U.S. Government Positions on Decision Points from the Twenty-Eighth 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's contributions to and engagement with the Global Fund are a central element of the U.S. government strategy for 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 United States, as a founding member of the Global Fund and its first and largest donor, continues to play a leadership role in this international effort.

The U.S. government is the largest bilateral donor to the Global Fund, having contributed nearly $7.3 billion since 2002. As of August 2012, the Global Fund Board has approved nearly $26 billion through 1,050 performance-based grants in 151 countries. Since 2003, this funding has provided HIV/AIDS treatment for 4.2 million people, TB treatment for 9.7 million people, and distributed 310 million insecticide-treated bed nets for malaria prevention.

The Global Fund held its Twenty-Eighth Board meeting on November 14-15, 2012, in Geneva, Switzerland. The Board made a number of momentous decisions, including approving a strategic new funding model, approving a transition plan for the Affordable Medicines Facility for malaria pilot (AMFm), terminating the employment of the Inspector General, and appointing Dr. Mark Dybul as its next Executive Director.

The U.S. government holds a permanent seat on the Global Fund Board and actively participates on several Board committees and working groups, including the Strategy, Investment and Impact Committee (SIIC) and Finance and Operational Performance Committee (FOPC). At the 28th Board Meeting, the U.S. government was represented by an interagency delegation led by the U.S. government Board Member Ambassador Eric Goosby (U.S. Global AIDS Coordinator, Department of State) and the Alternate Board Member Dr. Nils Daulaire (Director, Office of Global Affairs, Department of Health and Human Services). John Monahan (Special Advisor for Global Health Partnerships, Department of State) attended in his role as Vice-Chair of the Fund's Finance and Operational Performance Committee.

All decisions taken at the meeting and Board reports are available online at: http://www.theglobalfund.org/en/board/meetings/twentyeighth/. The U.S. Delegation achieved all of its goals for the Global Fund's Twenty-Eighth Board Meeting. U.S. government positions on these decisions are summarized below.

U.S. Government Positions on Board Decision Points

Appointment of Rapporteur (GF/B28/DP1)

The U.S. government supported this decision point, which designated Jan Paehler from the European Commission constituency (Belgium, Finland, Portugal, Italy and Spain) as Rapporteur for the meeting.

Approval of Agenda (GF/B28/DP2)

The U.S. government supported this decision point.

Approval of the Report of the Twenty-Seventh Board Meeting (GF/B28/DP3)

The U.S. government supported this decision point.

Evolving the Funding Model (Part Two) GF/B28/DP4

The U.S. government supported this decision point. Over the past year, the Global Fund has undergone broad and deep reforms, backed by the U.S. government, to ensure that funds are used effectively and efficiently. At the 25th Board Meeting (November 2011), the Global Fund Board, with strong U.S. government and implementing constituency support, approved a new five-year Strategy that called for a more flexible, sustainable, and predictable funding model with an iterative proposal development process and a greater focus on high-impact interventions.

Given the encouraging financial forecast presented to the Board at its 26th Board Meeting in May, the Board decided to accelerate the implementation of the Global Fund Strategy by opening new funding opportunities starting in 2013. At its 27th Board meeting in September, the Global Fund approved the framework for a new funding model with the Board requesting that the Secretariat and the SIIC develop the remaining elements for approval during this current Board meeting.

The U.S. government is represented on the SIIC by Julia Martin (Chief Operating Officer, Office of the U.S. Global AIDS Coordinator, U.S. Department of State).

The new funding model is designed to significantly improve the way the Global Fund invests in health programs, with a process that is more predictable and reliable, and also more flexible. The new funding model is intended to achieve better grant performance to more effectively treat people affected by the three diseases. The new system relies on country dialogue, robust national strategic plans, and partnership with donors and technical experts to develop a Global Fund concept note. The concept note will form the basis of the Global Fund investment approach. The model will group countries into bands, established by income and disease burden, to enable the Board to focus on places with the highest disease burden and least ability to pay. Lastly, the Board approved two portions of funds to be available to countries: 1) indicative funding for each country, intended to provide additional predictability to countries; and 2) incentive funding for ambitious requests based on specific investment cases and national strategies. The Board will continue to define the distinction between indicative and incentive funding in the coming months. The U.S. delegation strongly supported the introduction of this concept, which will believe will enhance the Fund's ability to prioritize investments towards countries with the greatest need, and also significantly enhance its framework of performance-based funding.

The U.S. is pleased with the new funding model and is supportive of such a model that emphasizes country ownership, active management of strategic investments, and collaboration with partners. The U.S. has committed to working closely with the Secretariat and technical partners (e.g., UNAIDS) to evaluate and roll out the new model. The U.S. will continue to play an active and influential role on the SIIC as it continues to make decisions around additional elements of the new funding model in early 2013 such as the distinction between the indicative and incentive levels of funding, role of the Technical Review Panel (TRP), and defining an accurate, demand-based measure for the distribution of funding across the three diseases.

Evolving the Funding Model (Part Three) GF/B28/DP5

The U.S. also supported the decision to transition to the new funding model in 2013 in order to expedite the implementation of the strategic investment approach, test elements of the new funding model, and to better support expiring grants in 2013-2014. Special consideration will be given to countries applying with programs that are underfunded over the 2013-2014 period, at risk of service

disruptions, or poised to achieve rapid impact. Countries including those not invited to participate in the transition phase are nonetheless encouraged to work on developing strong national strategies, reflecting full expressions of demand, and begin country dialogues that combined should allow countries to develop submission-ready concept notes following the Fall 2013 replenishment. The FOPC will determine what portion of the currently available uncommitted assets to invest into the transition phase. During the transition, the Board will electronically approve the investments negotiated by the Secretariat and recommended by the TRP. The SIIC will be responsible for assessing the effectiveness of the transition, based on the monitoring and evaluation plan developed by the Secretariat and Technical Evaluation Reference Group (TERG).

Integration of the Lessons from the Affordable Medicines Facility – malaria GF/B28/DP6

The U.S. government supported this decision point to modify the existing Affordable Medicines Facility – malaria (AMFm) by integrating lessons learned from work already completed by the AMFm into the Global Fund grant management and financial processes. The AMFm approach of using private sector subsidies would be integrated into the grant management structure of the Fund and not run as a separate effort. As such, countries seeking financing for private sector subsidies of malaria medicines will now have to justify why this intervention represents a priority compared to other possible activities, and also to provide a share of counterpart financing, as they must with every other activity for which they seek Global Fund financing. In this way, the AMFm will cease to be a stand-alone business line, disconnected from the Global Fund's grant management system or national malaria control strategies. The Board noted the findings of the Independent Evaluation. Going forward, the Secretariat will establish a co-payment mechanism through which the Secretariat will make direct payments to manufacturers on behalf of in-country buyers for countries which request the use of approved Global fund grant funds for a private sector subsidy consistent with technical recommendations. A transition period in 2013 for countries that participated in the concluding Phase 1 of this effort will allow recipients to either reprogram their existing grants to continue the private sector subsidy or to phase out the subsidy altogether. The Secretariat is responsible for mobilizing resources from voluntary donor contributions to cover any additional costs associated with this transition period.

Appointment of Executive Director GF/B28/DP7

The U.S. government supported this decision point to appoint Dr. Mark Dybul as the next Executive Director of the Global Fund for a four-year term starting February 2013. The U.S. was pleased with the four highly qualified candidates that the Ad-Hoc Nominating Committee presented to the Board. Dr. Dybul was ultimately elected over candidates from the UK, Canada, and France, with 18 affirmative votes and 2 abstentions from Board members. Dr. Dybul, a U.S. citizen, has had a distinguished career in the public health arena. He is an acknowledged expert in the field of HIV/AIDS and was an extremely capable leader of PEPFAR. The U.S. government believes that Dr. Dybul is poised to continue the progress and transformation of the Fund over the past year and to move the Fund forward to save more lives.

Recognition of Debrework Zewdie GF/B28/DP8

The U.S. government supported this decision point to congratulate Debrework Zewdie on her years of service as Deputy Executive Director and Deputy General Manager of the Global Fund.