

# PATH's use of flexible funding

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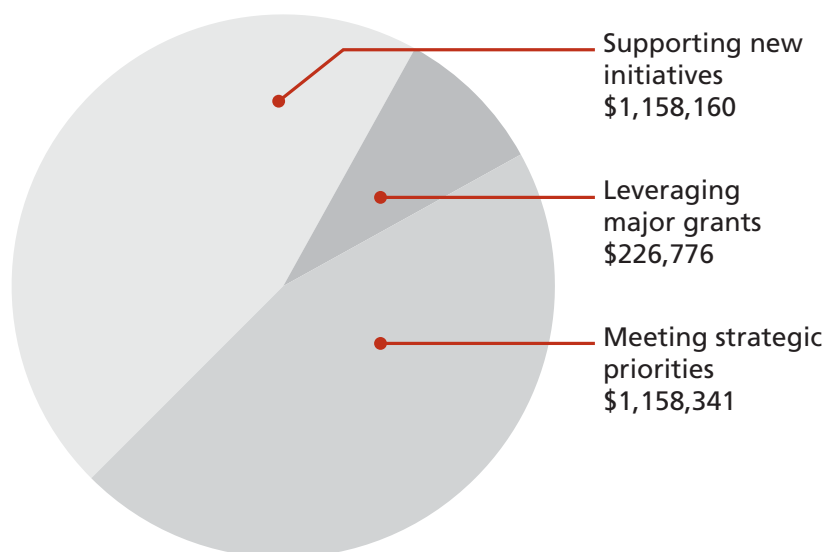
2005–2006 REPORT TO DONORS

# A catalyst for change

In 2005, PATH launched the Catalyst Fund, our primary source of flexible funding—the money that allows us to support new initiatives, leverage major grants, and meet strategic priorities, helping us to advance our mission. Such funds make up less than 4 percent of PATH's annual budget and yet are the spark for some of our largest and most effective programs. It is our individual donors who supply these funds and the flexibility necessary to support innovation and invention.

This, our first formal report to individual donors on our use of flexible funds, includes a selected list of projects supported with such funding. We will issue this report on a regular basis to update donors on our use of their investment and their impact on the health of people around the world. PATH's total revenues and operating expenses are reported through our IRS 990 form and our annual progress report; here, we report our net aggregate investment of flexible funding.

PATH focuses on developing-country needs for affordable, **appropriate technologies**; better health care for **mothers and their infants**; information and services that improve **reproductive health**; the sweeping protection of **vaccines and immunization**; and reliable prevention and treatment of **infectious diseases**. Flexible funding is essential to this work—our ability to be innovative and responsive to global health needs depends on your support.



Net aggregate investment of flexible funds \$2,543,277

# Flexible funds in action

In 2005–2006, flexible funds played a critical role in PATH's work. PATH used such funds to pursue state-of-the-art diagnostic tools for low-resource settings; strengthen avian influenza prevention in countries at high risk of epidemics; move forward with a fortified rice premix that is being adopted in several countries in Asia; and hire essential staff to expand our work around the globe. These and other highlights are described below.

## Supporting new initiatives

Flexible funding allows us to conduct preliminary research; develop and test prototypes for cutting-edge technologies; and pilot new projects in the field, proving their viability before expanding them nationally and beyond.

### **Microbicides and a redesigned diaphragm: woman-initiated HIV protection**

More than 50 percent of new HIV infections are in women in poor countries—women who have little control over their sexual role and few options for protecting themselves against infection. PATH has invested flexible funds in research to discover whether the SILCS one-size-fits-most diaphragm, specifically designed for developing-world use, might one day be used to deliver HIV-preventive microbicides—dramatically increasing women's defense against disease. If this research is successful, PATH will have built the connections and support necessary for a large-scale trial of the impact of this intervention on disease prevention programs throughout the developing world.



### **Microneedles for effective immunization**

Microneedle technologies hold the promise of reducing both the cost and complexity of vaccine and drug delivery in the developing world. They also, because they facilitate novel (e.g., intradermal) delivery techniques, may play an important role in the development of DNA-based vaccines that would be effective against HIV, malaria, and tuberculosis, three of the greatest threats to global health. In 2006, PATH invested flexible funds to identify the most promising microneedle technology applications for developing-country use. This lays the groundwork for future investment by narrowing the pool of needle candidates to those most likely to have a significant global health impact.

### **A laboratory as small as a credit card**

Fevers and diarrhea, both of which take a heavy toll on the developing world, can be difficult to diagnose—and as a result, are often mistreated, wasting lives and medication. With a consortium of private- and public-sector partners, PATH is working to develop a lab-on-a-card, state-of-the-art technology that can rapidly and accurately diagnose the cause of both childhood diarrhea and fast-moving fevers. Flexible funds helped us train health workers for on-the-ground field tests in Kenya; assess the needs of the health workers who will use this technology in India; initiate a partnership with a clinical laboratory in Vietnam to collect samples we can use to hone the test's sensitivity; and assist in a field study in Brazil to prove the test's validity.

Each of these small investments brings the lab-on-a-card closer to the final stages of development and introduction—clinical trials, beginning in 2007, and commercialization within the next three years.



### **Power over pandemics: keeping avian flu at bay**

The World Health Organization estimates that a pandemic of avian influenza could leave 50 million dead and cost the world more than \$800 billion. Southeast Asia is a hotspot for avian flu, a likely starting point for a global epidemic. PATH is using flexible funds to help Vietnam and Cambodia prepare their pharmacies, a primary source of health information and care in the rural areas most at risk, to be a touchpoint for prevention and detection of avian influenza. These points of care can be a significant barrier to widespread infection within and beyond the region.

### **Surveillance for emerging and epidemic disease**

The first step in meeting critical health needs is an accurate assessment of the effect of disease on a community or country. PATH used flexible funding to support the European Infectious Disease and Information Systems project, which assisted Ukraine, Moldova, and Bulgaria in actively strengthening surveillance and health information systems. A fourth country—Belarus—began nationwide implementation of a new reporting system in January 2005.

## Leveraging major grants

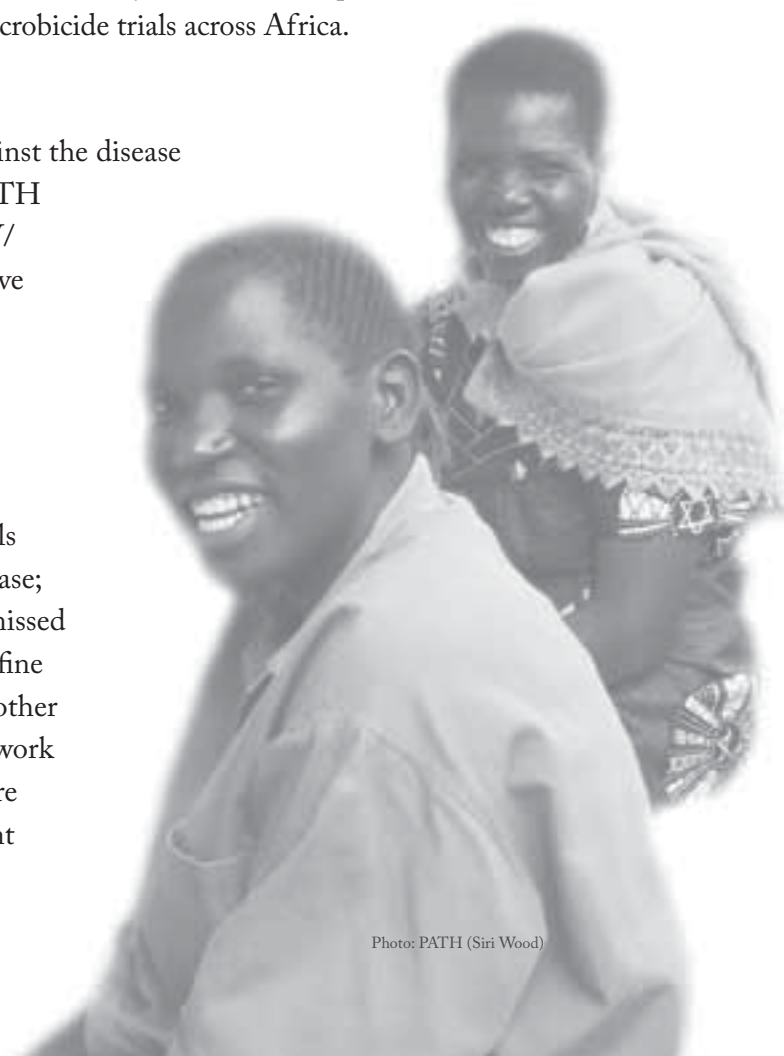
Foundations and government sources often predicate their support on cofunding—matching funds from PATH that demonstrate commitment to and faith in a particular project. Such opportunities can double the impact of an individual gift; these funds not only directly drive our work, but also open the door to projects that otherwise might never win the necessary commitments from major funders. Each of the projects described below attracted support from institutional or government sources through cofunding from PATH's pool of flexible funds.

### Global Campaign for Microbicides

Gender inequality and simple biological realities make women more vulnerable to HIV and AIDS—especially in the developing world, where many women have no power to negotiate condom use or refuse sex. The Global Campaign for Microbicides, hosted at PATH, is one of the strongest voices speaking out for the development and introduction of microbicides, a tool with great promise for HIV prevention. In 2006, the Global Campaign extended its advocacy reach both geographically—to Australia, Austria, Eastern Europe, France, and Germany—and among allies working in HIV/AIDS prevention, reproductive health and rights, and women's organizations. The early outcome of this expansion is already visible: in January 2007, the European Union committed \$5.3 million to fund microbicide trials across Africa.

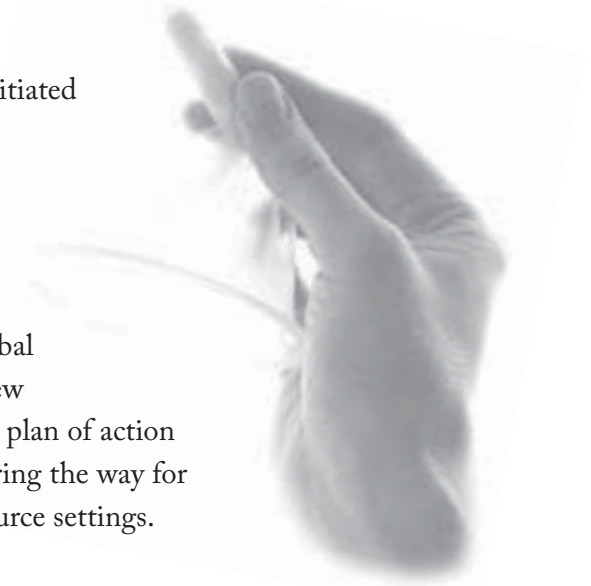
### A united front against HIV

AIDS is everywhere—and protection against the disease needs to be just as pervasive. In India, PATH has started researching ways to unite HIV/AIDS resources with those for reproductive and family health, forging links between health services and providers. Donors and governments fund systems and services that specifically target HIV and AIDS, and a narrow focus on HIV is a fast and effective way to reach people with the tools and information that can prevent the disease; but such a narrow focus can also lead to missed opportunities and inefficiencies. As we define points of convergence between HIV and other health services, building a sustainable network of information and improved access, we are making sure that prevention and treatment reach as many people as possible.



### **A worldwide consultation on the female condom**

The female condom is currently the only available woman-initiated method that can prevent pregnancy and sexually transmitted infections (including HIV). It can be a vital tool for women in the developing world, but it is in short supply where it is most needed—in part because of a lack of information and understanding. In 2005, PATH organized a meeting among more than 100 experts from 15 countries for the Global Consultation on the Female Condom. Participants shared new evidence, assessed barriers to access and use, and developed a plan of action to garner support for the female condom worldwide—preparing the way for new designs that are affordable and appropriate for low-resource settings.



### **Meeting strategic priorities**

Flexible funds provide the resources needed to hire world-class experts ahead of the curve to lead our programs, set strategies for maximum impact, and keep effective programs going in the bridge period between initial and long-term funding.

### **Nutrition as needed**

PATH's manufactured Ultra Rice® "grain" is the backbone of PATH's work in maternal and child nutrition, a way to provide nutrients targeted to the specific needs of vulnerable populations in a form that requires minimal change in cooking habits. Flexible funding provided a bridge in 2006 to keep the project in motion when its initial grant ran out, positioning it to win new support from the Bill & Melinda Gates Foundation. During the bridge period, the team used flexible funding to develop a strategy for introducing the Ultra Rice® premix in India, conducting due diligence on two potential manufacturers and working with the Indian Government's Department of Biotechnology on advocacy, policy, and regulatory work needed to open the commercial market. PATH also explored introduction in China and assisted our Brazilian manufacturing partner in entering the commercial market. The new funding will allow us to pursue these leads, opening the door to better nutrition for children and mothers in all three countries.





**Immunization in Cambodia: child mortality reduced by half**

In Cambodia, PATH used flexible funding to strengthen a collaboration—with partners including UNICEF, the GAVI Alliance, the World Health Organization, and the University of Melbourne—that supports immunization reform by the Ministry of Health. This reform program increased nationwide immunization coverage by 72 percent, helping reduce child deaths by half. The impact of flexible funding will continue to be felt by the country's children, through long-term changes in Cambodia's health system, even after the partnership dissolves.

**Expanded reach in Vietnam**

Strategic use of flexible funding supported the placement of new leadership for PATH's Vietnam office, resulting in immediate expansion of program activities in women's health, maternal and child health, and HIV care. Through stronger leadership and networking opportunities offered staff, PATH has developed important partnerships (including with key government officials and the United Nations) and raised the profile of our work, opening new opportunities to improve the health of those who live beyond the reach of Vietnam's health care systems.

## Growth in China

Since 1979, PATH has collaborated with Chinese government agencies, nongovernmental organizations, research institutes, and manufacturers to improve health, particularly in the areas of reproductive health and infectious diseases. PATH opened its Beijing office in 2003 to focus on implementing the Youth Reproductive Health project. In 2005, PATH assigned a country leader to evaluate opportunities in China and to develop a strategy for its China program. Flexible funding enabled development of this strategy, which focuses on:

- Directing behavior change programming to the populations most at risk of HIV infection.
- Building tuberculosis programming and supporting new government programs linking HIV prevention, AIDS treatment, and tuberculosis detection.
- Strengthening in-country staffing and support for PATH's vaccine and health technology programs.

This strategy is the basis for a focused effort to solidify PATH's presence in one of the world's most rapidly expanding economies.



Photo: PATH



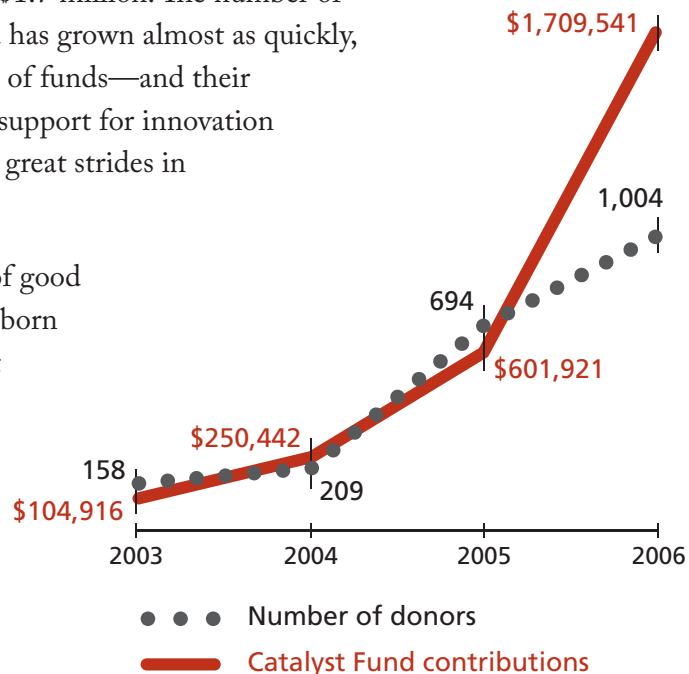
# The Catalyst Fund: using individual gifts effectively

PATH continues to hit the highwater mark for careful stewardship of donor funds. Charity Navigator has named PATH a four-star charity for three years running, and in 2007 we were one of their “top ten charities everyone has heard about.” In 2006, PATH was selected to join Global Impact, one of the most successful and trusted organizations in international philanthropy.



Through the Catalyst Fund, we have put a new resource in place to ensure that our donors have the greatest impact possible on the lives of people around the world. In the past year, contributions to PATH's Catalyst Fund have more than doubled, reaching \$1.7 million. The number of people who support the Fund has grown almost as quickly, marking their trust in our use of funds—and their visionary understanding that support for innovation is necessary if we are to make great strides in global health.

Bringing the basic elements of good health within reach for those born in poor countries requires not just new resources, but new thinking. The Catalyst Fund is PATH's answer: a way to channel support from individual donors into some of the world's most innovative solutions.



## Breakfast for Global Health

Each year, PATH hosts the Breakfast for Global Health to support our Catalyst Fund. We transform our Seattle headquarters into a global stage where health experts and individuals touched by our work can come together—and give you a closer look at how your contributions are making a difference. For more information about next year's event, to be held on May 20, 2008, please contact [development@path.org](mailto:development@path.org).

## Contact us

For more information about the Catalyst Fund or any of the projects described in this report, or to make a contribution to the Catalyst Fund, please contact:

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