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**U.S. Global Health Policy: In Focus – “The Global Fund and the
U.S. in Their Next Phase”
Kaiser Family Foundation
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JEN KATES: Good afternoon and welcome to the Kaiser Family Foundations new web cast series, U.S. Global Health Policy: In Focus. We are coming to you live from our broadcast studio in Washington, D.C.

I'm your moderator, Jen Kates, Vice President at the Kaiser Family Foundation. In Focus will bring you discussions and take your questions about current issues and debates concerning the U.S. government's role in global health as a donor, partner, implementer and often world agenda-setter.

Each program will feature leaders in their fields who will share their views and experiences with us. Today, we are very, very pleased to have the executive director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, Dr. Michel Kazatchkine, as our guest of the first In Focus.

Again, today's conversation is live and interactive and we encourage you to submit questions now or as we go along. You can email your questions to infocus@kff.org.

Dr. Kazatchkine took the helm of the Global Fund in 2007 and has spent 25 years fighting AIDS as a doctor, policy maker, diplomat and of course, wearing many, many other hats. His involvement with the Global Fund started with the fund's inception, but he also saw the Fund from different angles, including as a donor when he was the French AIDS Czar.

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Our main focus today will be on the U.S. government and the Global Fund. Many of our viewers know this has been a long and important relationship, probably one of the most important for the Fund, but one that has also had some bumps along the way.

This relationship is now entering a new phase in that we have a new administration and Congress, but also a global financial crisis unlike one we have ever experienced. We hope to have a candid conversation today about how the Global Fund and the new administration and Congress will work together, particularly in light of this crisis.

We also want to highlight some of the things that the fund does that get less attention, including its pioneering work to address TB and malaria, in addition to HIV, and its newer emphasis on strengthening health systems.

Again, to our audience, you can email us questions during this web cast. Send them to infocus@kff.org. Michel, thank you so much for being here as our first guest.

MICHEL KAZATCHIKINE, M.D.: Thank you, Jen for the invitation.

JEN KATES: I want to start with something that is probably on the minds of those who know the Fund and it certainly was the main question people have been sending to us. The funding shortfall, the Global Fund has recently talked

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about the funding gap that it faces over the next couple of years, of five billion. And this gap is not new to the Fund. There's been gaps that the funds has talked about. This existed before the global financial crisis. Why this gap? What does it mean?

MICHEL KAZATCHIKINE, M.D.: Yes, it is also the question that – the number one question around in the Secretariat and certainly the number one question for me, the executive director. Let me start by re-stating something that I hope the viewers know, which is that the Global Fund is responding to requests.

The way we work is we are amount-driven, that is, countries come to us with what they feel are their needs and then the Global Fund is there to respond. So, when we're talking about the gap, it's an anticipated gap, but I don't actually know what the amount will be next year.

However, we anticipated in 2007 a growth in demand and the board was supportive of anticipating such a growth in demand that would lead us to somewhere between six and eight billion in 2010 and if that –

JEN KATES: So, six and eight billion in demand –

MICHEL KAZATCHIKINE, M.D.: In demand.

JEN KATES: – from countries –

MICHEL KAZATCHIKINE, M.D.: Yes.

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JEN KATES: - for programs.

MICHEL KAZATCHIKINE, M.D.: Total, new demand, plus ensuring that the on-going programs are still covered, yes. An eight billion total need for 2010 and if that demand is put into perspective, the perspective of growth from 2008 to 2010, that would represent an overall amount of money for eight to ten of 15 billion. Of these 15 billion, we were pledged 10 billion, basically, in 2007.

We didn't know what the demand would be, but in 2008, with Round Eight, we witnessed an extraordinary demand, so somehow, the Fund is victim of its success. I think it's a strong sign of trust in the instrument, trust from the donors who pledged, but now trust from the countries that this is the instrument that will help them scale up programs for prevention and treatment of AIDS, TB and malaria. And I would fear very much that this trust, somehow, is eroded or broken if the world can't answer that, respond to that demand.

JEN KATES: Well, you mentioned Round Eight, so the Global Fund has gone through several rounds of funding, responding to requests from countries and you mentioned the board. Can you just tell us a little bit about how this works? There's a board, its donors, who's on the board, just so we understand the structure.

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MICHEL KAZATCHIKINE, M.D.: Thank you. Yes. Countries send us requests. Those requests are designed, not by just the minister of health in the country or not just by the government, but actually by a collective group at the country level, which we CCM, the Country Coordinating Mechanism, which has government. But, also has all the other stakeholders that should come together to fight the epidemic or the diseases and that is the civil society, the people living with or affected by the diseases, the vulnerable groups, but also the private sector, the multi-lateral, the U.N. agencies and -maybe we'll come back to that later in the discussion - the bi-laterals.

MICHEL KAZATCHIKINE, M.D.: That support the countries.

JEN KATES: The U.S.

MICHEL KAZATCHIKINE, M.D.: The U.S., for example. Then that request comes to the Global Fund Secretariat and goes to a technical review panel, which is an independent panel of experts, from the North and the South, that looks at the scientific, the medical, the programmatic quality of the request and that TRP, Technical Review Panel, then recommends to the board a given percentage of those requests that appear to be sound and feasible.

And that figure of the percent acceptance is somewhere around 50-percent or about 50-percent.

JEN KATES: About half of what you -

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MICHEL KAZATCHIKINE, M.D.: About half of what we receive goes to the board recommended for funding. And until now, the board has somehow always approved for funding whatever the TRP was recommending for funding and the board has already, in its history, approved some programs for funding although we're not sure of having the actual funds.

We were anticipating that those funds will come later and that they could actually be funded as soon as we have the funds. In Round Eight, we received an unprecedentedly high amount of demand that was 3.1 billion in funding for two years and the board finally approved for funding all of the applications that were recommended for funding, provided that when we negotiate the grounds with the countries, we find a 10-percent efficiency gain on those 3.1 billion.

So, the board basically approved 2.7 billion in funding for the first two years of Round Eight.

JEN KATES: So, I'm going to put this together a little bit because I started with the gap, the shortfall, which I understand there's a demand that's coming to the Global Fund. The Global Fund is reviewing, on technical merit, proposals, hoping that the funding that's recommended will be there and that comes from recommendations from the board.

Talk about the board a little bit and I want to get to the U.S. because the U.S. and the Global Fund have played,

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obviously, have had a very relationship and we hear about the gap. What is the U.S. government's responsibility with the gap? Should the U.S. help fill it? Should the U.S. be there talking to other donors, to get them to fill it?

The U.S. is the largest donor to the Fund, but some have said is that still enough? So, talk a little bit about that because I think it would be helpful to figure out how this gap is going to get addressed with all the demand.

MICHEL KAZATCHIKINE, M.D.: Yes, the gap has to be addressed by the donors. The board is more than just the donors. The board of the Fund is a very innovative board, actually, in global health and in development in general. It's a board where donors and beneficiaries are equally represented. It's a board where, despite the fact that most of the funds we get are from the public sector, the private sector is also quite prominent among the donors on the board. And on the beneficiaries' side, it's not only the countries or the regions of the world that receive grounds; it's also the civil society that actually has three of the ten so-called beneficiary seats on our board.

So, it's a board that truly reflects, in addition to what we have the multi-lateral agencies, the World Bank, WHO, UNA, so, it's really a board that reflects all stakeholders coming together to fight the epidemics. When it comes to

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donors, let's be very clear. Ninety-five percent of the funds of the Global Fund come from the governments, the public sector of the industrialized world and mostly, from the G8 countries.

And the U.S. represents close to 30-percent of the funding of the Global Fund, so it's an absolutely key donor to the Global Fund. The U.S. were associated with the Global Fund from the beginning. The U.S. representatives to the board have always played an important role in decision-making in policy setting and of course, financially, it's a major contributor.

Not only by the fact that they bring those close to 30-percent dollars, but because there is this law passed in Congress that for each dollar that the contribution of the U.S. would not exceed 33-percent of the total that the Fund receives. So that, in fact, the U.S. contribution plays a significant leverage role for every dollar that the U.S. would put in, the rest of the world has to put two dollars.

JEN KATES: So, in other words, our Congress sets a limit on what the U.S. -

MICHEL KAZATCHIKINE, M.D.: Sets a limit.

JEN KATES: - can contribute. The U.S. is the largest contributor. But, let's get back to the gap for a second. Some would say, well, the U.S. has to step up and address that, but there's a limit in the Congress, so how do you respond to that?

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MICHEL KAZATCHIKINE, M.D.: No, the limit is 33-percent of overall spending, yes.

JEN KATES: So, you're here this week, in part, to talk to the U.S. government and other stakeholders in the Fund. What's your message to the U.S. today? We have a new administration. We have a new Congress. We have some tough decisions ahead of us as a country, given the financial crisis and our own economy. What is the Global Fund saying, in that case, to say well, why the Global Fund? We have our own programs, what is - explain to me, why the Global Fund?

MICHEL KAZATCHIKINE, M.D.: Yes. First, in terms of numbers, the message is fairly simple. We anticipate - anticipate again, I have to see the demand - but we anticipate an need for 8 billion U.S. dollars for 2010, given the fact that we will have to continue funding all the on-going programs, plus we will have to fund a new round of requests and within that new round of requests, we will also fund a new type of application that the board has decided to push forward, which is very interesting, which is countries not coming with a specific program on the disease, but now asking the Fund to fund an overall strategy.

So, a more long-term, comprehensive, integrated into national strategic goals of the health sector, specific disease-related strategies. So, 8 billion. Out of that, the

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calculation is 30-percent of the U.S. contribution would be around 2.7 billion as a request to the U.S. for 2010.

Now, the message is - I am concerned, as everyone is, about the context and I realize and I know the difficulties. In every capitol I tour, I'm -

JEN KATES: - having the same conversation.

MICHEL KAZATCHIKINE, M.D.: I'm having the same conversation. Let's also not forget that the developing world is impacted by the crisis as well, that even though the percent of their budget devoted to health is increasing towards the 15-percent goal set in the [inaudible]. The absolute amount that this will result in will be decreasing because the developing world will be strongly impacted by the crisis as well.

So, the crisis is not just a crisis on the donors' side. My message is: health, we all understand, is a priority in development. It is an investment for development. It is an investment for overall security. We can't build a globalized world where hundreds of millions of people will be kept in disease, hunger, poverty and illiteracy.

We have to have development, solidarity as a key instrument in our foreign policy and actually, this is what I heard from the first statements by Secretary of State Clinton. This is what I also read and heard from the Obama administration and from Senator Obama when he was campaigning.

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And what I'm also messaging is that we have achieved, in the last eight years, results at an unprecedented scale. The number of people now receiving treatment for AIDS worldwide, the number of people protected from malaria under bed nets, the number of people receiving treatment for tuberculosis have increased to a scale that many of us were not actually anticipating or even thinking of five or seven years ago.

We have made very significant progress. We're fully accountable for the money that has been invested and that money saves lives and we can show that. We're providing results. I'm currently working on preparing the next G8 meeting and working towards the next G8 meeting.

I want to say - and you know that the first meeting that talked about - G8 meeting, the Global Fund was the meeting in Italy in 2001. So, we're now -

JEN KATES: Full circle.

MICHEL KAZATCHIKINE, M.D.: At the full circle. And I'd like the leaders of the G8 to say we are proud of what we have achieved. We have really moved global health. One of the most, shocking, immediate, evident inequities in the world between the North and the South, we have moved it tremendously.

So, the message is, let's be very careful. As the needs grow, if the funding remains steady, we will lose. We

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will lose a lot and becoming slow on funding and expanding on global health is very dangerous. We know that from past experience in malaria and of course, we would destroy that trust that the South and the developing world has built towards the donor world.

The hope that millions of people have, because of what they see the Global Fund and PEPFAR has been bringing to the world can really be at risk.

JEN KATES: Here's a couple of ways to think about, though, a donor, looking at the Global Fund and all these other demands. What would you - a donor, like the U.S. could decide, yes, we want to keep maintaining our commitment to fighting these three diseases, but we're going to build our own programs up or we're going to scale back here or there, but we're going to stick with our bi-lateral efforts, our own efforts in countries.

Again, what does the Fund do by the virtue of it being different and bringing together different entities that make it different and complimentary or how does it work?

MICHEL KAZATCHIKINE, M.D.: Yes, first Jen, when you talk about the commitment, the commitment is the commitment to reach the Millennium Development Goals. That's the commitment of the international community.

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And that's the commitment of the U.S., as it is the commitment of every country in the world and we're on our way, but we're still late on many of the Millennium Development Goals. I guess we're reasonably doing on malaria if the effort is continued and if it's expanding, we still have much more effort to do on AIDS and on tuberculosis.

What is different about the Global Fund? First the Global Fund - I'd say two things - one, the Global Fund is really the effort of the entire international community - quote international community. This is a word many of us use and where is the substance there?

But the substance of international community is people coming together from all perspectives with a common goal and here the goal of achieving MDG four, five and six, the health-related MDG's. And the Global Fund is bringing all these stakeholders together in that common effort and I wouldn't imagine that the U.S. wouldn't be part - the U.S. civil society, the U.S. government, the U.S. bi-lateral efforts - wouldn't be part of that global, collective effort that really gives a lot of meaning to what the world can actually achieve when it comes together.

And the second thing is about multi-lateral and bi-lateral. Given the results that we've just very briefly discussed that have been achieved in the last years, I think

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it's time for the bi-laterals to sort of re-think what's the best investment. Where's the best added value for a bi-lateral when it comes to its contribution to global health?

There are things that the multi-lateral system cannot do. For example, let me focus on the U.S., for example. In the last few years, the U.S., in many places, has contributed to strengthen the country-coordinating mechanisms. Those -

JEN KATES: Entities applying -

MICHEL KAZATCHIKINE, M.D.: - entities applying to the Global Fund, have invested a lot in bi-lateral support, technical assistance, so that a ground that is in difficulty, a country that has difficulty to absorb - as we say - or that needs to spend the money they receive from the Global Fund, would be able to do so.

Bi-laterals are capable of building capacity. Bi-laterals are capable of investing in the long-term. Bi-laterals are capable of doing a number of things better than the multi-lateral system. But, the multi-lateral system has shown with the Global Fund, in the last five years, that it is capable of transferring, of investing the global community's money or the donors' money into countries, into programs that are country-driven, country-owned, that are fully inclusive of all components of the society, that are performance-driven,

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that provide results and that can be fully accountable for the way the money is spent.

The Global Fund, because it is representative of so many constituencies, has also the legitimacy – as we have done and I'm sure some of your viewers know – to discontinue some of the funding in some of the grounds when there is corruption. And that can easily be done because it's not just the voice of one bi-lateral who, on its own side, would take that decision. It's a collective decision, again, of that international community.

So, to me, it's time. Now that we've see the success of the multi-lateral system in delivering results in global health, to re-think what's the best relationship. So, what I'm telling the Congressmen, to come back to your question, is health development needs to be a priority of foreign policy and we need that to keep a secure world. Health has to be a priority within development. We can deliver on health and the Global Fund and PEPFAR have shown that they can deliver on health.

It is time to further scale up that effort because we can show you that the countries should be able to either reach the MDG's or come fairly close to the MDG's if we pursue that effort. As we pursue that effort, given the success of the multi-lateral system, I'm suggesting that we re-think some of

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the balance between the multi-lateral and the bi-lateral system.

It's not one versus the other. It's one complimentary to the other, but let's make sure that we invest the money where it's the most cost-effective.

JEN KATES: I actually want to pick up on this issue of what the Global Fund has delivered in a couple of areas that most people who follow the Fund know the Fund is heavily involved in. But, we usually hear about HIV and the Fund and certainly, the Fund has helped respond in ways that probably were not imaginable a few years ago.

But, talk about TB and malaria because when the Fund was first being talked about as a potential new instrument, it wasn't clear that TB and malaria might be part of it. And those diseases were included and one would argue that that has made a significant difference. Talk about what's happened in TB and malaria and where we still need to go.

MICHEL KAZATCHIKINE, M.D.: Absolutely. Yes, indeed, I think if TB and malaria had not been included in the Global Fund in 2001, those diseases may well have stayed far behind and the progress has been spectacular. Let me first say currently, the Global Fund is providing about two-thirds of the overall available international funding for both malaria and

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for TB, so we are by far, the main funder of the fight against those two diseases. The results are spectacular.

In malaria, and the results and the impact is almost visible, immediately somehow, because as you protect a family by having the family sleep in their bed net, you will see within the following months, a decrease in the number of incidents of malaria cases and in malaria-related morbidity and mortality; and this is what has happened.

In the last two to three years, we have now seen a decrease by between 40 and 70 or even up to 90-percent in incidents of malaria cases and in mortality of small children below the age of five in malaria-related mortality of small children; in more than 10 - in 12, actually - endemic countries in Africa.

In Zanzibar - Zanzibar is an easy case, it's an island - so, basically, malaria has been eliminated. But, when it comes to Ethiopia, Eritrea, some parts of Kenya, Tanzania, Uganda, Swaziland, Mozambique, South Africa, as I say, it's decreases - Rwanda between 40 and 70-percent in malaria cases and in malaria-related death. So, it's a very significant impact.

JEN KATES: What about TB?

MICHEL KAZATCHIKINE, M.D.: TB, very significant as well. The number of cases detected through what we call sputum

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analysis has actually doubled in the last three years and close to five million people have now had access to TB treatment with Global Fund support. Global Fund is also the main, if not the only, basically, funder of MDR, Multi-Drug Resistant TB, which is the current threat.

We are, as I said before, close to be on-track with the MDG targets with malaria. I'm fairly optimistic. We should be able to reach universal coverage with bed nets within two to three years and hopefully, a world without malaria deaths in 2015.

And with regard to TB, we are also close to being on track with the international targets. Again, as I was saying for HIV earlier in our discussion, the results are there. People are accountable for these results. Results have been achieved through this extraordinary, collective effort that is the Global Fund. We can't have that effort slow down or remain steady when the needs are growing.

JEN KATES: There's a lot of our viewers actually asked about the progress towards the MDG's, so thank you. We only have time for a couple more questions, so I want to get at something that did come in around going back to the U.S. role and the board. The U.S. government has a board seat at the Global Fund, as do other donors and, as you mentioned, developing countries, et cetera.

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Who is occupying that seat right now? We're in a transition, so can you explain? We had that question.

MICHEL KAZATCHIKINE, M.D.: Well, right now, I don't know. The answer is I don't know and I actually, would wish to know, very much, who will be occupying that seat. It is a very important seat, obviously, because of the role of the U.S. as a donor and because if I look at the history of the Global Fund and you said that I've been associated with the Global Fund from the beginning in different roles, I've always seen a very strong role of the U.S. delegation in helping shaping the policies of the Global Fund.

I had the privilege of meeting with the transition team and I discussed with the Global Fund, it's model, it's achievements. I expressed my hopes and my objectives. We're now in a transition time. I'm currently waiting to know what will be the final budget, contribution for '09. I'm putting my requests for '10 and I'm really looking forward to knowing who, in the new administration, will be the U.S. champion for the Global Fund.

JEN KATES: I see. Well, those are tough questions and they've been coming in. I want to ask you, since we only have a little bit more time, pick up on something you said earlier and paraphrase a question that came in. Who owns the Global Fund? If you had to talk about the - who owns this instrument?

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MICHEL KAZATCHIKINE, M.D.: Well, everyone. To me, the Global Fund is a global fund owned by everyone. I take it as a global, public good in the very sense of the word. When I travel to countries, when I travel to capitols, donor capitols, I say, this is your Global Fund. The successes and the failures and the hope we bring to the world is ours, all of us.

At the country level, now I turn to a beneficiary country, this is very important. Of course, the country owns the Global Fund because the money that comes from the Global Fund is money for that country to implement the program. But it's not only the country in the administrative sense of the word, it's all the stakeholders that are in CCM, it's the civil societies that people living with the diseases, but it's also and I wish it to be, more than it is.

The multi-lateral agencies and the bi-laterals at the country level - so to me, the U.S. Ambassador in Rwanda, the U.K. Ambassador in India, the French Ambassador in Senegal - they are also the owners, on the ground of the successes and failures of the Global Fund by their active participation in having the grounds, in having the requests put together, in having the programs built and then in having oversight over the program implementation.

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The Global Fund, again, is everyone's fund and it's also your viewers' funds through their advocacy and through their support.

JEN KATES: So, very quickly, looking ahead, in addition to the gap that we talked about, a couple of other big issues, challenges that you want to take on in the next two years, three years.

MICHEL KAZATCHIKINE, M.D.: Yes, it's the challenge of strengthening health systems. Clearly, as we scale up interventions in AIDS, TB and malaria, sustainability in the long run will depend on how much we also - at the same time as we intervene, contribute to build, consolidate, the health systems. That is, the health workforce, the infrastructures, the monitoring and evaluation, the procurement systems and the supply distribution chains, but also capacity building for the civil society, capacity building for communities, and also building in the longer term, social protection and health insurance that are key issues for sustainability in the long-term.

The Global Fund is currently devoting about 35-percent of its funds to what you could generically call strengthening health systems, a very close figure to that of PEPFAR, by the way. If you put together PEPFAR, Global Fund, and GAFI, the Global Alliance For Immunizations, we are by far, the major

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fundes of health systems worldwide. So, more emphasis on strengthening health systems, but in all of these aspects of strengthening health systems that I enumerated, but strengthening health systems not as a platform for then delivering health, but doing it at the same time as we deliver on the diseases.

And to those who currently still go on with that debate of vertical funds versus health systems strengthening or horizontal funds, I say. I can bring so much evidence we won't have time to discuss it of how in fact, if you look back at the last few years, it is the vertical funds, it is the AIDS money, it is the malaria, the TB money that has strengthened the systems, that has really provided, refurbished, renovated the infrastructures, have contributed to finance health workers' training and contributed to salaries.

Close to 20, we spend about 25-percent of our funds for health workers. We've committed, currently now, 15 billion in grants, so one-quarter of that, yes, so that's close to 4 billion has actually been committed to supporting health work force be it in the public sector or in the civil society and in the community. That's very, very significant money.

So, among the challenges, the number one challenge is not to choose either health systems strengthening or financing AIDS, TB and malaria programs, it's doing everything at the

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same time and actually take the highest advantage of the positive externalities of scaling up programs against AIDS, TB and malaria so that health systems are strengthened.

JEN KATES: I wish we had more time to talk about that. That's an issue that we'll have to take on in the future. One last thing. I'll let you have the last word on the Global Fund if you wanted to tell us, our viewers, one more thing, what would it be?

MICHEL KAZATCHIKINE, M.D.: The one more thing would be we are in the globalizing world. That globalizing world is a world of also growing inequities. One of the most immediate and evident inequities is health. One of the most shocking inequities is in health and we can do something about it and we're doing something about it, so let us all come together strongly, advocate and move so that people, wherever they're born, can equally access to health.

JEN KATES: Thank you. Thank you very much for being with us today. We very much appreciate it and I would like to thank all of you for your questions. On our website, www.kff.org, you will find additional resources on today's In Focus and we encourage you to share the video and transcript with your own audiences.

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We also hope that you will join us for future web casts of U.S. Global Health Policy: In Focus. I'm Jen Kates of the Kaiser Family Foundation. Thank you.

MICHEL KAZATCHIKINE, M.D.: Thank you, Jen.

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