WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD **EB109/3**
109th Session **11 January 2002**
Provisional agenda item 3.1

Intensifying the response to the health conditions associated with poverty, including the Global Fund to Fight AIDS, Tuberculosis and Malaria

Report by the Director-General

INTRODUCTION

1. At the 108th Executive Board (May 2001) the Director-General informed members of the range of efforts under way to scale up, and intensify, action that tackles health conditions which contribute to people's poverty.[1] The Director-General described the increased political and public interest in the potential of greater investments in health, the prospect that additional national and international resources would be made available for health actions, the interest in new mechanisms for transferring these resources to where they are needed – in ways that ensured accountability and country ownership, the challenge of improving the performance of health systems in settings of extreme shortage of resources, and the continuing need for regular and reliable monitoring of results achieved.

2. The Director-General also referred to the increased interest in a range of global functions needed to support the intensified response, including strategic research for, and the development of, necessary drugs and vaccines; actions to reduce the price of drugs to improve access of poorer communities to medication; and schemes for the effective purchase and equitable distribution of commodities. The Director-General indicated that the WHO Secretariat was supporting these efforts through direct actions with individual Member States, and participation in a range of intercountry and global initiatives being taken forward through novel alliances between private, voluntary and public entities. The Executive Board requested The Director-General to provide an update on progress.[2]

3. This paper reports on progress of efforts to scale up and intensify the responses to health conditions associated with poverty. It focuses on WHO's involvement in the design and development of the Global Fund to Fight AIDS, Tuberculosis and Malaria. It describes follow-up to the work of the Commission on Macroeconomics and Health, whose report was presented to the Director-General in December 2001 by its Chairman, Professor Jeffrey Sachs. It outlines how both these developments will influence WHO's work with countries, as they scale up their health actions. The paper also reports on WHO's potential contribution to two other important international processes: the International

---

[1] See document EB108/3.

[2] See document EB108/2001/REC/1, summary records of first and second meetings, sections 4 and 1, respectively.

Conference on Financing for Development (Monterrey, Mexico, March 2002) and the World Summit on Sustainable Development (Johannesburg, South Africa, September 2002).

GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

4. A fund for Global AIDS and health was first conceptualized at a G8 meeting (Okinawa, Japan, July 2000) and given powerful support by the Secretary-General of the United Nations and the Director-General of WHO in early 2001. By June 2001 there was a clear consensus that (a) the initial scope of the fund should be HIV/AIDS, tuberculosis, and malaria; (b) the main purpose of the fund should be to attract (and disburse) monies additional to existing development assistance; (c) resources provided through the fund would be conditional on the achievement of results; (d) the operation of the fund would not be business as usual, but would aim at devising more rapid channels for funding, with less bureaucracy for recipient countries, more effective use of donor resources, and fewer transaction costs for all; and (e) the fund must be genuinely international, not belonging to one set of countries or tied to the United Nations, the World Bank or other institutions.

5. Over the course of the past 12 months, WHO worked intensively as a member of the transitional working group that was set up in July 2001 to develop the concept of the fund and finalize preparatory arrangements, with the aim of having an operational mechanism in place early in 2002. WHO also contributed staff to the technical support secretariat that assisted the working group.

6. At its first meeting (October 2001) the working group agreed that the purpose of the fund should be to attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals.

7. By the end of its last meeting (December 2001), the working group had addressed, in full, its terms of reference. The results were expressed either as clear decisions about how the fund would be set up and operate, or as advice and guidance to the Board of the fund. Summary papers were produced on governance, country processes, eligibility criteria, technical review, accountability, legal issues and fiduciary arrangements, which will form the basis of a framework document to be discussed and adopted by the Board at its initial – organizational – meeting (28 and 29 January 2002).

8. Commitments to the fund currently total about US$ 1.5 thousand million. A key concern now is to ensure that this financing starts to flow both rapidly and in accordance with agreed principles. Priorities include establishing a robust and independent technical review process, drawing up guidelines for countries to use in preparing proposals, and establishing channels and systems for handling funds. It is envisaged that the fund's first grants will be approved by April.

9. An interim process has been agreed for taking the fund forward from the working group to the first Board meeting. Several subsidiary working groups, including the legal and fiduciary groups, continue their work. Organizations of the United Nations system, particularly WHO and UNAIDS, and the World Bank will be closely involved in supporting this interim stage.

10. Known as the Global Fund to Fight AIDS, Tuberculosis and Malaria, this body will be an independent entity, not a new international organization. Instead, organizations of the United Nations system (particularly WHO and UNAIDS) will join other development assistance organizations in supporting the operation of the Fund through technical expertise at global and country levels, through

the next stage of transition to full operation. WHO will be contracted to provide administrative support for operation of the secretariat. Located in Geneva, it is envisaged that initially the Fund will be registered as a Foundation under Swiss law. The World Bank will be the Trustee of the Fund.

11. **Governance.** Members of the transitional working group agreed that there would be seven seats on the Board for donor countries, seven for developing countries and four for nongovernmental organizations/private sector/foundations. It was agreed that WHO, UNAIDS, the World Bank and one nongovernmental organization would be *ex officio* non-voting members. The developing country members would be drawn from WHO regions through mechanisms acceptable to those Member States (one each from five regions and two from the African Region). The Board will decide the final number and role of observers.

12. By 14 December, decisions had been reached on ten of the 18 Board seats. The donor members, as decided by the donor component of the transitional working group, will initially be France, Italy, Japan, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America and the European Commission. The developing country members will include Brazil and Uganda. At the time of writing, the remaining developing country constituencies were deciding on their representation. The Gates Foundation will be the private foundation on the Board. The private sector and nongovernmental organizations are in the process of deciding their Board membership; the selection should be completed in time for the Board meeting in January 2002.

13. **Country process.** The Fund will work with and support both existing programmes at national and multicountry levels, and new and innovative programmes. It will take into account regional strategic frameworks and agreed global goals, (such as those agreed at the United Nations General Assembly special session on AIDS (June 2001). The United Nations will be expected to support national partners in the design and implementation of in-country programmes, building on successful existing national and local initiatives.

14. **Eligibility.** The final determination of criteria for eligibility has been left to the Board. Highest priority is to be given to proposals from countries (a) in greatest need, in terms of actual and potential burden of disease, and (b) with the least resources to tackle them. Another criterion is in-country political commitment. Grants may be awarded to government agencies, civil society organizations, universities and academic institutions, or – in certain circumstances – to multilateral organizations. Organizations of the United Nations system have made it clear that generally they would not apply for funding.

15. **Technical review process.** The independence of the technical review of proposals submitted to the Fund was considered of critical importance. Members of the transitional working group recognized that the United Nations system had a role to play in the organization of an independent review process. When performing this role, reviewers would work within criteria set by the Board; United Nations personnel would not themselves serve on panels. A working group on technical review will map out the process for assessment of proposals and prepare for appointment of the Fund's Technical Review Panel. The Panel, chaired jointly by France and Thailand, will meet in the United States on 14 January 2002.

16. **Guidelines for those wishing to access resources of the Fund.** Draft guidelines for those wishing to make proposals for use of Fund resources were drawn up by a working group chaired by the Global Alliance on Vaccines and Immunization (GAVI), and reviewed by the transitional working group. It was agreed that the approach to disbursing early tranches of funds would be consistent with the Board's agreed position on principles, modes of operation and criteria. The Board may decide to issue guidelines to countries after its first meeting,

COMMISSION ON MACROECONOMICS AND HEALTH

17. The report of the Commission on Macroeconomics and Health provides data and analysis which confirms that a significant scaling up of investments in health for poor people will not only save millions of lives but also produce considerable economic gains. The Commission estimates that, by 2015-2020, additional spending on health of US$ 66 thousand million per year could generate at least US$ 360 thousand million – a six-fold return on investment.

18. The report backs up its claims by examining in detail the links between health, poverty reduction and economic growth. It produces scientific evidence to challenge the traditional argument that health will automatically improve as a result of economic growth, demonstrating clearly that, on the contrary, improved health is a prerequisite for economic development in poor societies.

19. In its agenda for action, the report argues for increased domestic spending on health in developing countries – aiming at an average increase in budgetary allocations of 1% of GNP in the next five years, and of 2% by 2015. Financing a basic package of essential health interventions and strengthening the necessary delivery systems will also require a massive increase in development assistance for health – from current levels of about US$ 6 thousand million a year to around US$ 27 thousand million annually by 2007, and US$ 38 thousand million annually by 2015. The Commission therefore strongly supports the Global Fund to Fight AIDS, Tuberculosis and Malaria.

20. The bulk of these additional funds should be spent on country-level programmes, often as part of national poverty reduction strategies. However, the report also encourages increased investment in essential public goods for health, such as research and development for diseases of the poor. It is recommended that of the proposed increases in donor spending, about US$ 5 thousand million annually in the next five years should be allocated to such global public goods. The report sees a vital role for WHO in both stewardship of this work on public goods and in direct assistance to effective, science-based action at country and local levels.

21. The report outlines a strategy for improving access to life-saving medicines that includes differential pricing schemes, extension of legislation on orphan drugs, broader licensing arrangements, and bulk-purchase agreements. The strategy recognizes the need for continued protection of intellectual property rights and use of safeguards in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and will build on the subsequent Doha agreement on TRIPS.

22. The Commission's recommendations build on the content of several recent Health Assembly resolutions; a debate on appropriate response at the fifty-fifth World Health Assembly would be timely. In the meantime, WHO will continue to provide support to Member States at global, regional and country levels in responding to the report's recommendations. Within the limits of available resources, WHO will provide support for relevant actions in countries, including efforts to bring together health and economic policy-makers in order to explore options for increasing the level and impact of health investments as a means for promoting development and reducing poverty.

23. In providing this support, WHO will intensify work with national authorities to establish the extent to which ill-health is associated with a perpetuation of poverty; to assess the extent to which existing health systems enable people at risk to access essential health interventions; to establish targets, and implement plans, for scaling up a response; and to monitor achievements. WHO at headquarters and in regional offices will strengthen support for country operations by improving the technical capabilities of country teams and its strategies for cooperation at country level.

24. WHO will also continue:

- to work to increase access to medicines;

- to encourage results-oriented health action that reflects evidence-based strategies, national expertise, local realities and the lessons of accumulated experience;

- to support focused research in order to improve health systems and increase the availability of needed medicines and vaccines;

- to contribute to developing the skills of health workers so that they may operate effectively.

INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT AND WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT

25. The work of the Commission on Macroeconomics and Health and experience gained in the development of the Global Fund enable WHO to make a significant contribution to preparations for the International Conference on Financing for Development and the World Summit on Sustainable Development, both of which will be key contributors to ensuring a sustainable flow of resources for better health.

26. The financing conference aims to address the problems of development in a comprehensive way. Following the thematic United Nations conferences of the past decade,[1] it will examine how public, private, domestic and international resources can be brought to bear most effectively on achieving the international development targets (adopted as the Millennium Development Goals by 189 Member States of the United Nations Millennium Summit (September 2000)). The work of the Commission helps to quantify investments for specific health interventions, in terms both of the divide between domestic and external resources and of direct country support and increased funding for global public goods.

27. There is a growing consensus that health must play a more prominent role in the World Summit on Sustainable Development than it did at the Conference on Environment and Development (Rio de Janeiro, Brazil, 1992). A major concern of the Summit will be to find ways of tackling obstacles to the implementation of Agenda 21, the plan of action adopted at the Conference. These include integrating trade, investment and finance issues into action for sustainable development and addressing the causes of growing poverty and inequalities.

28. Agenda 21 provided WHO with an important entry point in dealing with sustainable development, but in 1992 limited attention was given to:

- the linkages between health and poverty reduction;

- health in development policies and practices;

- health risks and determinants beyond communicable diseases;

[1] See, for example, document A49/23.

- the impact of economic globalization on health.

29. Globalization and poverty reduction will figure prominently at the Summit. Specific conference themes will be agreed within the next few months, and are likely to include such issues as management of natural resources (e.g. fresh water), climate change, agriculture and food security, natural disasters, energy, trade, investment, and governance. HIV/AIDS will probably be an important theme in its own right.

30. WHO will adopt a twin-track approach to locating health within the Summit agenda. First, it will present the case – based in part on the work of the Commission on Macroeconomics and Health – that health is central to the overall development process, in other words, a broad approach in which health plays an integrating role, relevant to the social, economic and environmental dimensions of sustainable development. Secondly, it will demonstrate the more specific role of health in relation to the key themes of the Summit.

31. A series of meetings with key partners is currently being held to define the health agenda for the Summit and to develop key policy and advocacy positions. These include a think-tank hosted by the Government of Norway (November 2001) and an interministerial meeting hosted by the Government of South Africa (January 2002). The output of these meetings will feed into the formal preparatory process. More details will be submitted to the Executive Board at its 110th session.

ACTION BY THE EXECUTIVE BOARD

32. The Executive Board is invited to note the report and endorse WHO's actions as described therein.

= = =