engagement.
<p>Recommendation 5: Global Fund Internal Challenges</p>
<ul style="list-style-type: none"> • Embed a mixed health system approach in grant design;
<ul style="list-style-type: none"> • Strengthen knowledge management to help FPMs learn about options and share ideas;
<ul style="list-style-type: none"> • Assess and determine how Catalytic Funds can innovate to best harness its strengths for PSE;
<ul style="list-style-type: none"> • Track performance of PSE both new and ongoing to learn lessons for the Global Fund;
<ul style="list-style-type: none"> • Bolster internal capacity to handle a broader agenda that includes PSE.

Part 4: Discussion and TERG Position

23. **The TERG largely endorses the high-level conclusions and recommendations** of the PSE report and provides some qualification on the recommendation classification, as strategic and operational, and suggests target groups for operationalization of these recommendations.
24. The TERG concurs that the PS is an important contributor to the health sector generally and for the three diseases specifically. For example, with TB services, close to 75 percent of patients in high burden countries seek initial care in the PS, while for malaria, 40 percent of patients with suspected malaria seek care in the PS.³ However in many countries it is **challenging to assess whether patients receive adequate and quality care from the PS**. For TB, in some settings, private providers account for just about 20 percent of all notifications officially submitted to authorities, far less than their likely share of TB patients (WHO 2018c). This makes it impossible for governments to effectively monitor cases, conduct contact tracing and for effective case management.
25. The TERG also agrees that despite the extensive use of private service delivery by patients in implementing countries, **the Global Fund has not yet fully recognized and articulated the role of the PS in its strategies or policies**, despite the fact that there are already on-going innovative initiatives undertaken with the PS using Global Fund grants.
26. Specifically, the review has highlighted so-called high-value interventions, which include the use of **market-based models of access to health services⁴ and the leveraging of private sector capabilities** to strengthen supply chain, financial management and health management information systems. There are indications that PSE initiatives in this area are already contributing towards the achievement of the Global Fund Strategy. The review also highlighted a significant number of development partners that have core PSE expertise, and who can potentially act as partners to the Global Fund partnership going forward. There is a need for the Global Fund to explore models that can be operationalized and bring to full scale the successful PSE pilots in program delivery and potentially roll them out to other settings taking into account contextual issues.
27. For the Global Fund **to capture the full potential of PSE**, it must address barriers at both the country and Secretariat level, and it must **take a more strategic approach to engaging with the sector**. This will require a recognition of the role of the PS in service delivery and in strengthening health systems, and support efforts to increase the sector's contributions to reach global disease goals, while mitigating potential negative consequences.⁵
28. The TERG believes that it is important for the Global Fund **to facilitate and support the creation of an enabling environment to engage the private sector**.⁶ Defining the role of the Global Fund partnership in engaging the PS; building the capacity of ministries of health to become effective stewards of the PS; and supporting relevant laws and policies will facilitate better public-private dialogue and greater public-private collaboration.
29. The two cornerstones of this approach should be the **post-2017-2022 Global Fund Strategy**, as well as a **PS-specific strategy for the partnership**. To build on ongoing work and feed into the two strategy processes, the Global Fund Secretariat should identify PSE

³ For HIV, it appears that there is not sufficient data to assess the scope of PS service delivery.

⁴ This includes PSE models like aggregators, intermediaries, franchises to increase access to health services.

⁵ Negative consequences include, e.g., excessive pricing, inconsistent quality, among others.

⁶ The "measures to create a conducive ecosystem" should be based on an extensive consultation across the Global Fund ecosystem, but they should probably include some of the areas that are listed e.g. regulation and contracting.

models that have the greatest potential to contribute towards Global Fund goals; strengthen the partnerships with development partners; initiate or reinforce engagements with domestic payers of health services, especially SHIs.

30. The TERG, considering comments from the Global Fund Secretariat and partners, has consolidated the recommendations, which are presented below. The recommendations are both at the Strategic and at the Operational levels with thoughts on the main lead or coordinator for implementing these recommendations provided within parenthesis. While the strategic recommendations could be considered during the development of the next Global Fund Strategy, the Global Fund Secretariat would be best placed to decide which operational recommendations could be appropriate for the current Strategy, and which will require deferral.

Table 3: Summary of TERG Recommendations

Strategic-level Recommendation 1
<p>Recognize the Private Sector in the post-2017-2022 Global Fund Strategy (SC, Global Fund Strategy & Policy Hub, PSED): The next Global Fund Strategy should clearly recognize that the private sector is an important actor in delivering health services alongside the public sector and civil society and harness the potential contributions from the private sector in order to:</p> <ul style="list-style-type: none"> • Reach the Global Fund’s strategic and operational objectives. • Reach global disease goals, by facilitating the increase of the contributions of the private sector in implementing countries, including in delivering health services and in building resilient health systems.⁷ • Optimize the use of the Global Fund resources and to find missing cases, by working with its partnerships to assess how and where patients seek care – regardless of the service provider - and adequately reflect care-seeking behavior in its grant funding.⁸
Strategic-level Recommendation 2
<p>Develop a Private Sector Engagement Strategy (Global Fund PSED): In close association with the on-going Strategy development process, the Global Fund Secretariat should develop a private sector engagement strategy to establish:</p> <ul style="list-style-type: none"> • A shared understanding of the definition and role of the private sector and to optimize the contributions of the private sector. • Measures for a conducive ecosystem to optimize the contributions of the private sector and to mitigate potential negative consequences. This will include defining the role of the Global Fund partnership (including CCMs and PRs) in supporting governments to regulate private sector service delivery; in assessing how PSE can support achieving disease goals depending on country context; and in contracting with private sector providers.⁹ • PSE areas that have the greatest potential to support the achievement of the Global Fund’s forthcoming strategy.¹⁰

⁷ Building more resilient health systems may include leveraging private sector capacities to scale digital health; improve supply chains; and upgrading financial management systems of the public sector.

⁸ This is a high-level recommendation to the Global Fund Partnership, which if translated into action would require guidance to CCMs.

⁹ The Global Fund partnership should leverage its extensive experience in contracting civil society organizations to deliver health services.

¹⁰ The report identifies a number of potential high-value intervention areas where the Secretariat could consider more structured approaches to engagement. They include engaging more directly in areas where the PS plays a core role in health systems (e.g. supply chain, digital health), as well as the opportunity to exploit and better optimize the channels where the private sector provides extended access to patients (pharmacies and networks of private providers).

- The potential for utilizing catalytic funding to scale up promising PSE models across countries.¹¹
- Parameters and indicators for measuring the performance of PSE across the Global Fund ecosystem.

Operational-level Recommendation 1

Expand the knowledge base and explore promising high-value interventions and models (Global Fund Secretariat, e.g., SIID, PSED, GMD): The Global Fund Secretariat should explore potential high-value interventions and compile and analyse existing models with a view to identify success factors, pitfalls, and potential for expansion of models of PSE in its programs by:

- Capturing, documenting and disseminating knowledge of promising models, develop a knowledge repository that can be shared across the Global Fund partnership.
- Strengthening the capacity of Secretariat staff, CCMs and PRs for PSE.¹²

Operational-level Recommendation 2

Strengthen PSE-related partnerships with development partners (PSED, GMD): The Global Fund should strengthen partnerships with development partners, who bring experience in engaging the private sector, to promote mutual learning, opportunities for collaboration and pooled funding arrangements and facilitate enhancement of an enabling environment for PSE through:

- Promoting mutual learning, and opportunities for collaboration and pooled funding arrangements, developing partnerships with Multilateral Development Banks, Bilateral Agencies, and other actors who bring deep experience in engaging the private sector to increase access and strengthen health systems.
- Exploring opportunities to collaborate with CCMs, PRs, as appropriate, and development partners, to use grant funding to scale up promising PSE initiatives, and demonstrate its potential through concrete actions.¹³

Operational-level Recommendation 3

Mobilize additional resources and expand access to health services, by engaging other players through Global Fund Secretariat (GMD, Health Financing Team):

- Exploring the potential for utilizing catalytic funding to scale up promising PSE models across countries.¹⁴
- More systematically **engaging other domestic payers**, e.g., Social Health Insurance schemes, with a view to expand quality-assured and sustainable HIV, TB and malaria services delivered by public and private actors in implementing countries.¹⁵

¹¹ The catalytic funding could also help achieve economies of scale for e.g. pooled procurement of digital health systems, or supply chain improvements etc., that are currently covered by individual country grants (and thus, is never able to benefit from economies of scale)

¹² This could be done concurrently with the development of the PSE Strategy so that capacity development will be anchored in a concrete policy / strategy.

¹³ Modalities may for example include blended finance, pooled funding arrangements, the scaling of DP-funded PSE activities, etc. This recommendation also focuses on demonstrating the potential of PSE and can feed into the PSE Strategy

¹⁴ Catalytic funding could also help achieve economies of scale for e.g. pooled procurement of digital health systems, or supply chain improvements etc., that are currently covered by individual country grants (and thus, is never able to benefit from economies of scale)

¹⁵ It would be opportune to engage SHIs especially in Asia (to make sure that funded services also cover the three diseases). However, this recommendation goes well beyond the private sector. SHIs pay for services delivered by public and private actors. This could be accomplished by identifying countries with strong SHIs that currently do not cover ATM services, and together with FPMs and CCMs come up with an advocacy strategy to promote the inclusion of such services.

Annexes

The following items can be found in the Annexes:

- Annex 1: Relevant Past Board Decisions
- Annex 2: Links to Relevant Past Documents & Reference Materials
- Annex 3: Report: Role of the Private Sector in Program Delivery
- Annex 4: Summary of private sector activities in selected Global Fund country programs
- Annex 5: List of Abbreviations

Annex 1 – Relevant Past Board Decisions

The following summary of relevant past Board decision points is submitted to contextualize the decision point proposed above.

	Summary and Impact
GF/B40/DP04 Approved by the Board on: (15 November 2018)	<p>The Board:</p> <ol style="list-style-type: none">a. Recognizes the foundational concept of the Global Fund as an innovative public private partnership and the importance of the role of the private sector in the Global Fund's resource mobilization strategy in providing both financial and non-financial resources to increase the scale and effectiveness of the Global Fund's efforts to fight AIDS, tuberculosis and malaria;b. Acknowledges the need to expand engagement with the private sector and takes note of the revision, by the Secretariat, of the Framework on Private Sector Engagement (the "Secretariat PSE Framework") to provide balanced and robust operational policies and procedures which guide the Secretariat's engagement approach;c. Notes with appreciation the work undertaken by the Ethics and Governance Committee in overseeing and endorsing the Secretariat PSE Framework, and ensuring that a robust framework, which takes into account risk management and ethical and conflict of interest considerations, is in place to allow the Global Fund to continue to pursue appropriate and impactful engagement with the private sector; andd. Confirms the importance of the role played by the private sector in the Global Fund's resource mobilization strategy in providing both financial and non-financial resources to increase the scale and effectiveness of the Global Fund's efforts to fight AIDS, tuberculosis and malaria.

Annex 2 – Relevant Past Documents & Reference Materials

[GF/B40/03](#) Update on Secretariat Framework on Private Sector Engagement (14-15 November 2018),

Annex 3 – Thematic Review on the Role of the Private Sector in Program Delivery

- The Report is attached separately.

Annex 4 – Summary of Private Sector Activities in Selected Global Fund Country Programs

Ghana	Adopted hybrid model for supply chain management leveraging PS to increase efficiency of logistics ecosystem and drive down costs for storage and distribution (See Box 2.7.1.)
India	Harnessed informal for-profit providers already serving KPs with non-profit intermediary PATH and raised TB notification through Nikshay, a simple, web-based platform that monitors treatment adherence and serves as the National TB Surveillance System (See Box 2.3.1).
Indonesia	The CCM contracted TB screening to Fullerton Health, a Singapore-based for-profit integrated care provider network. Between 2018 and 2020 around 300,000 people were screened. Further efforts are planned for screening and workplace prevention activities in 250 Jakarta factories.
Kenya	AMREF, the Global Fund's PR for TB, collaborated with the National Tuberculosis, Leprosy and Lung Disease Program (NTLP) and Kenya Association for the Prevention of TB and Lung Disease (KAPTLD). Together they procure subsidized TB drugs and offer educational courses on standard protocols for TB diagnosis and treatment to over 250 private providers.
Mekong Delta	The Global Fund's Regional Artemisinin-Resistance Initiative (RAI) launched in 2013 in response to the emergence of drug-resistant malaria in the Greater Mekong Subregion (GMS), includes Cambodia and Thailand, Myanmar, Laos and Viet Nam. 33,000 malaria volunteers across the five countries are trained in prevention and how to test for and treat malaria cases. Government follows up on report cases. Malaria deaths declined by 91 percent from 2012 to 2017.
Myanmar	Social franchising network Sun Quality Health (SQH) with 1,800 free TB private clinics, serve 11.4 percent of official TB cases. SQH providers are trained by PSI Myanmar and offer services for HIV/AIDS, TB, malaria, diarrheal diseases, pneumonia, and STI treatment. In return, providers commit to service standards and a price structure with small margins. A small reimbursement for travel to TB clinics referred for HIV testing, increased TB testing from 5 to 24 percent.
Lagos State, Nigeria	The Global Fund program partnering with PharmAccess and Lagos state government in developing the SHI to ensure continuity of care for the three diseases; supporting a low interest loan program for PS providers; encouraging private operational control of public facilities; supporting establishment of regulations for service providers including certifications of quality (see Box 2.4.4 below).
Philippines	The Global Fund's PR hired notification officers to seek out private providers under the new TB Notification Law and provided training to allow them to become compliant. The next phase is improving quality of TB care among these for-profit providers. The Global Fund is also negotiating with SHI to include MDRTB.
Thailand	PSI, a previous Global Fund PR, partnered with 38 commercial pharmacies to combat the transmission of HIV via a voucher needle and syringe program.

	Discontinued by the Thai Council of State for potentially promoting criminal activity, an adapted version of such a partnership is being discussed for the next Global Fund funding round.
South Sudan	UNDP, a Global Fund PR, contracted the informal PS to distribute payments to health workers operating in rural areas, and to distribute medical supplies. Payments and supplies are often distributed through motorcyclists-for-hire. PR has also funded two private, for-profit clinics in Juba to provide HIV and TB services, in addition to malaria (see Box A2.4.1 in Annex 2.4).
Ukraine	A SR operated voucher system for IVDU to receive supplies anonymously via existing pharmacy network (see Box 2.4.3).

Annex 6 – List of Abbreviations

AGYW	Adolescents, Girls and Young Women
CCM	Country Coordinating Mechanism
COVID - 19	Corona Virus Disease 2019
CRG	Community Rights and Gender Department (CRG)
CSOs	Civil Society Organizations
FPMs	Fund Portfolio Managers
GF	The Global Fund
GHS	Global Health Security
GMD	Grant Management Division
IT	Information Technology
KII	Key Informant Interview
HSS	Health System Strengthening
KP	Key Populations
KVP	Key and Vulnerable Populations
LMIC	Low- and Medium-Income Countries
MDB	Multilateral Development Banks
MDRTB	Multi Drug Resistant Tuberculosis
M & E	Monitoring and Evaluation
MNCH	Maternal, Newborn and Child Health
P4P	Pay for Performance
PPP	Public–Private Partnership
PR	Principal Recipients
PS	Private Sector
PSE	Private Sector Engagement
PSED	Private Sector Engagement Department
RAI	Regional Artemisinin-Resistance Initiative

SC	Strategy Committee
SDG	Sustainable Development Goals
SIID	Strategy Investment Impact Department
SOs	Strategic Objectives
SHI	Social Health Insurance
TAP	Technical Advice and Partnerships
TB	Tuberculosis
TBA	Traditional Birth Attendants
TRP	Technical Review Panel
TERG	Technical Evaluation Reference Group
USAID	United States Agency for International Development
WHO	World Health Organization

Secretariat Management Response - TERG Thematic Review on the Role of the Private Sector in Program Delivery

Introduction

The Technical Evaluation Reference Group (TERG) is a critical component of the Global Partnership, providing independent evaluations of the Global Fund's business model, investments and impact to the Global Fund Board through its Strategy Committee. The Global Fund operates with a high degree of transparency and now publishes most non-advisory TERG reports on its website after they are reviewed by the Board.

The Global Fund Secretariat appreciates the Thematic Review on the Role of the Private Sector in Program Delivery by the TERG, which was requested by the Strategy Committee and by the Secretariat. The Secretariat broadly agrees and endorses the overall findings of the report and the TERG's consolidation of the recommendations.

The review highlights the breadth and scale of the role of the private sector in health service delivery and health systems. The Secretariat agrees that optimizing mixed health systems, with the clear inclusion of civil society, is an appropriate lens for the Global Fund and that within that more strategic and scaled-up support to optimize country-led private sector engagement (PSE) would add significant potential for impact in the fight against the HIV, TB and malaria, as well as in strengthening health and community systems.

The Secretariat recognizes the broad scope and depth of role that the private sector, including significant patient access, already plays and the currently uneven intersection of the Global Fund's private sector engagement across HIV, TB and Malaria, as well as RSSH, and welcomes the recommendations identifying a number of high potential engagement spaces, and operational improvements, given the need to prioritize the Global Fund's role in this broad landscape.

The review also recognizes that the term 'private sector' means different things to different people, but focusses helpfully on models of service contracting or market based service provision, recognizing that that these have similar characteristics, opportunities and challenges largely independent of the type of organization engaged.

The review also highlights a typology of private sector engagement in health that provides a clearer structure to inform the Global Fund's work and importantly clarifies that the dimension of who provides services and who pays for services are adaptable. A number of challenges in optimizing private sector engagement, emphasizing the importance of country Governments' role in contracting services and its stewardship of the role of the private sector in health, are also identified in the review.

Areas of agreement

The Secretariat broadly agrees with the overall findings of the review and the TERG's consolidation of recommendations, including the overall conclusion that *"it is unlikely that the Global Fund could fulfil its mission without effective PSE" and "that there has historically been a lack of strategy, policy and guidelines to shape the role of the private sector in service delivery and health systems support"*. The Secretariat recognizes that there are concerns regarding some aspects of PSE, including quality of services, notification and supervision by Governments and notes as identified in the report, that there are a number of existing efforts, as well as ongoing work to strengthen the appropriate engagement with the private sector by the Global Fund. The Secretariat agrees that enhancing this engagement is crucial to the success of delivering the Global Fund's mandate.

Strategic-level Recommendation 1¹ - Recognize the Private Sector in the next Global Fund strategy.

The Secretariat fully agrees with the intent of this recommendation and the importance of recognizing that the private sector is already playing a significant role in diagnosis, treatment and care across the diseases and health systems. Tuberculosis, in particular, has provided an impressive case study of engagement with the private sector for achieving significant outcomes. The Secretariat notes, however, that the decision to ensure this is incorporated in the next Global Fund strategy requires endorsement and support from the Board.

The Secretariat also agrees that it is urgent and necessary for countries to utilize every sector in mixed health systems appropriately and as effectively as possible to reach the Global Fund's goals and that the role of the Global Fund should be to support countries to optimize their mixed health system (Private Sector, Public, Civil Society) for equitable and sustainable patient care and disease impact – and that this should not be confused with simply promoting private sector engagement.

Operational Recommendation 1 - Knowledge Management and Learning: Expand the knowledge base and explore promising high-value interventions and models

The Secretariat agrees with the recommendations in this space, including that proposed focus on high value interventions in health systems – i.e. digital health, supply chain, and labs which are specific areas of intersection where the private sector plays a significant role that could be leveraged further. We agree that expanding the use of new delivery models and private sector channels and engaging in current spaces where the private sector is providing services (e.g. TB) to increase quality, reduce costs to patients, as well as improving information sharing and accountability for services, has significant potential.

The Secretariat also acknowledges that further engagement should build on and learn from existing Global Fund-supported country experience, including work currently undertaken as part of the Strategic Initiative work, as well as through other partners, and that there is a need to increase knowledge sharing within and across countries.

Operational Recommendation 2 - Partnerships: Strengthen PSE-related partnerships with development partners

The Secretariat is committed to strengthening partnerships that are framed clearly around Global Fund priorities on disease and health system outcomes and agrees, as above, that mutual learning and collaboration with other private sector focused agencies/departments can play an important role

¹ TERG Recommendation 1: Recognize the Private Sector in the post-2017-2022 Global Fund Strategy. The next Global Fund Strategy should clearly recognize that the private sector is an important actor in delivering health services alongside the public sector and civil society and harness the potential contributions from the private sector

to effectively leverage knowledge and co-investment. Country Coordinating Mechanisms (CCMs) have a critical cross sectoral role in grant design. The Secretariat notes the importance of moving beyond “innovation” as the primary engagement model, to scaled outcomes, as has been demonstrated by the PPM¹ work in TB.

Operational-level Recommendation 3 - Resource Mobilization: Mobilize additional resources and expand access to health services, by engaging other players through GF Secretariat

The Secretariat will continue to maintain an emphasis on the mobilization of additional resources from private sector sources and engagement with other financing partners (Recommendation 5²) and agrees that financing and domestic financing, including through Social Health Insurance (SHI), is a core element of success. The Secretariat also notes that private sector financing provides an additional source of financing for service delivery and health systems development. While we agree that further investments in catalytic funding to support capacity building, knowledge management and innovation are vital, it is important to note that given the significant structural role of the private sector that the report highlights, it will be important to move beyond catalytic engagement to optimize the contribution of private sector at scale.

Observations on other recommendations

Strategic-level Recommendation 2 - Develop a private sector engagement strategy for the Global Fund partnership

The Secretariat recognizes the need for a more strategic approach and increased scale in engaging private sector actors. The review’s analysis and identification of potential high value intervention options provides a useful framework for deeper value adding engagement and this should be incorporated into the development of the next Global Fund strategy. However, as the review highlights there is a broad range of potential private sector engagement and significant variations across countries in the current role of the private sector. We believe that building focused strategic engagement around these high value intervention spaces integrated within diseases and RSSH strategies across countries where the private sector is playing or could play a significant role will best guide and support the optimization of the mixed health system for patients. Given this diversity of the private sector we do not believe that building a separate overarching PSE strategy will add significant value. The Secretariat is committed to developing a more strategic approach and increasing the scale of effective private sector engagement in specific high value intervention areas within diseases and RSSH strategies and in relevant geographies where the private sector plays a significant role, as well as empowering countries stewardship and governance, to deliver on the intent of this recommendation.

Conclusions

The Secretariat thanks the TERG for our continued partnership to strengthen the impact of the Global Fund. Recognizing the existing and potential role of the private sector and developing a precise and strategic engagement to optimize its contribution with the mixed health system is crucial and the TERG review provides invaluable inputs to steering and enhancing this work.

The Secretariat will continue to enhance PSE capacities, particularly within the Technical Advice and Partnerships and Supply Chain teams and is identifying high value private sector and contracting engagement models that are being operationalized through strategic initiatives. The TERG recommendations on the Secretariat operations will inform our continued PSE capacity building efforts, and work has started to improve knowledge management. The strategic recommendations

² Mobilize additional resources and expand access to health services, by engaging other players through GF Secretariat

will inform strategy development and as well as disease specific and RSSH guidance for this funding period and the next. Finally, the principal recommendation of the review to include clearer and stronger reference for the need for greater strategic engagement with the private sector, in the context of mixed health systems, in the next Global Fund strategy rests with the Board.

The Secretariat is committed to using the TERG’s review and the recommendations to further enhance PSE efforts. PSE is inherently fraught with many philosophical and operational challenges and factors that influence private sector engagement at the country-level and are not directly within the Global Fund’s span of control, but given the scale of the private sector’s role and significant patient access, it is vital the Global Fund optimizes its engagement to maximize the contribution to equitable impact.

Summary of Recommendations

TERG Recommendations	Timeframe	Level of Agreement	Level of Control
Strategic Recommendation 1: Recognize the Private Sector in the post-2017-2022 Global Fund Strategy. The next Global Fund Strategy should clearly recognize that the private sector is an important actor in delivering health services alongside the public sector and civil society and harness the potential contributions from the private sector	New Strategy & on-going	High	Moderate-low
Strategic Recommendation 2: Develop a private sector engagement strategy for the Global Fund partnership	New Strategy & on-going	Low	High
Operational Recommendation 1: Expand the knowledge base and explore promising high-value interventions and models	On-going	High	Moderate
Operational Recommendation 2: Partnerships: Strengthen PSE-related partnerships with development partners	New Strategy & on-going	Moderate	Moderate
Operational-level Recommendation 3: Resource Mobilization: Mobilize additional resources and expand access to health services, by engaging other players through GF Secretariat	New Strategy & on-going	High	Low