

GLOBAL FUND FOURTH REPLENISHMENT (2014-2016)
PREPARATORY MEETING – BRUSSELS, BELGIUM, 8-10 APRIL 2013

CHAIR'S SUMMARY REPORT

PURPOSE:

1. The Preparatory Meeting on the Fourth Replenishment of the Global Fund to Fight AIDS, Tuberculosis, and Malaria was hosted by the European Commission (EC) in Brussels on 8 – 10 April 2013. This Chair's Summary is being provided to the Board for background information.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board meeting.

Chair's Summary

1. The Preparatory Meeting on the Fourth Replenishment of the Global Fund to Fight AIDS, Tuberculosis, and Malaria was hosted by the European Commission (EC) in Brussels on 8 – 10 April 2013. Forty-five delegations participated in the meeting. Richard Manning, Vice Chair of the Fourth Replenishment, chaired the meeting.
2. Andris Piebalgs, European Commissioner for Development and Cooperation, set the tone of the meeting by asserting that HIV, TB and malaria can and must be controlled. With millions of people affected by the three diseases, he said, it is imperative for the Global community to act in a unified way to achieve its goal of defeating the three diseases. The need for increased and more predictable financing requires active participation from all partners, Commissioner Piebalgs added, and he strongly encouraged the private sector and non-traditional donors to fully embrace this effort. He described the Global Fund as a flagship initiative for the international community – one that the EU pledges to continue to support – and, citing the Fund's successful transition from emergency to sustainable support for country-led strategies, as a model that offered hope that other seemingly insurmountable problems can be tackled in an effective way.
3. Simon Bland, Chair of the Global Fund Board, acknowledged the challenging financial times we live in, and the hard choices that have to be made. Yet, he pointed out that the progress made against the diseases has been exponential. And with only 1,000 days remaining before the 2015 Millennium Development Goals (MDGs) target date, he noted that a strong push is required. The Global Fund's strategy focuses on targeting key interventions, alignment with national strategies and maximizing impact on vulnerable groups. The new funding model came out of the realities in implementing countries and relies on a robust dialogue to underpin better planning and ensure greater sustainability. With this more strategic approach, he said, the opportunity to control the diseases through value for money investments is within reach. Mr Bland concluded by urging participants to seize the moment and redouble their efforts to champion the Global Fund in this Replenishment year.

The Value of Partnership: What Science and Experience Tell Us

4. Mark Dybul opened the meeting's first session on advances in science and implementation by describing what he termed a unique historical moment. The new science, advances in the understanding of the epidemiology of the three diseases and the knowledge acquired through the implementation of programs have given us a rare opportunity to defeat the three diseases. Emphasizing the role of partnerships, Mr. Dybul added that achieving the goal that lies within our reach requires bringing together the expertise of technical partners, the hard work of implementers and the commitment of development partners.
5. Dr Timothy Hallett of Imperial College London presented his research on the impact of HIV interventions, showing that high concentrations of the epidemic, both

geographic and demographic, give the chance to achieve significant impact in preventing new infections by targeting key areas and specific populations, and to succeed in converting HIV into a controlled epidemic. In one area in South Africa, he pointed out, 6 percent of the population accounts for 30 percent of new infections. Targeting scarce resources to these areas and vulnerable populations is key and, building on the UNAIDS Investment Framework, significant increases in impact can be reached in averting new infections. Triangulating geographic and epidemiological data, he demonstrated how to identify the foci of transmission within a country and prioritize resources to improve efficiency. The case study he presented showed an increase in impact of up to 21 percent. Further, he demonstrated that by focusing new technologies on high transmission areas, the cost per infection averted decreases by 66 percent. Overall, Dr Hallett made a persuasive case that this focused approach would move infection rates towards a tipping point where additional scientific advances could effectively control the epidemics.

6. Lucica Ditiu of the Stop TB Partnership presented striking results in TB programs, noting that Global Fund support helped provide TB treatment to 9.7 million people and considerably increased case detection rates in the 22 highest burden countries. Advances in reducing TB prevalence, mortality and incidence have been achieved. However, she cautioned that most cases of TB continue to be in lower-income countries and that the majority of cases of MDR-TB continue to go undiagnosed and untreated. Dr Ditiu then used a compelling graphic illustration to show how reducing TB incidence from current global levels to those now in Belgium would take eight generations, or until 2200, if the current annual pace of 1.5 percent decrease is not accelerated. She then talked about how new tools, such as Gene Xpert, new anti-TB drugs and new drug regimens with shorter treatment durations could make a big difference in the coming years. She also highlighted the potential to mobilize up to 60 percent of TB funding needs from domestic sources, but argued that Global Fund financing is crucial to leveraging domestic contributions. To accelerate the convergence of TB incidence across the globe, and to capitalize on the new tools as well as the possibility of leveraging more domestic resources, the international community must accelerate efforts and invest more in the fight against TB today.
7. Robert Newman, Director of the WHO Global Malaria Program and a member of the Roll Back Malaria Board, cited a decade of investment and progress, with the Global Fund as a key catalyst, that has led to a 25 percent decline in malaria cases globally and 33 percent decline in the WHO Africa region. This has been based on the availability of four key interventions: insecticide treated nets, indoor residual spraying, rapid diagnosis and Artemisinin-based Combination Therapies (ACTs). He emphasized the importance of surveillance in better targeting investments and sub-national stratification to better focus interventions. He also stressed the need for continued funding, noting that resurgence within a year has been observed in numerous countries that had experienced program interruptions.
8. Quarraisha Abdool Karim of CAPRISA highlighted statistics on the success in stemming the HIV/AIDS epidemic in South Africa and remarked that gains have been made not only in saving the lives of individuals and reducing HIV/AIDS mortality statistics, but in strengthening of health systems that also contribute to meeting MDGs 4, 5 and 6. She also noted that scientific evidence shows that HIV prevention can be scaled up at a programmatic level to make a substantial impact on the major modes of HIV transmission thus mitigating the impact of AIDS. Greater and continued investments in evidence based approaches, she added, are important to sustain and expand the gains achieved to date. However, she also stressed that the goal of an AIDS-free generation cannot be realized with these efforts alone. She cautioned that some populations that are key to altering the course of the epidemic

remain vulnerable because of scientific gaps, and/ or marginalization through discriminatory policies or legislation, or social stigma and discrimination.

9. Dr Bernhard Schwartländer of UNAIDS attested to the truly transformative nature of the current period where countries and their partners have moved from a cost- and commodity-driven response to the three diseases towards making solid investment cases that maximize returns and achieve more and better health outcomes for each dollar invested.
10. Participants remarked that it is useful to get information on the new science and technology to address the three diseases. They agreed that there is a need for more models for programmatic scale up of services and continued investments in the development of new drugs and vaccines and other biomedical interventions as these advances create the opportunity for impact. Participants raised the importance of addressing transmission due to migration, and the need for functioning health systems including a motivated workforce, longer term stable financing and robust management, to capitalize on recent developments.
11. Participants also highlighted the role of strong partnerships and international solidarity to ensure sufficient resources to provide countries with access to the science and technology to be able to design and implement appropriate interventions. The implications of an increased focus on marginalized groups were also recognized.

Seizing the Opportunity

12. Marijke Wijnroks, Dutch Ambassador for HIV/AIDS and sexual and reproductive health and rights, moderated the second session on the political and policy ramifications presented by the scientific evidence and the opportunity these present to create a legacy by investing in controlling the epidemics now. Anita Asimwe, Minister of State for Public Health of Rwanda; Victor Kaput Makwenge, Chair of the Roll Back Malaria Partnership; Ambassador Anders Nordstrom of Sweden; Yogan Pillay, Deputy Director General Strategic Health Programs in South Africa; and Laurindo Garcia, Civil Society in the Philippines spoke on the panel. They discussed the potential policy changes needed to build programs around high transmission geographies and key affected populations; the importance of human rights, access and equity in defining policies and programs to fight HIV, TB and malaria; the linkages between policy, political will and what the science and evidence show; and the role of governments, civil society, the private sector and other partnerships in effectively implementing targeted and focused HIV, TB, malaria and health systems strengthening (HSS) programs.
13. Participants expressed broad encouragement that, in line with the conclusions of the first panel, policy change and cross-sector collaboration in the fight against the three diseases are already happening on the ground. It was highlighted that the successes to date have been made possible through a unique system of partnerships across civil society, government, donors, scientists, industry and the private sector. There was consensus around the need to further incorporate human rights, gender and equity considerations into health programs. There was also strong support for better focused and targeted programs that are designed in collaboration with, and that address the specific needs of, key affected populations. Participants also agreed that strong health and community systems were crucial to universal coverage and sustainable health outcomes. They concurred with the Panel that there is a need to increase international support and to leverage additional domestic commitments in order to further strengthen health systems. In this regard, it was also noted that the

intertwining of the TB and HIV epidemics and sexual and reproductive health services provide an opportunity for more integrated service provision further strengthening health care delivery systems. Finally, there was likewise agreement that the international community has the shared responsibility of capitalizing on the scientific gains and of catalyzing the policy changes needed in order to translate what the science and lessons learned tell us into effective and implementable programs.

Results, Impact and Reform

14. A keynote speech by the French Minister Delegate for Development Pascal Canfin underscored the need for efficiency and impact in development financing. Minister Canfin cited France's steadfast support of the Global Fund since its inception and applauded the impressive results achieved by its partnership. He highlighted the partnership among donors and implementing countries, particularly the crucial role played by civil society and people affected by the diseases. In a time of unprecedented fiscal constraints, Minister Canfin said, the need to maximize efficiency and impact is critical, as is the role of strong and viable health systems. He commended the new funding model and called for continuous adaptation based on the lessons learned in its implementation. Minister Canfin argued that an AIDS-free generation is now an achievable goal, and called for vigorous joint efforts from all stakeholders while pledging France's continued support.
15. Mark Dybul gave a brief update on the comprehensive reforms the Secretariat is undertaking and pledged to ensure these translate into higher impact at the country level. Presenting an update on the results and impact achieved by its grants, the Secretariat reported the updated results figures for key interventions as of the end of 2012. The Secretariat reported that the number of people on ART has significantly increased from 1.4 million in 2007 to 4.2 million; that 9.7 million new smear-positive TB cases detected and treated compared to 2.9 million in 2007; and that in 2012, a cumulative 310 million nets have been distributed compared to only 46 million five years ago. It also highlighted that the significant increase in access to key interventions for all three diseases is in large part driven by increased external and domestic funding as well as decreasing unit costs.
16. The Secretariat remarked that when 80 percent coverage for key interventions is reached in key populations, significant returns in terms of impact on incidence, morbidity and mortality are observed, pointing to the examples of Ethiopia, Cambodia and Rwanda. More importantly, it was noted, scale up efforts have put the coverage target within reach globally: 56 percent of people eligible for ARV therapy to treat HIV are estimated to receive it in sub-Saharan Africa, an increase from less than 5 percent in 2000; 67 percent of the estimated 8.7 million people who fall ill with TB are now diagnosed and 85 percent successfully treated, an increase from 43 percent and 67 percent, respectively, ten years ago; and 53 percent of households at risk of malaria in sub-Saharan Africa are estimated to own at least one insecticide-treated net, an increase from 3 percent in 2000. The Secretariat concluded that the major challenge now was to secure the additional resources needed to reach universal coverage so that more and more countries can reach this "tipping point" in terms of impact, which should result in significant immediate improvements as well as considerable savings in the long term.
17. The Secretariat then gave an update on the implementation status of the new funding model, the key set of reform measures to operationalize the Global Fund Strategy 2012-2016. The model will help countries develop and implement more strategically focused and sustainable programs through increased country dialogue, more strategic engagement with partners, greater flexibility of timing and process for

accessing funds, more predictable funding levels as well as a more streamlined and risk-differentiated approach to grant management. Early lessons from two months of implementation were very encouraging.

18. Participants thanked the Secretariat for its presentation and congratulated the Global Fund for the results achieved and for the launch of the new funding model which is likely to drive radical changes going forward. Participants were encouraged by the efforts to streamline and simplify Global Fund process and welcomed efforts made by the Global Fund to more pro-actively engage in dialogue with countries and with its partners, as well as to bring in measures to promote efficiency and effectiveness. Related to this, several participants asked about the progress on risk management and the Secretariat committed to providing a progress update.

Financial Update

19. Daniel Camus, Chief Financial Officer of the Global Fund, presented an overview of the financial management of the Global Fund, including recent and planned improvements. Mr. Camus highlighted the substantial savings in the 2013 operational budget (a reduction of 15 percent compared to the 2012 budget), and pointed out that the operational expenditure in 2013 will show virtually no increase over 2011. He also explained that the Secretariat has created a team to monitor cost savings.
20. He also reported that by end 2012, in line with expectations, almost two-thirds of adjusted pledges for 2011-2013 had been converted into contributions. He presented projected commitment and disbursement needs for 2013 to 2016, describing how the current cash balance of US\$5.4 billion will be fully utilized for on-going grant commitments that have not yet been disbursed, Board-approved Phase 2 renewals, operational expenditure and working capital. He reminded participants of the Board decision to approve commitment of up to US\$1.9 billion for the new funding model in 2013 and 2014 based on Secretariat projections at the beginning of the year.
21. Several participants welcomed the Global Fund's improved financial management and efficiency. The Secretariat was encouraged to produce a work-plan in the near future for endorsement by the Finance and Operational Performance Committee and the Board that links the work plan to resources. Participants discussed operating expenses and the costs of maintaining lifesaving treatments. Participants stressed the need for predictability of contributions and urged further work in this area keeping in mind the individual constraints of donors. Participants also asked the Secretariat to link overall results with costs in future. Finally, participants welcomed the commitment to continue to seek cost efficiencies in Global Fund grants including through continued improvements in procurement practices.

Needs Assessment for 2014-2016

22. The Secretariat and technical partners presented the overall needs assessment for the 2014-2016 period. On the basis of the objectives the international community has set itself for each of the three diseases¹, the needs assessment exercise also identified the required contribution from the Global Fund in that period.

¹ The global objectives set for HIV and AIDS, tuberculosis and malaria are stated in The UNAIDS Investment Framework (<http://www.thelancet.com/journals/lancet/article/PIIS0140-6736%2811%2960702-2/abstract>); The Global Plan to Stop TB 2011-15 (http://www.stoptb.org/assets/documents/global/plan/TB_GlobalPlanToStopTB2011-2015.pdf), and The 2008 Global Malaria Action Plan (GMAP), with its methodology annex, resource mobilization report, and 2011 targets update (<http://www.rbm.who.int/rbmgmap.html>), respectively.

23. The Secretariat started by providing a brief overview of the methodology for the global needs assessment exercise undertaken in close collaboration with WHO and UNAIDS. It estimated the forecasted total amount of resources needed for the 2014-2016 period at US\$87 billion (US\$58 billion for HIV, US\$15 billion for TB and US\$14 billion for malaria). The Secretariat then went on to note that a US\$15 billion contribution from the Global Fund, when added to the projected levels of both domestic (US\$37 billion) and other external financing (US\$24 billion), would lead to close to 90 percent coverage of the global need. This level of financing can have a transformative effect by extending coverage of key interventions where the returns in terms of impact on morbidity and mortality are highest. Additionally, better prioritization of high-impact interventions, better targeting, use of scientific advances and further efficiencies in service delivery, can all bring the effective contribution nearer to the full amount needed and move the global community even closer to complete control of HIV, TB and malaria.
24. Bernhard Schwartländer of UNAIDS, Mario Raviglione of the WHO Stop TB Department and Robert Newman of the WHO Global Malaria Program then presented the disease-specific needs and gaps. The partner presentations showed that while the pattern of funding was different for each disease, some common elements exist. The proportionate financing gaps were largest in low income countries and in Africa. For middle income countries, the outcome is highly dependent on the rate of growth of domestic resources. They then went on to present what a US\$15 billion contribution from the Global Fund can potentially achieve in terms of impact on each disease, assuming for this exercise the Global Fund's historical distribution of funding across the three diseases. They also highlighted the risks and potential negative impact on global health that may result from falling short of the required level of investment.
25. For HIV and AIDS, the presenter highlighted that this level of funding can lead to convergence in the rates of new infections between low- and middle- income countries (LMI) and industrialized countries by 2025, with LMI countries coming down to levels seen in North America and Western Europe today. On the other hand, should funding remain at today's levels, it is estimated that on average about 2.64 million new HIV infections could occur per year which will result in 4 million additional HIV infections over the three years when compared to the full scale up scenario. For TB, assuming that funding covers high-burden low-income countries first, the higher level of investment would result in 17 million TB and multidrug-resistant TB patients receiving care and treatment in Global Fund-eligible countries during 2014-2016, and a potential 6 million lives saved over this period. If resources are flat-lined, only around 14 million people would be treated – and consequently 1 million fewer lives would be saved annually. Finally, increased investment in malaria, assuming this is prioritized to achieve 100 percent coverage in the 18 highest-burden countries and 50 percent elsewhere, will lead to a substantial increase in coverage in sub-Saharan Africa and about 196,000 more lives saved per year than at current funding levels. Without additional investment, insecticide-treated net coverage may also decrease over the 2014-2016 period, resulting in resurgence and renewed epidemics of malaria and a potential return to 2000 levels of mortality (1.2 million deaths per year).
26. Participants congratulated the Global Fund and its partners for their collaborative work on the needs assessment and several described it as a good basis for presenting the case for the Replenishment. Participants identified the encouraging trend of recent increases in domestic contributions to disease programs, and encouraged implementing countries to continue and accelerate their efforts going forward. The signs of “the graphs pointing down” were also welcomed as evidence of the progress

made in tackling the three diseases. A strong communication strategy is needed to present the picture emerging from the needs assessment in a compelling way.

27. Participants suggested that it is still necessary to set out the case for using the Global Fund as a major vehicle for addressing the three diseases going forward. They also pointed out the need to look actively for efficiencies across its programs. Some participants expressed the desire to have an illustration of the lives saved by linking the Global Fund's results more directly with expenditures. While many other bilateral and multilateral agencies have appropriate roles, the experience and convening power of the Global Fund puts it in a privileged position to "align the resources of the world" to achieve the breakthrough that science suggests is now achievable. This included encouraging implementing countries to make further progress in allocating their own resources. Participants from implementing countries noted that managing the large number of donors at country level remains challenging. In this context the new funding model offers particular opportunities for improved alignment in support of nationally-owned strategies. Dr Dybul confirmed that the US\$15 billion figure for Global Fund program resources in 2014-2016 should be taken as a clear target for the Replenishment. The delegate for the private sector said that it would be appropriate for the private sector to contribute 10 percent of this sum, or US\$500 million a year, but noted that this will require governments to take active steps to engage major private sector firms.

Where We Go from Here

28. In his closing remarks, Dr Dybul reminded participants that the global results achieved in the fight against the diseases to date were deemed impossible by many only twelve years ago. Today, he emphasized, an extraordinary opportunity presents itself to the international community. Expanded coverage of the three diseases, the experience gained in implementation, and advances in science have brought us to a point where the diseases – two of them endemic for thousands of years, one a modern-day plague – could be rapidly reduced and then entirely controlled. Such moments do not come very often, he said, and failure to act now will mean dealing with the consequences for generations. Carrying on as before is not enough. A concerted and more intense effort from all partners is required to build on the gains achieved and push strongly towards controlling the pandemics. The Global Fund, a 21st century development model with a new approach to health that is inclusive and country-led, was created not to duplicate but to complement existing approaches and programs. By supporting the new funding model and contributing to a strong Replenishment, we can collectively seize and realize the full potential of this phenomenal opportunity.
29. The US delegate reported that the US administration was about to publish the President's request to Congress for funding for the Global Fund in the coming financial year.² He added that due to legal requirements, the US would be looking to other donors to increase their contributions to ensure that the US Government is able to fully contribute its pledge.
30. The Global Fund and the meeting participants expressed their warm thanks to the EC for hosting the meeting.

² Shortly after the close of the Preparatory Meeting, President Obama's budget, with its US\$1.65 billion request for the Global Fund, was released. The Global Fund strongly welcomed this news.