

The President's Emergency Plan for AIDS Relief

**Fiscal Year 2007 Report on
the Global Fund to Fight AIDS, Tuberculosis and
Malaria**



December 2008

The Administration provides this *Report* pursuant to Section 202(c) of Public Law 108-25, as amended, the “United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003” (“The Act”), which requires the President to “submit to the appropriate Congressional Committees a report on the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund), including contributions pledged to, contributions (including donations from the private sector) received by, and projects funded by the Global Fund, and the mechanisms established for transparency and accountability in the grant-making process.”

Introduction

The Global Fund to Fight AIDS, Tuberculosis, and Malaria provides a unique opportunity for the dramatic scale-up of resources to support aggressive interventions for the three diseases in places of most need. The Global Fund is based on a unique model that relies on partnerships among Governments; civil society, including community and faith-based organizations; international organizations; bilateral and multilateral donors; the private sector; and affected communities in the fight against HIV/AIDS, tuberculosis (TB), and malaria. Founded in January 2002 as an independent, non-profit foundation under Swiss law, the Global Fund operates as a financing instrument – not as an implementing entity – to attract and disburse additional resources to prevent and treat these three deadly diseases. The Global Fund allows donors to pool their resources and finance essential programs in resource-constrained settings.

The Global Fund contributes to the fulfillment of the Monterrey Consensus by promoting and supporting country ownership. Through its programs, the Global Fund promotes country ownership, empowers civil society, and encourages multi-sectoral responses. The U.S. Government, as a founding member of the Global Fund and its first and largest donor, continues to play a leadership role in ensuring the success of this important international effort. The U.S. Government contribution to the Global Fund is an important part of a long-term strategy to provide financing that will enable developing countries to respond to the challenges of HIV/AIDS, tuberculosis, and malaria. Furthermore, as the largest donor for global HIV/AIDS efforts, contributing what has been estimated at approximately 55 percent of the global response even when significant U.S. funding for research efforts is not counted¹, the U.S. Government amplifies the investment of the American people through its investment in the Global Fund and by encouraging financial commitments and shared responsibilities among other donors. The existence of the Global Fund is both an invitation and a challenge to the rest of the international community to join together to fight these three diseases.

¹ The calculation of 55 percent of the global HIV/AIDS response is from a Kaiser Family Foundation and UNAIDS publication, and does not include significant U.S. funding for HIV/AIDS research efforts. Jennifer Kates, José-Antonio Izazola, and Eric Lief, “Financing the response to AIDS in low- and middle-income countries: International assistance from the G8, European Commission and other donor Governments, 2007,” Kaiser Family Foundation and UNAIDS, July 2008.

For 2007, donors pledged a total of \$2.6 billion to the Global Fund. The U.S. Government has contributed a total of more than \$2.5 billion since the launch of the Global Fund in 2002. U.S. Government pledges to the Global Fund through 2008 total more than \$3.5 billion.

By the end of calendar year 2007, the Global Fund Secretariat had committed \$7.9 billion through its grant agreements and disbursed almost \$5 billion to grantees. Specifically, within calendar year 2007, the Global Fund Board approved in Round Seven 73 new grants worth more than \$1.1 billion in 67 countries, as well as \$130 million for five existing grants under the new Rolling Continuation Channel. The Fund Secretariat estimates that, by the end of calendar year 2007, Global Fund-supported programs were supporting HIV treatment for 1.4 million people, TB treatment for 3.3 million people, and had supported delivery of about 46 million insecticide-treated nets (ITNs).

During 2007, the Global Fund Board and Secretariat continued to focus on streamlining the Fund's grant-competition processes and speeding disbursements to country programs. As part of the U.S. Government's commitment to the overall success of the Global Fund, the Office of the U.S. Global AIDS Coordinator approved the expenditure of \$27 million on a range of mechanisms to provide technical assistance to partnerships that are struggling with project bottlenecks. These resources come from funds withheld, as authorized by the Congress, from Congressional appropriations for the Global Fund.

The Global Fund has made significant gains in expanding and enhancing its efforts to:

- Operate with maximal transparency and accountability;
- Promote host country ownership;
- Maintain its performance-based funding approach and unique financing role in the global response to HIV/AIDS, TB and malaria; and
- Achieve maximum effectiveness.

Through membership on the Global Fund's Board and its Committees, as well as both formal representations and informal discussions with the Fund's Executive Director and Secretariat staff, the U.S. Government is working to support further progress in these areas.

Additional highlights within calendar year 2007 include the Fund Secretariat's increased commitment to performance-based funding and accountability through a variety of new initiatives and the installation of a new Executive Director of the Global Fund, Dr. Michel Kazatchkine. The establishment of the Enhanced Financial Reporting system and a re-tender for Local Fund Agent contracts are meant to ensure more rigorous grantee reporting and an enhanced effort on grant oversight. The May 2007 U.S. Government Accountability Office report acknowledges that the Fund has improved documentation supporting disbursement decisions.

With the support of an interagency core team in Washington, the U.S. Government actively provides input and direction to discussions on Global Fund policies and procedures at meetings of the Fund Board, and with the Geneva-based Secretariat. The Board's Policy and Strategy Committee, under U.S. chairmanship, completed its five-year strategy in 2007, including the institution of a new extended-funding mechanism for high-performing grants. The Board's Finance and Audit Committee, also chaired by the United States, selected a highly qualified new Inspector General for the Global Fund, and produced a policy for public release of audits, evaluations and other documents of the Office of the Inspector General.

Over the next year, the Global Fund faces a number of critical challenges which the U.S. Government intends to monitor closely, including the following:

- The transition out of the Administrative Services Agreement with the Secretariat of the World Health Organization (discussed below), which will make the Fund a truly independent institution;
- A significant restructuring of the Fund Secretariat, which the Fund's Executive Director initiated as part of an overall review of the management of the organization;
- The implementation of the decision taken by the Fund Board to establish a system of "Dual-Track Financing," in which the Global Fund strongly encourages each grant to have two Principal Recipients -- one from government and one from civil society. The U.S. Government believes this system should significantly increase the amount of financing that flows to civil society organizations, but could result in an increased burden on the Fund Secretariat; and
- A possible decision to manage the Affordable Medicines Facility – Malaria (AMFm). The U.S. Government is concerned such a move

might expose the Global Fund to considerable extra risk, and potentially have substantial implications for the Fund's business model and Secretariat structure (please see the attached summary of the outcomes of the 17th Board meeting in Appendix 6).

Consistent with the requirements of Section 202(c) of Public Law 108-25, this Report is organized into the following three sections:

- I. Funds Pledged and Contributed
- II. Projects Funded and Disbursements; and
- III. Transparency and Accountability.

I. Funds Pledged and Contributed

The Global Fund maintains a webpage with a spreadsheet of all pledges and contributions at www.theglobalfund.org/en/files/pledges&contributions.xls, updated on a weekly basis.

Consistent with the Leadership Act, as amended by Section 595 of the Consolidated Appropriations Act of 2004 (P.L. 108-99), the U.S. Global AIDS Coordinator (the Coordinator) uses July 31 each year as the “snapshot” date for calculating potential U.S. Government contributions, and for determining how to use any amount of the appropriation that is not available for contribution.

Pledges

Pledges through calendar year 2008 (as of December 31, 2007) (See Appendix 1) are \$11.88 billion, including the following:

- \$11.36 billion from all governments (including the U.S. Government);
- \$509 million from foundations; and
- \$60 million from corporations, individuals and other entities, including the (Product) RED campaign.

U.S. Government pledges through U.S. Fiscal Year (FY) 2008 total \$3.57 billion, or 30.0 percent of total pledges through 2008.

For the Global Fund’s 2007 Fiscal Year (which corresponds to the calendar year), pledges from all donors amount to \$2.57 billion, including \$1.85

billion pledged by non-U.S. Government donors. These pledges, if contributed in full, represent an increase of \$640 million over 2006.

The U.S. FY 2006 and FY 2007 appropriations totaled \$1.27 billion, or an increase of \$654 million over the amount the U.S. Government pledged at the Global Fund's first Voluntary Replenishment Meeting in 2005. The U.S. Government did not participate in the Global Fund's second Voluntary Replenishment Meeting held in September 2007, on the basis that consistent U.S. Government support for the Fund is well-demonstrated, and that pledging at that time did not fit well with the annual budget of the U.S. Government.

Contributions

Contributions received since the inception of the Global Fund, as of December 31, 2007 (2) (see Appendix 2), are \$9.26 billion total, including the following:

- \$8.81 billion from all Governments, of which \$2.54 billion, or 27.5 percent of total contributions, were from the U.S. Government²; and
- \$411 million from foundations and the private sector.

For FY 2007, the U.S. Government has contributed \$676 million, and may provide a small additional amount of money once the Coordinator has made a final decision on the amount to deduct for use as technical assistance to the Global Fund. In making this contribution, the Coordinator withheld a total of \$47 million from the FY 2007 appropriation, in accordance with the various statutory withholding provisions.³

The U.S. Government continues to see the Global Fund in general, and the statutory cap on the size of the U.S. Government's contribution to the Fund in particular, as catalysts to encourage greater investment by other donor

² As of December 31, 2007, the U.S. Government had not made its full contribution with respect to its FY 2007 pledge, pending certification by the Coordinator of amounts of the U.S. Government contribution to withhold because of statutory requirements.

³ Sections 202(d)(4)(A)(ii), (iii) and (v), as amended, generally provide that the United States must withhold from its contribution to the Global Fund certain amounts if the President makes certain determinations regarding the Global Fund's activities. In particular, such determinations include whether the Fund has provided assistance to a country, the Government of which the Secretary of State has determined, for the purposes of Section 6(j)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)), has repeatedly provided support for acts of international terrorism; and, whether the salary paid to any individual employed by the Fund exceeds the salary of the Vice President of the United States. The President has delegated the responsibility for making these determinations to the U.S. Global AIDS Coordinator.

countries, the private sector, and individuals in the fight against HIV/AIDS, TB, and malaria.

Private-Sector Contributions

Of the \$9.4 billion in contributions received as of December 31, 2007, the Fund collected \$411 million from private foundations, the private sector, and other non-governmental sources. Of this amount, the Bill and Melinda Gates Foundation contributed \$350 million. During 2007, the Global Fund received \$45 million in corporate contributions, with over 90 percent raised through the (Product) RED campaign and its partners, including Gap, Motorola, Armani, Apple, Hallmark, Dell, and Microsoft (www.joinred.com).

President Bush and the other founders of the Global Fund meant for the organization to embody the principle of public-private partnership, gathering resources from across the spectrum of possible donors, and the (Product) RED campaign is an important initiative in this direction. The Global Fund planned to unveil another new private-sector “challenge” initiative in 2008. The U.S. Government also notes the importance of private-sector participation in the Fund in non-monetary ways, such as through in-kind donations and co-investment.

Designing a policy that allows the Global Fund to accept in-kind donations of goods and services remains a difficult task. The Global Fund currently allows the Secretariat to accept in-kind donations for Secretariat activities, and allows individual Country Coordinating Mechanisms (CCMs) the discretion to accept in-kind contributions. Prompted in part by the offer of in-kind pharmaceuticals from UNITAID (the International Drug Purchase Facility) – which commits revenue raised in part from fees raised through international airline tickets⁴ toward the purchase of pharmaceuticals – the Board, through a working group of its Finance and Audit Committee, is currently reviewing the issue of in-kind donations of products and services from the private sector. The U.S. Delegation remains committed to promoting a policy that facilitates the broader availability of resource mobilization through in-kind donations, and is a participant in this policy steering committee.

⁴ Currently, airline tickets purchased in France, Norway, Chile and Brazil can contribute to this instrument, in varying amounts. The United Kingdom contributes directly to UNITAID from Government funds.

II. Projects Funded and Disbursements

The Global Fund commits its resources to projects via periodic funding Rounds. The Global Fund Board initiates Rounds (see Appendix 3 for a timeline of Rounds), and approves guidelines for proposals, which are submitted by CCMs. A CCM is an in-country committee that includes a broad range of stakeholders, including Government, non-governmental organizations, academic institutions, people who are living with the diseases, faith-based organizations, the private sector, and representatives of bilateral and multilateral donors.

Since the Global Fund began operations in January 2002 through the end of calendar year 2007, it had disbursed a total of \$4.96 billion to grantees.⁵ In Rounds One through Seven, the Fund Board approved more than 787 grants worth \$10.1 billion in 136 countries, including eight regional programs. This includes 263 grants for Phase 2 (years three through five of a project), worth \$4.2 billion. The Global Fund made these financial commitments against \$11.9 billion in donor pledges through 2008, consistent with the Fund's Comprehensive Funding Policy. This policy allows the Board to approve the ceiling levels of grant proposals based on firm donor pledges, but requires the Fund Secretariat to have assets in-hand with the Fund's Trustee sufficient to cover the full amount of a grant commitment at the time it signs any grant agreement.

As of the close of 2007, the Global Fund Secretariat had signed 496 grant agreements, worth \$8.3 billion, in 136 countries.⁶ Of proposals the Fund Board approved during the first six Rounds, 58 percent (by dollar amount) are dedicated to HIV/AIDS, 24 percent to malaria, 17 percent to TB, and less than one percent to integrated projects to strengthen health systems (HSS).

At the 16th Meeting of the Global Fund Board in November 2007, the Board approved 73 new grants worth more than \$1.1 billion in 67 countries and approved five existing grants worth an additional \$130 million under the new Rolling Continuation Channel (RCC) for years six through eight.

⁵ "Disbursement" refers to money released by the Secretariat and sent from the Fund's Trustee to the Principal Recipients (PRs). This figure does not take into account whether the PRs have expended these funds.

⁶ A number of the approved proposals split into multiple grant agreements with separate PRs when signed, which is why the number of signed grant agreements is larger than the number of Board-approved grants.

Following the Board's approval of the Round 7 and RCC grants, and factoring in the anticipated Phase 2 renewals during 2008, the Fund nevertheless maintained a surplus of \$754 million above its anticipated commitments, as of November 2007. That surplus has grown to well over \$1 billion with additional 2008 pledges, including the U.S. Government's FY 2008 enacted appropriation.

III. Transparency and Accountability

The Global Fund remains a young and evolving institution. The establishment and maintenance of rigorous standards of administration and oversight are critical to guaranteeing the long-term success of the Global Fund, and the Global Fund has made notable progress in this respect, as detailed below. The U.S. Delegation and other Board Members continue to play an active role in supporting the Fund Secretariat in improving its internal governance mechanisms to ensure adherence to transparent, accountable and efficient operating procedures.

A. Global Fund Internal Management

Grant Management

With nearly 500 grants under active management as of December 2007, the Global Fund Secretariat faces an enormous task in ensuring the proper financial management of its projects. The Fund's Executive Director recently lifted a temporary hiring freeze, and the Board approved a budget for 2008 that included 451 staff positions for the Secretariat. The U.S. Government will continue to work to ensure the majority of new staff works on portfolio management activities.

The Global Fund has instituted several new improvements in its grant-management framework in the past year. The first of these is the Enhanced Financial Reporting (EFR) system. The Secretariat piloted this data collection system in 2007, and expanded it to all grants in January 2008. The EFR collects data on grant budgets at the program activity level, including data on sub-recipients by type of organization and amount of funding received. The EFR system establishes a considerably more rigorous reporting framework for grants, and if its roll-out is successful, it should enable the Fund to provide much of the information the U.S. Government is seeking.

The U.S. Government finds the establishment of the EFR a positive development. We believe it marks a significant step forward in terms of the Global Fund Secretariat's ability to account for expenditures by grantees, at least at the level of the PRs and Sub-Recipients (SRs). The U.S. Government intends to monitor closely the roll-out of this system and to assess its feasibility, the quality of the data, and whether it will capture sufficient data about the budgets and activities of the actual implementing entities, which often include sub-sub-recipients.

The second improvement was a renewed focus on programmatic oversight (in addition to financial oversight) as responsibilities of the Global Fund's Local Fund Agents (LFAs). The Fund Board approved a relevant decision point put forward by the U.S. Delegation at the April 2007 Board meeting, and the Secretariat included relevant language when it re-tendered LFA contracts in late 2007.

In 2005 the Global Fund Secretariat set up an Early Alert and Response System (EARS) to flag grants in difficulty, and to notify relevant CCMs and PRs, but worries about stigmatizing EARS-identified grants has hampered the system. The Fund Secretariat is currently working on a revised and improved system to share such early warning information more publicly, so the U.S. Government and other donors that are prepared to provide technical assistance can take more timely action. At the same time, senior managers at the Global Fund continue, appropriately, to rely on external sources, including the U.S. Government and other donors, to provide them with information on how grants are progressing.

Global Fund Grants in Burma

In 2007, the U.S. Delegation took issue with the Global Fund Secretariat's handling of the close-out of its grants in Burma. The Fund Secretariat had notified the Board in August 2005 that it was terminating its grants in Burma because the Government of Burma (GOB) was violating the terms of its grant agreement, particularly by not allowing the Fund unencumbered access to its project sites for the sake of oversight. At the time, the Secretariat informed the Board that the United Nations Development Program (UNDP), as the Principal Recipient (PR) in Burma, had expended only \$880,209 of the \$11,929,652 disbursed to it. The Secretariat told the Board:

All unspent assets will be returned to the Global Fund. The Global Fund will over the coming days calculate how much of the disbursed funds can be returned. It is expected that this will amount to a large part of the US\$11.8 million [sic] disbursed.⁷

However, the U.S. Delegation later learned the Fund Secretariat subsequently reversed this decision – with no notice to the Board – and signed a phase-out agreement with UNDP that allowed it to expend virtually all of the disbursed funds. UNDP's subsequent expenditures included \$8,207,680 to sub-recipients, most of which were Governmental entities. Few of the items procured were necessary for programmatic activities under the Global Fund grants; they included laptop computers, bicycles, refrigerators, generators and laboratory equipment. Reviews by the grantee's auditors found that much of this equipment was not put to use, and noted, for example, that "assets are not currently being used as the existing facilities can accommodate the current capacity level," and that "the Global Fund assets were considered 'spare' and will be used once the existing assets stopped working."

The U. S. Delegation strongly objected to the Fund Secretariat's handling of this matter, which was not consistent with the Fund's principle of performance-based funding, and represented very poor judgment in transferring unneeded durable goods to a corrupt and oppressive regime. In part at the urging of the U.S. Delegation, the Global Fund Secretariat and the Fund Board's Portfolio Committee have established guidelines for the orderly close-out of grants, and for the recovery of funds in the case of unanticipated grant termination. At the 17th Board Meeting in April 2008, the U.S. Delegation successfully pushed for amendments to the policy to require more thorough reporting by the Secretariat to the Portfolio Committee on ongoing expenditures in instances in which the Fund Secretariat terminates or suspends grants.

Consistent with statutory requirements, the U.S. Government will also deduct from our FY 2007 contribution to the Global Fund an amount equal to expenditures to Government entities in Burma.

Performance-Based Disbursements

⁷Global Fund Secretariat, "Fact Sheet: Termination of Grants to Myanmar," August 18, 2005.

The Global Fund’s performance-based approach – in which the Secretariat makes incremental disbursements to grantees based on concrete measures of progress – is designed to ensure recipients use funds efficiently to scale up proven interventions.

The U.S. Government Accountability Office published a report in May 2007 (*“GAO-07-627: Global Fund to Fight AIDS, TB and Malaria Has Improved Its Documentation of Funding Decisions but Needs Standardized Oversight Expectations and Assessments”*) that looked at the disbursement process. The report noted the following:

Since our 2005 review, the Global Fund has improved its documentation for decisions to disburse funds and renew grants. The Global Fund now requires that Fund portfolio managers more consistently document factors, such as grant ratings and contextual information that support disbursement and grant renewal decisions.

Grant Renewals and Terminations

In addition to incremental disbursements managed by the Secretariat, grants apply for Phase 2 renewal after the first two years. The Fund Board votes on Phase 2 renewals based on recommendations from the Secretariat. In 2007, the Global Fund considered 72 grants for Phase 2 funding. The Secretariat made a “no-go” recommendation on three grants. In these three cases, the Fund Board did not approve Phase 2 funding.⁸ As the Board votes on these recommendations, the U.S. Government collects evaluations of grant performance from field missions to inform its Board Member’s vote.

In several instances in the past, the Board has not followed Secretariat “no-go” recommendations. In 2007, the Secretariat made “conditional-go” recommendations for several grants that performed poorly and that might have received “no-go” recommendations in the past. In these cases, the Secretariat set conditions and time-bound actions for future disbursements that the grants would not be able to meet without making very significant improvements. It is still too early to tell if this type of stringent “conditional-go” renewal will strengthen the performance-based system. Even if it does, some loss of transparency could ensue if the Fund Secretariat

⁸ The three terminated grants during 2007 were in: Uganda (malaria); Uganda (tuberculosis) and East Timor (tuberculosis).

quietly closes grants that are unable to meet the conditions, without the Board's involvement.

LFA Operations

LFAs are meant to exercise a critical oversight function in recipient countries. They assess the capacity of potential PRs and sub-recipients, evaluate disbursement requests, conduct annual audits, and make related recommendations to the Global Fund Secretariat. The LFAs do not manage or implement the funded proposals, but their local presence maintains accountability. This is an essential role, given that the Secretariat does not have any staff located outside Geneva.

As mentioned, the Board recommended that LFAs, as part of the 2007 re-tendering process, renew their focus on programmatic oversight. The GAO, in its 2007 report mentioned above, also recommended that the Global Fund establish an external review mechanism for LFA performance. The Fund Secretariat has included such external review in the re-tendering process.

Global Fund Operating Expenses

In 2007, Global Fund operating expenses totaled \$130.5 million. Section 202(d)(4)(A)(iii) of Public Law 108-25, requires that if “the expenses of the Governing, Administrative, and Advisory Bodies (including the Partnership Forum, the Foundation Board, the Secretariat, and the Technical Review Board) of the Global Fund exceed 10 percent of the total expenditures of the Fund for any two-year period, the U.S. Government shall withhold from its contribution for the next Fiscal Year an amount equal to the average annual amount expended by the Fund for such two-year period for the expenses of the total Governing, Administrative, and Advisory Bodies in excess of 10 percent of the total expenditures of the Fund.” The Global Fund's operating expenses for the 2006-2007 period total roughly⁹ \$190 million, or 6.25 percent of total expenditures, which is well under the total expenditure allotment.

New Executive Director, Board Chair, and Vice Chair

The new Executive Director of the Global Fund, Dr. Michel Kazatchkine of France, assumed office in April 2007. At its April 2007 meeting, the Board

⁹ The figure for operating expenses in 2007 represents the approved budget, not actual expenditures. The Secretariat will present its audited expenditures for 2007 at the April 2008 Board Meeting.

elected Rajat Gupta as the new Chair of the Board, and Elizabeth Mataka as the new Vice Chair.

Mr. Gupta, who represents the Private Sector constituency on the Board, is Senior Partner Worldwide and former Managing Director of McKinsey and Company. An American citizen, he has extensive experience on foundation and university boards, and the U.S. Delegation strongly supported his candidacy.

Ms. Mataka represents the Developing Country non-governmental organization (NGO) constituency on the Board. She is Executive Director of the Zambian National AIDS Network (ZNAN), and was more recently named the United Nations Secretary-General's Special Envoy for AIDS in Africa. The U.S. Delegation also strongly supported her candidacy.

For the first time, neither the Chair nor Vice Chair of the Board represents the Government sector. The U.S. Delegation believes this underscores the unique nature of the Global Fund among multilateral organizations, and provides a good basis to increase private as well as public donations to the Fund and to enhance the role of private, non-government and faith-based groups in the implementation of its grants.

In 2007, the Global Fund's Technical Evaluation Resource Group (TERG), through a contract with Macro and partners, completed the first Study Area of its five-year evaluation of the Global Fund, its partnerships, and its impact. The Study noted some "managerial and organizational culture dysfunctions that have emerged with the rapid growth of the organization," and it recommended that the Global Fund focus on higher-level and longer-term strategic issues in the fight against the three diseases, streamline its systems and processes for greater effectiveness, and better articulate its partner relationships. Dr. Kazatchkine also commissioned a review of the Secretariat's management structures by Booz Allen Hamilton. Based on conclusions of both the TERG study and the consultant review, the Secretariat was moving by late 2007 towards a revised management structure of five clusters: Country Programs; Strategy, Policy and Performance; Partnerships, Communications and Resource Mobilization; Finance and Procurement; and Corporate Services.

B. U.S. Efforts to Improve Global Fund Effectiveness

As the number of Global Fund grants has steadily increased, the U.S. Delegation has encouraged the Secretariat to increase its portfolio-management capacity, while remaining committed to preserving the Fund's original vision of a lean Secretariat.

The original Global Fund model envisioned substantial collaboration between the Fund and other donor entities to strengthen the implementation of grants. The U.S. Government is working to deepen the already-significant collaboration with PEPFAR programs in recipient countries, and is also working with United Nations (U.N.) agencies, Germany, and civil-society organizations to coordinate the provision of Global Fund-related technical assistance.

U.S. Government Leadership on the Fund Board

The U.S. Government holds one of the 20 voting seats on the Global Fund Board, and is currently active on two Board Committees: the Finance and Audit Committee (FAC) and the Policy and Strategy Committee (PSC).

Dr. William Steiger, Special Assistant to the Secretary of Health and Human Services for International Affairs, is the U.S. Board Member, and served as Chair of the PSC from 2005-2007.

In 2007, Ambassador Mark Dybul, the U.S. Global AIDS Coordinator, assumed the Chair of the FAC, which makes recommendations on all policy and strategy issues relating to finance and audit including operating-expense budgets, resource mobilization, audit oversight, and financial statements.

Summaries of the Board's decisions at the April 2007, November 2007, and April 2008 Global Fund Board meetings are attached (Appendices 4, 5, and 6).

Issues before the Policy and Strategy Committee (PSC):

Global Fund Strategy Development

In April 2007, the Board adopted the final components of a new four-year Strategy for the Fund, developed by the PSC under Dr. Steiger's leadership. Among other elements, the Strategy provides a way for high-performing grants to qualify for continued funding at the end of their original, five-year term under the RCC; includes several measures to streamline the Fund's application and implementation process; and encourages country

partnerships to name at least two grant implementers, one from the government sector and one from civil society or the private sector, under the dual-track financing policy. The Strategy also initiates a large pilot project on voluntary, pooled procurement, which has the potential to result in vast improvements to the procurement and supply-chain process of Fund grants, thereby speeding the delivery of quality drugs and health commodities to those in need. The completed Global Fund Strategy is available at the following internet address:

www.theglobalfund.org/en/files/publications/strategy/Strategy_Document_HI.pdf

Throughout the strategy development process, the U.S. Government has remained focused on the role of the Global Fund as a performance-based, results-oriented, financing instrument to combat the three diseases.

Rolling Continuation Channel (RCC):

A key element of the new five-year Strategy is the RCC, which allows high-performing Global Fund grants that are reaching the end of their original five years to apply for continued funding through a streamlined process. The first wave of RCC applications came before the Fund's Technical Review Panel (TRP) in mid-2007, and the Board approved the first five RCC renewals in November 2007.

Size of the Fund

The strategy also includes a figure on the size of the Fund in 2010. The U.S. Delegation worked successfully to ensure that the final decision on the "size of the Fund" was based on concrete expressions of demand (as represented by high-quality Global Fund proposals), not merely an aspirational figure. The estimate that the annual size of the Fund could reach \$6 billion or more by 2010 is thus predicated on a dramatic increase in the quality, number and size of fundable proposals. To date, the Global Fund has had sufficient resources to approve all grants recommended by the TRP over the seven grant Rounds.

Health Systems Strengthening (HSS)

In November 2007, the Board approved a compromise decision that allows CCMs to include cross-cutting HSS and disease-specific components within a proposal focused on one of the three diseases, but also allows the TRP to reject the disease-specific components and recommend only the HSS components, where appropriate. The U.S. Delegation remains committed to keeping the Global Fund's focus on the three diseases, and successfully

included an amendment that requires the Fund Secretariat to report on the results of this new policy after Round 8.

Issues before the Finance and Audit Committee (FAC):

Global Fund 2008 Budget:

As mentioned above, the United States currently chairs and has a seat on the FAC. Each November the Board must approve the next year's administrative budget for the Fund Secretariat. The approved budget for 2008 totals \$177 million, a 35 percent increase over 2007. The U.S. Delegation supported this increase, which will cover enhanced LFA responsibilities; allow for the hiring of more portfolio managers to support a greater diversification in grant Principal Recipients (i.e., through dual-track financing); and new staff in several other key areas, including the Fund's Office of Inspector General; and to provide administrative support for the Fund Secretariat once the Administrative Services Agreement (ASA) with World Health Organization (WHO) ends. This budget supports a 32 percent increase in current staff to 451, 72 percent of whom will be involved in the evaluation, oversight or negotiation of Fund grants. The current rate of return on the Global Fund Trustee account at the World Bank should continue to produce enough interest to cover these expenses fully.

Transition Plan Away from the Administrative Services Agreement (ASA)

In November 2007, the Board also voted to end the ASA, through which the WHO Secretariat provides administrative services to the Global Fund Secretariat, by December 31, 2008. The U.S. delegation supported, and voted in favor of, the termination of the ASA. The year-long timeline to establish administrative independence allows the Fund Secretariat to negotiate withdrawal from the U.N. Joint Staff Pension Fund, and develop the comprehensive human-resource policies and information-technology systems necessary to function as an independent employer. Once the ASA ends, all staff will be employees of the Global Fund itself, directly under the responsibility of the Executive Director. In addition, the Global Fund will no longer be subject to the U.N. "single-auditor" principle, which will allow external auditors access to all Global fund staff and payroll records currently administered by the WHO Secretariat.

The Office of the Inspector General

In 2005, the Board selected the Global Fund's first Inspector General (IG). The IG resigned in late 2006. During his tenure, the IG conducted only a

few audits, including one on a relatively small account the Fund maintains at Credit Suisse (separate from the large majority of funds held by the World Bank as the Fund's Trustee).

In April 2007, the Board approved a selection process for the Fund's new IG, a process in which the U.S. Delegation was fully involved. By November 2007, the Global Fund Board had selected a new IG, who began work in January 2008. The new IG has made it clear he shares the U.S. Delegation's views on the importance and effective functioning of his office, and puts a high priority on accountability, risk analysis/mitigation, and ethics at both the country level and within the Secretariat.

IG Reports

In February 2007, at the closed Executive Session of the Board to discuss issues related to the Credit Suisse Report, the Board mandated the OIG to prepare a "comprehensive account" of the various Credit Suisse reports, including, as appropriate, original documents, "with the expectation that it be released publicly" by May 31, 2007. Ultimately, the account that the acting IG prepared and the Board Chair released was a summary and analysis of various reports, rather than the original audit document prepared by the former IG.

To provide a clearer mandate, in November 2007, the Board approved a new policy for the disclosure of reports issued by the IG. The U.S. Delegation participated in a working group that drafted this policy in accordance with best practices of the U.S. Government, and consulted with U.S. Government IG legal counsel in the policy development process. The new policy is attached (Appendix 6).

Statutory Parallel Review of 2007 Grant Proposals

OGAC coordinated the interagency review of the TRP recommendations on Round 7 proposals, as required by the Leadership Act. The Parallel Review Team, which included U.S. Government personnel in applicant countries, as well as programmatic experts at headquarters, generally agreed with the TRP's recommendations. In a few instances, reviewers raised concerns about whether the proposals adequately framed their activities within the epidemiological profile of the countries. They detected a shift toward greater TRP scrutiny of program budgets and financial management. In one instance, namely the recommendation to fund another HIV/AIDS grant in Kenya, the U.S. Government review team raised concerns about the

financial-management practices of the existing grants. The U.S. Delegation raised these concerns with Secretariat staff, and urged them not to sign this grant until they have conducted a complete accounting of the expenditures of the previous grants and taken steps to ensure the Round 7 grant will have appropriate financial safeguards in place. The U.S. Delegation has also encouraged the IG to examine the Fund's grants in Kenya to make sure there have been no improprieties.

Country-Level U.S. Government Support for the Global Fund

It is in the interest of the United States, as well as in the interest of all people who are struggling against HIV/AIDS, TB and malaria, to ensure the Global Fund is an effective and efficient partner. The U.S. Government puts a priority on coordinating its bilateral programs with the Global Fund and contributing significantly to enhancing grant performance.

CCM Membership

U.S. Government officials help oversee and improve grant performance through membership in CCMs. For example, in Round 6 (2006), U.S. Government personnel were members of 59 percent of applicant CCMs. In 2007, CCMs in 90 percent of PEPFAR focus countries and larger bilateral program countries included U.S. Government representatives.

Technical Assistance to Global Fund Grants

The Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2006 (FOAA)(P.L. 109-102), as carried forward for FY 2007 by the Revised Continuing Appropriations Resolution, 2007, permitted the U.S. Global AIDS Coordinator to withhold up to five percent of the FY 2007 FOAA appropriations for the Global Fund to provide technical assistance (TA) related to activities of the Global Fund. The goal is to provide short-term assistance to grants that are faltering in their implementation. This TA is demand-driven: the CCM or PR requests it, and it focuses on alleviating specific bottlenecks that can cause grants to under-perform, such as weakness in procurement and supply-chain management, financial administration, and monitoring and evaluation (M&E).

The U.S. Global AIDS Coordinator has approved use of FY 2005 and FY 2006 funds for TA at the Congressionally authorized ceiling of five percent, and currently is considering further withholding of FY 2007 funds. By the end of calendar year 2007, the Coordinator had approved a total of \$38.6 million for TA.

This short-term TA augments significant assistance that PEPFAR country teams provide to Global Fund grants by using bilateral PEPFAR Country Operational Plan (COP) resources. Eighty-seven percent of the PEPFAR focus countries and large bilateral program countries have assisted with developing Global Fund proposals, and many of them provide additional funding for TA and other capacity-building efforts. In several countries, PEPFAR designs and models effective interventions for scale-up with Global Fund resources.

A brief report on U.S. Global Fund TA is attached (Appendix 7).

Conclusion

The U.S. Government is committed to the Global Fund model and its role in helping in the international effort to combat HIV/AIDS, TB, and malaria. The U.S. Government stays fully engaged with the Global Fund through its participation on the Board and in two Board committees; formal representations and informal discussions with Fund Secretariat staff in Geneva; provision of TA to troubled grants; and active engagement with both private- and public- sector stakeholders in affected countries.

U.S. Government support for the Global Fund is an integral part of PEPFAR and overall support for global health, and the U.S. Government applauds the Fund's demonstrated accomplishments in delivering funding to where it is needed the most. Nevertheless, the U.S. Government continues to have a number of pressing concerns. These include the imperfect capacity of developing countries to make quick and effective use of dramatically ramped-up approved commitments; weak country coordination with bilateral donors and other multilateral organizations; and the need for greater fiduciary oversight and accountability. In addition, the Fund must improve its ability to demonstrate sustained project outcomes.

By continuing to focus on these issues, the U.S. Government is carrying out its responsibility to taxpayers and to the U.S. Congress to monitor the effectiveness of the U.S. contribution, while helping to ensure the long-term success of the Global Fund itself.

List of Appendices:

Appendix 1: Pledges through 2008 (as of December 31, 2007)

Appendix 2: Contributions received since the inception of the Global Fund, as of December 31, 2007

Appendix 3: Timeline of Rounds

Appendix 4: Summary of the Global Fund Board's decisions at the April 2007 Board meeting

Appendix 5: Summaries of the Global Fund Board's decisions at the November 2007 Board meeting

Appendix 6: New OIG Disclosure Policy

Appendix 7: A report on U.S. Technical Assistance for the Global Fund

The Global Fund to Fight AIDS, Tuberculosis and Malaria Pledges¹

DONORS	TOTAL PLEDGES TO DATE			TOTAL PAID TO DATE (USD)	PLEDGES by YEAR DUE (in USD)								
	AMOUNT PLEDGED	EQUIVALENT IN USD	PERIOD OF PLEDGE (if known)		2001 - 2002	2003	2004	2005	2006	2007	2008	Later or Pledge Period to be Confirmed	
Countries													
Andorra	USD 100,000	100,000	2002	100,000	100,000								
Australia	AUD 75,000,000	56,975,118	2004-2007	54,432,745			13,827,500	16,564,385	11,130,360	15,452,873			
Austria	EUR 1,000,000	1,075,900	2002	1,075,900	1,075,900								
Barbados	USD 100,000	100,000	2003	100,000		100,000							
Belgium	EUR 51,183,222	62,298,481	2001-2007	59,747,795	12,022,106	7,229,938	10,270,518	6,067,823	10,295,437	16,412,658			
Brazil	USD 200,000	200,000	2003-4, 2006-7	150,000		50,000	50,000		50,000	50,000			
Burkina Faso	USD 75,000	75,000	2002	75,000	75,000								
Cameroon	USD 125,000	125,000	2003, 2007							25,000			
Canada ²	USD 100,000,000	100,000,000	2002-2004	100,005,530	25,000,000	25,000,000	50,000,000						
Canada ³	CAD 390,000,000	331,462,054	2005-2006	331,462,054			110,262,267	110,599,894	110,599,894				
China	USD 10,000,000	10,000,000	2003-2007	8,000,000		2,000,000	2,000,000	2,000,000	2,000,000				
Denmark	DKK 715,000,000	117,448,538	2002-2007	117,448,538	14,816,511	13,790,866	16,188,433	22,841,480	23,905,471	25,905,777			
European Commission	EUR 922,500,000	1,185,743,283	2001-2010	638,547,661	137,064,385	50,360,226	264,413,350	69,556,500	117,153,200	136,798,906	273,597,811	(3)	
Finland	EUR 11,000,000	14,481,240	2006	6,957,300					3,636,300	3,321,000		7,523,940	
France	EUR 925,000,000	1,183,381,271	2002-2007	978,182,913	59,005,000	63,780,750	182,066,450	180,970,500	292,665,213	404,893,358			
Germany	EUR 399,000,000	506,400,217	2002-2007	403,117,043	11,995,200	37,427,325	45,944,850	102,954,728	88,114,680	123,520,205		96,443,228	
Greece	EUR 600,000	787,885	2005-2007	787,885				303,625		484,260			
Hungary	USD 35,000	35,000	2004-2006	35,000			10,000	12,000	13,000				
Iceland	ISK 30,000,000	420,707	2004-2005	420,707			206,299	214,408					
Iceland	USD 200,000	200,000	2006	200,000					200,000				
India	USD 10,000,000	10,000,000	2006-2007	1,000,000					2,000,000	2,000,000		6,000,000	
Ireland	EUR 80,000,000	97,840,930	2002-2007	97,840,930	9,835,000	11,161,430	12,299,000	17,111,900	20,416,900	27,016,700			
Italy	USD 200,000,000	200,000,000	2002-2003	215,160,273	100,000,000	100,000,000							
Italy	EUR 480,000,000	601,137,155	2004-2007	245,460,000			121,020,000	124,440,000	177,838,577	177,838,577			
Japan	USD 846,119,676	846,119,676	2002-2007	662,675,039	80,000,000	79,993,443	86,126,233	100,000,000	130,148,228	186,006,798		183,844,974	
Kenya	KES 653,550	8,273	2001	8,273									
Korea (Republic of)	USD 11,000,000	11,000,000	2004-2009	4,000,000			500,000	250,000	250,000	3,000,000		7,000,000	
Kuwait	USD 1,000,000	1,000,000	2003	1,000,000		1,000,000							
Liberia	USD 25,000	25,000										25,000	
Liechtenstein	USD 225,000	225,000	2002, 2005	225,000	100,000			50,000	75,000				
Liechtenstein	CHF 150,000	117,067	2004, 2006	117,067			77,190		39,877				
Luxembourg	EUR 11,050,000	13,647,020	2002-2007	13,647,020	1,037,500	2,277,320	2,235,300	2,418,200	2,571,000	3,107,700			
Mexico	USD 200,000	200,000	2003, 2005	200,000			100,000	100,000					
Monaco	USD 132,000	132,000	2002-2004	132,000	44,000	44,000	44,000						
Netherlands	EUR 255,000,000	321,556,017	2002-2007	321,556,017	8,087,400	43,590,360	54,344,679	56,067,100	76,768,478	82,698,000			
New Zealand	NZD 3,450,000	2,169,440	2003-2005	2,169,440			734,000	810,240					
Niger	USD 50,000	50,000										50,000	
Nigeria	USD 20,000,000	20,000,000	2002-3, 2006	9,080,914	9,000,000	1,000,000			10,000,000				
Norway	NOK 1,065,882,000	166,396,382	2002-2007	120,241,536	17,982,003	17,709,581	17,864,799	23,561,558	43,143,594	46,153,846			
Poland	USD 50,000	50,000	2003-2006	50,000			20,000	10,000	10,000				
Portugal	USD 7,500,000	7,500,000	2003-2007	4,500,000			400,000	1,500,000	2,000,000	3,000,000			
Russia	USD 40,000,000	40,000,000	2002-2008	32,500,000	1,000,000	4,000,000	5,000,000	10,000,000	10,000,000	5,000,000	5,000,000		
Rwanda	USD 1,000,000	1,000,000										1,000,000	
Saudi Arabia	USD 20,000,000	20,000,000	2003-2006	10,000,000		2,500,000	2,500,000	2,500,000	2,500,000			10,000,000	
Singapore	USD 1,000,000	1,000,000	2004-2008	800,000			200,000	200,000	200,000	200,000	200,000		
Slovenia	SIT 5,400,000	28,080	2004-2006	28,080			5,479	9,317	13,285				
South Africa	USD 10,000,000	10,000,000	2003-2007	8,000,000		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000			
South Africa	ZAR 1,000,000	139,665	2006						139,665				
Spain	USD 230,000,000	230,000,000	2003-05, 2007	167,760,211		35,000,000	15,000,000	15,000,000		100,000,000		65,000,000	
Spain	EUR 50,000,000	63,900,000	2006	63,900,000					63,900,000				
Spain	EUR 4,000,000	5,300,134	2005-2006	3,248,150				1,256,900	1,991,250	2,051,984			
Sweden	SEK 2,026,000,000	273,499,299	2002-2007	273,499,299	22,369,965	11,488,363	47,780,623	49,452,149	82,312,947	60,095,251			
Switzerland	USD 10,000,000	10,000,000	2002-2003	10,000,106	5,594,133	4,405,867							
Switzerland	CHF 21,000,000	16,919,923	2004-2007	16,919,923			2,343,384	3,927,113	4,913,602	5,735,824			
Thailand	USD 10,000,000	10,000,000	2003-2012	5,000,000		1,000,000	1,000,000	1,000,000	1,000,000		1,000,000	4,000,000	
Uganda	USD 2,000,000	2,000,000	2004-2007	1,500,000			500,000	500,000	500,000				
United Kingdom	GBP 359,000,000	668,386,001	2001-2007	668,562,678	78,038,601	40,032,750	60,333,210	168,776,640	119,789,800	201,415,000			
United States ⁴	USD 3,331,943,055	3,031,943,055	2001-2008	2,007,943,055	300,000,000	322,725,000	458,881,279	414,011,250	512,325,526	724,000,000	300,000,000		
Zambia	ZMK 83,500,000	25,000	2002	25,000									
Zimbabwe	USD 158,462	158,462	2003	158,462									
Total		10,254,782,272		7,669,754,544	894,255,977	881,179,681	1,476,267,777	1,506,700,083	1,926,611,284	2,472,283,611	442,998,906	654,484,953	
Other													
Bill & Melinda Gates Foundation	USD 650,000,000	650,000,000	2002-2004, 2006-2010	350,000,000	50,000,000	50,000,000	50,000,000		100,000,000	100,000,000	100,000,000	200,000,000	(5)
UNITAID	USD 52,500,000	52,500,000	2007							52,500,000			
(Product) ^{RED} and Partners: American Express, Apple, Carphone Warehouse, Colter Capital, Converse, GAP, Giorgio Armani, Independent, Lancot, Motorola Inc., Motorola Foundation, O2, Orange UK, Tesco Mobile and Yahoo!				37,564,328									
The United Nations Foundation and its donors:													
Mr. Kofi Annan	USD 100,000	100,000	2001	100,000	100,000								
Eni S.p.A.	USD 500,000	500,000	2002	500,000	500,000								
Amb. D. Fernandez	USD 100,000	100,000	2001	100,000	100,000								
Health Authorities of Taiwan	USD 2,000,000	2,000,000	2002, 2004	2,000,000	1,000,000		1,000,000						
Hotokenai Campaign (G-CAP Coalition Japan)	USD 250,000	250,000	2006	250,000					250,000				
International Olympic Committee	USD 100,000	100,000	2001	100,000	100,000								
Real Madrid Soccer Match	USD 112,487	112,487	2002	112,487	112,487								
Sumitomo Chemical Co.	USD 100,000	100,000	2005	100,000				100,000					
Treatment Action Campaign	USD 10,000	10,000	2003	10,899		10,000							
Winterthur	USD 1,000,000	1,000,000	2002	1,044,225	1,000,000								
Other UNF Donors				3,068,210									
Total		706,772,487		394,950,148	52,912,487	50,010,000	51,000,000	100,000	100,250,000	152,500,000	100,000,000	200,000,000	
Grand Total		10,961,554,759		8,064,704,692	947,168,464	931,189,681	1,527,267,777	1,506,800,083	2,026,861,284	2,624,783,611	542,998,906	854,484,953	

Notes:

- (a) For pledges made in currencies other than US dollars, the pledge amount in USD comprises the actual USD value realised from any contributions made plus the USD equivalent of the remainder of the pledge calculated using UN operational rates of exchange as at 1 August 2007.
- (b) Where pledges have been made that are not specific to individual years, the amount shown as pledged for a period is the sum of contributions received in that period. The remainder is shown under "Pledge Period to be Confirmed".
- Canada's pledge for 2007 was contributed in 2006.
- Pledge includes EUR 100m in 2009 and EUR 100m in 2010.
- The United States contribution to the Global Fund is subject to certain U.S. legislative restrictions, including that, during 2004-2008, no U.S. government contribution may cause the total amount of U.S. government funds contributed to exceed 33% of total contributions. Furthermore, at the donor's discretion, up to 5 percent of this funding may be applied in the form of direct bilateral technical assistance to activities related to Global Fund grant implementation, and the contribution to the Global Fund reduced correspondingly.
- Pledge includes \$100m in 2009 and \$1

The Global Fund to Fight AIDS, Tuberculosis and Malaria Contributions To Date¹

DONORS	2001-2005 (in USD)			2006 (in USD)			2007 (in USD)				
	AMOUNT PLEDGED	AMOUNT CONTRIBUTED	NOT YET PAID ²	AMOUNT PLEDGED	AMOUNT CONTRIBUTED	NOT YET PAID	AMOUNT PLEDGED	AMOUNT CONTRIBUTED		NOT YET PAID	
								Paid In	In Process ³	Total	
Countries											
Andorra	100,000	100,000									
Australia	30,391,885	30,391,885		11,130,360	11,130,360		15,452,873	12,910,500		12,910,500	2,542,373
Austria	1,075,900	1,075,900									
Barbados	100,000	100,000									
Belgium	35,590,386	35,775,689		10,295,437	10,295,437		16,412,658	13,676,669		13,676,669	2,735,989
Brazil	100,000	100,000		50,000	50,000		50,000				50,000
Burkina Faso	75,000	75,000									
Cameroon	100,000		100,000				25,000				25,000
Canada ⁴	210,262,267	210,267,796		110,599,894	110,599,894		110,599,894	110,599,894		110,599,894	
China	6,000,000	6,000,000		2,000,000	2,000,000		2,000,000				2,000,000
Denmark	67,637,290	67,637,290		23,905,471	23,905,471		25,905,777	25,905,777		25,905,777	
European Commission	521,394,461	521,394,461		117,153,200	117,153,200		136,798,906				136,798,906
Finland				3,636,300	3,636,300		3,321,000	3,321,000		3,321,000	
France	485,822,700	485,822,700		292,665,213	292,665,213		404,893,358	199,695,000		199,695,000	205,198,358
Germany	198,322,103	198,322,103		88,114,680	88,114,680		123,520,205	116,680,260		116,680,260	6,839,945
Greece	303,625	303,625					484,260	484,260		484,260	
Hungary	22,000	22,000		13,000	13,000						
Iceland	420,707	420,707		200,000	200,000						
India				2,000,000	1,000,000	1,000,000	2,000,000				2,000,000
Ireland	50,407,330	50,407,330		20,416,900	20,416,900		27,016,700	27,016,700		27,016,700	
Italy	445,460,000	460,620,273		177,838,577	177,838,577	177,838,577	177,838,577				177,838,577
Japan	346,119,676	346,520,013		130,148,228	130,148,228		186,006,798	186,006,798		186,006,798	
Kenya	8,273	8,273									
Korea (Republic of)	750,000	750,000		250,000	250,000		3,000,000	3,000,000		3,000,000	
Kuwait	1,000,000	1,000,000									
Liechtenstein	227,190	227,190		114,877	114,877						
Luxembourg	7,968,320	7,968,320		2,571,000	2,571,000		3,107,700	3,107,700		3,107,700	
Mexico	200,000	200,000									
Monaco	132,000	132,000									
Netherlands	162,089,539	162,089,539		76,768,478	76,768,478		82,698,000	82,698,000		82,698,000	
New Zealand	2,169,440	2,169,440									
Nigeria	10,000,000	9,080,914	1,000,000	10,000,000		10,000,000					10,000,000
Norway	77,097,942	77,097,942		43,143,594	43,143,594		46,153,846				46,153,846
Poland	40,000	40,000		10,000	10,000						
Portugal	2,500,000	2,500,000		2,000,000	2,000,000		3,000,000				3,000,000
Russia	20,000,000	20,000,000		10,000,000	10,000,000		5,000,000	2,500,000		2,500,000	2,500,000
Saudi Arabia	7,500,000	7,500,000		2,500,000	2,500,000						
Singapore	400,000	400,000		200,000	200,000		200,000	200,000		200,000	
Slovenia	14,795	14,795		13,285	13,285						
South Africa	6,000,000	6,000,000		2,139,665	2,000,000	139,665	2,000,000				2,000,000
Spain	65,000,000	65,000,000		63,900,000	63,900,000		100,000,000	102,760,211		102,760,211	
Gen.Catalunya/ Spain	1,256,900	1,256,900		1,991,250	1,991,250		2,051,984				2,051,984
Sweden	131,091,101	131,091,101		82,312,947	82,312,947		60,095,251	60,095,251		60,095,251	
Switzerland	16,270,497	16,270,603		4,913,602	4,913,602		5,735,824	5,735,824		5,735,824	
Thailand	3,000,000	3,000,000		1,000,000	1,000,000		1,000,000	1,000,000		1,000,000	
Uganda	1,000,000	1,000,000		500,000	500,000		500,000				500,000
United Kingdom	347,181,201	347,357,878		119,789,800	119,789,800		201,415,000	201,415,000		201,415,000	
United States ⁵	1,495,617,529	1,495,617,529		512,325,526	512,325,526		724,000,000				724,000,000
Zambia	25,000	25,000									
Zimbabwe	158,462	158,462									
Total	4,758,403,518	4,773,312,657	1,100,000	1,926,611,284	1,737,633,042	188,978,242	2,472,283,611	1,158,808,844		1,158,808,844	1,316,234,979
Other											
Bill & Melinda Gates Foundation	150,000,000	150,000,000		100,000,000	100,000,000		100,000,000	100,000,000		100,000,000	
UNITAID							52,500,000				52,500,000
(Product) ^{RED} and Partners: American Express, Apple, Carphone Warehouse, Collier Capital, Converse, GAP, Giorgio Armani, Independent, Lancet, Motorola Inc., Motorola Foundation, O2, Orange UK, Tesco Mobile and Yahoo!					11,701,736			25,862,592		25,862,592	
The United Nations Foundation and its donors:											
Mr. Kofi Annan	100,000	100,000									
Eni S.p.A.	500,000	500,000									
Amb. D. Fernandez	100,000	100,000									
Health Authorities of Taiwan	2,000,000	2,000,000									
Hottokenai Campaign (G-CAP Coalition Japan)				250,000	250,000						
International Olympic Committee	100,000	100,000									
Real Madrid Soccer Match	112,487	112,487									
Sumitomo Chemical Co.	100,000	100,000									
Treatment Action Campaign	10,000	10,899									
Winterthur	1,000,000	1,044,225									
Other UNF Donors	25,000	1,940,134			732,842			395,233		395,233	
Total	154,022,487	156,007,745		100,250,000	112,684,578		152,500,000	126,257,825		126,257,825	52,500,000
Grand Total	4,912,426,005	4,929,320,403	1,100,000	2,026,861,284	1,850,317,620	188,978,242	2,624,783,611	1,285,066,669		1,285,066,669	1,368,734,979

Notes:

- (a) For pledges made in currencies other than US dollars, the pledge amount in USD comprises the actual USD value realised from any contributions made plus the USD equivalent of the remainder of the pledge calculated using UN operational rates of exchange at: 1 August 2007
- (b) Where pledges have been made that are not specific to individual years, the amount shown as pledged for a period is the sum of contributions received in that period. The remainder is shown under "Pledge Period to be Confirmed".
- (c) Contributions held in the currency in which received are stated at their US dollar equivalent on the date of receipt
- Amounts 'Not Yet Paid' will not equal 'Amount Pledged' less 'Amount Contributed', in instances where a donor has made contributions in excess of pledges for some years while not contributing the full pledge for other years
- Contributions in process are amounts expected to be received within one month, and for which a contribution agreement has been signed or which have been deposited in a holding account with the Trustee pending signature of a contribution agreement
- Canada's pledge for 2007 was contributed in 2006
- The United States contribution to the Global Fund is subject to certain U.S. legislative restrictions, including that, during 2004-2008, no U.S. government contribution may cause the total amount of U.S. government funds to exceed 33% of total contributions. Furthermore, at the donor's discretion, up to 5 percent of this funding may be applied in the form of direct bilateral technical assistance to activities related to Global Fund grant implementation, and the contribution to the Global Fund reduced correspondingly.
- All (PRODUCT)^{RED} partners have made long-term commitments to supporting the Global Fund; the listed figure reflects the actual contributions made by several partners to date

APPENDIX 3

TIMELINE OF GLOBAL FUND GRANT LAUNCHING AND APPROVAL

FIRST ROUND

February 2002 - First launch of grants

April 2002 – 2nd Board Meeting approved Round 1

SECOND ROUND

July 2002 - Second launch of grants

January 2003 – 4th Board Meeting approved Round 2

THIRD ROUND

March 2003 - Third launch of grants

October 2003 – 6th Board Meeting approved Round 3

FOURTH ROUND

January 2004 - Fourth launch of grants

June 2004 – 8th Board Meeting approved Round 4

FIFTH ROUND

November 2004 - Fifth launch of grants

September 2005– 11th Board Meeting approved over half of Round 5, with the remainder approved in January 2006

SIXTH ROUND

April 2006 – Sixth Call for Proposals to be issued by end of May, 2006

November 2006 – 14th Board Meeting approved all Round 6 proposals

SEVENTH ROUND

March 2007 – Seventh Call for Proposals issued

November 2007 – 16th Board Meeting approved all of Round 7

EIGHTH ROUND

March 2008 – Eighth Call for Proposals issues

November – Anticipated approval of Round 8 proposals, pending the availability of funds.

APPENDIX 4

U.S. Government Summary Report on the 15th Board Meeting of the Global Fund to Fight AIDS, Tuberculosis and Malaria April 25-27, 2007

The Global Fund Board adopted several key U.S. positions at the Fund's 15th Board Meeting, held April 25-27, 2007, and made other decisions the U.S. Delegation views favorably. Taken together, the output of the Board Meeting should strengthen the Fund's operations, and make it a more effective, transparent and accountable organization.

1) New Board Chair and Vice Chair

The new Executive Director, Dr. Michel Kazatchkine of France, assumed office on April 23, 2007, and was present throughout the Board Meeting. The Board selected Rajat Gupta as the new Chair of the Board, and Elizabeth Mataka as the new Vice Chair.

Mr. Gupta, who represents the Private Sector constituency on the Board, is a senior partner and former managing director of McKinsey and Company management consultants. An American citizen, he has extensive experience on foundation and university boards. The U.S. Delegation supported his candidacy, which the Board ultimately endorsed unanimously.

Ms. Mataka represents the Developing Country non-governmental organization (NGO) constituency on the Global Fund Board. She is Executive Director of the Zambian National AIDS Network (ZNAN).

For the first time, neither the Chair nor Vice Chair of the Board represents the Government sector. The U.S. Delegation believes this emphasizes the unique nature of the Global Fund among multilateral organizations and provides a good basis to increase private as well as public donations to the Fund, and enhance the role of private, non-government and faith-based groups in the implementation of its grants.

2) 2007-2010 Strategy and “Size of the Fund”

The Board adopted the final components of the four-year strategy for the Fund developed by the Policy and Strategy Committee (PSC), chaired by U.S. Board member Dr. William Steiger. Among other elements, the strategy provides a way for high-performing grants to qualify for funding at the end of their original, five-year term; includes several measures to streamline the Fund’s application and implementation process; and encourages country partnerships to name at least two grant implementers, one from the government sector and one from civil society or the private sector. The strategy also initiates a large pilot project on voluntary, pooled procurement, which has the potential to result in vast improvements to the procurement and supply-chain process, which should thereby speed the delivery of quality drugs and health commodities to those in need. The strategy also includes a figure on the “Size of the Fund” in 2010, which the Fund can use for internal planning purposes, as well as for mobilizing resources from those donors (not including the United States) that choose to base their voluntary contributions on a proportionate share or self-imposed “assessment,” relative to target size.

The U.S. Delegation worked successfully to ensure that the final “Size of the Fund” decision is one based on the Fund’s own estimates of demand, not merely an aspirational figure, so the estimate that the size of the Fund could reach \$6 billion or more by 2010 is thus predicated on a dramatic increase in the quality and size of fundable proposals. The strategy emphasizes that the value of applications approved by the Fund’s independent Technical Review Panel (TRP) will determine the actual size of the Fund. To date, the Global Fund has had sufficient resources to approve all proposals recommended by the independent TRP in six rounds of grant-making, which varied from \$0.8 billion to \$1.3 billion per year. Regrettably, some press reports are mischaracterizing the “Size of the Fund” decision as a commitment by the Board to raise contributions to an arbitrarily determined level of \$6-8 billion by 2010. It is important to the United States to maintain the demand-driven character of the Fund, and this is the position that prevailed in the strategy negotiations.

3) Reports of the Global Fund’s Inspector General

In the closed Executive Session of the Board to discuss issues related to the *Report* of the Fund's Inspector General on a relatively small account the Fund maintains at Credit Suisse (separate from the huge majority of funds on deposit with the World Bank), the Board took what the U.S. Delegation believes is a major step forward. The Board instructed the acting Inspector General to prepare for public release original documents relating to the investigation of the Credit Suisse account. The Board mandated the Fund's Office of the Inspector General (OIG) to prepare a "comprehensive account" of the various Credit Suisse reports, including, as appropriate, original documents, "with the expectation that it be released publicly" by May 31, 2007.

At the same time, the Board approved a selection process for the Fund's new Inspector General, in which the U.S. Delegation anticipates to be fully involved. Although the Board did not reach consensus on a permanent disclosure policy for OIG documents, the U.S. Delegation will have representation on the sub-committee that will bring a recommendation to the Board in November of this year. The U.S. Delegation maintained the position, which Board Members readily adopted, that it is fully in line with the Fund's hallmark of transparency to hold the Fund to a higher standard than might be the norm for other multilateral institutions. Other Delegations also appreciated that the U.S. Delegation's strong advocacy for transparency in all aspects of Global Fund operations represented a sentiment widespread in the U.S. Congress, as well as the official U.S. Government position.

4) Local Fund Agents

The Board recommended that the Local Fund Agent (LFA) system should "be subject to more rigorous performance assessment," and that they "must be able to monitor financial management performance and program performance and link the two components." The U.S. Delegation worked closely with several other Board members to draft and gain support for this clear, directive language. The U.S. Delegation also pressed successfully to include a new requirement that will hold LFAs responsible for the oversight of implementation by sub-recipients, so the LFAs' assurance of principal recipients' capacity to oversee the activity of sub-recipients will become a factor in their own performance.

5) Administrative Services Agreement

The Board took a step closer toward ending the Global Fund's current Administrative Services Agreement with the World Health Organization, and recognized that this agreement undercuts the Board's own decision-making ability. We anticipate the Secretariat will be able to complete this transition, which the new Board Chair fully supports, subsequent to decisions at the next Board Meeting, in November 2007.

APPENDIX 5

Report from the U.S. Delegation on the 16th Meeting of the Board of the Global Fund to Fight AIDS, Tuberculosis, and Malaria

The Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria held its 16th meeting on November 11-13, 2007, in Kunming, People's Republic of China. During this meeting the Board approved over \$1.1 billion in new grants. The new Board Chair, Rajat Gupta (private sector delegation), streamlined the traditional three- or four-day schedule into a compact two days, and instituted an approach, which the U.S. delegation found useful and effective, that places a greater burden on Committees of the Board to come to consensus recommendations. Mr. Gupta worked very productively with the Global Fund's new Executive Director, Dr. Michel Kazatchkine, who has also taken a proactive approach to his first few months in office, and has commissioned a broad management review of the Fund Secretariat. Following is a summary of the key decisions of the 16th Board Meeting, including information on the U.S. Delegation's positions and actions:

Round 7

Round 7 Grants: The Board approved the complete set of Round 7 grant proposals the Technical Review Panel (TRP) recommended. The Board approved 73 new grants in 67 countries, for a total of over \$1.1 billion in new funding over two years, and approved five continuations of existing grants under the new Rolling Continuation Channel (RCC), a total of an additional \$130 million.

The Board's approval of the Round 7 and RCC grants, in addition to anticipated Phase 2 renewals during 2008, gives the Fund a surplus of \$754 million above its current commitments. This surplus is likely to rise to as much as double this amount when additional donors make their pledges known for 2008.

Finance and Audit Committee:

With the full support of the U.S. Delegation, the Board approved three decision points prepared by the Finance and Audit Committee (FAC) of the Board. The U.S. Delegation is a member of the FAC, which Ambassador Mark Dybul chairs.

Global Fund 2008 Budget: Each year the Fund Board must approve the annual administrative budget of the Fund Secretariat. The approved budget for 2008 totals \$177 million USD, a 35 percent increase over 2007. The U.S. Delegation supported the increase because the additional funding will go to the on-the-ground oversight mechanisms for Fund grants (i.e., Local Fund Agents, or LFAs); pay for the managers necessary to allow greater diversification in grant Principal Recipients (i.e., through “Dual-Track Financing” of both non-governmental and Government Principal Recipients, as formally recommended by the Board at the 15th Board meeting in April 2007); and permit the Fund Secretariat to hire staff in several other key areas, including the Office of the Inspector General and to provide administrative support for the Fund Secretariat once the Administrative Services Agreement with the World Health Organization (WHO) terminates (see next item). This budget supports a 32 percent increase in current staff to 451, 72 percent of whom will be involved in grant oversight or negotiation activity and evaluation. The current rate of return on the Global Fund Trustee account at the World Bank should produce enough income to cover these expenses fully.

The U.S. Delegation laid down a marker that the substantial 2008 increases in budget and staff for the Fund should not be the norm. Major donors on the Fund Board expressed reservations at the pattern of growth of the Secretariat, warned that the recent, year-on-year increases of 30-35 percent in staffing and budget were not sustainable, and indicated their view that the Secretariat did not have to expand its size in direct proportion to the Fund’s grant portfolio.

Transition Plan Away from the Administrative Services Agreement (ASA): The Board voted to terminate the ASA, through which the WHO provides administrative services to the Global Fund Secretariat, by December 31, 2008. The U.S. Delegation has long supported the President’s original intent that the Global Fund be a fully independent Swiss foundation, with employment and management practices outside of the United Nations (UN) system, as originally agreed in the negotiations that founded the organization. The year-long timeline to establish administrative

independence allows the Fund Secretariat to negotiate withdrawal from the UN Joint Staff Pension Fund and develop comprehensive information technology systems to manage all of the new services the Global Fund Secretariat will provide to its own staff. The Board also endorsed four long-term principles the Global Fund should adopt as an employer in the design of its compensation and benefits package, and other terms and conditions of employment and termination: performance-based employment, opportunities for career enhancement, safeguarding the interests of staff, and promoting teamwork.

Disclosure Policy for Reports of the Fund's Inspector General: The Board approved a policy for the disclosure of reports issued by the Global Fund Inspector General (IG). The U.S. Delegation participated in a working group that drafted this policy in accordance with best practices of the U.S. Government, and consulted with U.S. Government IG legal counsel in the policy development process. The policy of the Fund Secretariat and Board is to operate in a transparent and accountable manner, as outlined in the Global Fund's Framework Document and its Documents Policy. To the maximum extent possible, the Office of the IG will make its reports publicly available. Under exceptional circumstances, the IG may consult with Global Fund legal counsel on the need to restrict all or portions of a document. The IG and Global Fund legal counsel must then take a combined recommendation to the Board's Finance and Audit Committee for concurrence or dissent. In the event of FAC concurrence that a report should be restricted in part or in whole, the FAC will bring the matter to the full Board for a final decision. In such cases, Board Members, Alternates or relevant Committee Members may read the full report and discuss the general conclusions set forth in the document with his/her constituency on an "as needed" basis, provided that (i) no information concerning any person referred to in the reports is disclosed, and (ii) recipients of any information are made aware of the reason for the IG's decision not to release the report, and of the potential harm from further disclosure. For non-restricted reports, the policy requires the IG to make that all final reports public by publishing them on his website within three working days of completion, with notice of the posting sent to the Board.

The Global Fund Board has selected a new Inspector General, John Parsons, who will begin work in January 2008. Parsons attended the 16th Board meeting, and engaged in an hour-long discussion with the U.S. Delegation, during which we made clear our concerns about the importance and effective

functioning of his office. Parsons, who developed a strong reputation for independence and effectiveness as the IG at the UN Educational, Scientific and Cultural Organization, made it clear that he shares these goals, and will put a high priority, in particular, on accountability and effectiveness at the country level.

Policy and Strategy Committee

The Board approved most of the decision points prepared by the Policy and Strategy Committee (PSC), with little debate. The Board found it difficult, however, to reach consensus on the issue of funding for health systems strengthening (HSS), and ultimately approved a compromise decision. Dr. William Steiger of the U.S. Department of Health and Human Services represents the U.S. on the PSC.

Following are the substantive decision points from the PSC:

Health Systems Strengthening: The Board approved a decision point that provides broad policy guidance over the types of HSS activities a Global Fund grant can finance. While the Board did not approve a stand-alone HSS grant “window” or a specific round dedicated to HSS activities, the decision point allows Country Coordinating Mechanisms (CCMs) to include cross-cutting HSS and disease-specific components in one proposal, and also allows the Fund’s independent Technical Review Panel (TRP) to consider and recommend the components separately. The U.S. Delegation expressed concern the decision point could move the Fund away from its core focus on the three diseases, since it would now be possible for the TRP to recommend an HSS sub-component while rejecting its associated disease-specific component. The Board approved the proposed policy change, but, through intensive negotiations, the U.S. Delegation successfully included an amendment that requires the Fund Secretariat to report on the results of this new policy after one year, following review and approval of the Round 8 proposals. This report must include details on the success rate of HSS components within applications for funding, the quality of proposals that include HSS actions, and the extent to which applicants have articulated how cross-cutting HSS actions address identified health-system constraints to the achievement of improved HIV/AIDS, tuberculosis or malaria outcomes. This report will allow the Board to amend the policy should it produce an undesirable shift away from focus on the three diseases.

Rolling Continuation Channel (and related issues):

(Note: The Rolling Continuation Channel, or RCC, is a new Global Fund financing mechanism that allows high-performing grants that are reaching the end of their first five years to apply for renewed, longer-term funding through a somewhat streamlined process.)

Some Members of the Fund Board indicated surprise that the TRP recommended for approval only 50 percent of the high-performing grants that applied for continuation under Wave 1 of the recently-established Rolling Continuation Channel (RCC). After a careful review of the language of the Board's decision to establish the RCC, together with guidelines subsequently provided to applicants and to the TRP, as well as the TRP's own characterization of its mandate, the Board decided, as an interim measure, to add a few clarifications to the RCC policy, and to allow the non-recommended RCC grants (five out of ten that applied) to re-submit proposals in the next "wave" of RCC submissions. In the meantime, the Secretariat will study the implementation of the RCC, and propose refinements to the policy to the PSC at its next meeting in March 2008. Some Board Members had called for a significant loosening of the RCC standards as a result of the Wave 1 TRP recommendations, but a detailed intervention from Dr. Steiger, circulated ahead of the Board Meeting, played a role in convincing the Board to retain sufficient rigor in the RCC review process. The Board also approved minor architectural changes in the RCC and Phase 2 policies that allow for the following: a) limited bridge funding for RCC-eligible grants, and, on an interim basis, for those grants that might be eligible for the RCC, but for which there could be a funding gap after their expiration, given the differing schedules of the RCC and Rounds-based Channel; and b) new flexibilities in the timing of Phase 2 applications to allow greater harmonization and alignment in fiscal planning at the country level.

Affordable Medicines Facility-malaria (AMFm)

(Note: The AMFm concept, formerly known as the Artemisinin Combination Therapy [ACT] subsidy, is a plan to subsidize the cost of effective, but currently expensive, malaria medicines, to bring the consumer price closer to that of cheaper, but less-effective or ineffective, drugs.)

In the decision point on the AMFm, the Global Fund Board states it wants to investigate, "with no presumptive decision," the appropriateness of hosting the proposed AMFm within the Global Fund Secretariat. The investigation will take into consideration possible complementarities and synergies with the existing Global Fund business model. Therefore, the Board decided to authorize the Secretariat to prepare a report – and a possible business model and plan for hosting AMFm within the Global Fund – to present to the Board at its 17th meeting in April 2008.

The U.S. Delegation's position is one of skepticism that the AMFm, as currently conceptualized, is the best approach to making malaria drugs more affordable.

Enhanced Financial Reporting (tracking budgets and expenditures by objective)

The PSC Report to the Board included an information update on the Fund Secretariat's pilot program to require Enhanced Financial Reporting from Principal Recipients (PRs). In September 2006, the Technical Evaluation Reference Group (TERG) recommended "the Secretariat urgently implement systems to link investments with objectives by:

- Tracking both budgets as well as expenditures by objective;
- Analyzing and reporting on differing unit-costs for similar services or result areas across countries."

It also recommended "that the Secretariat urgently provide information on the unit costs of key health commodities e.g. ITNs, ARVs as part of its regular reporting."

In response, the Fund Secretariat launched a pilot test of a proposal for "Enhanced Financial Reporting" in 16 countries. The pilot showed the new reporting was not overly burdensome and the majority of PRs found it useful for their own grant management. As a result of this pilot study, the Secretariat intends to begin requesting enhanced financial reporting for all grants in January 2008

Portfolio Committee:

As the United States does not have a representative on the Portfolio Committee, we are tracking the Committee's work carefully as it becomes increasingly policy-focused.

The U.S. Delegation worked successfully with the Committee Chair (Ms. Sujatha Rao of the Indian Ministry of Health) during this Board meeting, and hopes such coordination will continue.

Round 8 Guidelines: The U.S. Delegation was concerned about a proposal for the Board to delegate authority to the PC to approve future guidelines for proposals. Because the guidelines contain provisions that have major policy implications for the Fund, including language on HSS and pooled-funding arrangements, the U.S. Delegation secured a commitment from the Chair of the PC that she will informally consult with us on the guidelines for next year's round. The U.S. Delegation will track developments of the Round 8 guidelines closely, and will bring the issue back to the Board if we see major problems in any of the PC's proposed changes to the guidelines.

Eligibility Criteria: The Board approved a new policy that broadens eligibility criteria for Fund applicants. The policy opens a limited window of access for partnerships in upper-middle-income (UMI) countries, which achieves a goal the U.S. Government has pursued for the past four years. This change will allow applications from Country Coordinating Mechanisms in several Latin American and Caribbean countries that are currently ineligible for Fund financing. The proposal limits total Fund financing of partnerships in UMI countries to no more than 10 percent of any funding round, and requires applicants to demonstrate grants will focus on poor and vulnerable populations. The U.S. Delegation welcomes this strengthening of the Global Fund's focus on combating the three diseases everywhere in the world they are a problem.

Quality Assurance (for Drug Procurement): Prior to the Board meeting, the Global Fund Pharmaceutical Procurement Policy contained a serious gap with regard to products available from multiple manufacturers, which needed only to have approval by the national drug regulatory authority in a grantee's country. The U.S. Delegation initially perceived the potential danger of this policy in connection with the quality of certain anti-malaria medications that have recently become available through multiple manufacturers, and took action to propose a change to the policy. Subsequently, experts from the HIV and tuberculosis (TB) communities also raised concerns about the quality assurance of drugs for those diseases. As the result of sustained lobbying by the U.S. Delegation, the Global Fund Secretariat, and other Board Delegations, the Board approved an interim measure to apply a more stringent standard to the purchase of *all* drugs for

the treatment of HIV/AIDS, TB, and malaria. Under this interim policy, the Fund will apply the same standard it already applies to the procurement of single- and limited-source drugs. The effect of this change will be that, in addition to approval by the regulatory body in a grantee's country, a drug product must also have received approval by a "stringent regulatory authority" (i.e., a drug authority that meets international standards of quality) or by the World Health Organization's Pre-Qualification Program.

The Board decision point also calls for the Portfolio Committee to conduct a full review of the Global Fund's Quality Assurance policy for drugs, and to report back at the 18th Board Meeting, in late 2008. The U.S. Delegation concurred with the resolution, and welcomed the Fund Board's recognition of this interim measure as a priority issue. We have asked the PC to expedite this review, if possible, and to assure all relevant technical partners participate.

Funding and Guidelines for Country Coordinating Mechanisms (CCMs):

The PC proposed new guidelines for funding staff for CCMs, many of which have not had legal personalities or institutional structures. The Board approved the decision point after the PC accepted several amendments from the U.S. Delegation that established important fiscal parameters for the CCM funding.

Travel Restrictions:

Three of the Board's constituencies (Communities Living with the Diseases and the two non-governmental delegations) had raised serious concerns about the Board's decision to hold its 16th meeting in the People's Republic of China, in view of the Chinese Government's restrictions on the entry of HIV-positive travelers. On the basis of assurances from the Chinese authorities that they have begun the process of removing those restrictions, the Board meeting went forward as scheduled, but delays in China's policy modifications led the Board to approve the following two decision points on travel restrictions:

“a) The Global Fund to Fight AIDS, Tuberculosis and Malaria will not hold Board or Committee Meetings in countries that restrict short-term entry of people living with HIV/AIDS and/or require prospective HIV-positive visitors to declare their HIV status on visa application forms or other documentation required for entry into the country.

b) The Board strongly encourages all countries to move rapidly towards elimination of travel/entry restrictions, including waivers, for people living with HIV. The Board acknowledges the UNAIDS commitment to create a Task Team with the aim of eliminating policies and practices that restrict travel for HIV positive people.”

The U.S. Delegation abstained in the vote on the first decision point, since existing U.S. statute also restricts the entry of HIV-positive travelers. During this vote, the Chair did not call for “no” votes because it appeared every other Board member voted yes. The U.S. Delegation was able to vote in favor of the second decision point, in view of the Administration’s publication of a proposed regulation to create a blanket waiver to the entry restrictions for HIV-positive travelers for short-term business or tourism purposes, but will closely monitor the work of the UNAIDS task team.

Gender:

The Board approved a decision point to establish senior-level positions in the Secretariat to “champion” a greater focus on women and girls and “sexual minorities.” The mandate of these new senior staff members will be “to work with technical partners and relevant constituencies to develop a gender strategy; and, as an immediate priority, to provide guidance to the PC on revisions to the *Guidelines for Proposals* for Round 8 to encourage applicants to submit proposals that address gender issues.” The Board also discussed the points outlined in a paper on “Scaling Up a Gender-Sensitive Response to HIV/AIDS, Tuberculosis, and Malaria by the Global Fund.” The U.S. Delegation took a constructive approach in this discussion, described existing gender-focused initiatives under the President’s Emergency Plan for AIDS Relief, and welcomed the opportunity to work with partners at the country level and within the Board to expand such efforts. The U.S. also voted in favor of the decision point.

Five-Year Evaluation by the Technical Evaluation Reference Group (TERG):

The Global Fund’s outside Technical Evaluation Reference Group (TERG) presented the first part of its five-year evaluation to the Board. The purpose of this study is “to review the Global Fund’s organizational efficiency and effectiveness, its progress to date, and to identify critical areas for

improvement.” According to the report, the Global Fund is “at a crossroads in its development,” with impressive achievements that include “raising and disbursing significant finance, achieving results, and learning and adapting rapidly. It is a major financier and leader in the fight against the three diseases, has ongoing relationships with 134 countries, has catalyzed a growing number of international, public, private and civil society partnerships...” On the other hand, the evaluation finds the Global Fund “has not yet fully defined its role and does not yet have in place the systems, structures and policies required to efficiently disburse an anticipated US\$ 6-8 billion annually and to provide focused leadership in the fight against HIV/AIDS, tuberculosis and malaria.”

Some of the findings of the TERG report, particularly on the structure and staffing levels of the Secretariat, reinforce earlier recommendations by the FAC, as well as an independent management and staffing review commissioned by the new Executive Director. However, the TERG report also recommended that the Global Fund Board revisit its Comprehensive Funding Policy, in view of the organization’s sizeable current assets; several Board members expressed support for such a review, which the United States opposes.

The second part of the TERG report will focus on the Global Fund’s interactions with other organizations in the field of global health. The third, and major, component will examine the impact of the Fund’s grants on the AIDS, tuberculosis, and malaria pandemics.

Annex A: Global Fund policy for disclosure of Inspector General reports, as approved by the Global Fund Board at the Sixteenth Board Meeting in November 2007

POLICY FOR DISCLOSURE OF REPORTS ISSUED BY THE INSPECTOR GENERAL

Introduction

1. The Global Fund’s policy is to operate in a transparent and accountable manner, as outlined in the Global Fund’s Framework Document and its Documents Policy¹. Consistent with this policy, the Global Fund has determined that, to the maximum extent possible, all final reports of the Office of the Inspector General (“OIG”) should be made publicly available. However, as stated in the Global Fund’s Documents Policy, the Global Fund also recognizes that there may be exceptional circumstances where legal or practical constraints limit the Global Fund’s ability to achieve full transparency if it is to protect the interests of the Global Fund and its stakeholders or legitimate interests of those who deal with the Global Fund.
2. This policy governs disclosure of all final reports of the OIG, and supersedes the Documents Policy as regards such final OIG reports. However, the Documents Policy will continue to apply to all other OIG work products and other records and all OIG staff will be considered “Fund staff” for the purposes of the Documents Policy.

General Principles

3. Subject to Paragraph 4 and the further provisions below, the OIG will make all final reports issued by the OIG available publicly in full, including:
 - Periodic reports prepared by the OIG for the Board and its Committees as specified in the OIG’s Charter and Terms of Reference which summarise (on at least an annual basis) the work done, the findings and the assurance provided and progress against plans for the preceding reporting period (“Board Reports”);

¹ First approved by the Board at the Third Board Meeting, and subsequently amended at the Fifteenth Board Meeting.

- Reports that arise from internal audits, inspections, functional reviews and other assurance work at the Secretariat or grant portfolio level (“Assurance Reports”); and
- Reports of investigations carried out by the OIG in response to specific incidents or allegations (“Investigation Reports”).

4. In limited circumstances, and for Assurance and Investigation Reports only, the Inspector General has the discretion to make exceptions to full public disclosure when, in the opinion of the Inspector General, in consultation with the Global Fund’s legal counsel, full disclosure would:

- a. Cause undue harm to the interest of the Global Fund, its stakeholders, or the legitimate interests of those who deal with the Global Fund;
- b. Expose the Global Fund to the risk of legal action by persons named in the report, or others whose identity may be inferred from it, or by government agencies for alleged violation of a criminal or civil statute;
- c. Impede, jeopardize or interfere with other investigations in progress or pending by the OIG, law enforcement or other investigatory authorities;
- d. Be potentially helpful to anyone perpetrating or contemplating unlawful activities against the Global Fund;
- e. Risk alerting anyone involved with serious crimes, such as money laundering or terrorism, that their activities may be known to investigating authorities or under investigation; or
- f. Put the safety or welfare of anyone who is working for, on behalf of, or with the Global Fund at increased risk.

5. This discretion by the Inspector General, which the Board expects him or her to exercise rarely, is subject to additional checks and safeguards (including final authority over determinations on disclosure by the Board) as described in Paragraphs 8-13 below. The Inspector General will advise

Board Members, Alternates and relevant Committee Members of the reason(s) for any decision not to provide full disclosure of a report.

6. The OIG will give Board Members, Alternates and relevant Committee Members the opportunity to read each full report that the Inspector General has not publicly released, as described in Paragraph 12 below. The OIG will provide such access on the basis of signed confidentiality undertakings. The confidentiality obligations will prevent public disclosure, but allow the Board Member, Alternate or relevant Committee Member to discuss the general conclusions set forth in the reports with his/her constituency on an “as needed” basis, provided that (i) no information concerning any person referred to in the reports is disclosed, and (ii) recipients of any information are made aware of the reason for the Inspector General’s decision not to release the report, and the potential harm from further disclosure.

Response to public inquiries about investigations

7. The Global Fund Board and Secretariat and those persons who have received information pursuant to paragraph 6 above will not provide any information, confirm or deny or engage in any discussions in response to enquiries by persons external to the Global Fund related to the detail, nature, scope or substance of any investigations contemplated or in progress by the OIG, other than to make a statement in substantially the following form: “The Global Fund will pass on any information received from employees, agents, partners, contractors or others pertinent to or containing information or allegations about fraud or wrongdoing to the Office of the Inspector General for appropriate investigations, the results of which are reported fully to the Board and made public, as appropriate, in due course”.

Disclosure Process

8. The OIG will post all final reports, including Board, Assurance and Investigation Reports, on its public Internet site within three working days after they are made available to the full Board, except when the Inspector General proposes to restrict full public disclosure for a specific report in accordance with this policy (“Restricted Reports”).

9. The OIG will send Restricted Reports to the Global Fund’s legal counsel within three working days after finalization, together with a written submission from the Inspector General that states his/her reasons for wishing

to restrict disclosure by reference to the criteria outlined in this disclosure policy and his/her opinion as to whether the report should be made public in an altered form and, if so, the nature of the proposed alterations.

10. The legal counsel will prepare a written response to give his/her opinion on the issue, including whether the report should be made public in an altered form. If this is the case, the legal counsel will also propose appropriate alterations to the report.

11. The Inspector General will consult with the Global Fund's legal counsel and may modify his/her proposed restrictions based on the legal counsel's advice. The Inspector General will then submit the Restricted Report, his/her submission, legal counsel's opinion and (if applicable) the proposed alterations to the report to the Finance and Audit Committee (FAC) for consideration.

12. If the FAC, after full consideration and consultation with the Director-General of the World Health Organization (WHO) as long as the Global Fund is operating under an Administrative Services Agreement (ASA) with WHO, determines that the Restricted Report should not be made available to the public (or should only be made available in altered form), the OIG will make appropriate arrangements for the Board Members, Alternates and relevant Committee Members to read the full report, as specified in this policy. The FAC will also prepare an appropriate decision point on the proposed handling of the Restricted Report for consideration by the Board in executive session. If the Board approves the proposal for the report, the Inspector General will not post the full report on the OIG's Internet site. (If the Board approves a recommendation to disclose an altered form of the report, the Inspector General will post the altered report on the OIG's Internet site). The OIG will determine if a virtual version of this process will be followed when referral to scheduled FAC and Board meetings would not result in timely consideration of a report that the OIG recommends should be restricted.

13. If the FAC, after full consideration and consultation with the WHO Director-General as long as the Global Fund is operating under an ASA with WHO, determines that the OIG should make the Restricted Report available to the public in full, it will refer the matter to the Board Chair and Vice Chair for consideration. If the Board Chair and Vice Chair agree with the FAC's determination that the Restricted Report should be made available to

the public in full, the Board Chair and Vice Chair will instruct the Inspector General to disclose the full report on the OIG's Internet site. If the Board Chair and Vice Chair disagree with the FAC's determination or determine that the disclosure of the Restricted Report warrants further consideration by the Board, the matter will be presented to the Board for decision in accordance with the procedure outlined in paragraph 12 above.

Annex B: Chart to Compare Language in the Disclosure Policy of the Global Fund Inspector General (OIG) and Senate Fiscal Year (FY) 2008 Draft Appropriations Legislation

	New Global Fund OIG Disclosure Policy, as approved by the Board at the Sixteenth Board Meeting (11/12/07)	Language in Senate FY 2008 draft appropriations bill [H.R.2764.EAS]
The core disclosure principle	“The [Global Fund] OIG will post all final reports, including Board, Assurance and Investigation Reports, on its public Internet site...”	“[The Global Fund] has adopted and is implementing a policy to publish on a publicly available website all program reviews, program evaluations, internally and externally commissioned audits, and inspector general reports and findings...”
Timeline for release of documents	“...within three working days after they are made available to the full Board...”	“...not later than 7 days after they are received by the Global Fund Secretariat...”
Limitations / Exceptions	“...except when the Inspector General proposes to restrict full public disclosure for a specific report in accordance with this policy (‘Restricted Reports’).”	“...except that such information as determined necessary by the Inspector General to protect the identity of whistleblowers or other informants to investigations and reports of the Inspector General, or proprietary information, may be redacted from such documents;”

APPENDIX 6

POLICY FOR DISCLOSURE OF REPORTS ISSUED BY THE INSPECTOR GENERAL

Introduction

1. The Global Fund's policy is to operate in a transparent and accountable manner, as outlined in the Global Fund's Framework Document and its Documents Policy.¹ Consistent with this policy, the Global Fund has determined that, to the maximum extent possible, all final reports of the Office of the Inspector General ("OIG") should be made publicly available. However, as stated in the Global Fund's Documents Policy, the Global Fund also recognizes that there may be exceptional circumstances where legal or practical constraints limit the Global Fund's ability to achieve full transparency if it is to protect the interests of the Global Fund and its stakeholders or legitimate interests of those who deal with the Global Fund.

2. This policy governs disclosure of all final reports of the OIG, and supersedes the Documents Policy as regards such final OIG reports. However, the Documents Policy will continue to apply to all other OIG work products and other records and all OIG staff will be considered "Fund staff" for the purposes of the Documents Policy.

General Principles

3. Subject to Paragraph 4 and the further provisions below, the OIG will make all final reports issued by the OIG available publicly in full, including:

- Periodic reports prepared by the OIG for the Board and its Committees as specified in the OIG's Charter and Terms of Reference which summarize (on at least an annual basis) the work done, the findings and the assurance provided and progress against plans for the preceding reporting period ("Board Reports");
- Reports that arise from internal audits, inspections, functional reviews and other assurance work at the Secretariat or grant portfolio level ("Assurance Reports"); and

¹First approved by the Board at the Third Board Meeting, and subsequently amended at the Fifteenth Board Meeting.

- Reports of investigations carried out by the OIG in response to specific incidents or allegations (“Investigation Reports”).

4. In limited circumstances, and for Assurance and Investigation Reports only, the Inspector General has the discretion to make exceptions to full public disclosure when, in the opinion of the Inspector General, in consultation with the Global Fund’s legal counsel, full disclosure would:

a. Cause undue harm to the interest of the Global Fund, its stakeholders, or the legitimate interests of those who deal with the Global Fund;

b. Expose the Global Fund to the risk of legal action by persons named in the report, or others whose identity may be inferred from it, or by government agencies for alleged violation of a criminal or civil statute;

c. Impede, jeopardize or interfere with other investigations in progress or pending by the OIG, law enforcement or other investigatory authorities;

d. Be potentially helpful to anyone perpetrating or contemplating unlawful activities against the Global Fund;

e. Risk alerting anyone involved with serious crimes, such as money laundering or terrorism, that their activities may be known to investigating authorities or under investigation; or

f. Put the safety or welfare of anyone who is working for, on behalf of, or with the Global Fund at increased risk.

5. This discretion by the Inspector General, which the Board expects him or her to exercise rarely, is subject to additional checks and safeguards (including final authority over determinations on disclosure by the Board) as described in Paragraphs 8-13 below.

The Inspector General will advise Board Members, Alternates and relevant Committee Members of the reason(s) for any decision not to provide full disclosure of a report.

6. The OIG will give Board Members, Alternates and relevant Committee Members the opportunity to read each full report that the Inspector General has not publicly released, as described in Paragraph 12 below. The OIG will provide such access on the basis of signed confidentiality undertakings. The

confidentiality obligations will prevent public disclosure, but allow the Board Member, Alternate or relevant Committee Member to discuss the general conclusions set forth in the reports with his/her constituency on an “as needed” basis, provided that (i) no information concerning any person referred to in the reports is disclosed, and (ii) recipients of any information are made aware of the reason for the Inspector General’s decision not to release the report, and the potential harm from further disclosure.

Response to public inquiries about investigations

7. The Global Fund Board and Secretariat and those persons who have received information pursuant to paragraph 6 above will not provide any information, confirm or deny or engage in any discussions in response to enquiries by persons external to the Global Fund related to the detail, nature, scope or substance of any investigations contemplated or in progress by the OIG, other than to make a statement in substantially the following form: “The Global Fund will pass on any information received from employees, agents, partners, contractors or others pertinent to or containing information or allegations about fraud or wrongdoing to the Office of the Inspector General for appropriate investigations, the results of which are reported fully to the Board and made public, as appropriate, in due course”.

Disclosure Process

8. The OIG will post all final reports, including Board, Assurance and Investigation Reports, on its public Internet site within three working days after they are made available to the full Board, except when the Inspector General proposes to restrict full public disclosure for a specific report in accordance with this policy (“Restricted Reports”).

9. The OIG will send Restricted Reports to the Global Fund’s legal counsel within three working days after finalization, together with a written submission from the Inspector General that states his/her reasons for wishing to restrict disclosure by reference to the criteria outlined in this disclosure policy and his/her opinion as to whether the report should be made public in an altered form and, if so, the nature of the proposed alterations.

10. The legal counsel will prepare a written response to give his/her opinion on the issue, including whether the report should be made public in an altered form. If this is the case, the legal counsel will also propose appropriate alterations to the report.

11. The Inspector General will consult with the Global Fund's legal counsel and may modify his/her proposed restrictions based on the legal counsel's advice. The Inspector General will then submit the Restricted Report, his/her submission, legal counsel's opinion and (if applicable) the proposed alterations to the report to the Finance and Audit Committee (FAC) for consideration.

12. If the FAC, after full consideration and consultation with the Director-General of the World Health Organization (WHO) as long as the Global Fund is operating under an Administrative Services Agreement (ASA) with WHO, determines that the Restricted Report should not be made available to the public (or should only be made available in altered form), the OIG will make appropriate arrangements for the Board Members, Alternates and relevant Committee Members to read the full report, as specified in this policy. The FAC will also prepare an appropriate decision point on the proposed handling of the Restricted Report for consideration by the Board in executive session. If the Board approves the proposal for the report, the Inspector General will not post the full report on the OIG's Internet site. (If the Board approves a recommendation to disclose an altered form of the report, the Inspector General will post the altered report on the OIG's Internet site). The OIG will determine if a virtual version of this process will be followed when referral to scheduled FAC and Board meetings would not result in timely consideration of a report that the OIG recommends should be restricted.

13. If the FAC, after full consideration and consultation with the WHO Director-General as long as the Global Fund is operating under an ASA with WHO, determines that the OIG should make the Restricted Report available to the public in full, it will refer the matter to the Board Chair and Vice Chair for consideration. If the Board Chair and Vice Chair agree with the FAC's determination that the Restricted Report should be made available to the public in full, the Board Chair and Vice Chair will instruct the Inspector General to disclose the full report on the OIG's Internet site. If the Board Chair and Vice Chair disagree with the FAC's determination or determine that the disclosure of the Restricted Report warrants further consideration by the Board, the matter will be presented to the Board for decision in accordance with the procedure outlined in paragraph 12 above.

Appendix 7: A report on U.S. Technical Assistance for the Global Fund

2007 Global Fund Technical Assistance Evaluation and Outcomes Brief

In 2005 Congress gave the U.S. Global AIDS Coordinator the discretion to withhold up to five percent of Foreign Operations appropriations for the Global Fund in order to provide technical assistance (TA) to alleviate grant implementation bottlenecks. The inter-agency Global Fund Core Group has further distilled core principles for this Global Fund TA, to ensure that it is demand-driven, outcome-driven, and short-term.

These funds supplement other substantial resources the USG has mobilized to provide TA for Global Fund grants, including support from PEPFAR and PMI country bilateral programs, PEPFAR Technical Working Groups, and USG contracts and grants.

The Coordinator withheld \$32.4 million for TA for Global Fund grants from FY 2005 and FY 2006 appropriations, for the following activities:

FY 2005 funds (obligated in 2006):

- \$6.3 million for a pilot program to provide demand-driven TA to Global Fund Country Coordinating Mechanisms (CCMs) and Principal Recipients (PRs) in 38 eligible countries. S/GAC managed this pilot centrally, providing TA through existing USG bilateral contract and grant mechanisms. This TA focused on the four key areas of organizational development, M&E, PSM, and program/financial systems.
- \$3.8 million for targeted, disease-specific TA efforts through the Green Light Committee, the StopTB Partnership, and the Malaria Action Coalition.

FY 2006 funds (obligated in 2007):

- \$14.8 million to a newly competed and procured contract through USAID to provide short-term, demand-driven TA to CCMs and PRs. The selected contractor is Grant Management Solutions (GMS), a partnership led by Management Sciences for Health (MSH). This contract builds directly on the earlier pilot project, with emphasis on the four key grant management areas delineated for the pilot.

- \$7.5 million for targeted efforts through the Roll Back Malaria Partnership, the three UNAIDS Technical Support Facilities (TSFs) in sub-Saharan Africa, and UNAIDS National AIDS Spending Assessments.

The Coordinator has also withheld a first tranche of \$4.5 million of FY 2007 appropriations for additional support to StopTB and the Green Light Committee

Evaluation and Impact

During the pilot year of centrally administered TA, S/GAC assisted grants with a total value of \$1.76 billion, or 21 percent of the Global Fund's total grant portfolio. In June and July 2007, S/GAC evaluated the pilot year TA, focusing on both process and outcomes. S/GAC has also collected data from the targeted TA channeled through multilateral organizations in 2006 and 2007.

Already we are seeing the impact of these efforts.

The following section provides more detailed information on TA results to date, including representative examples of particularly successful outcomes:

Pilot project: TA to CCMs and PRs:

a) Organizational Development

With 19 different requests for TA for organizational development in the pilot year, this area was the one most in demand by CCMs and PRs. The aim of TA is to ensure the presence of strong operational systems that are well communicated and understood by all members. Organizational development may also include components of M&E (vital to understanding donor requirements and setting and achieving performance-based targets), and assistance with management plans for PRs and/or lead sub-recipients (SRs).

In the pilot year, TA included training in leadership and decision-making, and helped CCMs and PRs develop action plans, manuals, and constitutions (for CCMs and their small secretariats).

A dramatic example is the “Executive Dashboard” early warning system, produced through the TA work in Nicaragua with *Nicasalud*, one of the PRs.

The Dashboard presents financial and programmatic indicators in an attractive and easily understood way to help multiple levels of stakeholders evaluate project finances, outputs, and impact. The Nicaraguan grants under this PR saw their “grant scorecard” grades increase from B1 to A after they adopted the Dashboard. More importantly, the Dashboard has been adapted by Global Fund grant entities in Honduras, Tanzania, Zanzibar, and Nigeria.

In Tanzania, TA to the CCM resulted in a new conflict of interest (COI) policy outlining three types of potential conflicts: financial, programmatic and administrative. The policy also identified procedures for declaring and managing such conflicts. Tanzania’s COI policy now appears on the Global Fund website as a “good practice” document, and has been used as a template by other TA providers for Nigeria, Ivory Coast, and Guinea CCMs.

Grant bottlenecks caused by a variety of organizational problems can bring to a halt disbursement of funds by the Global Fund Secretariat in Geneva. During the pilot, one contractor’s TA resulted in resumed disbursements to 70 percent of assisted grants.

At the most fundamental level, some CCMs lack the capacity to analyze and adapt quickly to new Global Fund eligibility criteria. Seven of the CCMs with which we worked in the pilot year were seeking to meet CCM eligibility criteria, in order to retain their ability to apply for new rounds of funding. Of these seven, five are now eligible and the other two are on track to regain their eligibility soon. The small West African country of Guinea provides an excellent example: through our TA efforts, the CCM voted to pursue a complete reform, including election of a faith-based organization representative as Guinea's first-ever non-government CCM chairperson.

Key lessons: We saw that TA providers who involved USAID, CDC, and other donors in debriefings built linkages between the specific activities of the TA project and other donors who may be able to address further gaps. The evaluation also revealed that TA providers should organize immediate, concrete activities in conjunction with the PR/CCM even during the initial assessment period, to promote a sense of ownership and enhance cooperation.

b) Program/Financial Management

S/GAC provided TA for program/financial management during the pilot year in Nigeria, Nicaragua, Indonesia, Philippines, Vietnam, Swaziland, Senegal, and Mali. Again, key activities included development of operational and procedural manuals, tools, and systems, and training on software and financial management.

In all eight countries, our TA addressed Conditions Precedent (CP) that had been imposed on the grants by the Secretariat for specific performance issues. Where we provided assistance, there has been a significant lifting of the CPs. In Indonesia the Global Fund lifted a country-wide suspension of grants – a result directly attributable, in part, to our TA efforts. In Nicaragua, the CCM needed to improve financial operations to be eligible for Phase 2 funding. After the TA providers worked with in-country grant managers to develop an operational manual and other financial management procedures, the associated grants achieved Phase 2 eligibility.

c) Monitoring and Evaluation

There were 13 M&E requests for TA in the pilot year, from both CCMs and PRs. Our TA helped PRs and SRs to address weaknesses that had been identified by the LFA or in Grant Performance Reports and Scorecards. TA outcomes included identification of quarterly/semi-annual indicators, establishment of targets, and monitoring tools, checklists, and forms.

In Indonesia, the TA team helped the PR to define a transparent and efficient process to create and fill a new M&E position. Many countries need assistance with this process, and without it they remain understaffed and less productive. By the time this TA was completed in Indonesia, the PR had staff on board for all approved new positions. The PR's M&E unit also had simplified and standardized evaluation forms, had begun creating a supervisory checklist for M&E staff, and had scheduled training for provincial M&E staff.

Key lessons: We found that when TA teams include technical specialists with disease-specific expertise, they can develop better and more appropriate M&E tools. When M&E TA teams coordinate with teams from other technical areas, the combination of approaches allows for the resolution of more complex bottlenecks.

d) Procurement and Supply Management

Procurement and Supply Management TA is complex. It includes forecasting and quantifications for drug and supply procurement, planing for supply management, and addressing issues of tax and duty exemptions. The design and implementation of logistic management systems to assure the appropriate selection of drugs and improve forecasting and laboratory management may also require TA.

To quantify success in this area, a useful measure is the burn rate of procurement funds; grants with procurement and supply problems cannot scale up treatment and care. One of the pilot contractors provided TA in procurement and supply management for seven grants for which burn-rate data are available both before and after the TA. The burn rate increased in five of these grants, or 71 percent of cases

In 2006, Swaziland could not report to the Global Fund on the number of patients using ARVs or track consumption of vital drugs. Procurement was at a standstill, and the Global Fund had placed Conditions Precedent for patient tracking on the Rounds 2 and 4 HIV/AIDS grants. Through our TA, Swaziland added a patient record module oriented to ARV dispensing and inventory management programs. The Ministry of Health information systems now produce data for Global Fund reports and drug forecasting. The most recent performance report (in November 2007) shows that 20,610 patients are now receiving ARVs, or 76% of the program target.

In Armenia, our TA helped the government develop capacity to maintain an uninterrupted in-country supply of ARV drugs and HIV test kits. TA providers trained personnel in the use of software for forecasting and quantification and the use of an inventory control system. Our TA team also helped the Armenia PR to develop technical tools and methodologies for longer term planning, forecasting, and financing of commodities, which resulted in ARV drugs and HIV test kits forecasted and quantified for the next two years.

In Nigeria, our TA addressed problems in the distribution systems between central and state level and beyond. The PR and its implementing partners can now move commodities more effectively. Due in part to this outcome, Nigeria has an approved Phase 2 agreement for three more years of Global Fund funding to combat malaria.

Key lessons:

The unique vocabulary specific to PSM is not always easily translatable, and our evaluation highlighted the value of having professionals with country-specific language skills on the TA team. Feedback also showed that many supply bottlenecks were underpinned by political or governance issues, and therefore access to an organizational development specialist can facilitate the accomplishment of work within PSM.

Disease-targeted TA for HIV/AIDS

UNAIDS Technical Support Facilities (TSF) in Africa

The USG funding is intended to enable the TSFs to scale-up their support to Global Fund grantees through the provision of 2,000 days of TA. Our funding has contributed to a significant 83% increase in technical support days provided in the Southern Africa region over the last year. The TSFs report accelerating demand, especially for strengthening M&E plans and systems, review and analysis of grant performance and funds utilization, and strengthening of PSM systems and governance/ leadership. The TSFs have also developed training tools specifically tailored to Global Fund grants, including two CD-ROMs that have already been widely distributed and well-received.

In 2007, the Eastern Africa TSF helped develop an agreement among stakeholders in Uganda to strengthen grant governance, fiduciary management and technical impact and oversight. These efforts addressed a suspension of all Global Fund grants to Uganda imposed by the Global Fund Secretariat in August 2005. Three months after the TA, the Secretariat and the Uganda CCM reached an understanding and the suspension was lifted.

UNAIDS National AIDS Spending Assessments

UNAIDS National AIDS Spending Assessments (NASA) are designed to “describe [in-country] financial flows and expenditures using the same categories as the globally estimated resource needs.” USG funding enabled UNAIDS NASA to carry out ten of these assessments, including implementation of a regional capacity building workshop for more than 125 professionals in the NASA methods, tools and analysis; provision of technical support to 80 countries to develop HIV spending indicators as

agreed by all countries in the Declaration of Commitment signed in UNGASS 2001 and ratified in 2006; provision of support to the National Health Account practitioners in applying the “cross-walk” between National Health Accounts (NHA) and NASA; and the completion of a cross-sectional measurement of the HIV financing flows and expenditures in each country using NASA methodology.

Disease-targeted TA for tuberculosis

Stop TB Partnership

With Global Fund TA funds, the Stop TB Partnership assisted Global Fund grant entities in 23 countries to refine and/or create *Advocacy, Communication, and Social Mobilization* (ACSM) plans. For 15 countries with approved ACSM components in their Global Fund grants, Stop TB facilitated the participation of Global Fund entities (CCM, PR, and SR representatives) in workshops consisting of a full-day session on implementing, monitoring and evaluating ACSM activities and a three-day session on other components of the Global Fund grant cycle. The Stop TB TA worked with grant entities in five other countries to create ACSM action plans, and provided in-country TA to three other countries to help them identify bottlenecks and ways in which to remove barriers to implementation.

With FY07 funds (to support activities starting in late 2007), the Stop TB partnership will provide a range of TA (beyond the ACSM plans) for program implementation, harmonization with and strengthening of National Strategies, and capacity building.

Green Light Committee

The Green Light Committee (GLC) is a partnership established by the World Health Organization to promote access to and rational use of second-line anti-TB drugs. The goal is to help stem the tide of multi-drug resistant TB. The Green Light Committee used Global Fund TA funds to help increase the number of GLC-approved patients from 6,533 in 2006 to 22,496 at the end of 2007. GLC also provided TA for preparation of GLC country applications, strengthening national laboratory capacity, strengthening country teams to manage multi-drug resistant TB programs, and monitoring of GLC-approved projects.

Disease-targeted TA for malaria

Roll Back Malaria Sub-Regional Networks

Round 7 was the most successful proposal round for malaria grants in Global Fund history, and U.S. Government-funded TA activities have been a factor. The Roll Back Malaria partnership has four Sub-Regional Networks (SRNs) that “coordinate timely support ... regarding technical, operational and systemic issues and support acceleration in the scaling-up of effective malaria intervention packages.” In 2007, S/GAC provided TA funding to the SRNs to scale up this support to Global Fund grantees, and specifically to provide approximately 2,000 days of technical support to Global Fund CCMs and PRs in 2007-2008, in response to demand. Successes to date include TA missions to four countries and gap-analysis exercises in an additional 19 countries.