U.S. Government Positions on Decision Points from the Twenty-Fourth Board Meeting of the Global Fund

The Administration provides this report pursuant to Section 202(d)(6) of the United States Leadership Against HIV/AIDS, Tuberculosis (TB), and Malaria Act of 2003, as amended by the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, TB, and Malaria Reauthorization Act of 2008 (Public Law 110-293), which requires that "following each meeting of the Board of the Global Fund, the Coordinator of United States Government Activities to Combat HIV/AIDS Globally shall report on the public website of the Coordinator a summary of Board decisions and how the United States Government voted and its positions on such decisions."

Overview

The U.S. Government (USG)'s contributions to and engagement with the Global Fund are a central element of its strategy for achieving success in the fight against HIV/AIDS, tuberculosis (TB), and malaria. The Global Fund is a unique funding 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 the three diseases. 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 resources to prevent and treat the three diseases. The USG, 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 USG is the largest bilateral donor to the Global Fund, having contributed more than $5.8 billion since 2002. To date, the Global Fund Board has approved more than $22 billion in performance-based grants to 150 countries. Since 2003, this funding has enabled grant recipients to provide HIV/AIDS treatment for 3.2 million people, TB treatment for 8.2 million people, and 190 million bed nets for malaria prevention.

The USG is deeply committed to the success of the Global Fund. In October 2010, the USG made a historic, multiyear pledge to seek $4 billion for contribution to the Global Fund over fiscal years 2011-2013 and coupled our pledge with a call for aggressive reform of Global Fund operations, management, and financial oversight. The Global Fund Board embraced this call for reform and adopted a robust reform agenda in May 2010. As a part of this reform effort and with strong USG support, the Board also established an Independent High-Level Panel on Fiduciary Controls and Financial Oversight (High-Level Panel) to review and make recommendations on the Global Fund's fiduciary controls and oversight systems. Under the leadership of former Health and Human Services Secretary, Governor Leavitt, and the former President of Botswana, Mr. Festus Mogae, the Panel assessed risks within the Global Fund's portfolio and the effectiveness of the Global Fund's internal control systems at ensuring Global Fund resources are used effectively, efficiently, and for their intended purposes. The High-Level Panel's final report, "Turning the Page from Emergency to Sustainability," released on September 19, 2011, found that while the Global Fund has produced remarkable achievements over the last decade, its oversight mechanisms face major weaknesses at all levels and recommended a broad suite of actions the Fund can

take to address these weaknesses. The full report is available at http://www.theglobalfund.org/en/highlevelpanel/.

In light of this report, the Global Fund held a special, one-day 24th Board Meeting on September 26, 2011, in Geneva, Switzerland. The Board convened to address the recommendations of the High-Level Panel and the revised forecast of funding available for Round 11, National Strategy Applications (NSAs), and Health Systems Funding Platform (HSFP).

The USG holds a permanent seat on the Global Fund Board and actively participates on several Board committees and working groups. At the 24th Board Meeting, the USG was represented by an interagency delegation led by the USG Board Member Ambassador Eric Goosby (U.S. Global AIDS Coordinator, Department of State) and Alternate Board Member Ambassador Nils Daulaire (Director, Office of Global Affairs, Department of Health and Human Services).

The full text of all decisions taken at the meeting is available online at: http://www.theglobalfund.org/documents/board/24/BM24_DecisionPoints_Report_en/. USG positions on these decisions are summarized below.

U.S. Government Positions on Board Decision Points

Appointment of Rapporteur (GF/B24/DP1)

The USG supported this decision point, which designated Ambassador Patrice Debré (France) as Rapporteur for the meeting.

Approval of Agenda (GF/B23/DP2)

The USG supported this decision point, including an amendment to discuss revisions to the Global Fund's forecast of assets available for new grant commitments.

High-Level Independent Review Panel (GF/B24/DP3)

The USG strongly supported this decision point, in which the Board unanimously adopted the High Level Panel's report and its recommendations. Through this decision, the Board agreed to a comprehensive set of reforms designed to strengthen the Global Fund's operations, management, and oversight

mechanisms and ensure Global Fund resources reach those in need and are used to save and improve lives as effectively and efficiently as possible.

At its 24th Meeting, the Global Fund Board unanimously adopted the High-Level Panel report and accepted the underlying analysis, noting that it presented a compelling case for a rapid and urgent transformation of the Global Fund. The Board, Executive Director and Inspector General acknowledged the significant weaknesses in fiduciary controls and financial oversight identified in the report and committed to take the necessary corrective actions to address these issues. The Board recognized that implementation of the High-Level Panel's recommendations would require a detailed implementation plan, and that this should be informed by best-practices and draw on available experience. The Board called for the development of a "Consolidated Transformation Plan" that would bring together the HLP recommendations as well as prior work streams on reform into a single document. This plan would contain clear deliverables and timelines to facilitate accountability to the Board and external stakeholders and would be presented for Board adoption at the 25th Board Meeting. The Panel-recommended reforms build directly upon the reform agenda called for by the U.S. Government and Comprehensive Reform Working Group (CRWG) last year and approved by the Board at its 23rd Meeting.

The Board asked that the Global Fund implement this ambitious agenda for change quickly, while noting that details of the recommendations regarding procurement, storage, and distribution of medicines ("Recommendations 2.3.iii.a-b") would be further considered by the Board at future meetings. The Board also agreed that recommendations relating to grant review processes and governance would be incorporated directly into the ongoing Board-led governance reform and the five-year strategy (2012-2016) development processes.

As a part of this process, the Board also made an important set of initial governance reform decisions based on recommendations from the High-Level Panel and Board Leadership. The Board established three new standing committees: the Strategy, Investment and Impact Committee, Finance and Operational Performance Committee, and Audit and Ethics Committee. The Board Chair and Vice-Chair will recommend a final Governance Reform Package to the Board for full approval at the 25th Board meeting.

The USG was encouraged by the strong Board acceptance of and support for the full package of Panel recommendations and the statements from the Executive Director and Inspector General affirming their commitment to addressing the

High-Level Panel's findings and acting on the Board-endorsed recommendations. Implementation of these combined reform efforts should significantly increase the Global Fund's impact in terms of lives saved and reduce the risk of fraud and misuse of funds.

Addressing Funding and Approval Process for Round 11, Second Wave of National Strategy Applications (NSAs), and Health Systems Funding Platform (HSFP) (GF/B24/DP4)

The USG worked with other delegations to add this issue to the Board agenda, in light of substantial revisions to the Global Fund's forecast of assets available to support new grant commitments (Round 11, a second wave of NSAs, and HSFP applications)). The USG supported the Board decision acknowledging the revised forecast of assets available and requesting that the new forecast be communicated to country stakeholders. Recognizing substantial uncertainty around the expected funding envelope, the new forecast presented during the 24th Board Meetings estimated that no more than $800 million would be available for new grant rounds at the end of 2013.

The Board also agreed to examine options for of the application, renewal, and approval processes for new and existing investments in light of the resource constraints and major reforms of the Global Fund's funding processes. The Board also agreed to consider options for the reallocation of existing commitments across and within countries to ensure resources are focused on high-impact interventions. The Board agreed to review options and communicate the results of those deliberations to all stakeholders no later than December 1, 2011.

Finally, the Board decided to push back the deadline for Round 11 applications to at least March 1, 2012, recognizing potential changes to the Fund's approach to Round 11.

The USG strongly supported the Board decision to address the Fund's revised financial situation in an open, rigorous, and transparent manner, and with a focus on ensuring Global Fund resources are focused on high impact interventions in areas with the most urgent need.