



**7th session of UNITAID Executive Board
2-3 April 2008 - Brasilia**

Chair Summary

1. Quorum: The Board convened in Brasilia, at the invitation of the Brazilian authorities, on 02-03 April 2008. The meeting was opened by its Chair, Philippe Douste Blazy. The Chair took note that the Board reached its quorum (i.e. a majority of its 10 voting members) and was within its capacity to make decisions.
2. Introduction by the Chair and the Executive Secretary: The Chair welcomed the Board participants and thanked the Brazilian Government for its invitation to the first Board organized outside of Geneva. He stated that this meeting was a very important one for UNITAID as discussions would be taking place on important matters, including a voluntary contribution scheme. He informed the Board of his appointment as U.N. Under Secretary General in charge of Innovative Financing for Development.

The Executive Secretary presented an update on UNITAID actions and challenges, as well as the UNITAID first annual report for 2007. He highlighted the following UNITAID successes:

- HIV/AIDS:
 - Improved access to and availability of pediatric treatments in 38 countries;
 - Price reduction on a new fixed dose combination treatment from US\$ 200 to US\$ 60 per patient per year; and
 - Acceleration of the scale up of PMTCT treatments in 8 countries.
- Malaria:
 - Avoidance of treatment disruption in Burundi and Liberia;
 - Delivery of ACT in 8 countries; and
 - Active participation in the AMFm discussion.
- Tuberculosis:
 - Avoidance of a stock out of first line treatments in 2007;
 - Ensured provision of adapted pediatric treatments;
 - 180,000 treatments already delivered in 35 countries; and
 - Treatment of MDR-TB supported.
- Quality of products:
 - 21 new drugs prequalified in 2007 with UNITAID support.

Among the challenges for UNITAID, he mentioned the following issues:

- Continued discussions on AMFm;
- Continued discussions on innovative financing;

- Adapting UNITAID support so that it can be phased in and phased out;
- Contributing to the debate on public health and intellectual property (i.e. the patent pool);
- Complementarity with the Global Fund; and
- Ensuring more strategic impact through new niches and new actions.

Most of these issues were discussed further at this Board session.

A revised agenda was adopted.

3. Update on UNITAID Operations: The Secretariat presented an update on UNITAID operations in HIV/AIDS (paediatric ARV, second line ARV, PMTCT), malaria (ACT Burundi / Liberia, ACT Scale Up), and tuberculosis (paediatric TB, first line TB, MDR-TB). Up-dates on UNITAID's support to the WHO Prequalification Programme and for the Global Fund's Round 6 were also provided.

UNITAID has provided funding support for actions in more than 80 countries. Progress has been made in accordance with targets and timelines set out in Board Resolutions and legal agreements. Collaboration and communication on an on-going basis with partners is proceeding effectively. A future challenge will be to translate the commitment of partners into concrete actions for raising awareness of UNITAID's contributions at the country level. A reporting template has been developed, as requested by the Board. In order to align with Partners' reporting cycles, the presentation to the Board of up-dates on project actions will be made on a semi-annual basis and therefore, the next update will be made at the 9th Executive Board Meeting in November 2008. Board Members expressed their wish to be given additional information on:

- How drugs reach patients in countries;
- The global context in which UNITAID interventions are undertaken; and
- How UNITAID is making a difference in collaboration with other funders.

The Representative of the Communities reiterated the critical need for UNITAID support for diagnostics.

The Representative from UNAIDS stressed the importance of understanding the health outcomes that result from UNITAID's funding and proposed to cooperate with UNITAID to improve its impact in three main areas:

- Forecasting country need for drugs;
- Supporting the distribution of drugs at the country level;
- Monitoring the progress achieved in countries with UNITAID's funds.

4. Dashboard on prequalification and 2007 indicators of performance: Two background documents were circulated to the Board members for comment:
 - A dashboard on the status of UNITAID priority drugs currently in prequalification was presented. In 2007, 21 new drugs were prequalified. At the moment, dossiers have been submitted for 34 other UNITAID-relevant products;
 - A comprehensive report on the Prequalification Program activities for 2007, including UNITAID specific indicators of performance, was presented. UNITAID

is one of the main funders of the Prequalification programme (UNITAID supported 38% of the Prequalification Program in 2007 and the Bill and Melinda Gates Foundation supported 51% of the programme).

5. Patent pool: A multidisciplinary expert group was convened by the Secretariat at the Board's request. The first meeting of the group took place on 14th March 2008. The group has prepared a preliminary draft of recommendations and this was circulated to the Board. While strongly favouring a patent pool, the paper raised three issues:
- What would be the nature and the scope of the pool (geographic coverage – LIC or LMIC, disease coverage, voluntary or compulsory licence, functions and nature of the pool)?;
 - How could it be created and linked to UNITAID?; and
 - How could it be implemented?

The group will meet again in June 2008. The Board expressed its support for the current work and its continuation. The UNITAID Secretariat continues to work in conjunction with the IGWIG.

6. Global Fund Round 6 - lessons learnt: From practical experience in supporting Round 6, the Secretariat noted that the Global Fund round system does not lend itself to achievement of UNITAID's key objective of price reduction through market impact. Furthermore, Global Fund systems are not in line with UNITAID objectives, in terms of decentralized structures, grant application and management procedures and financial and reporting requirements. As a result of concerted efforts by both parties, an agreement was signed with a view to facilitating collaboration in the areas defined, drawing on the consensus reached, notably on the following:
- Quality assurance standards;
 - The discussion of a process for avoiding funding duplications;
 - Agreement in principle on the need to create a compatible price reporting system;
 - Direct disbursement for MDR-TB pooled procurement; and
 - Transition to long term funding of Global Fund activities.
7. Update on Secretariat recruitments: The Executive Secretary made a presentation on the recruitment situation. The Deputy Executive Secretary and the Coordinator of Operations have been appointed. The recruitment of a Market Dynamic Expert is still in process but the call for applicants has closed. Sixty applications have been received. The Deputy Executive Secretary is currently acting in the role of Market Dynamic Expert. Eight fixed term positions have been appointed. The positions of Communication Officer and Media Officers have been advertised. A technical Officer for Human Resources has started work. Short term positions will be recruited for a Procurement Officer and a Technical Officer to support the work on HIV/AIDS.
8. Update on the financial situation: Two hundred million US\$ has been carried over from 2007 into the 2008 budget. There remain uncertainties about the contributions for 2008. Contributions have only been received from Norway with the payment from the Republic of Korea now being processed. The Bill and Melinda Gates Foundation has confirmed its contribution. France has yet to

provide a disbursement schedule. All other contributions still need to be confirmed for 2008. UNITAID's future actions are at risk. Predictable funding is necessary to ensure that UNITAID is visible and that it can accomplish its key objectives. Unconfirmed contributions have delayed implementation of UNITAID's investment policy. In 2007, UNITAID unused funds earned an extra 5.2 million US\$. The Secretariat also informed the Board that advanced discussions took place with Portugal, so that it could become a member of UNITAID. The UK informed the Board that its commitment for the next 3 years is confirmed with the delay due to a change in Minister. The UK contribution will be for 20 million £ in 2009 and 45 million £ in 2010. Brazil informed the Board that because its budget law had just been passed, they would be in situation to confirm their contribution within 3 weeks.

The Board took note of an assessment of UNITAID hosting by WHO, jointly presented by the Secretariat and WHO. Most issues affecting the hosting in 2007 (notably staff recruitment, cost of legal services) are being addressed but the structure of fees applied by WHO needs to be adjusted. WHO and the Secretariat will discuss the adoption of a Service Level Agreement. At the request of the UK, information on the performance of the financial management of UNITAID's trust fund will be presented to the next Board meeting.

9. UNITAID strategic orientation on tuberculosis: The Board accepted the strategic orientation for tuberculosis proposed by the Secretariat as an interim strategy. For first line TB, the objective is to maintain the current actions, i.e. provide transitional funding, invest in a strategic stockpile, seek transition out in 2009 and explore in parallel interventions to stabilize the API market. On pediatric TB, the objective is to maintain the current actions to ensure development, prequalification and rapid scale up of pediatric TB drugs and seek transition out in 2010. For MDR-TB, the objective is to maintain the current action, while investigating options to further reduce lead times, scale up of treatments as more patients are diagnosed. In parallel, UNITAID should seek to facilitate rapid scale up of diagnostic technologies.

10. Agenda for the development of a strategic plan: The Board asked the Secretariat to prepare a terms of reference for the development of UNITAID strategy, including:

- The main issues to be addressed together with provisional timelines;
- An appropriate process for consultation with the Board strategic partners;
- Identification of key stakeholders, including recruitment of a consultant as necessary.

The Board will provide comments on the terms of reference, process and timeframe and will reconvene as necessary to agree on these matters, either through a teleconference, or during a retreat. The objective is to have a strategic plan adopted by the end of 2008. The Board insisted on the fact that this strategic plan might have to explore and propose alternative possible scenarios. It is agreed that at a certain stage, the Consultative Forum should also be involved in the process.

11. Presentation of the process for the development and interim use of pilot guidelines for project proposals and concept notes: The Secretariat made a presentation on the launch of pilot call for proposals and the development of guidelines for their

review. This was in response to Board recommendations to broaden partner base, encourage innovative projects and increase transparency. The aim was to refine UNITAID procedures for submission and review of funding proposals, in order to ensure that they contain all information necessary for their evaluation and that they are structured to facilitate and speed up the development of the final agreement. The submission of concept notes is a way for UNITAID to explore funding opportunities for innovative approaches or new ideas. Both proposals and concept notes were assessed by an independent interim Expert Advisory Group (EAG), after screening by the Secretariat. Five proposals (of which 4 met UNITAID screening criteria) and 32 concept notes were received.

The board requested that the Secretariat complete the expert review of the concept notes and finalize the overall ranking. A conference call will be arranged for early May 2008 for the Board to further review the concept notes in light of UNITAID key priorities and availability of funds. An assessment will be prepared of the pilot process for submission of proposals and concept notes, including suggestions for refining the tools developed. In addition, a more permanent submission and review process for funding requests, including provision for the selection of independent experts, will be proposed as part of UNITAID's strategic orientations.

12. New actions for 2008: The Board adopted the following actions:

- **Scale up and acceleration of access to treatment for MDR-TB**: 33'690'000 US\$ allocated for the Global Drug Facility (GDF) project to scale up MDR-TB control and to positively impact MDR-TB market dynamics to increase the affordability of second line anti TB drugs between 2008-2011.

Board members agreed that the eligibility criteria should be considered from a global point of view for UNITAID activities and that in some situations, such as MDR-TB, support could target lower middle income countries, where the impact on the market would be more effective (higher volumes) and eventually have positive benefits for low income countries.

- **Expanding and accelerating access to diagnostics for patients at risk of MDR-TB**: 26'129'897 US\$ allocated to Global Laboratory Initiative (GLI) to expand and accelerate access to MDR-TB diagnostics within appropriate laboratory services in selected countries between 2008-2011. Partners: Global Drug Facility (GDF), Foundation for Innovative New Diagnostics (FIND).

- **UNITAID support for quality assurance of medicines**: 40'000'000 US\$ allocated to WHO Joint Prequalification Program, for the prequalification of UNITAID-funded medicines, the field sampling and quality testing of products supplied to users and capacity building at country level between 2008-2012.

- **Acceleration of Nutritional Care of Pregnant and Lactating Women and Children linked to PMTCT**: 4'764'228 US\$ allocated to UNICEF to address nutritional problems that impact negatively on PMTCT outcomes, 2008-2010. Partner: WHO.

13. Road map with the Global Fund: The Secretariat presented a document outlining the areas of collaboration between UNITAID and the Global Fund. Michel Kazatchkine, Executive Director of the Global Fund, emphasized that the PSC of Global Fund Board has welcomed and adopted the document and stated that it will be submitted to the next Global Fund Board. The UNITAID Board approved the document which proposes a framework for a road map between UNITAID and the Global Fund and asked the Secretariat to address the lessons learnt from the Round 6 collaboration and proceed with the Global Fund collaboration in the 5 areas described in the document:
- Improving access and affordability of ACTs through the AMFm;
 - Achieving market impact and increasing access to MDR-TB medicines;
 - Improving access to affordable pediatric and 2nd line ARV;
 - Improving and aligning data and information sharing; and
 - Providing better access and more affordable diagnostics.

The objective is to maximize the potential joint impact on market dynamics and prepare a proposal on any new policy changes that may come out of this collaboration to facilitate implementation of the proposed areas of collaboration.

The NGOs pointed out 3 issues they consider are missing in the Roadmap and that they would see addressed in future documents:

- How can UNITAID and the Global Fund collaborate on maximizing uptake on best prices?;
- How can UNITAID and the Global Fund collaborate to pool their purchasing power towards negotiation of maximum price reduction?; and
- How can UNITAID and the Global Fund collaborate on efforts to ensure health product quality?

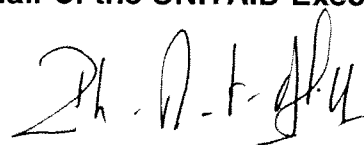
14. AMFm: The Secretariat prepared a working paper describing the implications of the AMFm for UNITAID's key objectives, including impact on market dynamics. The working paper is based on the Secretariat's active participation in several working groups convened by the AMFm-Task Force, led by the Roll Back Malaria Partnership (RBM) and the Global Fund. RBM presented the technical framework for the AMFm. The Global Fund expressed its strong desire to host and manage the AMFm and stressed the requirement for external resources to finance the AMFm. The Board welcomed the work done to date on the AMFm and expressed its support in principle, subject to resolution of outstanding issues, for the further development of the AMFm. The Secretariat was requested to further refine, in relation to the Global Fund and RBM, the options for UNITAID's areas of involvement in the AMFm and prepare a proposal to the Board setting out the framework for collaboration, including governance, policy and financial implications, taking into account the points raised by the Board. The Board also agreed to strengthen the capacity of the Secretariat to do this work by engaging appropriate expertise in forecasting and market analysis.

15. Evolution of the Secretariat functions: The Secretariat presented a document stressing the need to adapt its structures to the additional activities it has to handle. The Board endorsed the approach described in this document and instructed the Secretariat to proceed with its implementation. It also requested the

Secretariat to highlight in its regular recruitment update which short-term recruitments are being implemented.

16. Additional innovative funding: The proposed director of the Voluntary Solidarity Contribution Scheme (VSC) made a presentation of this initiative, including a proposed plan of implementation of a pilot phase. The Board acknowledged the potential described in the plan prepared on innovative funding mechanisms supported by the Bill and Melinda Gates Foundation. The Board noted that the VSC would contribute amounts (up to 1 billion \$) in addition to those raised by the air tax levy and decided to support the principle of a VSC scheme as described in the document EB7/2008/9/1. The Board requested that a proposal for the VSC, containing appropriate justification, be produced for review and approval at a teleconference to be held no later than 10 April 2008. The Board also asked that the proposed director of the VSC report regularly on the progress achieved. These reports should be made on a trimestrial basis to the Secretariat, at each meeting of the Steering Committee established by the Board and at each Board meeting.
17. Template for the publication of information on projects on UNITAID website: At the request of NGOs, further discussion will take place on the template before the end of April.
18. Establishment of a Budget Board Committee: The Board established a Board Budget Committee in accordance with the proposed terms of reference. A bullet point was added: "Promote the UNITAID principle of long term predictability by ensuring that all contributors to UNITAID provide guarantees of resources for multiple years". The UNITAID Board working group on Governance will promptly present to the Board a proposal for the Board Budget Committee.
19. Calendar of UNITAID meetings in 2008-2009, including consultative forum: The Board agreed on the proposed calendar for meetings in 2008.
20. Statute of the Chairperson of the Executive Board: The Board decided to revise article 2 of the UNITAID Bylaws, in order to select its Chair either as a Member of the Board or as an external qualified personality, for a two year period. The revision also states that when the Chair is selected as an external qualified personality, the expenses related to travel and missions on behalf of UNITAID are covered by the budget of UNITAID. The Board decided to withdraw from the Bylaws the voting rights of the Chair. The Board elected Philippe Douste Blazy as its Chair, and revised the 2008 budget in order to allocate 100,000 US\$ to cover the expenses related to travel and missions of its Chair in 2008. This amount will not be registered as an operational expense for the purpose of the establishment of the Key Performance Indicators of UNITAID.

The Chair of the UNITAID Executive Board



Philippe Douste Blazy