

PROPOSED PRINCIPLES FOR THE OPERATION OF THE STOP TB PARTNERSHIP TRUST FUND

WITH THE WORLD BANK (INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, IBRD) SERVING AS TRUSTEE

1. BACKGROUND

The Stop TB Partnership was established at the end of 1998 and now involves about 200 entities including WHO, World Bank, UNICEF, U.S. Centers for Disease Control, bilateral donors, foundations, high-TB burden country representatives, regional representatives, technical and implementation NGOs, and agencies involved in Research and Development activities. Its purpose is to eliminate TB as a public health problem and, ultimately, to obtain a world free of TB. The recipients of the Trust Fund will include the Stop TB Secretariat at the WHO and other partner organizations or contracted agents entrusted with carrying out activities to be supported, including procurement of drug supplies for the Stop TB Global TB Drug Facility, training, social mobilization, technical assistance and organization of working group meetings.

2. INSTITUTIONAL, OPERATIONAL AND ADMINISTRATIVE ARRANGEMENTS

The basic framework document for the Stop TB Partnership can be accessed at the following web address: http://www.stoptb.org/Forum/Documents/Final_STBframework5oct.pdf. This describes the institutional, operational and administrative arrangements for the Global Partnership to Stop TB. The Partnership comprises the following components: the Partners' Forum; the Coordinating Board; the Working Groups; and the Secretariat. The Forum is the main assembly of the Partnership and consists of representatives of all the partners. Financial management oversight responsibilities of the Forum include the review of reports presented by the Board. The Forum meets at least once every two years. Its recommendations are adopted by consensus.

The Coordinating Board, comprised of representatives of different constituencies, governs, represents and acts on behalf of the Partnership. It is the responsibility of the Board to approve the workplans and budgets, mobilize adequate resources for the various activities, and to review the annual financial statement prepared by the Executive Secretary. The Board is headed by a Chairman and meets at least twice a year, with more frequent conference calls. A Working Committee of the Board provides ongoing support and guidance to the Stop TB Secretariat. The Board's decisions are not binding upon the organizations that make up the Partnership and do not override their respective governing bodies.

The Working Groups are the primary means for coordinating activities mandated by the Board in furtherance of the Partnership's objectives. These groups address: expansion of the recommended TB control strategy, DOTS; coordinated action to address the new threats of

HIV-associated TB and multi-drug resistant TB; and research and development priorities (diagnostics, vaccines and drugs).

The Secretariat, based in the WHO, is the administrative component of the Partnership. It is led by an Executive Secretary appointed by the WHO Director General in consultation with the Board. It also comprises staff seconded from WHO and from other Partners. It prepares annual workplans and budgets for approval by the Board. It coordinates and monitors the progress of activities, and collects and collates information and disseminates it within and outside the Partnership. The Secretariat also provides the staff that manage the Global TB Drug Facility (the GDF). The GDF considers applications for drug supply financing or procurement services for governments and/or NGOs that have defined workplans and technical partners to expand effective TB control. An independent technical review panel reviews applications. Successful applicants receive procurement support for a minimum of three years, based on provision of progress reports on TB control interventions and on satisfactory independent monitoring of drug delivery and TB services.

3. PROPOSED TRUST FUND

The proposed Stop Tuberculosis Partnership Trust Fund aims to enable the efficient flow of funds to support Partnership functions and activities defined in the Stop TB work plan. Among the functions to be financed through the proposed Trust Fund are partner planning and coordination activities, social mobilization and advocacy efforts, and training/research collaboration/information dissemination. The Trust Fund will also finance the contracting of procurement and quality control agents who will be purchasing drugs on behalf of the Global TB Drug Facility (GDF) for distribution to recipients. The GDF is managed by the Secretariat.

The World Bank (International Bank for Reconstruction and Development, IBRD) has been requested by the Partnership to serve as the Trustee of the proposed Trust Fund, following a "fiscal agent" model.

3.1. Contributions to the Trust Fund

The Coordinating Board will oversee resource mobilization for the Trust Fund. As the trustee of the Fund, the World Bank will accept resources into the Trust Fund. The World Bank will charge an administrative fee of 3% on the contributions made by donors. Any interest accruing on the Fund will be deposited in the Trust Fund account.

An amount estimated to range from US\$10 million to US\$30 million is expected in annual contributions from bilateral and foundation sources, with at least one bilateral and one foundation prepared to make contributions immediately upon signing of the multi-donor agreement, based on the terms proposed in this note.

3.2. Instructions to make payments from the Trust Fund

The activities to be supported under the Trust Fund will be carried out by agencies selected by the Secretariat and the Coordinating Board, and approved by the Coordinating Board. All activities and agencies to be supported will be defined in an annual Stop TB Partnership work plan. The selection will be carried out after determining the adequacy of their fiduciary and technical capacity to implement the defined activities, manage the resources and report on use of funds and results.

A designated representative of the Coordinating Board will act on its behalf in providing instructions to the World Bank on disbursement from the Trust Fund to the recipients. These instructions will reflect the decisions of the Coordinating Board regarding the partnership work plan and budget. It is expected that there will be 10-20 recipients per year and these will not include Governments.

3.3. Flow of funds to recipients

Funds will be disbursed to recipients that include partner organizations and contracted agents entrusted with carrying out activities such as drug procurement, training, social mobilization, technical assistance and monitoring, organization of working group meetings, as laid out in the Stop TB partnership work plans. The activities for which funds will be disbursed will be approved by the Coordinating Board. The disbursements will be based on service agreements approved by the Coordinating Board, between WHO and the selected agents or other recipients, as developed according to WHO rules and procedures.

The payment for the activities carried out under these service agreements will be made by the World Bank from the Trust Fund account. It is expected that recipients will apply their own administrative fees for the functions undertaken, and the Coordinating Board and WHO Stop TB Secretariat will be aware of these fees before arriving at service agreements and instructions to the World Bank for disbursement.

3.4. Reporting to donors and the Coordinating Board

Trust Fund recipients will be required to submit regular financial and technical reports on activities and results to the Stop TB Secretariat at WHO. The WHO Secretariat will report to the Coordinating Board on results, as accountability for the Trust Fund activities. The World Bank will be responsible for submitting to the Coordinating Board quarterly reports and an annual single audit report on the receipts into, and disbursements from, the Trust Fund. The Secretariat will be responsible for ensuring the accuracy of the information contained in reports submitted by recipients.

3.5. Procurement

The Trust Fund will support the contracting of agent(s) to perform competitive procurement from pre-qualified suppliers of anti-tuberculosis drugs, quality control, and monitoring of the delivery and use of supplies. The World Bank has concluded that the Secretariat, under WHO, has proven capacity to exercise adequate care and diligence in this regard, in addition to procurement policies and procedures that are broadly consistent with Bank's own procurement guidelines in terms of transparency, efficiency and value for money. In view of

this, the World Bank will stipulate in the relevant administration agreements with the donors to the Trust Fund that the procurement policies and procedures of the WHO shall apply.

4. THE BANK'S ROLE AS A FISCAL AGENT

In conclusion, the Bank's role as a Fiscal Agent will be to:

- Enter into administrative agreements with donors to accept contributions to the Trust Fund and manage the Trust Fund account;
- disburse Trust Funds to recipients based on instructions from the Coordinating Board; and to
- prepare quarterly audit reports and a single annual report on the operations of the Trust Fund.

The responsibility for accounting to the Partnership for the use of the funds by the recipients will belong to the Stop TB Secretariat based in the World Health Organization. WHO will also be responsible for issuing service contracts with agencies for procurement, quality control and monitoring/evaluation services. The Financial Regulations of the WHO and its financial rules will be followed by the Secretariat in performing its oversight on the usage of these funds.