



RESOLUTION n° 2

UNITAID Executive Board meeting

July 9-10, 2007

Cost containment, Price reduction and Increased access to First line anti-TB drugs

Partner organization: Global Drug Facility (GDF)

The Board of UNITAID authorizes the Executive Secretary to provide up to US\$ 22,934,775 for 2007 and, subject to availability of funds, up to US\$ 3,906,250 for 2008 subject to the following conditions:

Lead recipient:

Global Drug Facility

Purpose:

- Increase product availability: approximately 740,000 patients to benefit from UNITAID funded first line anti-TB drugs in 2007/2008 as *Transitional Grants*, many of which would be at risk of no or interrupted treatment without UNITAID intervention.
- Achieve price stabilization of first line anti-TB drugs by strengthening GDF purchasing power in its Q3 2007 tender (via funding *Transitional Grants*).
- Achieve potential further price reduction (20-25%) in the medium term, since catalysis of prequalification of first line anti-TB drugs will occur as a result of UNITAID's contribution to the maintenance of a sustainable market and aggregated demand via GDF in its capacity as the lead global pooled procurement mechanism for anti-TB drugs.
- Reduce overall treatment costs for first line anti-TB drugs by reducing the ratio of expensive freight/emergency orders: non-expensive freight/non-emergency orders via creation and implementation of a *Strategic Rotating Stockpile* of first line anti-TB drugs.
- Reduce order volume volatility and thereby contribute to price stabilization through creation and implementation of a *Strategic Rotating Stockpile* of first line anti-TB drugs.
- Minimize risk of stock-outs and therefore drug resistance through *Transitional Grants* and the *Strategic Stockpile*.

Procurement Mechanism:

Existing GDF Procurement model.

Amount:

2007:

Up to US\$ 19,028,525 for Transitional Grants and US\$ 3,906,250 for Phase 1 of Strategic Rotating Stockpile.

2008:

Up to US\$ 3,906,250 for Phase 2 of Strategic Rotating Stockpile (subject to availability of funds).

Expected date of first disbursement:

September 01, 2007.

Conditions for disbursement:

- Submission of Project Plan and detailed budget.
- Signature of Letter of Agreement between UNITAID and GDF.

A handwritten signature in blue ink, appearing to read 'P. Douste-Blazy'.

Philippe Douste-Blazy