

**U.S. Government Positions on Decision Points from the
Thirty-First 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 over \$8.5 billion since 2002. By the end of 2013, the Global Fund Board had disbursed over \$23 billion through 1,050 performance-based grants in 151 countries. Since 2003, this funding has provided HIV/AIDS treatment for 6.1 million people, TB treatment for 11.2 million people, and 360 million insecticide-treated bed nets for malaria prevention.

The Global Fund held its Thirty-First Board meeting on March 6-7, 2014, in Jakarta, Indonesia. Most notably, the Board approved a cascade of six decision points, which would launch the new funding model: (1) adopt an amended and restated Comprehensive Funding Policy; (2) allocate resources to Special Initiatives; (3) designate funds for regional programs; (4) make an initial allocation of resources from the Fourth Replenishment; (5) provide special rules for transitioning from the Third to the Fourth Replenishment periods; and (6) establish the composition of country bands and their funding allocations.

The U.S. government holds a 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 the Finance and Operational Performance Committee (FOPC). At the Thirty-First Board Meeting, the U.S. government was represented by an interagency delegation led by the Acting Board Member John Monahan (Special Advisor for Global Health Partnerships, Department of State) and Designated Alternate Board Member Ambassador Jimmy Kolker (Assistant Secretary for Global Affairs, U.S. Department of Health and Human Services). Admiral Tim Ziemer from the

President's Malaria Initiative was the senior representative from USAID on the delegation.

All decisions taken at the meeting and Board reports are available online at: <http://www.theglobalfund.org/en/board/meetings/thirtyfirst/> U.S. government positions on these decisions are summarized below.

U.S. Government Positions on Board Decision Points

Appointment of Rapporteur (GF/B31/DP1)

The U.S. government supported this decision point, which designated Minister Benedict Xaba from the Eastern and Southern Africa constituency as Rapporteur for the meeting.

Approval of Agenda (GF/B31/DP2)

The U.S. government supported this decision point.

Approval of the Report of the Thirtieth Board Meeting (GF/B31/DP3)

The U.S. government supported this decision point.

Approval of 2014 Operating Expenses Budget (GF/B31/DP4)

The U.S. government supported this decision point to approve the Secretariat's revised 2014 Operating Expenses Budget, based on the recommendations of the Finance and Operational Performance Committee. The proposed 2014 budget of \$299 million is a slight decrease compared to the 2013, but also reflects the additional resources required to support the full roll out of the New Funding Model. The U.S. government believes this is a fiscally responsible and reasonable budget for 2014.

Approval of the Amended and Restated Comprehensive Funding Policy (GF/B31/DP5)

The U.S. government supported this decision point to approve an amended and restated Comprehensive Funding Policy, as recommended by the Finance and Operational Performance Committee, to reflect the allocation-based New Funding Model. The revised Comprehensive Funding Policy sets the key financial

framework and principles for management and apportionment of resources provided by donors to maximize the amount, optimize the timing, and increase the certainty of resources for implementers. Ultimately, the new policy ensures responsible fiscal stewardship of resources provided by donors.

Approval of Special Initiatives (GF/B31/DP6A)

The U.S. government supported this decision point to set aside a portion of funds from allocation to country bands for special initiatives that include a Humanitarian Emergency Fund, strengthening Country Data Systems, and Technical Assistance to develop strong concept notes. These provisions were recommended by the Strategy, Investment, and Impact Committee. In sum, the Board approved to set aside \$100 million for these special initiatives.

Approval of Regional Programs (GF/B31/DP6B)

The U.S. government supported this decision point to set aside a portion of funds from allocation to country bands for regional initiatives, as recommended by the Strategy, Investment, and Impact Committee in the amount of \$200 million.

Approval of Initial Allocation Amount (GF/B31/DP7)

The U.S. government supported this decision point to approve \$10.22 billion for the Initial Allocation for the 2014-2016 Replenishment Period, as recommended by the Finance and Operational Performance Committee. This recommendation followed from the adjusted amount from the Fourth Replenishment of \$11.42 billion, the deduction of \$900 million for 2014-2016 Operating Expenses, the deduction of \$100 million for Special Initiatives, and the deduction of \$200 million for regional programs. With the total allocation of \$10.22 billion, \$950 million will be apportioned towards incentive funding and \$9.27 billion will be allocated towards indicative funding.

Approval of the Transition from the 3rd to the 4th Replenishment Period (GF/B31/DP8)

The U.S. government supported this decision point to approve transitional measures that would move the Global Fund from its rounds-based funding model to the new allocation-based funding model, as recommended by the Finance and Operational Performance Committee, the Strategic, Investment, and Impact Committee, and the Global Fund Secretariat. Shifting from the Third to the Fourth

Replenishment periods and between the old and New Funding Model presents a number of complex financial and programmatic issues. The Board has agreed to provide countries with a single indicative funding amount that would resolve old rounds-based obligations as well as allow countries to ambitiously and sustainably invest for impact. Countries will receive these resources over three to four years as they responsibly transition to the New Funding Model in this Fourth Replenishment period (2014-2016).

Approval of Composition of and Allocation to Country Bands (GF/B31/DP9)

The U.S. government supported this decision point to approve the composition and allocation to country bands, as recommended by the Strategy, Investment, and Impact Committee. The Board approved the composition of bands based on income level and disease burden, placing 39 countries in Band 1 (Lower income, higher burden), 18 countries in Band 2 (Lower income, lower burden), 11 countries in Band 3 (Higher income, higher burden), and 55 countries in Band 4 (Higher income, lower burden). Based on the approved initial allocation, the Board approved indicative funding allocations to Band 1 (\$11.25 billion), Band 2 (\$915 million), Band 3 (\$1.53 billion), and Band 4 (\$1.105 billion) and made \$950 million in incentive funding available to Bands 1, 2, and 3.

Approval of the Revision to the Policy for Disclosure of Reports Issued by the Inspector General (GF/B31/DP10)

The U.S. government supported this decision point to revise the Office of the Inspector General (OIG) Disclosure Policy and OIG Charter, based on recommendations from the Audit and Ethics Committee. This revised policy strengthens the independence of the Inspector General and grants him authority to publish all reports. The policy revision sets general principals of what the OIG communicates and to whom.

Approval of the Extension Policy Under the New Funding Model (GF/B31/DP11)

The U.S. government supported this decision point to approve the Extension Policy under the New Funding Model, as recommended by the Strategy, Investment, and Impact Committee. The decision authorizes the Secretariat to extend a grant's implementation period by a maximum of twelve months beyond the grant end date when a no-cost extension is considered, when an extension is needed for under six months, or when a costed extension is required for under \$10

million. When an extension is required for over six months or for an amount not yet approved by the Board over \$10 million, the Secretariat shall seek approval from the Board. Costed extensions will be funded from the country's subsequent allocation and only when the country's subsequent indicative level has been named.