

# SUSTAINABLE FINANCING AND HIV/AIDS, TB AND MALARIA CONTROL

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# HIV/AIDS, TB AND MALARIA

- HIV/AIDS, TB and malaria are by far the leading causes of ill-health and premature death in Africa
- Large burden on human health with huge human, demographic, societal, economic and developmental impact

# HEALTH AND DEVELOPMENT

- Health not considered anymore as a consequence of development but as a factor for development, particularly through preservation of « human capital »
- The health sector originally considered as a non-profitable source of expenditure becomes increasingly understood as a necessary investment
- Health now increasingly accepted as a human right and considered as a « global public good »

# HEALTH AND HUMAN DEVELOPMENT THE CATALYZING/ REVEALING ROLE OF THE AIDS EPIDEMIC

- The human, demographic, economic, societal and developmental impact of AIDS
- The political impact of AIDS and impact on global security
- The inequality between the rich and the poor with regard to access to treatment and care appears unacceptable for a « global » public opinion

# Health on the international agenda

- 2000 : Health is brought to the agenda of the G8 in Okinawa.
- 2000 : Three of the Millenium Development Goals (MDG Summit) relate to health
- 2001 : UNGASS
- 2002 : Global Fund to fight AIDS, Malaria and TB
- 2005 : Declaration on Universal access to treatment of HIV/AIDS by 2010 (Gleneagles G8 and MDG summit in New York)

# PREVENTING AND TREATING HIV/AIDS, TB AND MALARIA

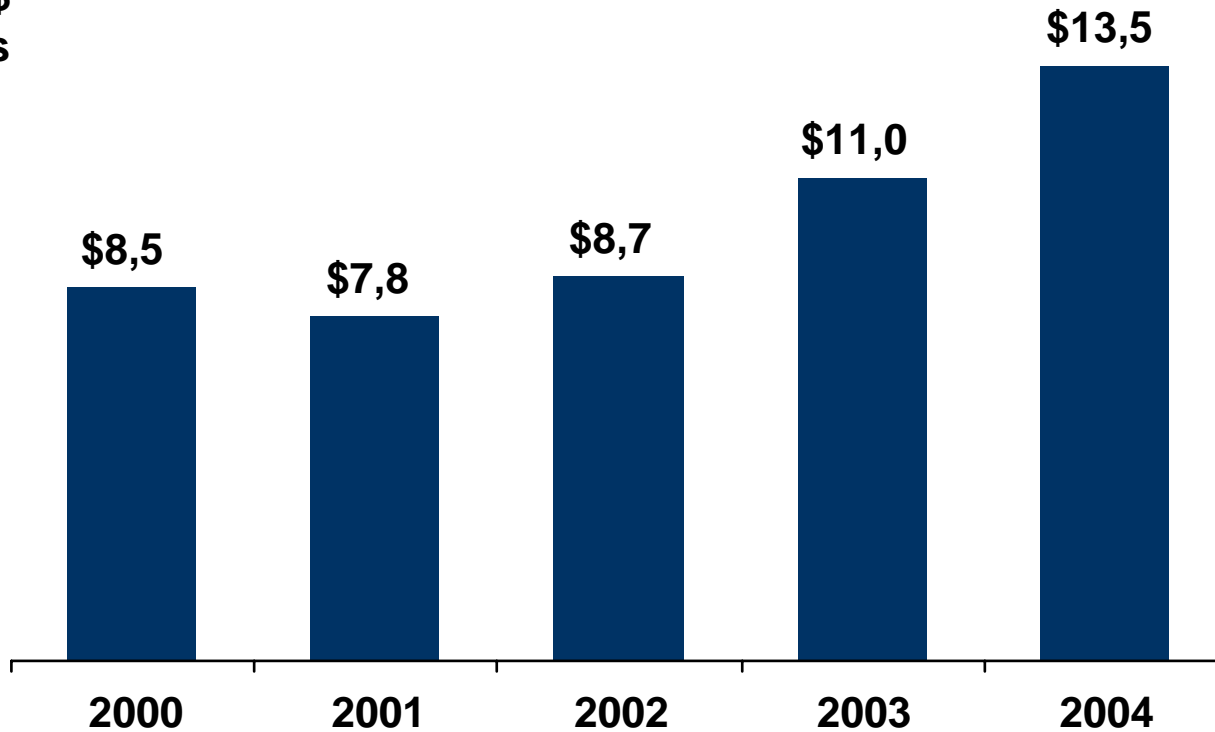
- The Copenhagen Consensus Group has identified control of HIV/AIDS and malaria as two of the four « best value » investments for global development
- Benefits of preventing and treating HIV/AIDS, TB and malaria outweigh costs for the three diseases

# SOURCES OF FUNDING

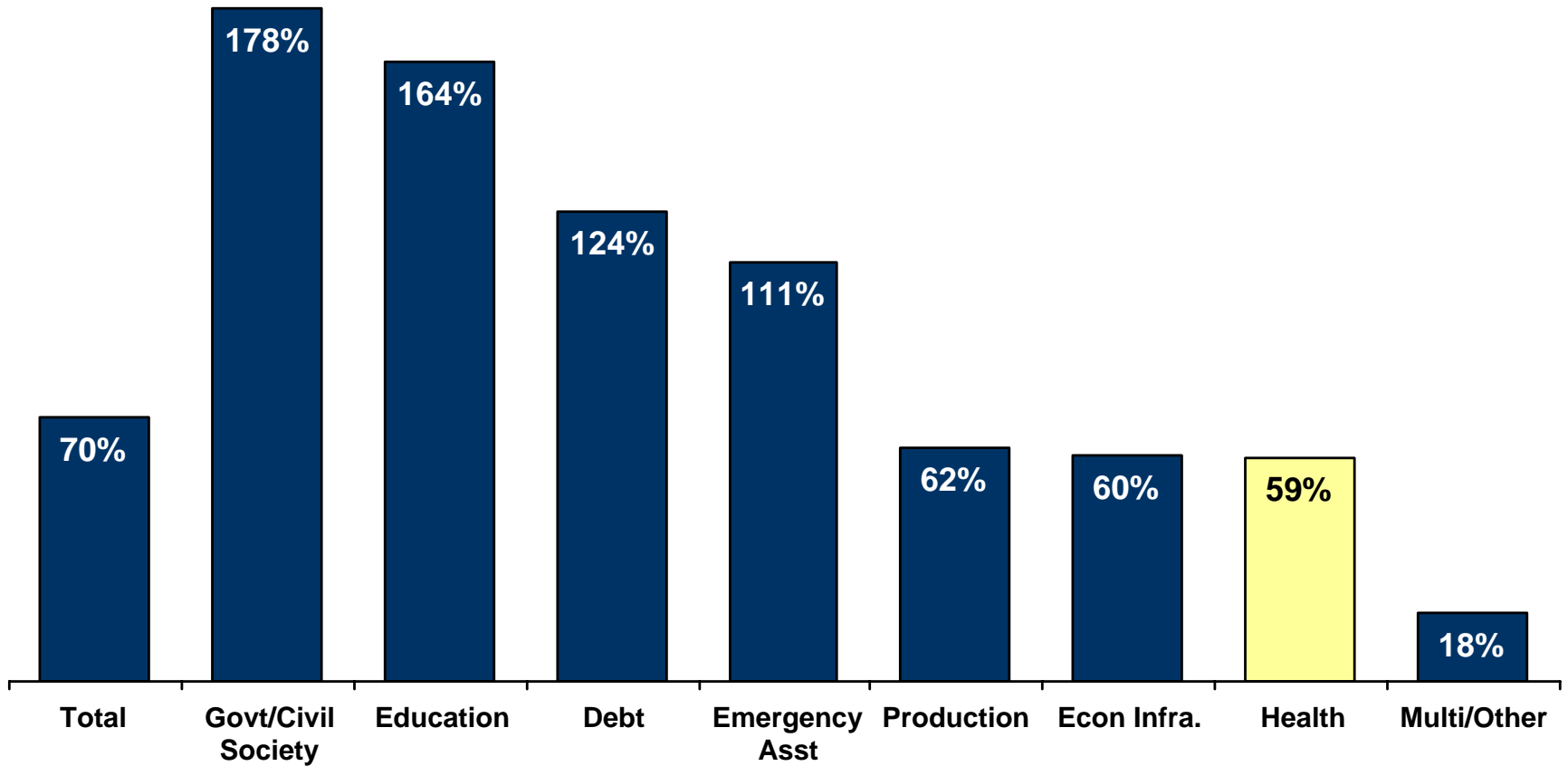
- AFFECTED COUNTRIES
- EXTERNAL FUNDING
  - Official Development Aid
  - Debt conversion
  - Innovative funding mechanisms

# ODA/OA DAC Health Commitments, 2000-2004

Gross US\$  
in Billions



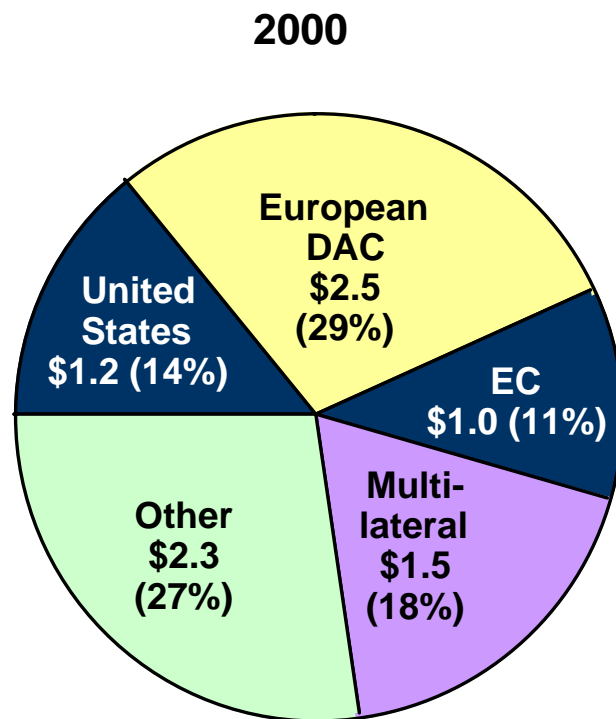
# Percent Change in ODA/OA by Major Sector, 2000-2004



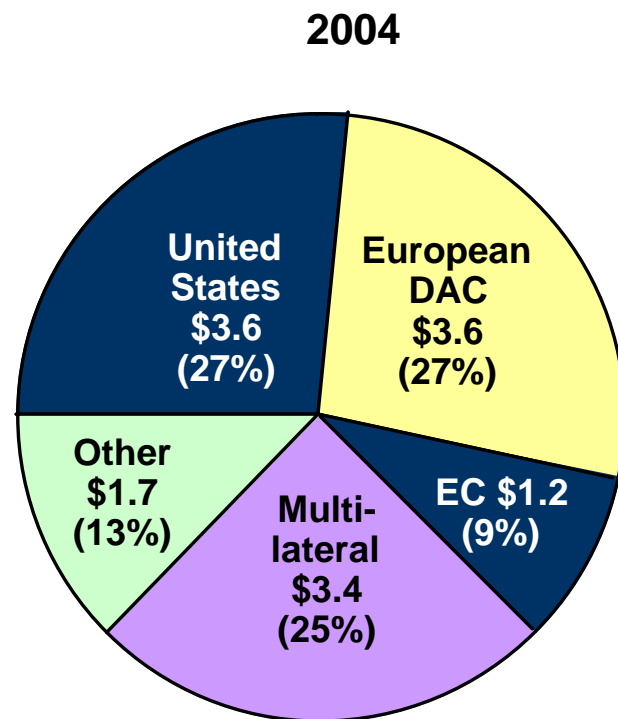
Source: Kates J, Morrison JS, Lief E., online data query of OECD, CRS, February – April 2006.

# Health ODA/OA by Donor, 2000 and 2004

(amount and percent of total, in gross US\$ commitments in billions)



Total = \$8.5 billion



Total = \$13.5 billion

# ODA

- Multilateral

Global Fund to fight AIDS, TB and Malaria

World Bank

UN Organizations

- Bilateral

Pepfar, Presidential's malaria initiative

DIFID, CIDA, French cooperation

# Estimated Total Financing Gap 2006-2007

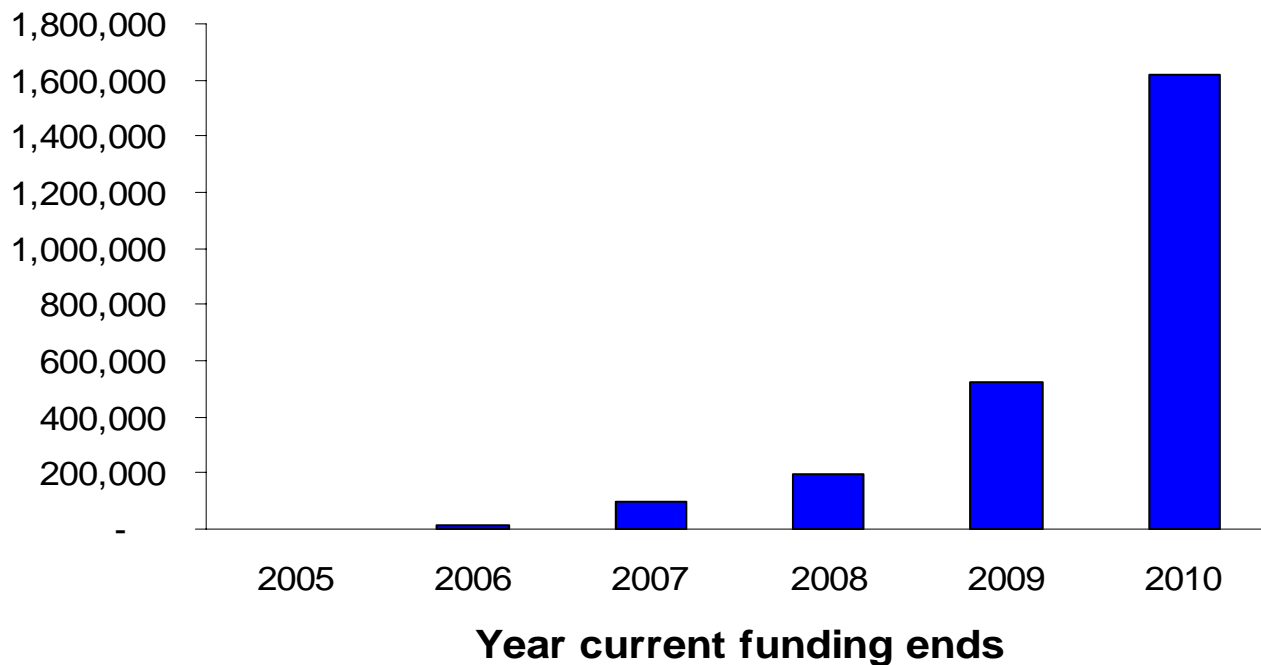
	<b>Global Need 2006</b>	<b>Predicted Financing Gap 2006</b>	<b>Global Need 2007</b>	<b>Predicted Financing Gap 2007</b>	<b>Combined 2006-07 Financing Gap</b>
<b>HIV/AIDS</b>	\$14.9 billion	\$5.8 billion	\$18.1 billion	\$8.1 billion	\$14.1 billion
<b>Tuberculosis</b>	\$5.6 billion	\$3.1 billion	\$5.6 billion	\$3.1 billion	\$6.2 billion
<b>Malaria</b>	\$3.2 billion	\$2.5 billion	\$3.2 billion	\$2.5 billion	\$5 billion
<b>Health Care Workers in Africa</b>	\$2 billion	\$2 billion	\$2 billion	\$2 billion	\$4 billion
<b>Basic Education</b>	\$7 billion	\$4.9 billion	\$7 billion	\$4.9 billion	\$9.8 billion
<b>Total</b>	\$32.7 billion	\$18.3 billion	\$35.9 billion	\$20.6 billion	\$38.9 billion

# ODA

- European Union member states have committed to reach 0.56 % of GNP by 2010 and 0.7 % by 2012-2015
- ODA is dependent on budgets voted/decided by parliaments/governments on a yearly basis

# Sustainability and Predictability of Resources are Critical

**Example: Persons living with HIV/AIDS initiating antiretroviral treatment by year through end of current GF funding**

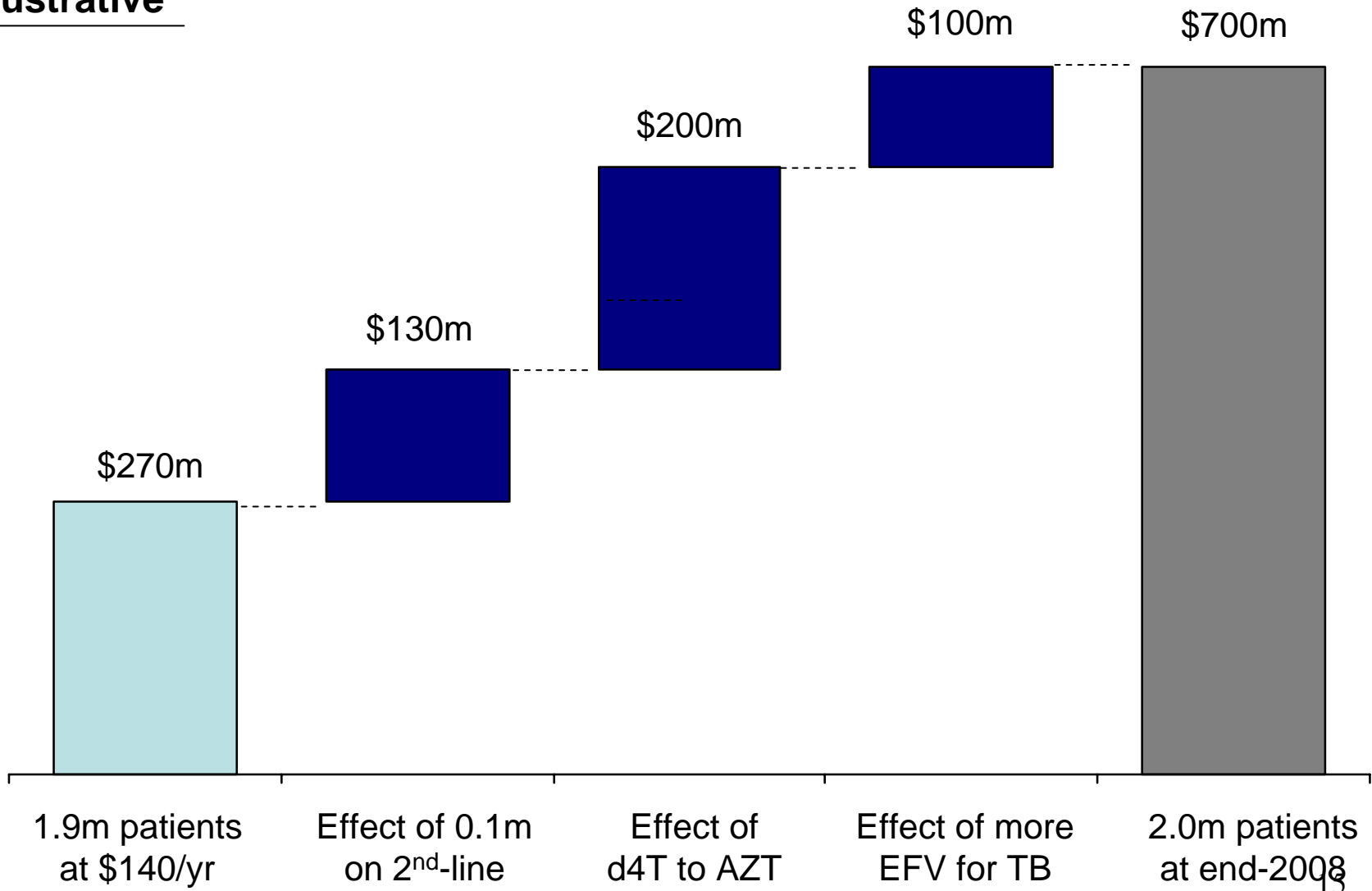


**Assumptions:**

- Programmes that started with Global Fund funding end after grant cycle
- Grants and programmes reach 100% of delivery targets
- Grants from Rounds 1-4 only
- Results from programmes completely *or partially* funded by Global Fund; not all funding may stop at grant end.

# Increase in costs by 2x+ 2005-2008

## Illustrative



# INNOVATIVE SOURCES OF FUNDING FOR REACHING MDGs

- UNGAS, 09/2004 and 09/2005
- Paris conference, 03/06 ; Leading group of 44 countries commits to work on the design and implementation of international solidarity contributions
- 07/06 : air ticket levy implemented in France and in Chile ; 18 countries express interest

# INNOVATIVE FINANCING MECHANISMS FOR DEVELOPMENT

- International Financing Facility (IFF)/ IFFIM
- Debt conversion
- Solidarity contributions, e.g. airline ticket levy, taxation of financial transactions or arm sales
- Private sector initiatives, e.g. RED<sup>TM</sup>

### 2.4.3. Détail des tarifs

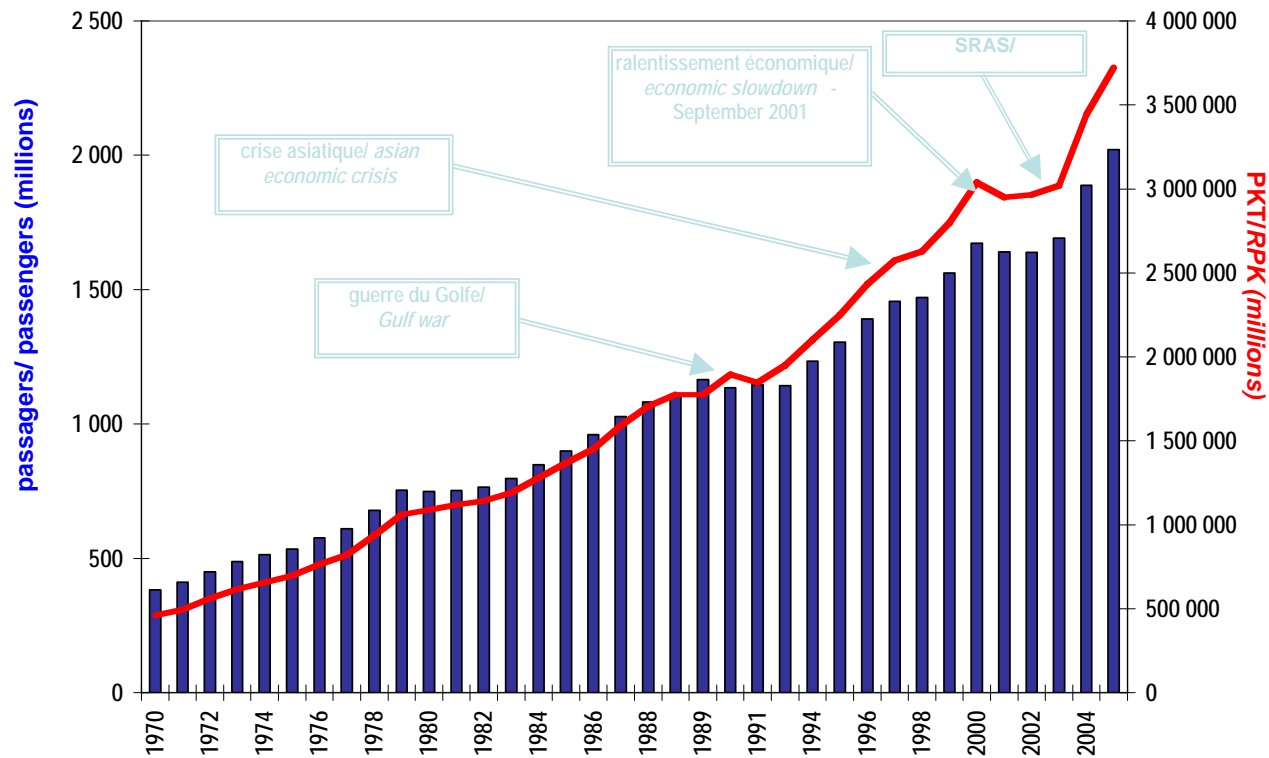
Le décret n°2006-663 du 06/06/2006 a fixé les tarifs suivants

	<b>Passagers pouvant bénéficier sans supplément de prix à bord de services auxquels l'ensemble des passagers ne peut accéder gratuitement</b>	<b>Autres passagers</b>
Passager à destination de la France, d'un autre Etat membre de la Communauté Européenne, ou d'un Etat partie à l'accord sur l'Espace Economique Européen	10 €	1 €
Passager à destination des autres pays	40 €	4 €

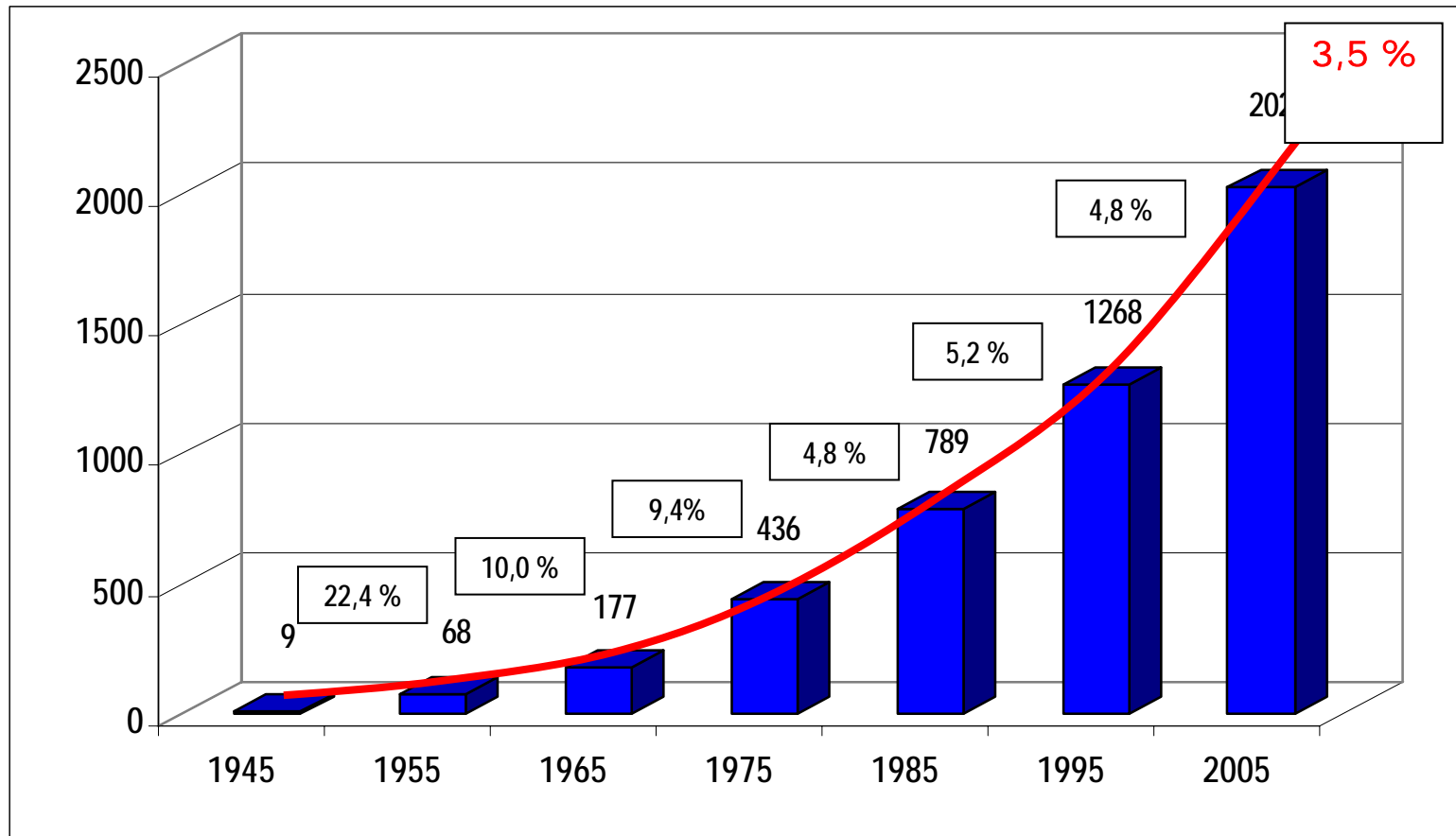
# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- France commits to contribute 90 % of the annual income from the air tickets levy to the IDPF
- Expected initial income of IDPF-UNITAID : USD 350-450 M in 2007

# Une croissance soutenue sur le long terme malgré l'impact des événements politiques et économiques / *long-term sustained growth in spite of politic & economic problems*



# Tendance long terme du trafic de passagers */ long-term trend of passenger traffic*



# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- Based on contributions stemming from innovative financing mechanisms providing sustainable and predictable funding that is additional to ODA
- Core group of contributing countries :  
Brazil, Chile, France, Norway, U.K.

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- A Facility aimed at funding drugs for HIV/AIDS, TB and malaria, using its purchasing power to leverage price reductions and accelerating the pace at which new drugs are made available.

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- An additional support to national and international efforts, focusing on drugs and complementing existing international institutions
- Not another agency/ institution itself
- A lean mechanism relying on contractual and collaborative partners, e.g. Global Fund, WHO, UNICEF, UNAIDS, Clinton HIV/AIDS initiative

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- Initial focus on :  
Pediatric ARVs and 2nd line ARVs  
ACTs  
Pediatric TB  
WHO pre-qualification program
- Additional areas under consideration : PMTCT, MDR-TB,  
« Global subsidy for ACTs », emergency stocks

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID: PEDIATRIC ARVs

- Pediatric ARVs are priced 2-3 times as much as adult drugs
- Partnerships (CHAI and WHO) will work with manufacturers to bring high quality pediatric formulations and FDCs to the market, filling a major gap that currently exists in the market

## INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID : 2nd LINE ARVs

- Currently, 2nd line ARVs cost over 10 times the price of first line drugs in low income countries and 4 times in middle income countries.
- Guaranteed volumes and focus on specific products will help generic manufacturers manage their costs better and these savings may be passed on to purchasers through price reductions. The IDPF will negotiate prices and contract with manufacturers. Countries will use their existing procurement processes to obtain the drugs.

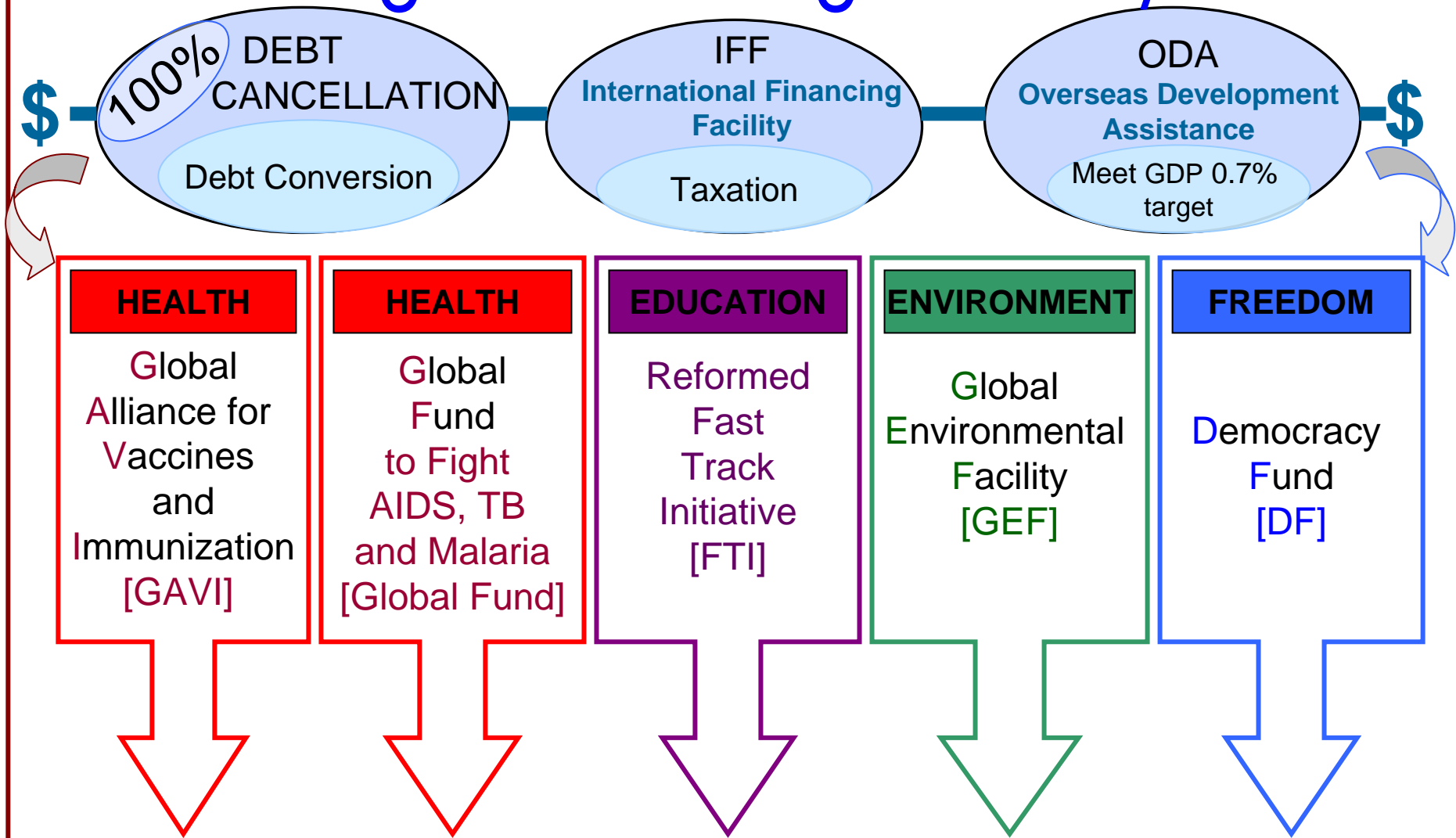
# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID : ACTs

- The IDPF-UNITAID will scale up existing Global Fund grants to provide up to 28.3 M ACT treatments in eight countries by the end of 2006.
- Added value : (1) overcome some of the national concerns about lack of long-term funding ; (2) help resolve some of the bottlenecks of fragmented and slow national procurement systems by using a central procurement model ; (3) facilitate forecasting and reduce the risk of demand and supply mismatch.

# RED™

- Brands develop and market unique RED products
- A significant portion of profits on all products go to the Global Fund
- Global Fund share of profits is determined based on product service category (e.g. 50 % of profits from GAP RED apparel, 1% of spending from Amex RED card)

# Achieving or Exceeding MDGs by 2015



*Accelerating People-Level Results*

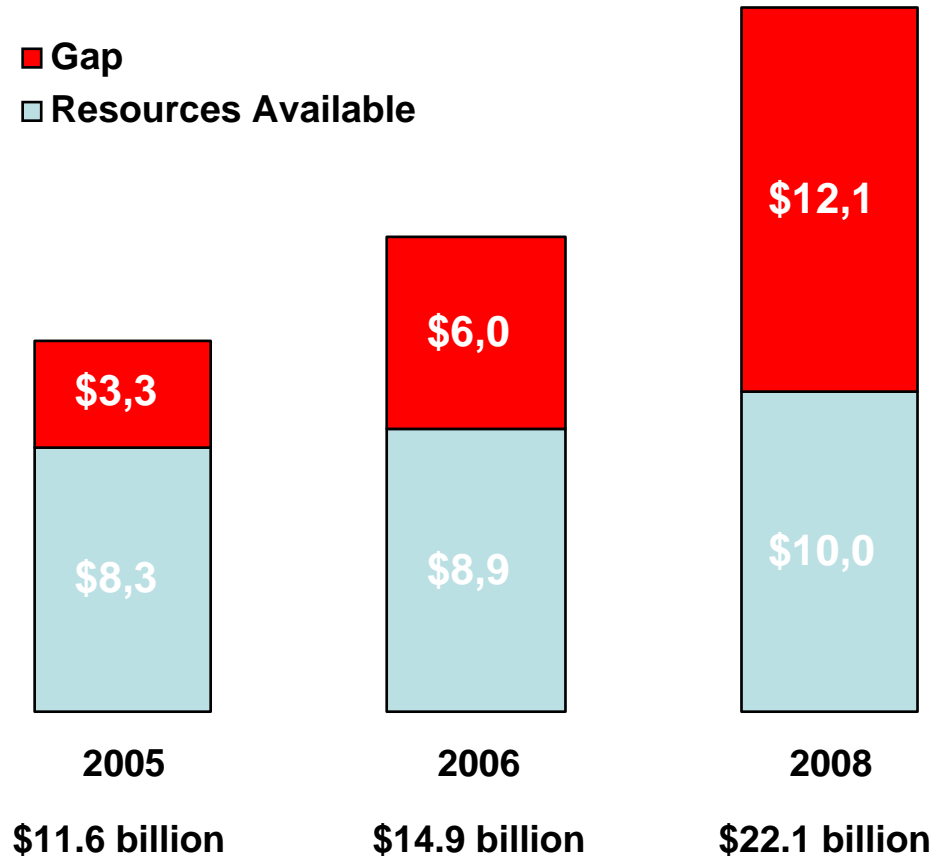


# INTERNATIONAL EFFORTS IN DEVELOPMENT/REDUCTION OF POVERTY

- MDG
- UN TARGET OF 0.7% GNP FOR OFFICIAL DEVELOPMENT ASSISTANCE
- HIGH LEVEL FORUM ON HEALTH
- « EDUCATION FOR ALL » INITIATIVE
- MONTERREY CONSENSUS
- PARIS DECLARATION ON AID EFFECTIVENESS
- EU PROGRAM OF ACTION FOR LEAST DEVELOPED COUNTRIES

# But is the Need Being Met?

## Resources Available Compared to Estimated Need



# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- FIDUCIARY STRUCTURE :
- IDPF-UNITAID will initially contract with WHO to serve as a trustee for receipt, management and disbursement of funds and return via treasury and cash management

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- BOARD :
- Determines objectives, scope and workplan ; monitors progress ; solicits contributions from partners ; approves budget ; appoints Executive Secretary
- Initial transitional Board of 9 members including representatives from founding countries, one representative from Africa, one representative from Asia and two representatives from NGOs
- Feedback and advice to be provided to the Board by a consultative forum of stakeholders

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- SECRETARIAT :
- Provide recommendations to the Board about products, beneficiaries, sourcing strategies, and partners to fill the functional roles of the IDPF-UNITAID ; manage relationships with partners ; instruct the trustee to make disbursements ; report and communicate on results

# INTERNATIONAL DRUG PURCHASE FACILITY-UNITAID

- ELIGIBILITY (under discussion) :
- A suitable programmatic partner should exist to implement programmes. This would mainly be the Global Fund and, potentially, other partner organizations.
- At least 85 % of funds should be spent on low income countries.

# CLAIMS THAT OPPOSE TREATMENT

- Prevention should be a priority over treatment
- Antiretroviral treatment is not affordable
- Antiretroviral treatment is not cost-effective
- Effectiveness, tolerance and adherence unknown
- Lack of infrastructures
- Risk of dissemination of resistant viral strains
- Concern over equity

# The future is ours to influence

1986: 100,000 people living with HIV

2005: 40.4 million people living with  
HIV

2010: ?

2015: ?

2020: ?