A NEW PERSPECTIVE ON TB DRUG PROCUREMENT.

Agenda: Coordinating Board Consultation

The evolution of the GDF Grant Service

17th April 2007, Geneva

WHO/UNAIDS BUILDING – 4th Floor

13:30 – 14:00 Introductory presentation by GDF secretariat on Grant Service and Strategic Plan, 2006 - 2010

14:00 – 15:30 Discussion of Evolution of Grant Service

15:30 – 16:00 *Coffee*

16:00 – 17:00 Discussion of Evolution of Grant Service

17:00 – 17:30 Finalization of key recommendations and considerations for the full Coordinating Board on April 19th

****

Key topics to guide discussion

- Validity of GDF's original mandate and grant timeframe of 10 to 15 years
- GDF's comparative advantage
- GDF's role in the context of the Global Fund, UNITAID and other entities funding access to anti-TB drugs and related supplies
- GDF's "core" constituents/beneficiaries
- Grants of anti-TB drugs within a broadened GDF product supply scope

A NEW PERSPECTIVE ON TB DRUG PROCUREMENT.

Concept Note: Coordinating Board Consultation
The evolution of the GDF Grant Service
17th April 2007, Geneva
WHO/UNAIDS BUILDING – 4th Floor

Background

"Shortage of TB drugs is frequent and serious. Causes include resource constraints, inefficient and ineffective procurement, short term political, managerial, logistic and financial crises, and failures of health system management. Even where drugs are available, quality is often a problem. Ensuring uninterrupted supply of quality drugs will increase the human and financial resources available for the planning, training, management, service delivery, supervision and other services that are essential for effective TB control."

Global TB Drug Facility—Prospectus, 2001

The Global Drug Facility (GDF) was established in 2001 to expand access to, and availability of, high quality anti-TB drugs and thereby facilitate DOTS expansion. Achieving this required GDF to finance the purchase and provision of grants of quality anti-TB drugs to eligible countries.

Since 2001, GDF has held 15 rounds of grant proposal review and concluded grant agreements with over 65 countries, resulting in millions of high quality TB treatments delivered to countries.

Factors contributing to GDF's Grant impact

GDF's Grant Service has had a positive impact at systems and country levels because of its unique bundling of three key elements:

- *Grant making*: GDF's provision of drug grants to countries that demonstrate a need and whose applications are approved by the Technical Review Committee (TRC) and the Stop TB Coordinating Board (CB).
- *Procurement*: GDF's provision of global pooled procurement and delivery to countries through competitively selected procurement agents.
- *Partner network*, including WHO: GDF mobilization of Stop TB partners for various services, including advocacy, support to countries to develop applications, monitoring and evaluation and in-country Technical Assistance (TA) related to the drugs supplied.

In the GDF model, the above three elements have been combined under one operating entity with aligned decision-making. While each of these elements is valuable in its own right, it is the unique bundling under one operational entity that enables its full impact for the following reasons:

- Grants-in-kind have proven effective to mobilize both partners and governments.
- Grants and a partner network allow the Stop TB partners to provide TA to support the grant. Such assistance has more impact when drug supply is assured. Similarly, a drug grant with coordinated partner support for drug management, training and other services has a greater likelihood of drugs reaching patients.
- Grants and procurement allow GDF to lower prices by pooling demand, ensuring timely procurement and promoting standardization/innovation in treatment.
- Grants-in-kind linked to procurement reach countries faster than through separate granting and procurement processes and with fewer leakages.

A NEW PERSPECTIVE ON TB DRUG PROCUREMENT.

An unbundled system, i.e. a funding agency that makes grants to countries, with countries independently procuring drugs from public or private sector agents, and technical partners independently supporting countries -- would be unlikely to have the same impact.

Expansion of GDF Services

In 2002, GDF opened up its procurement system to countries that did not require GDF grants, by creating a Direct Procurement Service that allows eligible countries to use their own funds (or funds from other donors) to procure through GDF.

From 2002 to 2006 demand for GDF Grants and use of the GDF Direct Procurement Service has increased:

- from 2004 to 2006, 17 countries used Global Fund to fight AIDS, TB and Malaria (Global Fund) monies to procure 1st line anti-TB drugs through the GDF Direct Procurement service;
- in 2005, The United Kingdom's Department for International Development (DFID) agreed to donate US$ 72 million to GDF over five years to provide treatment for a population of 500 million under DOTS in India. The 5 year grant is estimated to treat on average 865,000 patients per year, with a total of US$ 60 million to be spent on procuring TB drugs and US$ 12 million on related technical assistance;
- in 2006, GDF became (through convergence with the Green Light Committee) the sole Direct Procurement Service for 2nd line anti-TB drugs to treat multi-drug resistant TB via grants from the Global Fund;
- also in 2006, UNITAID selected GDF as its programmatic partner to implement the procurement and supply of Grants of paediatric anti-TB drugs.

Evolution of GDF Grant Service

GDF continues to serve the world's need for anti-TB drugs. There are some, however, who argue that the GDF's Grant Service (originally envisioned to last for a minimum of 10 years) is no longer necessary in light of funds now available from other donors, such as the Global Fund and UNITAID. Others contest that the durability of these institutions is still to be proven, and that the GDF should retain its Grant Service as a responsibility to ensure access to drugs is sustainable. Still others believe the GDF Grant Service should be scaled back to only emergency responses or for those countries that are not eligible for support by other donors.

GDF is not likely to continue serving all its current beneficiaries. Some countries no longer need GDF grants; others need GDF grants to varying degrees. The position of the Secretariat is that the CB should focus its consultation on the "Evolution" of the GDF Grant Service and not its complete phase out, since some high-burden countries and other low income countries will continue to need GDF in the near to medium term. However, The level of impact that GDF will have will also vary by country. Accordingly, based on certain dimensions as they relate to funding gaps/procurement inefficiencies, government commitment, and the presence of technical partners in-country, GDF's potential beneficiaries would need to be formally classified into: natural, challenging and opportunistic, with GDF's future grants perhaps limited to serving the natural and challenging beneficiaries. These classifications are detailed further in Table 1 below.

A NEW PERSPECTIVE ON TB DRUG PROCUREMENT.

Table 1: *Dimensions that define which countries are likely to most benefit from GDF's services and corresponding classifications of Grant need.*

1. Availability of affordable, high quality drugs: GDF best serves countries where access to anti-TB drugs, due to a funding gap and/or problem with setting up an efficient procurement system, is one of the main barriers to DOTS expansion and maintenance. Where there are other major problems with the country's TB program, a GDF grant alone will not be adequate.
2. Willingness and ability of the government to take concerted action to address the TB burden: Countries with a committed and strong Ministry of Health and NTP office are more able to leverage GDF well. Such countries are better able to develop a robust TB plan, coordinate with other partners to fill gaps and ensure quality implementation and monitoring of conditions associated with the GDF grant. In the absence of a strong ministry or NTP, GDF's ability to have impact is diminished significantly.
3. Presence of GDF's partners in that country: The GDF model strongly relies on technical partners to support the country on other aspects of the TB program, for example, drug management expertise and staff training. GDF delivers most of its services through the technical partners in the Stop TB Partnership like WHO, IUALTD, KNCV, MSH and CDC. Hence, countries with a strong presence of these partners are better able to leverage GDF.

Based on these three dimensions above, GDF's potential Grant beneficiaries can be classified into three groups. Of these, the "natural" and "challenging" beneficiaries should represent GDF's "core" constituents:

- "Natural" beneficiaries: Countries that meet all the above criteria. These countries can best leverage GDF and therefore, have the highest potential for impact. GDF should approach them proactively.
- "Challenging" beneficiaries: Countries that have similar access issues as "natural beneficiaries", but lack a strong ministry of health, NTP or traditional partners. The need for GDF is high in these countries, but it would have a challenging time serving them. GDF needs to expend more effort in these cases.
- "Opportunistic" beneficiaries: Countries that have little fit with the GDF proposition. These are often large countries, with a relatively strong domestic supplier base and procurement capacity, ample funding for TB programs and support from many partners. GDF cannot and should not serve these countries with its classic model. It probably still makes sense to maintain a dialogue and tap into opportunities to collaborate on specific issues, for example, emergency drug needs.

Bearing in mind the above position, the CB should consider GDF's Grant Service rationale in an environment where funds are now available for the purchase of anti-TB drugs through other financing mechanisms and donors. Moreover, the CB should take into account the strategic direction_envisioned for GDF's other services in its Strategic Plan i.e. Direct Procurement, Technical Assistance and Product Scope Enlargement (to include second line anti-TB drugs, paediatric anti-TB drugs and TB diagnostics).