

**6TH UNITAID Executive Board Meeting
6 and 7 December 2007
MINUTES**

1. Quorum: The Board convened in Geneva on December 6 and 7, 2007, in the presence of its members. The meeting was opened by its Chair, Mr. Philippe Douste Blazy. The Chair took note that the Board reached its quorum (i.e. a majority of its 11 voting members) and was in capacity to make decisions.
2. The Republic of Korea joins UNITAID: The Republic of Korea is now officially a member of UNITAID. Mr. Lee Sung-joo, Ambassador of Korea, signed the Act of Accession, along with Dr Jorge Bermudez the Executive Secretary of UNITAID. The Korean representative explained that his country had just launched the tax on air tickets. The amount collected for UNITAID is expected to be \$7Million in 2008. .
3. Introduction by the Chair: The Chair welcomed the participants, especially the new Member Korea. He stated that this new membership is a major breakthrough, because it is the first time that an Asian country has joined. It is important, since half of the World's population and many pandemics are in Asia. He commended Korea on helping to convince some of its neighbors to join UNITAID. The Chair stressed that it is important that new countries join UNITAID. Right now Portugal and India have showed some interest to join. This meeting was referred to as a turning point for UNITAID. The Chair is proud of everything accomplished in such a short time since the launch, but now it is necessary to move to the next level (both qualitatively and quantitatively). Discussions should take place on important matters, such as: the communication strategy to enhance UNITAID visibility, partnership policy, enhanced innovative funding mechanisms, better interaction with national structures in the field like central medical stores. It is important that UNITAID works with those that are crucial to its success, such as The Global Fund. The flexibility and youth of UNITAID make it more reactive. Having an open mind and taking risks brings in new ideas to grow with the changing environment. Of course, it is important to bring in new money to continue to fight pandemics as UNITAID does it now. Voluntary contributions should be a focus in 2008. More innovative financing is needed. Stability through long term commitments and complementary are key elements that help bring down market price and allow greater access to medicine. UNITAID has \$300M in the budget, and it is

time to bring another dimension in the fight against Aids. The Chair ended by saying that UNITAID must continue to be an innovative pioneer to preserve the groundbreaking spirit.

4. Presentation of Agenda (Item 1): The Provisional Agenda, the List of Participants, the previous Minutes and fourteen Agenda items for information, discussion and decision were presented to the Board.

STAFFING

5. Update on Secretariat recruitment (Item 2): The Executive Secretary gave a warm welcome to Mr. Grégoire Verdeaux, the new Strategic and Financial Planning Policy and Processes Manager. He said that, although the recruitment process at WHO is slow, most of the posted jobs has now been filled. The two positions that are still much needed are the Communications Officer and Market Dynamic Officer. The selection panel did not find a person with the right communications credentials, and the person chosen for the market dynamic post decided to take another job outside of UNITAID. Both postings will need to be republished soon. The Executive Secretary stressed that right now consultants do the work, but it is crucial for growth of the organization to have these positions be filled with permanent team members. The Executive Secretary stressed the importance of accelerating the recruitment process, while at the same time thanking WHO for their commitment to the Fast Track. The goal is to have the posts filled by the next Board Meeting. The Secretariat will adjust offers, as needed, to get the right quality personnel. For example, the P3 Media Officer job might be upgraded to attract greater talent to strengthen the Communication Strategy Focus for 2008. The Board asked the Secretariat to disseminate CVs and job descriptions and to provide updated information every six weeks on the progress achieved in the recruitment process. A detailed organization chart with contacts numbers will be provided to Board members.

FINANCES

6. Overview of UNITAID financial situation/implementation of budget (Item 3-a): The Chair opened by saying that everyone must join forces to attract new members. We have a good budget, but more funds can be received if we use our good relations and influence. The Secretariat presented the 2006-2007 budget review. He stated that the contributions have already been diversified, but more must be done. UNITAID has received \$303M of which 79% has been confirmed for 2008. Niger and Mauritius were praised for their new contribution. The Secretariat pointed out that the weakening of the US Dollar has really improved the revenue of UNITAID. It was stressed that we do not have a clear picture of how the exchange rate fluctuation will affect the future. Now it is favorable, but UNITAID needs stability. A plan will be put in place with the Treasury. There is \$19.7M in Uncommitted Funds (5.1% of revenue) that is to be carried over to the 2008 Budget. Approved Actions are above the level identified, over \$69M. This year, \$729,000 was saved due to the delay in Secretariat recruitment, but there was, also, a high level of fees paid to WHO and a 25% increase in overhead fees is budgeted for 2008. The WHO

representative agreed that this system was far too complicated and proposed to re-discuss the fees structure with the Secretariat. The Secretariat indicated that they would discuss this on the basis of a *service level agreement*. The Board instructed the Secretariat to propose modification of the structure of costs under the WHO hosting arrangement for Board review and approval. The NGO representative emphasized that WHO is a good host, but it is important to be flexible in case a change of venue needs to be made. He requested again that a consultant be assigned to start the search for possibilities. The Secretariat called attention to the: a) level of disbursement of approved programs, b) existing gap in the moment of contribution, approval and disbursement, and 3) total operational costs that are low while the support costs exceed UNITAID approved costs. The Brazil representative questioned the very high level of the UNITAID funds which are allotted to programs implemented with The Clinton Foundation. The Chile representative stated that UNITAID should be more flexible on the letters of commitment, because it is difficult to give an assurance on exact contributions that will result from the tax to be collected the next year. The Gates Foundation representative requested a Summary Table to show UNITAID actions and Timelines. He stressed that it is important to show multi-year commitments (past & present) for planning's sake. The Board expects the Secretariat to present at the next Board meeting a specific investment policy to make the best use of UNITAID treasury and to provide the Board with a multi-year table, as well as a framework for operational monitoring of actions (to be adopted by written procedure in January 2008).

7. Report on implementation of UNITAID 2007 approved actions (Item 3-b): The Secretariat presented an update on the implementation of actions, as presented in the Board background documents. It is a challenging process, because UNITAID has a very important program. At this stage only the Global Fund "Round 6" agreement has not been finalized. The Board asked the secretariat to provide such update documents with a forecasting schedule to track whether the programs are in line with expected deadlines. For pediatric HIV, drugs have been distributed by CHAI to more than 90,000 children. 56,000 people are targeted by CHAI for the Second Line ARV, and \$35M of the \$45M has been disbursed. The ACT Scale-up Agreement has been signed, and \$50M will be disbursed in December. The distribution of ACT to Burundi and Liberia was praised. It was stressed that it is important that UNITAID have funds available to continue to provide for such emergency situations. The Board took note of the progress presented in the prequalification program's executive report, and will review the proposed attached table. The results of the dashboard should be reviewed at a technical meeting.

STRATEGY

8. Draft strategic evaluation of actions and perspectives of cooperation with GFTAM (Item 4-a): The Secretariat presented the beginnings of a collaboration undertaken with McKinsey and the support of The Gates Foundation. This work will help UNITAID to analyze current and future niches. This work includes analysis on: market dynamic indicators, assessment of

current impact, scenario for future collaboration (especially with the Global Fund), strategic options for UNITAID and UNITAID added value for improved access. This work will help UNITAID to have more clarity on its expectations with the Road map process with the Global Fund. The NGO representative stressed that there must be clarification as to how UNITAID will collaborate with The Global Fund.

The Global Fund representative said that some issues will require a Global Fund policy change. It will be looked into, though, because harmonization and alignment are important. The Global Fund is moving to national targets more and more, and they step back from internal requirements as long as the countries have robust and transparent reporting.

The Gates Foundation representative emphasized that we need to have a time bound element to UNITAID's contribution. UNITAID should exhaust one niche and move on; flexibility is the key to success. The transition is difficult, but it is critical to move on after market impact has been made. The Secretariat will develop some kind of strategic positioning of the Malaria and TB niches and present the report at the next Board meeting. The Executive Secretary stressed that UNITAID's main Market Dynamic Objectives are: availability, pricing, quality and delivery. It is important to build on the partnerships. The Board asked to finalize the work on HIV/AIDS and to develop such strategic positioning on malaria and tuberculosis. By the end of January 2008, the Secretariat will provide a timeframe for the development of UNITAID strategy. The board agreed on the fact that partners directly concerned on this matter (CHAI, Global Fund, PEPFAR) shall keep informed on this issue.

By the end of January 2008 there will be a provision of a timeframe for the development of the UNITAID's strategy.

PARTNERS

9. Partnership policy (Item 4-b): The PriceWaterhouse Cooper representative presented their report (work in progress) on the Partnership Policy including options for reviewing new proposals before their submission to the Board. It was stressed that future arrangements must increase transparency and accountability. The current partnerships are vital, but there should be more innovation. The partnership policy framework must be built up. The recommendation was to not focus solely on small groups of establish partners but to include different partners and to proactively align conditions for the long-term. The Board asked the Secretariat to continue the work on the Partnership Policy.

The PriceWaterhouse Cooper representative suggested that the screening of UNITAID proposals should include: a) initial compliance, b) technical pre-assessment, c) external advisory group for an advanced technical review, and d) optional peer review. The Gates Foundation representative stressed the need for a "conflict of interest" policy when pursuing the external people. The Norway representative is in favor of technical screening. The Secretariat should look at consistency, but the experts should do the technical review. The Norway representative stressed that UNITAID should be demanding of its Partners, because its Partners are demanding of them for information. The Executive Secretary said that UNITAID needs to have openness for more

partners, as well as get the best value for the funds and reinforce the accountability on key actions. The Chair emphasized the importance of involving national structures in the field, such as central medical stores for drug distribution, but also in the purchasing process, to complement UNITAID programs, and he asked the Secretariat to make proposals.

The Secretariat indicated their intention to launch a call for new proposals at the beginning of 2008.

COLLABORATION

10. Enhanced innovative funding mechanisms (Item 5): The Board noted the interest of private partners, belonging to the Global Distribution System (GDS - internet based reservation systems for air tickets), to cooperate with UNITAID. It invited its Chair to develop a feasibility study, with the support of the Bill and Melinda Gates foundation, and to engage contacts with all relevant stakeholders or potential partners. One of UNITAID's strengths and defining characteristics is the guaranteed long-term funding by its Members, but it is always better to have extra monetary resources. The Chair stated that UNITAID would be the first to invent a voluntary solidarity contribution by private citizens. There is a lot of potential in the airline ticket tax, especially on internet purchases and being opt-out as opposed to opt-in. The Secretariat will present a progress report at the next Board session.
11. Patent pool (Item 6): The Board agreed to proceed with further exploration on the Patent Pool and asked the Secretariat to establish and lead a multidisciplinary team of experts to resolve the issues identified by the Board. It is important to understand the link between innovation and intellectual property. UNITAID will continue its work with the IGWG (International Working Group on Public Health, Innovation and Intellectual Property) while pursuing active collaboration with all relevant stakeholders. It is important to move forward and to link with the ongoing initiatives. The Secretariat shall report back to the Board within three months with options for the key characteristics of the pool (like nature, governance and geographic coverage), including a cost benefits analysis of each option.

NICHES

12. Update on the AMFm (Item 7): The Executive Secretary presented an update on this project. The NGO representative wants to know who will provide technical support. He said that UNITAID must be honest about what AMFm can achieve, and it must have a clear idea of a strategy. The Chair stressed that it is good for UNITAID to focus on Malaria, as it is something that is a fast killer worldwide. The Draft Resolution was accepted. The Board requested the Secretariat to further explore possible roles and added value of UNITAID in relation to the proposed AMFm, as well as budgetary implications of such a decision and inform the Board.

MONEY AND LOGISTICS

13. Long-term financial commitment (Item 8): WHO comptroller Mr Nicholas Richard Jeffreys presented the note circulated to Board members on long-term financial commitments. It is the comptroller responsibility to decide which kinds of financing / commitment are acceptable. Given the substantial amount of funds received by UNITAID, the comptroller agreed on the establishment of a good cash flow management system. WHO does not need the contributions in cash from UNITAID members but, rather, a firm pledge on the time period for disbursement. There will be a new person at WHO, a liaison with UNITAID who will specialize in cash flow and currency exchange. UNITAID will need 100% commitment (coverage money in the bank) when they enter into new agreements.

14. Logistic issues regarding the participation of civil society to UNITAID Board (Item 9): The Secretariat presented the proposals that were accepted by the NGOs and Communities representatives. The Draft Resolution was quickly approved and accepted. The Board requested that the Secretariat liaise with the UN office in Geneva to aid Members dealing with the Swiss authorities. Contact must be made in order to facilitate UNITAID civil society representatives' entry in Switzerland for participation to UNITAID Board and Consultative Forum meetings.

15. Provisional budget 2008 (Item 10): The Secretariat presented the provisional budget for 2008. Donors have until December 31 to confirm their pledges. The Chile representative again stated that there should be some flexibility with reporting, because there are countries that can only give a rough estimation with their internal accounting mechanisms. The estimated \$5M for Chile will probably be \$4.1M contribution for 2008. Some of the highlights are that the Operational Costs are 17% higher than the 2007 budget, which reflects the Board mandated need for recruitment. There is now over \$153M for unallocated funds. The Secretariat stressed that this is an important budget item, because UNITAID must have enough resources for new actions. There is much money that will be spent in 2008 on tests and. The United Kingdom representative stated that he wants more analysis in the report. He, also, recommended benchmarking against other institutions. The Brazil representative was worried about the high WHO overhead fees. He suggested that it would be helpful to have PBIs to foresee things for the Board to make decisions. There was discussion on where to hold the Board Meetings. The location of Geneva was decided because of the high cost of travel for the Secretariat. The value of traveling to other countries, though, was noted as a way to further international relations. It was suggested travel could be subsidized by the host country.
This discussion led to another request by the NGO representative to have alternatives to WHO for the Host of UNITAID. The Chair noted that the Global Fund and GAVI already made such studies, which could be benchmarked. The WHO representative discussed its fees. He stated that if fees are lower than what WHO does with its other partners, WHO Member States could ask why WHO is subsidizing UNITAID. The Secretariat will renegotiate with WHO the overhead fees structure and level and a service level agreement. WHO

believes the investment is worth it, because UNITAID is an asset for financial advice and it has great value in the community-at-large. The Secretariat stressed that UNITAID wants the Treasury policy to be as autonomous as possible. Norway proposed to establish a Budget Committee of the Board to examine budgetary decisions, policies and long-term financial help in more detail. UNITAID Secretariat will devise a plan for collaboration to ensure best use of time. The Secretariat is also requested to provide a multi-year provisional budget, including expected contributions, for future trending plans for the Board to make proactive informed decisions.

DECISIONS

16. New actions (Item 11): CHAI presented HIV/AIDS actions for the Board consideration: the Pediatric ARV 2008 and 2009-2010, and the Second Line ARV 2008 and 2009. The secretariat presented the screening and assessment process carried out on the two proposal as guidance for the Board decision. The Board has approved the 2008 budget for both proposals and "green light" status for subsequent years as indicated below:

- Pediatric ARV: 80% of HIV children die before Age 2. UNITAID's goal is to achieve greater impact in this niche. Prices have been lowered a lot in 2007. At the end of 2007 it is expected that 100,000 new children are under UNITAID funded treatment. Lower price reductions of 40% for nineteen formulations and availability of a new specific pediatric FDC have been obtained. The objective is to cover an addition of 100,000 new children next year with a target of 300,000 new children in 2010. A takeover by other organizations (Global Fund, PEFAR, etc.), is expected the soonest in 2008 and the latest in 2010, allowing UNITAID to exit this niche and concentrate on other needs / niches. No further price reduction is expected. The Beneficiaries representative said that the biggest challenge is lack of predictable funding by UNITAID. He believes it is critical that multi-year commitments be made. The Gates Foundation representative agreed. Assurances need to be made that Partners will assume future costs. The Global Fund representative said that it is important for partners to get involved at an early stage to anticipate takeover when UNITAID decides to exit a niche. She stressed that we do not duplicate efforts in Member States. The Board committed for money allocation for 2008 and also gave a green light for 2009-2010 for an expected contribution. The Secretariat will finalize the 2008 UNITAID/CHAI Agreement.
- 2nd line ARV: The fresh news is that the first generic Tomofovir was approved by the FDA. There will be quicker access to this drug thanks to the UNITAID policy of drug registration in countries. UNITAID currently supports treatments for 56,000 patients. Price have been reduced from 1200 to 800\$ per treatment and the objective in 2 years is 400\$. The objective is to have 60,000 new patients under treatment. Money not spent in 2007 will reduce the cost for 2008, as per the UNITAID Agreement. The Brazil representative questioned the procurement process. The CHAI representative stated that the national governments take responsibility. CHAI stated that there are 38 Beneficiaries proposed for 2008 instead of UNITAID's 40, because

Thailand wants only the price reduction and South Africa has not invited CHAI. CHAI stressed that there is no overlap with other organizations. Countries have a common process to show fiduciary responsibility. The Board committed for money allocation for 2008 and also gave a green light for 2009-2010 for an expected contribution. The Secretariat will finalize the 2008 UNITAID/CHAI Agreement.

The UNITAID Secretariat is requested to finalize the signature of these two agreements with CHAI. The Communities reiterated their wishes to see a proposal to address the issue of diagnostics, which are crucially needed.

17. Key Performance Indicators (Item 12): The Executive Secretary presented the preliminary assessment for 2007, and he stated that the performance indicators should be more relevant to our current work. This Key Performance Indicators (KPI) document will be finalized once all data will be available, at the beginning of 2008. This document includes a first assessment of the relevance of 2007 KPIS and proposals for slight changes in 2008. Board members are expected to send their comments before the end of the year to the Secretariat regarding suggestions to amend KPIs for 2008. The Secretariat will submit by early 2008 a revised proposal of KPIs for 2008 incorporating comments from Board members. The revised proposals will be submitted through a written procedure for endorsement by the Board.

UNITAID IDENTITY

18. UNITAID Communication Strategy (Item 13): The Secretariat presented a proposal for a framework of a communication strategy. The Gates Foundation offered the strategic advice of one of its consultants based in Geneva. The Africa representative stated that UNITAID is at a turning point in visibility. It is important to invest in communications now, so that UNITAID is properly known worldwide. The Chile representative said that the web site should be given priority, since Internet is basic in today's arena. It was suggested Spanish translation be added too. The Korea representative asked that some publications be made in Korean. The Chair agreed that it is important to translate work into several key languages, because it is good for international relations and because the investment helps to convince governments, in their own tongue, why contributions are necessary to UNITAID. Several board members stressed the importance to organize specific events to promote air solidarity levy where it has been implemented (South Korea, France, Chile...). The Norway representative said that the Framework was a good basis for concrete actions to happen soon. She said that we should collaborate with WHO' for communication resources too, and the United Kingdom representative agreed. The Brazil representative said he supports fully the Communication Strategy, and he believes that it should be enacted fast for crucial UNITAID visibility. The Chair stressed that UNITAID must get better exposure to show its worth. The Secretariat is requested to fully implement the transparency policy soon, because "live" information is crucial to planning and collaboration. The Draft Resolution was approved. The Secretariat will gradually implement the Framework Communication Policy, and present a progress report to the Board at a next Board meeting.

The Chair stressed that UNITAID needs more staff for Communications, Public Relations and Media to manage the web site. UNITAID must define its identity and profile. There is much misunderstanding; many people believe UNITAID is part of the Global Fund. It is important for UNITAID to show work product soon to get the word out. The majority of the Board agreed that this is key.

FOLLOW-UP

19. AOB / calendar of meetings for 2008 (Item 14): It was proposed by the Gates Foundation and agreed upon by the representatives of Norway and The United Kingdom that UNITAID should consider only having two Board Meetings per year. The Chair said that that might be possible in 2009, but that there are many start-up issues that must be resolved now, so we should stick to 3 Boards a year for the time being. The Board agreed on the following dates for Meetings:

- EB7: 3-4 April 2008 – The Brazilian delegation reaffirmed their wish to organize an Executive Board meeting in Brasilia.
- Consultative Forum: 1-3 July 2008

The Secretariat will propose dates for December 2008.

The opportunity for UNITAID to participate to the international AIDS conference in Mexico in August was raised and Board members were asked for advice.

The Chair thanked the Members for their time and contributions and plans for the new year. The Executive Board Meeting concluded at 3 PM.
