The Global Fund Replenishment First Meeting

Stockholm, 15 – 16 March 2005

Chair’s Summary

1. The first meeting on the Replenishment of The Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) took place in Stockholm on 15-16 March 2005. Ms. Carin Jämtin, Sweden’s Minister for International Development Cooperation, welcomed the participants and opened the meeting. Ms. Louise Fréchette, Deputy Secretary General of the United Nations, represented the Chair of the Replenishment process, Mr. Kofi Annan, Secretary General of the United Nations. Thirty-five delegations participated. Sven Sandström chaired the meeting.

2. Participants acknowledged important milestones in advance of the Stockholm meeting, including a meeting (Making the Money Work) held on 9 March 2005 in London; the Paris Declaration on Aid Effectiveness (ownership, harmonization, alignment and mutual accountability) on 3 March 2005; the Oslo Consultation on Human Resources for Health; the High Level Forums on Health MDGs; and the preparation of the Stop TB and Roll Back Malaria Global Plans. These meetings reached agreements relevant to the replenishment of the Global Fund, including support for the Three Ones principle, improved coordination among multilateral institutions and international donors, and financial frameworks for 2005-2007 for AIDS, TB and malaria funding. Of particular relevance to the replenishment process are the Global Task Teams led by UNAIDS on roles and responsibilities of various partners and actors (“the institutional architecture”) and financing to be presented by June 2005. Participants emphasized that the Global Fund replenishment process is an important part of the international agenda in 2005, including the preparation for the UN Summit to review the MDGs and other global issues in September 2005, and should be seen in that broader context.

3. Participants welcomed the replenishment process initiated by the Board of the Global Fund, noting the importance of providing the Fund with long term and predictable funding on a scale sufficient to respond effectively to the spread of the three diseases and to achieve the Millennium Development Goals. They discussed the continuing spread of the three diseases and stressed the need for the Global Fund and its partners to focus on the implementation of the
declarations and principles already agreed and to strengthen results on the ground. In this context, they noted that the Fund is a financing mechanism, not an implementing agency, and that it therefore depends on support from its partners at the country level. The Fund was urged to work with partners at the country level to ensure the implementation of this basic principle of division of labor in specific countries and to report on progress at future replenishment meetings. It was emphasized that these country reviews should fully respect the country-driven character of the Fund and that it should be undertaken within the framework of the Three Ones and other harmonization principles.

4. Participants emphasized that effective implementation of programs financed by the Global Fund depends on the strengthening of the capacity of national health sectors, including the private sector and community structures. They highlighted the particular importance of human resources. They urged partners to review how health sector capacity can be strengthened more rapidly.

5. Participants discussed the Global Fund’s performance measurement system and performance-based funding. They welcomed the progress made by the Fund and expressed general satisfaction with these systems. They asked that further attention be given to several aspects, including the need to avoid overly complex processes, a review of prevention indicators, and the measurement of the performance of Country Coordinating Mechanisms, Principal Recipients and Local Fund Agents. Participants noted the distinction between performance measurement related directly to Fund programs (specifically operational and grant performance) and measurement of system effects and impact. They asked for further review of the level of ambition of performance targets and their comparability across grants and countries. In this context, they expressed particular interest in the effects of performance-based funding on weak systems and fragile states and asked for a report on this at the next meeting. Some participants emphasized the need for soft performance targets for 2006-2007 as part of the move to a replenishment model.

6. Participants welcomed the independent assessment of the Global Fund that had been undertaken for the meeting. They took note of the principal conclusions, including the need to prepare a long-term strategy for the Fund with a particular emphasis on further scaling up of the Fund’s programs. Some participants noted that the preparation of this strategy should consider the Fund’s comparative advantage, its business model (including the project vs. program approach and the use of “rounds”), its approach to procurement, and sources of financing (including the role of the private sector and innovative financing mechanisms). They welcomed the fact that the Global Fund had already taken up many of these subjects for review and asked for a report on progress at the next replenishment meeting.

7. Participants reviewed the estimates of Global Fund resource needs for 2006 and 2007 that had been prepared for the meeting – US$ 3.5 billion and 3.6
billion, respectively. These amounts would allow the funding of years three to five of ongoing programs and fund at least one new round in both 2006 and 2007, consolidating the operations of the Global Fund for the two years 2006 and 2007 while working on facing greater challenges in funding and operations from 2008. They agreed to consider the 2006 and 2007 targets in the context of the further review of the implementation of the Fund’s current programs. Targets for 2008 and beyond will have to be reviewed later in the context of the capacities of the Global Fund to handle larger volumes of funding and in the context of a long-term strategy for the Fund.

8. The financing gap for 2005 and early performance of the Global Fund were also reviewed. Recent contributions, including contributions announced during the meeting itself, have reduced the gap. Nevertheless, the gap remains at a high level of about US$ 700 million. Participants agreed to urgently consider additional contributions in order to close this gap and to encourage contributions from new donors.

9. Participants discussed the Global Fund’s financial management policies and the character of the Global Fund’s emerging replenishment process. They agreed that the replenishment process should be tailor-made for the Fund, while ensuring that the objective of mobilizing significant and predictable financing is achieved. They welcomed the review of the Comprehensive Funding Policy by the Global Fund and asked to be informed about the outcome at the next replenishment meeting. Participants requested that technical notes be prepared for the next replenishment meeting to provide further information on subjects such as the use of promissory notes, encashment schedules, etc.

10. Participants agreed to meet again on 20-22 June 2005 in order to review progress. The Annex lists the main subjects on which participants requested reports from various sources at the June and September meetings.

11. Participants thanked Sweden for the excellent arrangements for the meeting and for the warm hospitality.
Annex

List of subjects on which to report at replenishment meetings
in June and September, 2005

June meeting:

1. Results of further Phase 2 review of grants and lessons learned. (Para 7 of the Chair’s summary)

2. Progress on the implementation of performance measurement and performance-based funding systems and how identified issues are being addressed. Technical note on the application of performance-based funding in weak systems and fragile states. (Para 5)

3. Scenarios for meeting the 2006 and 2007 replenishment targets, keeping in mind the objective of improving funding predictability. (Para 7)

4. Progress on implementation of harmonization and the Three Ones principle at the country level in specific countries, respecting the country-driven character of the Fund. (Para 3)

5. Institutional responsibilities for the strengthening of health sectors, and progress made to ensure more effective capacity building programs. (Para 4)

6. Progress on Global Fund long-term strategy. (Para 6)

7. Progress on closing the 2005 financing gap. (Para 8)

8. Board review of the Comprehensive Funding Policy. (Para 9)

9. Financial management aspects of the replenishment process, including the use of promissory notes and encashment schedules. (Para 9)

10. Reports of the Global Task Teams led by UNAIDS on institutional architecture and financing, which are due by June 2005, and reports on similar efforts for TB and malaria led by WHO. (Para 2)

September meeting (preliminary):

1. Results of further Phase 2 review of grants and lessons learned. (Para 7)

2. Further progress on the implementation of the performance measurement and performance-based funding systems. (Para 5)

3. Further progress on implementation of harmonization and the Three Ones principle at the country level in specific countries, respecting the country-driven character of the Fund. (Para 3)

4. Further progress on strengthening the capacity of health sectors. (Para 4)

5. Progress on Global Fund long-term strategy. (Para 6)