



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Fifteenth Board Meeting
Geneva 25-27 April 2007

GF/B15/6 – Attachment 2

UNITAID PROGRESS UPDATE

Outline: This background paper presents to the Global Fund Board an update on the Global Fund-UNITAID initiatives approved at the 14th Board Meeting. These include a collaboration to scale-up high-performing grants that finance artemisinin-combination therapy (ACT) for malaria and medication against multi-drug-resistant tuberculosis (MDR-TB), as well as UNITAID support for Round 6. The paper also reports on progress towards the development of a joint UNITAID-Global Fund (GF) strategic “roadmap” for the ongoing cooperation between the two institutions, and requests to extend the time-horizon for the completion of this strategic framework.

Part 1: Context

1. At the Fourteenth Board Meeting¹, the PSC presented an update on the evolving partnership between the Global Fund Secretariat and UNITAID, and recommended decisions on three initiatives² which the Board approved. The first two initiatives focused on the scale-up of existing high-performing grants to increase access to treatments with artemisinin-combination therapies (ACTs) and medicines to fight multi-drug-resistant tuberculosis (MDR-TB), referred to in this Report respectively as the ACT Scale-up Initiative and the MDR-TB Scale-up Initiative. In addition, the Global Fund Board approved a UNITAID contribution of U.S. \$52.5 million to the Global Fund for Round 6 proposals to fund treatments in the UNITAID niches of ACT, MDR-TB, second-line anti-retroviral (ARV) therapy and pediatric ARV.

2. In approving these initiatives, the Board requested the Secretariat to report back on the implementation of the scale-up initiatives at the Fifteenth Board Meeting. In addition, the Board requested the PSC to work with the Secretariat and the Finance and Audit Committee to develop a strategic framework, the so-called “roadmap”, for future collaboration with UNITAID, and present it for approval to the Board at its Fifteenth meeting. This paper provides an update on the implementation of the scale-up and Round 6 initiatives, as well as the development of the Roadmap.

Part 2: Scale-Up Initiatives

Scale-up of Artemisinin Combination Therapies (ACTs)

1. At its Fourteenth Meeting, the Board acknowledged the UNITAID Board’s offer relating to the ACT Scale-up Initiative in the following terms (GF/B14/DP21):

“The Board acknowledges UNITAID’s offer to finance the purchase by UNICEF as procurement agent of artemisinin-based combination therapy (ACT) medicines (the “ACT Contributions”), for eligible programs financed by the Global Fund (the “GF Programs”) for the scale-up of their existing ACT targets. The Board acknowledges, further, UNITAID’s initial approval of U.S.\$9,050,000 (the “Initial ACT Funding”) to finance ACT Contributions, and acknowledges UNITAID’s intention to approve additional funding for ACT Contributions (the “Additional Funding”) once the Fund Secretariat has determined the estimated maximum amount needed for the scale-up of potentially eligible Global Fund Programs through their Phase 2 (the “Maximum ACT Amount”). The Additional Funding shall be equal to the difference between the Maximum ACT Amount and the Initial ACT Funding.”

2. The Global Fund Board endorsed the ACT Scale-up Initiative at its Fourteenth Meeting, based on the understanding that UNITAID’s support for the scale-up of selected grants would, where appropriate, cover the remainder of the term of the grants, to ensure sustainability. The Global Fund Board also accepted, on an exceptional basis and on the clear understanding that this action would not set a precedent, the selection by UNITAID of the United Nation’s Children’s Fund (UNICEF) as procurement agent for ACT medicines without following a competitive process.

3. Specifically, the Board approved the UNITAID commitment to fund the purchase of ACT medicines for the scale-up of Global Fund programs for the remainder of the grant term, in principle, provided the Global Fund Board and Secretariat assume sole responsibility for the following:

- a) the determination of which Global Fund programs would receive ACT contributions;
- b) the adjustment of the targets (and budgets where appropriate) contained in the relevant grant agreements to reflect ACT scale-up;

¹ Guatemala, 31 October-3 November 2006.

² Global Fund. “Report of the Policy and Strategy Committee Working Group on UNITAID.” (GF/B14/7)

- c) the monitoring of Global Fund program results linked to ACT scale-up;
- d) the authorization of shipments of ACTs, procured by UNICEF, to Global Fund programs, based on performance; and
- e) the determination, at the end of Phase 1 funding (where applicable) of whether Global Fund programs that are receiving ACTs will continue to receive ACTs financed by UNITAID during their Phase 2 (based on performance).

4. To initiate this process, the Global Fund Board delegated to the Fund Secretariat the responsibility to contact Country Coordinating Mechanisms and Principal Recipients (PRs) that, based on past performance, have demonstrated the capacity to scale-up existing ACT targets. The Secretariat invited these Principal Recipients to apply for ACT contributions, by stating in their applications the number of ACTs requested for scale-up. Based on these requests, the Secretariat, with cost information from UNICEF, then calculated the maximum amount needed to ensure sufficient financial support to scale-up the provision of ACTs for these grants for the remainder of their terms, and submitted a funding request for the maximum amount to the UNITAID Board for approval.

5. On 30 November 2006, the UNITAID Board issued a resolution to commit approximately U.S. \$19 million for 12 million treatments for the ACT Scale-up Initiative in 2007. In addition, on 5 February 2007, the UNITAID Board amended its November Board decision to commit to “financially support the ACT scale-up program from 2008 until the end of the supported grants’ term (i.e., until 2010), so as to reach the agreed-upon targets of approximately 56 million additional treatments during such period”. This figure represents the total maximum number of ACT treatments required by eligible Principal Recipients to scale-up their programs over the remainder of the grants’ terms (as estimated by the PRs). The amended decision also commits UNITAID to fund the estimated treatment need for scale-up for the period 2008 - 2010, calculated at 2006 prices to be approximately U.S. \$60 million³.

6. UNITAID funding is restricted to the procurement of ACT and will not cover operational costs, technical assistance or diagnostics. The Global Fund Secretariat advised PRs that they need to identify alternative sources of funding for operational costs (this can but does not have to include savings within Global Fund grants which can be reallocated towards operational costs). Local Fund Agents (LFAs) will assess the capacity of the PRs to reach new scale-up treatment targets (including the support secured to cover additional operational costs), as the Fund Board requested. The Secretariat will consider the LFA recommendations in making final determinations about participating countries in the ACT Scale-up Initiative. The Secretariat is currently negotiating work orders with LFAs for the assessment of potential PRs for participation.

7. The Secretariat has copied CCMs on communications with PRs who were invited to participate in the ACT Scale-up Initiative. However, as an additional check, the Global Fund Secretariat has requested PRs to provide the Global Fund Secretariat with an expression of interest from the CCM, to ensure CCM involvement and engagement in the ACT Scale-up Initiative.

8. In collaboration with UNITAID and UNICEF, the Secretariat is in the process of developing a project outline describing the roles and responsibilities of all parties, including UNITAID, and the flow of finances, drugs and reporting. This outline will serve as the basis for a tripartite Memorandum of Understanding between UNITAID, UNICEF and the Global Fund.

9. Once the UNITAID Board committed full funding for the ACT Scale-up Initiative, in accordance with the Global Fund Board’s expectation, the Fund Secretariat requested that the Board approve, via an affirmative e-mail vote the decision to delegate to the Secretariat the authority to take steps to put into operation the ACT Scale-up Initiative, as originally contemplated by the Board. The decision, approved by the Board on 16th March 2007, is attached at Annex 1.

³ UNITAID Board Meeting, 29-30 November, 2006. Resolution No.12– Amended 5 February 2007(Annex 3)

Scale-up of Multi-Drug Resistant Tuberculosis (MDR-TB) treatment

10. At its Fourteenth Board Meeting, the Board acknowledged UNITAID's offer relating to the MDR-TB Scale-up Initiative in the following terms (GF/B14/DP22):

"The Board acknowledges UNITAID's offer to finance the purchase by the Green Light Committee of the Stop TB Partnership ("GLC") as procurement agent of MDR-TB medicines (the "MDR-TB Contributions"), to eligible programs financed by the Global Fund (the "GF Programs") for scale-up of their existing MDR-TB targets. The Board acknowledges, further, UNITAID's initial approval of USD 7.9 million (the "Initial MDR-TB Funding") to finance MDR-TB Contributions and acknowledges UNITAID's intention to approve additional funding for MDR-TB Contributions (the "Additional Funding") once the Global Fund Secretariat has determined the estimated maximum amount needed for the scale-up of potentially eligible GF Programs through their Phase 2 (the "Maximum MDR-TB Amount"). The Additional Funding shall be equal to the difference between the Maximum MDR-TB Amount and the Initial MDR-TB Funding."

11. Similar to the ACT Scale-up Initiative, at the Fourteenth Board Meeting, the Global Fund Board approved, in principle, the MDR-TB Scale-up Initiative, based on the understanding that UNITAID's support for the scale-up of selected grants would, where appropriate, cover the remainder of the term of the grant to ensure sustainability.

12. Specifically, the Board approved the UNITAID commitment to fund the purchase of MDR-TB medicines for the scale-up of GF Programs, provided that the Global Fund Board and Secretariat assume sole responsibility for the following:

- a) the determination of which GF programs would receive MDR-TB contributions;
- b) the adjustment of the budgets and targets within the relevant grant agreements to reflect MDR-TB scale-up;
- c) the monitoring of GF program results linked to MDR-TB scale-up;
- d) the authorization of shipments of MDR-TB medicines procured by GLC/GDF to GF programs, based on performance; and
- e) the determination, at the end of Phase 1 funding (where applicable), of whether GF programs that are receiving MDR-TB contributions would continue to receive financing for MDR-TB medications during their Phase 2.

13. In addition, the Global Fund Board recognized that UNITAID funding is limited to medicines and diagnostics, and does not include operational costs associated with the scale-up of MDR-TB treatments. However, the Board also anticipated that, in this niche, the scale-up in MDR-TB treatment targets would be more likely to cause a material increase in expenditures (because of high operational costs). Therefore, the Board approved the MDR-TB Scale-up Initiative on the understanding that UNITAID intended to finance a proportion of the purchase price of MDR-TB medicines that the Fund Board had already committed to purchasing, to allow the Global Fund Board to shift resources to cover the additional operational costs associated with the MDR-TB scale-up.

14. On 30 November 2006, the UNITAID Board issued a resolution to commit U.S. \$19.9 million to finance additional MDR-TB medications.

15. Following this decision, the Fund Secretariat contacted six short-listed countries with high-performing MDR-TB grants to assess their interest and need for additional treatments. Upon receipt of requests from PRs for participation in scale-up from all six countries, the Fund Secretariat submitted detailed estimates of scale-up treatments requested for the remainder of the grants' terms, as well as associated operational costs, to UNITAID. The Secretariat estimates the maximum amount required to

finance the MDR-TB Scale-up Initiative in these six countries for the remainder of the grants' terms (including provision of a 10-percent buffer stock) is U.S. \$8,995,800.

16. Based on these estimates, the UNITAID Board on 2 March 2007, issued an amended resolution to commit a maximum MDR-TB amount of U.S. \$15.5 million⁴ for the financing of all estimated treatments (for Global Fund and Green Light Committee (GLC)/Global Drug Facility (GDF) programs) for the remaining duration of the grant term for participating programs. This amount includes U.S. \$8,995,800 required to finance the Global Fund programs for the remainder of the grants' terms⁵.

17. In collaboration with UNITAID and the GLC/GDF, the Fund Secretariat is in the process of developing a project outline to describe the roles and responsibilities of all parties, including UNITAID, and the flow of finances, drugs and reporting. The outline, once agreed by all parties, will form the basis for a tripartite Memorandum of Understanding between UNITAID, GLC/GDF and the Global Fund. The Secretariat is currently negotiating work orders with LFAs to assess the capacity of participating PRs.

18. The Fund Secretariat has copied CCMs on communications with PRs to invite their participation. However, to ensure CCM involvement and engagement in the MDR-TB Scale-Up Initiative, the Global Fund Secretariat has requested PRs to provide the Global Fund Secretariat with an expression of interest from the CCM, to ensure the involvement and engagement of CCMs in the MDR-TB Scale-up Initiative.

19. Once the UNITAID Board committed full funding for the MDR-TB Scale-up Initiative, in accordance with the Global Fund Board's expectation, the Fund Secretariat requested that the Fund Board approve a decision via an affirmative e-mail vote, to delegate to the Secretariat the authority to take steps to put into operation the MDR-TB Scale-up Initiative, as originally contemplated by the Board. The decision, approved by the Board on 16th March 2007, is attached at Annex 2.

Part 3: Round 6

1. At its Fourteenth Meeting, the Global Fund Board accepted a U.S. \$52.5 million contribution from the UNITAID Board for the financing of Round 6 (GF/B14/DP19), subject to the execution of appropriate contractual documentation by both parties, and on the understanding, among other things, that the Fund Secretariat would employ the contribution in accordance with existing Global Fund procurement and other policies. The Board also accepted that this contribution would go exclusively for the financing of the purchase of medicines in the treatment areas and in the amounts specified in the UNITAID Board resolution on Round 6,⁶ and in compliance with UNITAID's eligibility requirements. The Board additionally acknowledged that the UNITAID Board is committed to improving the price and availability of medicines and diagnostics, and that this is consistent with the Global Fund Board's own endorsement, in principle, of the facilitation of voluntary, pooled procurement. The Fund Board delegated authority to the Secretariat to negotiate, under the oversight of the PSC, a contribution agreement with UNITAID.

2. In November 2006, the UNITAID Board issued a second resolution on Round 6 to welcome the decision of the Global Fund Board, and to request information from the Global Fund on additionality, the potential use of price ceilings and the facilitation of voluntary, pooled procurement within UNITAID-supported Round 6 grants⁷.

3. Based on these respective decisions, the Global Fund Secretariat and the UNITAID Secretariat have engaged in discussions regarding the implementation of UNITAID funding for Round 6, including

⁴ This amount was reduced from the initial U.S. \$19.9 million approved by the UNITAID Board in November to reflect the reduction in the number of countries included in the initiative based on UNITAID's eligibility criteria.

⁵ UNITAID Board Meeting, 29-30 November, 2006. Resolution No.14– Amended 2 March 2007(Annex 4)

⁶ UNITAID Board Meeting October 9-10, 2006 Resolution on Round 6 (Annex 5)

⁷ UNITAID Board Meeting November 29 – 30, 2006, Resolution No 7 (Annex 6)

how to support the UNITAID Board's objective of lowering prices and spurring innovation within existing Global Fund policies and procedures. Among other topics, issues under discussion are the financial flows, information on the procurement of drugs, and monitoring and reporting on results. In these discussions, the Fund Secretariat has emphasized the need for compliance with current Global Fund Board policies and procedures.

4. The Global Fund Secretariat anticipates that, pending agreement on the above factors, a Memorandum of Understanding between the Global Fund and UNITAID will be ready for signature in May.

Part 4: Roadmap

1. At its Fourteenth Meeting, the Global Fund Board decided to explore in more depth an ongoing partnership with UNITAID and to identify areas of potential synergy and future partnership. As a result, the Board requested the Policy and Strategy Committee to work with the Secretariat and the Finance and Audit Committee to develop a "roadmap" for the future collaboration with UNITAID, and to present it for approval by the Board at its Fifteenth Meeting (GF/B14/DP23).

2. However, while discussions on the progress for developing the roadmap began in December 2006, various factors have since led the Global Fund Secretariat to the conclusion that this important piece of work requires more time. One important consideration has been that the UNITAID Secretariat would have difficulty handling such a strategic exercise before it hired additional staff. Given this limited capacity, the focus of UNITAID over the past few months has been on finalizing, and moving to implementation, already-approved initiatives. Another factor has been that UNITAID's Board needs to develop further its own strategy and business model before engaging in discussions with the Global Fund Board on a framework for collaboration. The pending changes in leadership at both Secretariats were another consideration that contribute to the decision that the roadmap process would benefit from a slightly extended time horizon.

3. Given these considerations, the Fund Secretariat has consulted with the UNITAID Secretariat to determine a feasible timeframe and process for the development of the roadmap. The proposed process is as follows:

- May 2007: Discussions and agreement on strategic questions the roadmap should address;
- June-August 2007: Background analysis and development of a draft roadmap document by the Global Fund and UNITAID Secretariats, supported by consultants;
- September-October 2007: The PSC provides feedback on draft roadmap document, addresses agreed questions and proposes areas for future collaboration. The UNITAID Board also provides comments, and both Secretariats prepare a final document, based on these inputs; and
- November 2007: Global Fund and UNITAID Board decisions on adoption of the roadmap document for future partnership between the Global Fund and UNITAID

4. Since the Global Fund Board originally expected that the PSC would present the roadmap to it for approval at the Fifteenth Board Meeting, the PSC gives notice of this delay in the process to the Board, with a recommendation to the Board that it instead request the PSC to present the roadmap at the Sixteenth Board Meeting.

5. To ensure oversight and direction of the PSC in the formulation of the strategic questions, and the development of the draft document, the PSC has agreed to formally establish a PSC Subgroup on UNITAID, including a representative for the FAC. Its role would be to oversee and guide the strategic

discussions with UNITAID between May and September, and to review the draft document prior to its presentation to the Board in November.⁸

Annexes

1. **ACT Scale-Up Decision Point currently under consideration by GF Board**
2. **MDR-TB Scale-Up Decision Point currently under consideration by GF Board**
3. **Amended UNITAID Board Resolution on ACT**
4. **Amended UNITAID Board Resolution on MDR-TB**
5. **UNITAID Board Resolution on Round 6 (October)**
6. **UNITAID Board Resolution on Round 6 (November)**

⁸ At the 7th PSC meeting the membership of the PSC Subgroup was agreed as: 2 UNITAID Board member representatives; 1-2 other Donor representative(s); 1 Civil Society representative; 1 Private Sector/Private Foundations representative and 2 Recipient Representatives. Nominations have been invited by the Chair of the PSC and an establishment process is underway.

Annex 1: ACT Scale-up Decision Point under consideration of Global Fund Board

Decision point: (Approved 16 March 2007 via email)

UNITAID ACT Scale-Up Initiative – Delegation to Secretariat

- 1. The Board refers to its decision (GF/B14/DP21) to acknowledge UNITAID's offer to finance the purchase by UNICEF as procurement agent of artemisinin-based combination therapy (ACT) medicines (the "ACT Contribution") for eligible programs financed by the Global Fund ("GF Programs") for the scale-up of their existing targets. The Board now further acknowledges UNITAID's approval of the additional funding needed to finance the ACT scale-up through the GF Programs' Phase 2 periods. Accordingly, the Board delegates to the Secretariat the authority to:**
 - a. enter into contracts with UNITAID and UNICEF to document how ACT Contributions by UNITAID will be financed and made available;**
 - b. determine which GF Programs shall receive ACT Contributions ("ACT Approvals"), subject to the following:**
 - i. The Local Fund Agent shall make recommendations with respect to the capacity of Principal Recipients to implement the proposed scale-up, and the Secretariat shall consider such recommendations prior to any ACT Approvals;**
 - ii. The Technical Review Panel ("TRP") shall make funding recommendations with respect to applications where the scale-up in ACT targets causes material variations in other objectives of the relevant GF Program; and**
 - iii. The total value of the ACT Contributions authorized by the Secretariat shall not exceed U.S.\$78,887,568;**
 - c. negotiate and execute amendments of grant agreements in accordance with this decision; and**
 - d. monitor the GF Program results linked to ACT scale-up and authorize the delivery of ACT Contributions procured by UNICEF to GF Programs based on performance.**

The budgetary implications of this decision point are U.S.\$244,536.

Annex 2: MDR-TB Scale-up Decision Point under consideration of Global Fund Board

Decision point: (Approved 16 March 2007 via email)

UNITAID MDR-TB Scale-Up Initiative – Delegation to Secretariat

- 2. The Board refers to its decision (GF/B14/DP22) to acknowledge UNITAID's offer to finance the purchase by the Green Light Committee of the Stop TB Partnership ("GLC") as procurement agent of MDR-TB medicines (the "MDR-TB Contributions"), to eligible programs financed by the Global Fund (the "GF Programs") for scale-up of their existing MDR-TB targets. The Board now further acknowledges UNITAID's approval of the additional funding needed to finance the MDR-TB scale-up through the GF Programs' Phase 2 periods. Accordingly, the Board delegates to the Secretariat the authority to:**
 - a. enter into contracts with UNITAID and GLC to document how MDR-TB Contributions by UNITAID will be financed and made available;**
 - b. determine which GF Programs shall receive MDR-TB Contributions ("MDR-TB Approvals"), subject to the following:**
 - i. The Local Fund Agent shall make recommendations with respect to the capacity of Principal Recipients to implement the proposed scale-up, and the Secretariat shall consider such recommendations prior to any MDR-TB Approvals;**
 - ii. The TRP shall make funding recommendations with respect to applications where the scale-up in MDR-TB targets causes material variations in other objectives of the relevant GF Program; and**
 - iii. The total value of the MDR-TB Contributions authorized by the Secretariat shall not exceed U.S. \$ 8,178,000;**
 - c. negotiate and execute amendments of grant agreements in accordance with this decision; and**
 - d. monitor the GF Program results linked to MDR-TB scale-up and authorize the delivery of MDR-TB Contributions procured by GLC to GF Programs based on performance.**

The budgetary implications of this decision point are U.S.\$141,000.

Annex 3: Amended UNITAID Board Resolution on ACT

UNITAID Board Meeting November 29 – 30, 2006

Action name: ACT Scale-up

Partner organizations: UNICEF / GFATM

[Amended 5 February 2007]

The Board of UNITAID authorizes the Executive Secretary to commit up to USD 19,021,239 for 12,243,489 treatments for ACT scale-up in 2007.

The Board of UNITAID also commits to financially support the ACT scale-up program from 2008 until the end of the supported grants' term (i.e. until 2010) so as to reach the agreed upon targets of 55,777,927 additional treatments during such period. Based on 2006 prices, the additional financing need is estimated at USD \$59,866,329 for the years 2008 to and including 2010. It is expected that actual need will be lower given the reduction on price of ACT contemplated in 2007-2010.

Lead recipient: UNICEF

Purpose:

Common proposal from UNICEF / GFATM to scale-up 12 existing high performing GFATM grants to deliver 12,243 additional ACT treatments in 2007. UNITAID resources will be used to finance the purchase of ACT treatments only.

Procurement Agent: UNICEF

Amount:

2007: USD 19,021,231 based on 2006 prices (subject to change).

Conditions for signature of the MOUs:

- Submission of a quantification of requirements by age groups in order to develop more accurate price estimates and purchase the appropriate volumes of different formulations.
- Agreement between UNITAID, GFATM and UNICEF on a mechanism for monitoring and reporting on price of medicines.

Conditions for disbursement:

- Signature of MoU between UNITAID and UNICEF for the provision of procurement services.
- Signature of MoU between UNITAID and GFATM, including a provision by which GFATM ensures that UNITAID does not bear any operational costs.

Conditions for funding commitment and disbursements for 2008 and beyond:

- The second year funding and beyond will be calculated on potential new price agreements and as a result of an increased purchasing power or marked impact of the 2007 orders.
- The annual implementation of the financing commitment and the disbursements will be subject to evidence of need and on demonstration of the Principal Recipient's satisfactory performance, as assessed and reported under GFATM's results based funding policies and procedures.

Annex 4: Amended UNITAID Board Resolution on MDR-TB

Approved resolution
MDR-TB Scale-up
Partner organizations: GFATM and GLC/GDF

Approved by written consultation

The Board of UNITAID authorizes the Executive Secretary to commit up to USD 15,562,800 for 5,188 treatments for MDR-TB treatment scale-up. The support for the MDR-TB scale-up program is until the end of the supported grants' term (i.e. 2011) for the 6 countries which will be supported through the Global Fund architecture. The funding for the additional 11 countries supported through the Green Light Committee/Global Drug Facility is for 2007 and 2008 as the treatment course for MDR-TB is 2 years.

Lead recipient: Green Light Committee/Global Drug Facility

Purpose:

Common proposal from GFATM and GLC/GDF to scale-up existing high performing GFATM grants in 6 countries and 11 countries through the GLC/GDF program to deliver additional MDR treatments. UNITAID resources will be used to finance the purchase of MDR-TB drugs only.

Procurement Agent: GDF

Amount:

Up to USD 15,562,800 based on an approximate cost of \$3,000 per treatment (subject to change).

Conditions for signature of the MOUs:

- Agreement between UNITAID and GLC/GDF on a mechanism for monitoring and reporting on price of medicines.

Conditions for disbursement:

- Signature of MoU between UNITAID and GLC/GDF for the provision of procurement services.
- Signature of MoUs between UNITAID, GLC/GDF and GFATM, including a provision by which GFATM ensures that UNITAID does not bear any operational costs.

Conditions for funding commitment and disbursements for 2008 and beyond:

- The second year funding and beyond will be calculated on potential new price agreements and as a result of an increased purchasing power or marked impact of the 2007 orders.
- The annual implementation of the financing commitment and the disbursements will be subject to evidence of need and on demonstration of the Principal Recipient's satisfactory performance, as assessed and reported under GFATM's results based funding policies and procedures for the 6 GFATM supported countries and as assessed and reported by the GLC for the 11 countries supported through the GLC/GDF mechanism.

Annex 5: UNITAID Board Resolution on Round 6 (October, 2006)

RESOLUTION
UNITAID Board meeting of 9-10 October 2006
Action name: GFATM Round 6
Partner organizations: GFATM

The Board of UNITAID decides to commit the amount of 52.5 M USD (fifty two million five hundred thousand US dollars) to fund the request for purchase of drugs submitted by the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria (GFATM) under Round 6 subject to the following conditions:

- Allocation per treatment type:

UNITAID funds shall be used exclusively to finance the purchase of drugs⁹ for the following treatments:

	<u>Amount in M USD</u>
2nd line ARV	9.8
ACT	22.6
MDR TB	7.3
Ped ARV	12.8 ¹⁰

Total	52.5

- Commitment by UNITAID to the GF is based on the following:
 - The allocation to beneficiary countries is consistent with UNITAID's eligibility criteria;
 - UNITAID funding shall be clearly additional and allow an increase in the number of patients under treatment compared to the current level under existing GFATM financed programs; and
 - UNITAID support to Round 6 shall demonstrate the specific added value of UNITAID through increased access to adapted quality drugs at more affordable price, supporting the ongoing reflections on pooled procurement and negotiated price.

As a condition of disbursement of UNITAID funding the UNITAID and the GFATM shall sign an MOU.

⁹ Any changes would be subject to agreement by the UNITAID and Global Fund.

¹⁰ Clarification by the GF that there is no duplication between the funding to Round 6 and the funding provided to the Clinton Foundation on Pediatric ARVs prior to the GF's Board meeting (Oct 31 –Nov 2, 2006);

Annex 6: UNITAID Board Resolution on Round 6 (November, 2006)

RESOLUTION N°11

UNITAID Executive Board meeting

November 29-30, 2006

UNITAID welcomes the decisions of the Board of the Global Fund at its 14th meeting.

The UNITAID Executive Board stresses the need, in the implementation of the Round 6 and in the definition of the roadmap between UNITAID and the Global Fund:

- to receive information from the Global Fund that confirms that UNITAID funding should be additional and allow an increase in the number of patients under treatment compared to the current level under existing Global Fund financed programs;
- to reach agreements on price ceilings: when UNITAID agrees on price/volume with suppliers in specific niches, upper prices will not be supported (the prices of reference will be discussed with the Global Fund);
- to carry out pooled procurement: UNITAID and the Global Fund agree on the facilitation of voluntary pooled procurement in order to improve the prices and the availability of medicines and diagnostics; for each niche the secretariats will examine options to implement pooled procurement (including the flows of funds).

The Executive Board of UNITAID requests the Secretariat to report on the progress of these actions at the next Board meeting.