



2nd UNITAID Board meeting
Geneva 29-30 November 2006

Minutes

1. Quorum : the Board convened in Geneva on November 29 and 30 2006, in the presence of all its members. The alternate chair apologizes for the absence of Philippe Douste Blazy, who is attending at the same time a meeting in New Delhi with President Bill Clinton to announce lower prices for paediatric medicines for HIV/AIDS funded by UNITAID. The Board took note that it reached its quorum (i.e. a majority of its 9 voting members) and was in position to make decisions.
2. Introduction of new members : The Chair introduced The Republic of Korea as a new member of the Board, representing Asian countries. The Republic of Korea indicated that its Parliament is currently examining a law introducing an innovative contribution, in order to secure a long term commitment. The Chair also introduced Mr. Joe Muriuki, from the Coalition of HIV infected and affected Community Service Organizations (CHIACOSK) in Kenya, the newly elected representative of communities living with the diseases. The Chair introduced Cyprus and Mauritius as observer members. Cyprus and Mauritius are committed to raising a levy on airline tickets. Cyprus is expecting to levy 800.000 € a year.
3. Update of the discussion with future members : The Chair indicated that there were discussions with a number of potential new members. Spain, which has also showed some interest in the possibility of a contribution levy on airline tickets, has decided to join and commit to a 15 M€ contribution in 2007. Discussions have started with the Islamic conference Organization and the Islamic bank of Development, notably concerning the fight against malaria. Saudi Arabia has confirmed its interest in joining UNITAID. Other countries such as Kuwait, Cambodia, Jordan, Algeria, Mozambique, Madagascar, Benin, Mali, and Liberia have also shown a strong interest. In addition, the alternate Chair had discussions with the World Bank, on the issue of the reinforcement of health systems and capacities in some developing countries. DR Margaret Chan, the new elected WHO Director General, has indicated her strong interest in UNITAID during a private meeting with the Chair.

Establishment of the executive secretariat

4. Appointment of the executive secretary : The position of executive secretary has just been published in the international press and was published on WHO website on 14 Novembre 2006. The deadline for applications is 15 December 2006. A committee composed of the Chair, Chile, and 2 representatives of WHO will examine applications and propose, in a transparent way, a short list to the Board. The next Board should audition all short listed candidates, in order to make a choice. WHO circulated the proposed evaluation system of the Executive Secretary to Board members and suggested that eventual comments on this proposed evaluation system be communicated to UNITAID secretariat.

5. Reinforcement of the secretariat team : the secretariat team will be completed in the coming weeks, in particular with an expert on procurement from UK and an expert from Brazil.
6. Structure of the secretariat : The acting executive secretary has provided to the Board Job descriptions. He stressed that there is a need to consider the organization of the secretariat around 3 main pillars (responsible for a) actions; b) market dynamics and procurement; c) finance and administration) and should also include a small communication and Internet team, which shall submit to the Board a communication strategy.

Financial commitment policy :

7. Annual letter of commitment : Each donor agreed to send a letter of binding commitment for the 2007 budget to WHO, through the Executive Secretariat, before the end of 2006. In the case of political multi-year commitment, the donors will have to renew this commitment to WHO every year in a legally binding way, according to WHO rules.
8. Long term financial commitment : The Board recalled that the long term nature of the financial commitment is a core-element of UNITAID's added value. In order to specify the principles set forth in the modified constitution, the Board decided that the secretariat conducts an informal consultation with Board members, in order to propose a framework for how the undertaking of each country over the long term would be set forth, taking into account their particular legal constraints. France reaffirmed that its contribution to UNITAID was additional to its previous commitment to achieve an ODA of 0.7% in 2012, and that it would be in favour of an international legal framework such as a convention or even a treaty to implement the predictability principle.

Governance :

9. Revised constitution and by-laws : The Constitution and the by-laws of UNITAID adopted during the first Board meeting on October 9-10 are to be revised at the end of March 2007, in particular so as to adapt to the entry of new members to stabilize the Board composition. The Board considered amendments submitted by the working group to improve the text on various aspects such as transparency, monitoring and evaluation, precisions on the objectives of predictability, price reduction and the use of flexibilities of the Doha Declaration by recipient countries. Regarding the proposed amendments to the Constitution, there was a debate on the section 1 paragraphe 2. The Constitution mentions in this section that "where intellectual property hampers competition and price reductions, it [UNITAID] will support the use by countries of compulsory licensing or other flexibilities under the framework of the Doha declaration on (TRIPS) when applicable". The NGOs and Communities submitted an amendment to the Constitution mandating that this principle "be reflected in agreements passed by UNITAID and its recipients". Some board members (France, UK and Norway) expressed support for the amendment proposed by NGOs and Communities. Other board members (Brazil, Chile and WHO) expressed reservations to the based on concern for country sovereignty and acceptability by implementing partners. As a result, the final language adopted in the Constitution mentions that "On this basis, the principle of making available better quality drugs at the lowest possible prices will be reflected in the agreements between UNITAID and its recipients". The NGO and communities indicated that they wished to be recorded as abstaining on this latter amendment to the Constitution and expressed concern on a scenario by which UNITAID would opt for funding expensive brand products while

inexpensive generics are available. Such scenario would be perceived as subsidization of brands. The Chair indicated that such scenario would certainly be contradictory to UNITAID's mission and objective and that UNITAID will ensure that price paid by UNITAID are indeed at the lowest possible level.

10. Consultative forum : The Board agreed to set up the first meeting of the consultative forum during the first quarter of 2007. Open to all donors and to the civil society, the forum should remain an assembly with a limited size (40 to 50 persons). The composition of the consultative forum shall be decided by the Board, from a proposal of the Executive Secretariat.
11. Procedure of addition of new donors : The Board endorsed the membership application document (“How to join UNITAID”), while noting that observers positions are offered during the transition period pending the revision of the constitution that could establish donors representation on the basis of constituencies. Modalities of representation of new donors will indeed be discussed at the next Board.
12. Transparency policy : The Board adopted a UNITAID transparency policy, which implements the principles of transparency and accountability and providing for the non-disclosure of documents under certain conditions. Generally, the transparency policy states that the documents adopted by the Board will be published on the UNITAID website. NGO proposed amendments which will be considered at the next Board meeting. NGOs and Communities suspended their approval of the proposed transparency policy pending the discussion of their proposed amendments at the next UNITAID Board meeting.
13. Conflict of interest policy : A document was presented to the Board on potential conflict of interest. The Board approved the original draft on a provisional basis. WHO informed the Board that some of the provisions of the proposed conflict of interest policy relative to the staff of UNITAID were not compatible with WHO's staff Regulations and Rules hence preventing WHO as host organization to implement such provisions. In order to address this issue, WHO submitted a number of amendments which the Board agreed to consider at the time of the next Board meeting. Some Board members considered that WHO should not advocate in certain discussions where they have a direct involvement (i.e. prequalification, or GDF).

UNITAID handbook and monitoring policy

14. A provisional policy document, prepared by McKinsey, on added value, procurement policy, market dynamics, monitoring & evaluation system corporate key performance indicators and expertise requirements has been presented for information to the Board. This document, primarily designed to help the secretariat's work, should be part of the strategy of UNITAID. Remarks from Board members to the secretariat are expected before end of the year, in order to improve the document. One Board member noted that one essential pillar should be added on the procedure detailing how to screen and analyse the proposals coming to UNITAID and how organisations/institutions can submit proposals to UNITAID.
15. The Board broadly endorsed the proposed key performance indicators that will help to monitor the achievement of UNITAID targets at the end of 2007. These indicators might be slightly revised at the next Board.

Partnership with Gates foundation

16. Partnership with the Gates foundation : The Gates foundation has contributed to UNITAID from the beginning, through the funding of McKinsey work. The Gates

foundation, already deeply involved with the Global Fund and GAVI, declared to the Board that they are very eager to join UNITAID as a full Board member, perhaps in a constituency representing independent foundations. It proposed to extend the mandate of Mc Kinsey for an additional period of 2 months at least and proposed to bring a US\$ 30 million contribution on a 3 year commitment, and possibly adding a US\$20 million package for an ACT pilot programme. Gates foundation explained that the US law imposes strong rules for US foundations in order to avoid interactions and conflict of interest with their mother company. NGOs and some other members stressed the importance of Gates Foundation conforming to UNITAID's principle of long term and predictable funding. NGOs referred to UK long term political commitment for the next 20 year as a commendable example.

Roadmap with the Global fund

17. Roadmap for future collaboration with Global Fund : The Board of the Global Fund in Guatemala City endorsed UNITAID's proposal for round 6. The Global Fund secretariat will work together with the UNITAID secretariat to further consider the efficiency and the modalities of their future collaboration through the adoption of a roadmap. The Board stressed the need, in the implementation of Round 6 and the road map : 1) to obtain more detailed information from the Global Fund on the confirmation of the additionality of funds provided by UNITAID, i.e. funds provided by UNITAID should be used to finance treatments for new patients, hence resulting in an increase in the number of patients under treatment compared to the current level under existing Global Fund financed programs, 2) 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); 3) 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 Secretariat will examine options to implement pooled procurement (including the flows of funds).

Update on the actions decided at the last Board meeting

18. Prequalification of medicines with WHO : the Board noted that the MoU was ready to be signed.

19. Multi resistant TB and 2nd line ARV: A first technical meeting took place on 17 November. According to first estimations, much lower prices than previously expected could be reached (up to 40% in 3 years).

20. Pediatric ARV : The Board applauded the announcement made on 30 November by Former President Clinton and Foreign Minister Philippe Douste Blazy as regards price reductions. A call for proposal has been launched for children treatments among princeps and generic drug manufacturers. The most significant result is the design by generic manufacturers Cipla and Ranbaxy of a combined ARV for children will be available for less than 60\$ per year, or 16 cents per day (instead of 200\$ per year, previously). In total, there are 19 different types of combination formulations where further significant price reductions have been reached. The Clinton foundation indicated that, alike the Global Fund's price reporting mechanism, the prices paid for each transaction of UNITAID-funded products would be published .The Board asked UNITAID Secretariat to work closely with WHO to clarify the availability of pre-qualified formulations matching WHO revised guidelines. The Board also decided to organize a meeting with EU research agencies to discuss a research agenda to identify and fill gaps in efficacy and safety data, to accelerate the WHO prequalification

process for formulations and especially the fixed dose combinations for which CHAI has obtained price reductions.

21. Eligibility criteria: UNITAID eligibility criteria, which notably foresees a 85% disbursement of the credits in low income countries, is a fundamental principle of UNITAID. The Board recommended that adequate information be provided on the allocation per income group of countries in project proposals submitted to the UNITAID Board and that this allocation be precisely reflected in all resolutions approved by UNITAID Board on actions. The Board requested that UNITAID secretariat provide a consolidated table on all actions funded by UNITAID with the resulting distribution per income group of countries. NGOs and Communities noted that, in some market niches, UNITAID would need to first impact global market dynamics through large volume countries, most of which are middle-income countries at present, in order to provide sharp price reduction low-income countries.
22. Necessity of a better balance between drugs and diagnostics: NGOs and communities pointed out the necessity for UNITAID to address more on diagnostics, which are part of UNITAID mandate (as underlined in the Constitution). The acting executive secretary indicated that this issue should be developed in next year's UNITAID plan of action. An update on this point will be prepared for the next Board.

Presentation of the actions for 2007

23. Pediatric ARVs : the Board adopted the proposed resolution, for a confirmed amount of 9.1 MUSD in 2006 and 25.7 MUSD for 2007. The proposed budget for 2007 includes 400.000 USD that will be used to cover the actual cost incurred by CHAI for the strengthening of its procurement team in India.
24. ACT scale-up: The Board acknowledged that the first actions would begin in 2007. The Board adopted the resolution attached to this document with an amount of 19,02 MUSD in 2007 and gave a political green light for new actions in 2008, 2009, and 2010. For 2007, the actions will cover 12 countries, including 10 recipients of the GF grants and 2 countries (Burundi and Liberia) which will be covered directly through UNICEF implementation. The amounts of actions for 2008-2010 will be precised by the next Board. These actions will be additional to Global Fund's current actions : 51 million of additional treatments should be made available until 2010. The current price of reference is 1\$ by treatment (between 1.5 and 1.8 for adults and 0.44 and 0.5 for children). Lower prices should therefore be expected. WHO will transmit to the Board a detailed document on current prices and their trend for next months. The Secretariat will prepare an assessment of the geographical coverage of the overall ACT programme and of its conformity with the UNITAID eligibility criteria. It will also detail the operational costs of this programme.
25. Paediatric TB : the Board adopted the resolution (attached to this document ; for a confirmed amount of 864.000 USD for 2006 and 4,8 MUSD for 2007). 19 countries presented a proposal to GDF for 2006 and 14 grants were approved. A second round for proposals will be launched in early 2007. Concerning the eligibility criteria, 90% of this action will be allocated in low income countries.
26. Support to WHO pre-qualification actions : the Board reaffirmed its strong support for accelerating the pre-qualification process in the niches of UNITAID and adopted a resolution (attached to this document ; for a confirmed amount of 1 MUSD in 2006 and 6 MUSD for 2007). The WHO pre-qualification programme will submit to the next Board a detailed action plan with proposed timeframes for for each of the

UNITAID niches . UNITAID secretariat will organize a technical meeting before the next Board with WHO pre-qualification programme, the European Commission and interested members of UNITAID Board to address the following issues : research and development, speeding up of pre-qualification process, WHO guidelines, transfer of patents, the reinforcement of national systems, financial partnership with the EU.

27. MDR-TB : The Board confirmed its strong commitment on MDR-TB programme and recalled the importance of its implementation through pool-procurement. It examined a joint proposal of the GDF/Green Light Committee and the Global Fund for 2007. The Board acknowledged that numerous middle-income countries were affected by MDR-TB. It recalled in the meantime the need to respect the UNITAID eligibility criteria. Therefore, it approved the first option of the joint proposal, except the proposal concerning EU countries (this point will be discussed with the European Commission). NGOs and Communities recommended approval of the second option, which harnesses large-columne middle-income countries in order to provide price reductions for both middle- and low-income countries. The resolution adopted a budget for an amount of 19,89 MUSD for 2007. In order to enhance the MDR-TB actions in low-income countries, the Board showed its interest in financing diagnostics programmes. The GDF/Green Light Committee and WHO will propose a plan of action in this area which will be examined by the next Board for approval. In addition, the Secretariat was asked to review the proposal by DGF/Green Light Committee and the Global Fund for inclusion of additional middle-income countries for UNITAID support, so that it could be examined at the next Board meeting.
28. Second line ARV : the Board adopted a resolution for an amount of 45 MUSD for 2007 and gave its political green light for further action in 2008 for an amount of 81 MUSD, based on the assessment made by CHAI (which takes into account the possible price reduction in 2007). The Clinton foundation proposed to allocate the funds to 16 countries, among which 11 are eligible by PEPFAR. Therefore, the Board asked for clarification on the articulation with PEPFAR on the ground. The UNITAID secretariat will work with CHAI on this issue for the next Board. Decision on the list of recipient countries will be made through a written consultation by the Executive secretariat. The pooled procurement will allow to cover also small countries. CHAI committed to issue prices paid for all transactions, as in the Global Fund price reporting mechanism. UNITAID Secretariat and CHAI will organize a technical meeting with CHAI, the partners and the stakeholders before the next Board to clarify these issues.
29. PMTCT : the Board heard a presentation from UNICEF and reaffirmed its interest on this programme. It adopted a resolution providing a "green light" for the secretariat to continue to work with UNICEF on a proposal for UNITAID allocation to PMTCT program of 4.65 MUSD for 2007 that could be submitted for approval at the next UNITAID Board meeting. In this context, the Board tasked the Secretariat to prepare a more detailed document on the strategy. that will precise, in particular, the added value of UNITAID in this area. This presentation document would present the rationale for UNITAID as the appropriate funder of such programs, with respect to the principle of non duplication and value added. NGOs and Communities stressed the importance of non-duplication and insisted on UNITAID concentrating on activities with strong market externalities.

Budget 2007

30. The Board approved the revised 2006 budget for operational costs for a total amount of 1,198,000 USD. The Board also approved the budget for 2007 including (i)

commitments to actions approved under the 2007 budget which represent a total financial commitment of 174,235,000 USD and (ii) operational costs representing a total amount of 9,374,000 USD.

Presentation by Médecins Sans Frontières

31. The Board heard a presentation by Médecins Sans Frontières on patent pooling and expressed its interest in pursuing the reflection with interested partners, and will seek some legal advices on this issue. Some further discussions should take place during the next Board meeting.

Presentation on the Community proposal "You fly, I live"

32. The Board members representatives of the Communities proposed to the Board which accepted that a formal presentation on the Community proposal for strengthening GIPA/GIPT, advocacy and resource mobilization initiative be made at UNITAID technical meeting scheduled on 18-19th of December in Geneva.

Next steps

33. NGOs and Communities indicated that, in order to ensure their effective participation to UNITAID meetings, they would like to be able to arrive one day prior to the date of any given meeting and to leave one day after the closing such meeting so as to be able to organize coordination, consultation and feed back. The Board endorsed this proposal and agreed that this would facilitate an informed discussion during the meeting.