



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

The Global Fund First Replenishment, 2006-2007 Mid-Term Review

Durban, 4-5 July 2006

Chair's Summary

1. The mid-term review of the First Replenishment of The Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) took place in Durban on 4-5 July of 2006. Her Excellency, Dr Manto Tshabalala-Msimang, Minister of Health of South Africa, welcomed the participants and opened the meeting by announcing an additional contribution from South Africa of R1 million for 2006. Dr Lieve Franssen, Vice-Chair of the Board of the Global Fund, and Dr Richard Feachem, Executive Director of the Global Fund, welcomed the participants on behalf of the Global Fund. Mr. Kofi Annan, Secretary General of the United Nations and Chair of the Replenishment, addressed the participants through a video message. Twenty-eight delegations participated. Sven Sandström chaired the meeting.

2. The outcome of the Partnership Forum that had taken place immediately before the meeting was summarized for the participants. The meeting then covered the following three subjects: (1) Global Fund progress and performance, (2) 2006-2007 resource requirements and (3) preparations for a Second Replenishment.

Progress and Performance

3. Participants welcomed the progress made by the Global Fund and its partners since their previous meeting in London in September 2005. They noted the consistent follow-up on points that had been raised during the replenishment discussions in 2005. More complete and timely grant reporting was requested.

4. Participants commended the 2006 Mid-Year Results Report of the Global Fund and noted that the report will be helpful in communicating the impressive results of the Fund's work and in resource mobilization. They noted the important role played by civil society in program implementation. It was suggested that the Global Fund should build on emerging results and provide donors with specific information on the comparative advantages of channeling

funds through the Global Fund. Participants also emphasized the many ongoing challenges faced by the Fund and its partners, including aligning and harmonizing programs, clarifying institutional architecture, building health system capacity, and measuring the impact of Global Fund programs vis-à-vis the scale of the three diseases and international targets.

5. Participants welcomed the progress made in implementing the Global Task Team recommendations. They emphasized the central importance of effective working relationships between the Fund and its many partners. They urged rapid follow-up on the Shakow report on the comparative advantages and roles of the Global Fund and the World Bank.

6. Participants discussed the Performance Indicators for Replenishment that were initially presented at the September 2005 replenishment meeting in London. They noted that the indicators were focused on the Fund's performance and agreed that they would be complemented by more contextual information.

7. Participants welcomed the progress made with regard to the development of the Global Fund strategy and noted that a clearly articulated strategy would be helpful for a Second Replenishment in 2007. Such a strategy, including any changes to the business model, will inform decisions on future financing and help clarify the Global Fund's comparative advantages and its place in the overall institutional architecture for fighting the three diseases.

8. UNAIDS and WHO (also on behalf of Stop TB and Roll Back Malaria) provided an update on funding of technical assistance in support of Global Fund programs. Participants welcomed the progress made and noted that demand driven and complementary technical assistance is critical for the success of Global Fund programs. However, while important, United Nations partners are not the only potential providers and participants recognized the need for support to civil society organizations and other providers, including local and regional organizations. It was felt that financing for technical support is sub-optimal and participants stressed that increased contributions to the Global Fund should be complemented by increased funding for technical support.

9. Participants warmly welcomed the progress made in mobilizing additional resources from the private sector in line with the private sector strategy presented at the September 2005 replenishment meeting. They also welcomed the efforts being made with regard to new public sector donors and looked forward to their full participation during any future replenishment. Participants stressed the importance of further broadening the donor base in line with these efforts and made suggestions for follow-up, including regional possibilities. They urged that attention be given to emerging new financing mechanisms. They noted that additional income from the private sector, new public sector donors and innovative financing mechanisms could be quite significant over the medium term. Transaction cost implications of resource mobilisation from these different sectors should be taken into account.

2006-2007 Resource Requirements

10. The financial situation of the Global Fund for 2006 and 2007 was reviewed. Participants recognized the major contributions already committed by donors, resulting in the availability of some USD 3.4 billion for the two years. Nevertheless, a significant gap of about USD 2.1 billion still remains, of which about USD 0.7 billion represents the gap for anticipated grant approvals in 2006.

11. Progress was made on closing the 2006-2007 gap. One donor indicated its intention to announce a significant additional multi-year contribution at the International AIDS Conference in Toronto in August, which would help fund the gap for anticipated grant approvals in 2006 and also help address the need for additional contributions in future years. Another donor indicated its intention soon to consider a substantial increase of its contributions over the coming years. Several other donors also pledged additional contributions for the two-year period. Participants warmly welcomed these pledges and noted that they would go a long way towards closing the 2006-2007 gap. Nevertheless, a gap was likely to remain and participants therefore urged current and potential donors to explore over the coming months the possibility of additional contributions building on the positive momentum that now exists.

Preparations for a Second Replenishment

12. Participants discussed plans for a Second Replenishment of the Global Fund, covering the period 2008 and beyond, which will be considered by its Board in November 2006. They noted that replenishments are voluntary. They welcomed the 2008-2010 resource scenarios that had been prepared by the Global Fund and presented in its paper on Resource Needs. They agreed that the maintenance model is not an optimal resource target. The more ambitious scenarios will continue to be discussed by the Global Fund, taking into account the financial implications and the likely feasibility of mobilizing the funds. The Global Fund will also consider any potential implications for the current business model.

13. Participants emphasized that the objective of the replenishment is to ensure predictable and sustainable funding on a significant scale for the Global Fund. To achieve this, they suggested that a second replenishment should focus on three main subjects: performance and results achieved, the Board-approved strategy for the size of the Fund, and efforts to reach the target size.

14. With regard to the time period to be covered by a Second Replenishment, participants tentatively agreed that the three-year period 2008-2010 should be covered. They felt that the replenishment should be completed in two meetings but agreed to assess the need for additional meetings at the time of the first meeting in early 2007. Participants also asked that options for fuller participation by recipients be explored.

15. Participants thanked Norway for offering to host one Second Replenishment meeting and Germany for considering hosting another one. China would consider hosting a mid-term review meeting after 2008.

16. Participants thanked South Africa for the excellent arrangements for the meeting and for the warm hospitality.

5 July 2006