**2001 PRESIDENCY**

# GENOVA TRUST FUND FOR HEALTHCARE

The document "Beyond debt relief", circulated by the Italian Presidency, proposed to set up a dedicated Trust Fund to give special recognition to the overriding priority of health in the development agenda, in order to accelerate progress towards achieving the International Development Goals.

Following the G8 health experts meeting of 12-13 February 2001, WHO has suggested a Framework for action to scale up the response to infectious diseases throughout the world. This would encompass actions to tackle HIV/AIDS, malaria, TB, childhood illnesses and other conditions that cause or sustain poverty, consistently with the targets set by the G8 Okinawa Summit. We support the elements and structure of the Framework, as follows.

1. The establishment of a new fund to build up health system capacity and help implement interventions to tackle specific conditions. This dedicated Trust Fund for healthcare could also bring under a co-ordinated governance structure and harmonised procedures for disbursement a plurality of existing funds (e.g. UNICEF's Children Vaccine Fund that supports GAVI; WHO's Global TB Drug Fund; the International Fund for HIV/AIDS, which is likely to be set up as a major outcome of the UNGASS on AIDS), establishing a mechanism to enable existing organisations to work better.

2. The rationale for launching the Fund is based on the need to:
    - accelerate progress on the path towards achieving the International Development Goals;
    - contribute towards meeting the resource shortfall in the poor countries;
    - top up domestic resources allocated to the health sector within the countries' own Poverty Reduction Strategy Plans;
    - rationalize and bring under a co-ordinated framework a wide array of existing and planned initiatives addressing health issues, thus reducing fragmentation;
    - maintain flexibility for accommodating within reasonable limits specific views and priorities of different donors;
    - minimize transaction costs,
    - provide an instrument for pooling and leveraging resources into a multilateral reference framework for multilateral and bilateral agencies;
    - simplify access to resources by beneficiaries through harmonized administrative procedures.

3. The Trust Fund could support essential global functions as:
- programmes of strategic research for, and development of, necessary drugs and vaccines;
- strategic partnerships to improve access of poorer communities to drugs and vaccines;
- schemes for the efficient purchase and distribution of prevention and treatment commodities;
- programs to introduce widespread prevention practices;
- education in health;
- provision of basic nutrition standards to mothers and children, with special attention to school feeding.

4. A slim mechanism for moving funds, with decision making control at country level, to appraise needs, develop requests for support as part of their country or sector level strategies. e.g. PRSPs, to plan for delivery.

5. The improvement of the capacity of health systems of DCs to deliver essential services (strengthening human resources capacity and investing in logistics for distributing medicines and other commodities).

6. The monitoring of results, building on the OECD and WHO joint effort engaged since 1999 in this field.

## 1. DONORS

WHO has estimated at $ 10 - $ 20 billion per year for ten years the additional resources needed to tackle infectious diseases and bring sustained improvement of the health conditions of the poorest in the world.
The G8, including the European Commission, should take the lead, committing adequate additional resources to launch the Genova Dedicated Trust Fund, as starting point for ten years of focused efforts. The other OECD donor countries should be called to join in this long term commitment.

$ 10 billion a year represents a commitment of a very high order, that cannot be sustained by ODA alone. In 1999 the total ODA of OECD/DAC member countries reached $ 56,3 billion. The additional effort required appears to be more sustainable if related to the total net financial flows to DCs and international organizations ($188,9 billion in 1999). Developing countries, in the first instance, should bear a share of the cost increasing budget allocations to the health sector to match donors' additional financing; but a crucial role should be played by the contributions of the corporate sector and by NGOs. This sustained commitment could be obtained associating the private sector to the governance system of the Genova Trust Fund.

## 2. GOVERNANCE

To manage the Trust Fund, the different functions to be performed must be identified: governance; preparation and appraisal of proposals; managing and disbursement of funds.
Governance is the responsibility of those who provide and who use the funds. The governing board would include representatives of contributors to the Fund, public and private, national and international (WHO, UNICEF, UNAIDS, the World Bank).

The *Governing Board* would be responsible for:

- Determining the guidelines for what should be funded, the criteria for eligibility to grants and providing general guidance to the Secretariat;
- Making decisions on resources allocation, separately for the "Core Fund" and for its different earmarked "pockets";
- Approving all grants, either directly or, in the case of lesser projects, through delegated authority to the Secretariat;
- Approving the annual financial plan and work programme, as proposed by the Secretariat;
- Approving the criteria for eligibility;
- Monitoring and evaluating the effectiveness of the Fund;
- Provide accountability to donors for resources invested and to developing countries for actions undertaken through the Fund.

*Administration of the Fund*

The World Bank could act as the Trust Fund Trustee. The Trustee will administer the collection and disbursement of the Fund. As Administrator, the World Bank will set up a small Secretariat staffed also with UNAIDS, WHO and UNICEF personnel, with the following tasks:

- Proposal and administration of the work plan and the budget;
  - Evaluation and approval (when delegation of authority applies) of programmes and projects in accordance with the selection criteria approved by the Board;
  - Provision of a banking facility;
  - Provision of administrative structures ensuring proper use of funds;
  - Provision of a procurement facility (or oversight of procurement by others)
  - Financial and managerial audits of the use of funds.

*Technical Evaluation Unit*

The Technical Evaluation Unit provides input and advice to the Board and to the Secretariat on the Trust Fund strategy and annual work plan as reflected in the draft prepared by the Secretariat

and on individual grant proposals. The Unit will also review the impact of the Fund program and report its findings and recommendations to the Board prior to each annual Board meetings.

## 3. FINANCIAL TARGETS

The G8 should commit the initial start up of the fund with a donation of $ 500 million, to match expected private contribution of an equal amount; the largest companies in the world would be invited to donate $ 500,000 each to this fund. The Fund will become effective on July 2002, by which date all commitments to the Fund will have to be contributed.

In order to allow maximum flexibility for contributors, the Fund will have a two-tiered financial structure: a "Core Fund" and "Non-Core Funds".

(a) The " Core Fund " comprises a pool of resources that can be used for any activity falling within the work program and the eligibility criteria approved by the Board.

(b) The Fund may also include several "pockets" each comprising resources earmarked by the original contributors for specific uses (directed to certain tasks, sectors, countries, regions) within the overall purposes and priorities of the Fund.

## 4. BENEFICIARIES

Priority will be given to funding activities:

- in developing countries with a large poor population, where health indicators are furthest from the International Development Goals ;
- in countries which are hardest hit by the target diseases, including HIV/AIDS, malaria and TB.

Besides governments, beneficiaries may also include NGOs, community-based organisations and regional entities operating in these countries.

## 5. ENGAGEMENT OF THE PRIVATE SECTOR

An advocacy programme to catalyse support for the Initiative at the country and global level. Private foundations already make a major contribution of both resources and expertise, and their ongoing commitment to new arrangements would be welcome. It is as well desirable to create an opportunity for private corporations (any corporations, not just pharmaceutical manufacturers) and the voluntary sector to donate, demonstrating the breadth of social responsibility in tackling the diseases of poverty.

## 6. BASES FOR PARTNERSHIP

Resources from the Fund would complement other sources of financing, filling the gaps in the partner country's health budget, within the framework of the national PRSPs. Programs and projects financed through the Fund would be long term in nature.

To be eligible, countries should demonstrate political commitment to reducing communicable diseases, particularly HIV/AIDS, malaria and TB- reflected in national health strategies, and have delivery systems in place capable of delivering the commodities provided by the Fund. Clear benchmarks could be put in place for assessing countries' readiness, though, inter alia, PRSPs.

Eligible beneficiaries would receive grants financing health programs related to the main objectives of the Fund. The funds would be disbursed in the form of budget support, linked to the implementation of a sector-wide program. This broad approach would not preclude support to specific health projects.

Funds could also finance projects with a regional dimension.