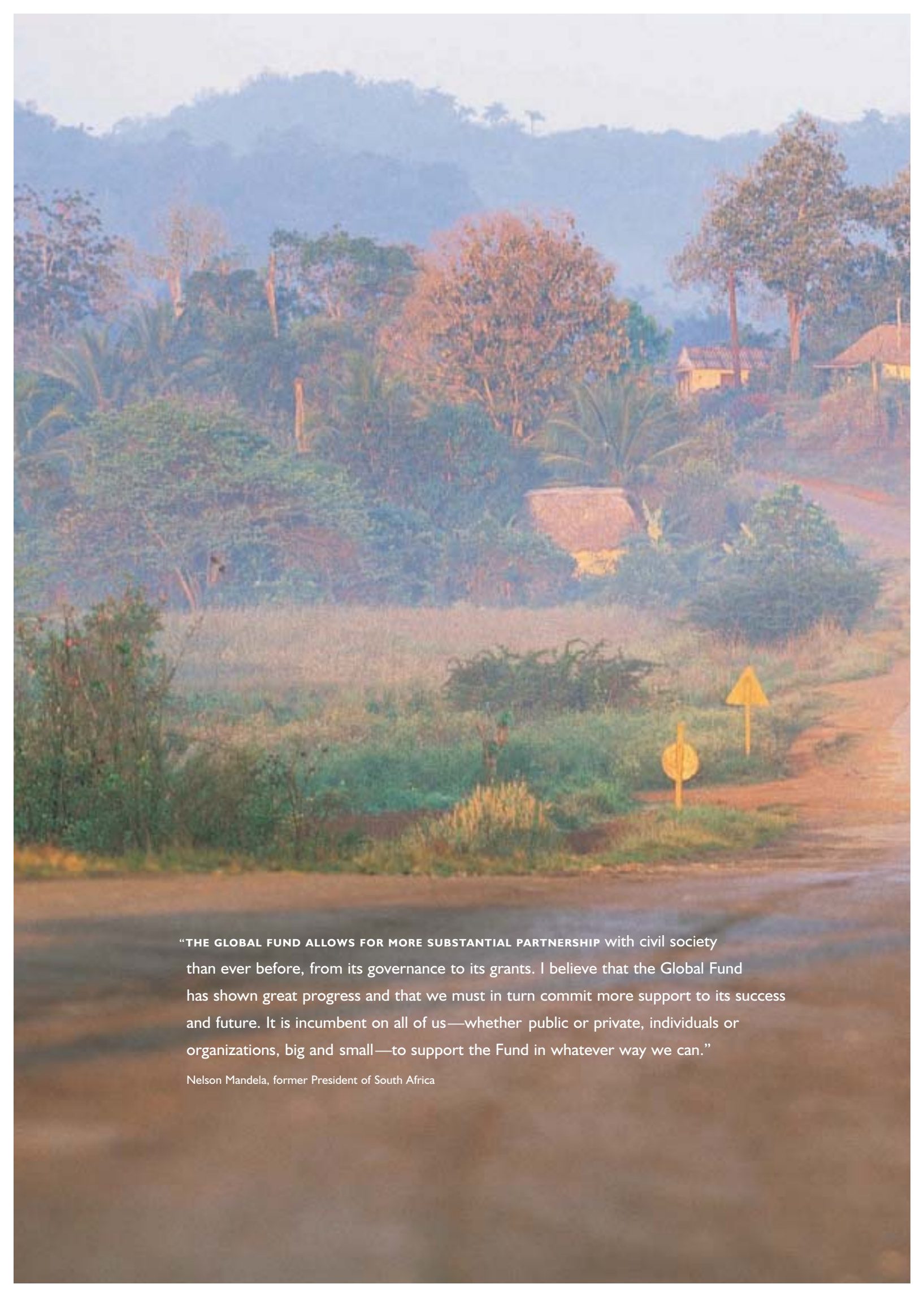


# THE GLOBAL FUND

TO FIGHT AIDS, TUBERCULOSIS AND MALARIA



ANNUAL REPORT  
2002/2003

A scenic view of a rural landscape. In the foreground, a dirt road curves through a field of tall grasses and green shrubs. Two yellow road signs are visible: a circular sign with a red border and a triangular warning sign. In the middle ground, there are several trees, including palm trees and a large, rounded tree with a thick trunk. In the background, there are rolling hills covered in dense forest under a hazy sky. A few small buildings with thatched roofs are visible on the right side of the image.

**“THE GLOBAL FUND ALLOWS FOR MORE SUBSTANTIAL PARTNERSHIP** with civil society than ever before, from its governance to its grants. I believe that the Global Fund has shown great progress and that we must in turn commit more support to its success and future. It is incumbent on all of us—whether public or private, individuals or organizations, big and small—to support the Fund in whatever way we can.”

Nelson Mandela, former President of South Africa

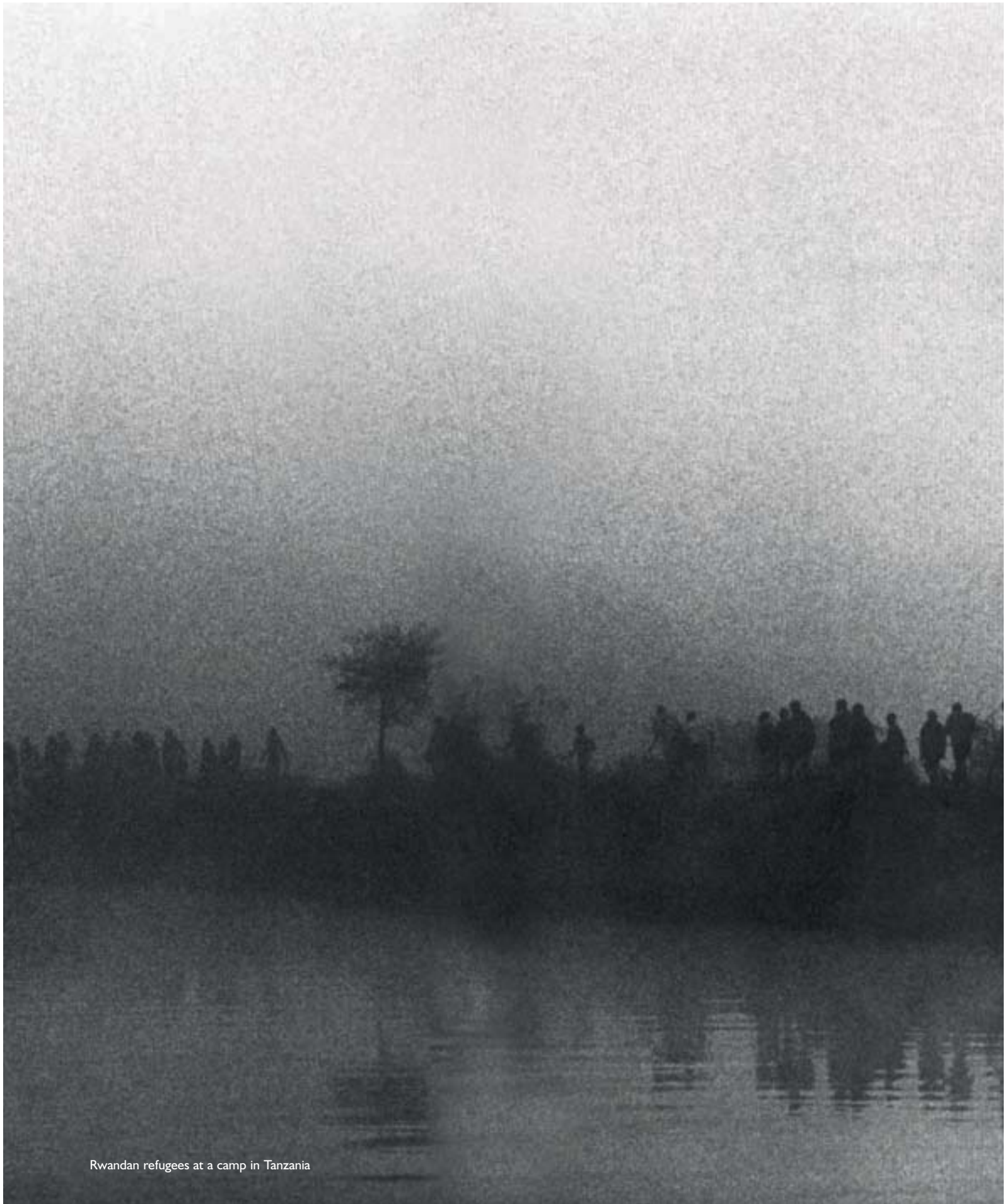
A person wearing a hat and a light-colored shirt is riding a bicycle on a dirt road that curves through a lush, tropical landscape. The road is flanked by tall palm trees and other tropical vegetation. The scene is bathed in the warm, golden light of late afternoon or early morning, creating a soft, hazy atmosphere. The background shows a dense forest of palm trees extending up a hillside.

# THE GLOBAL FUND ANNUAL REPORT 2002/2003

22 January 2002 to 31 July 2003\*

3	Introduction
7	Message from the Chair and Vice Chair
8	Message from the Executive Director
10	Guiding Principles
12	World Map of Global Fund Grants
14	History of the Global Fund
20	Core Structures
23	Operations and Results
41	Partnerships
51	The Global Fund at Work
68	Looking Ahead
72	Approved Grants
78	The Organization
85	Financial Statements 2002

\*This annual report reviews the progress of the Global Fund during its first 18 months. Future reports will cover single calendar years, and the next report—of progress from 1 January to 31 December 2003—will be issued after the first quarter of 2004.



Rwandan refugees at a camp in Tanzania



## INTRODUCTION

# A CHALLENGE TO THE GLOBAL COMMUNITY

**W**ITH THE TURN OF THE CENTURY, the global community has come to recognize that basic health is a prerequisite for sustainable development. Perhaps more than anything else, three diseases—AIDS, tuberculosis and malaria—undermine the welfare of many parts of the world, threatening socio-economic foundations and pre-empting the enjoyment of basic human rights for the most disadvantaged on this planet.

In the year 2001, AIDS, tuberculosis and malaria caused more than six million deaths: three million people died from AIDS; two million died from tuberculosis, with nearly 25,000 people per day developing active tuberculosis; and malaria killed at least another one million, over 80 percent of whom were children under the age of five. Most of these victims lived in Africa or other low-income countries, where access to health services is woefully inadequate and the burden of disease is 30 times greater than in the industrialized world. And the numbers continue to rise rapidly.

Recognizing no borders, these pandemics continue to expand to new regions, destroying families, ravaging communities and crippling the ability of many nations to care for their people and to achieve economic growth. If the spread of these diseases continues unchecked, there is a risk of widespread social disintegration and political instability.

## A WAR CHEST TO FIGHT DISEASE AND POVERTY

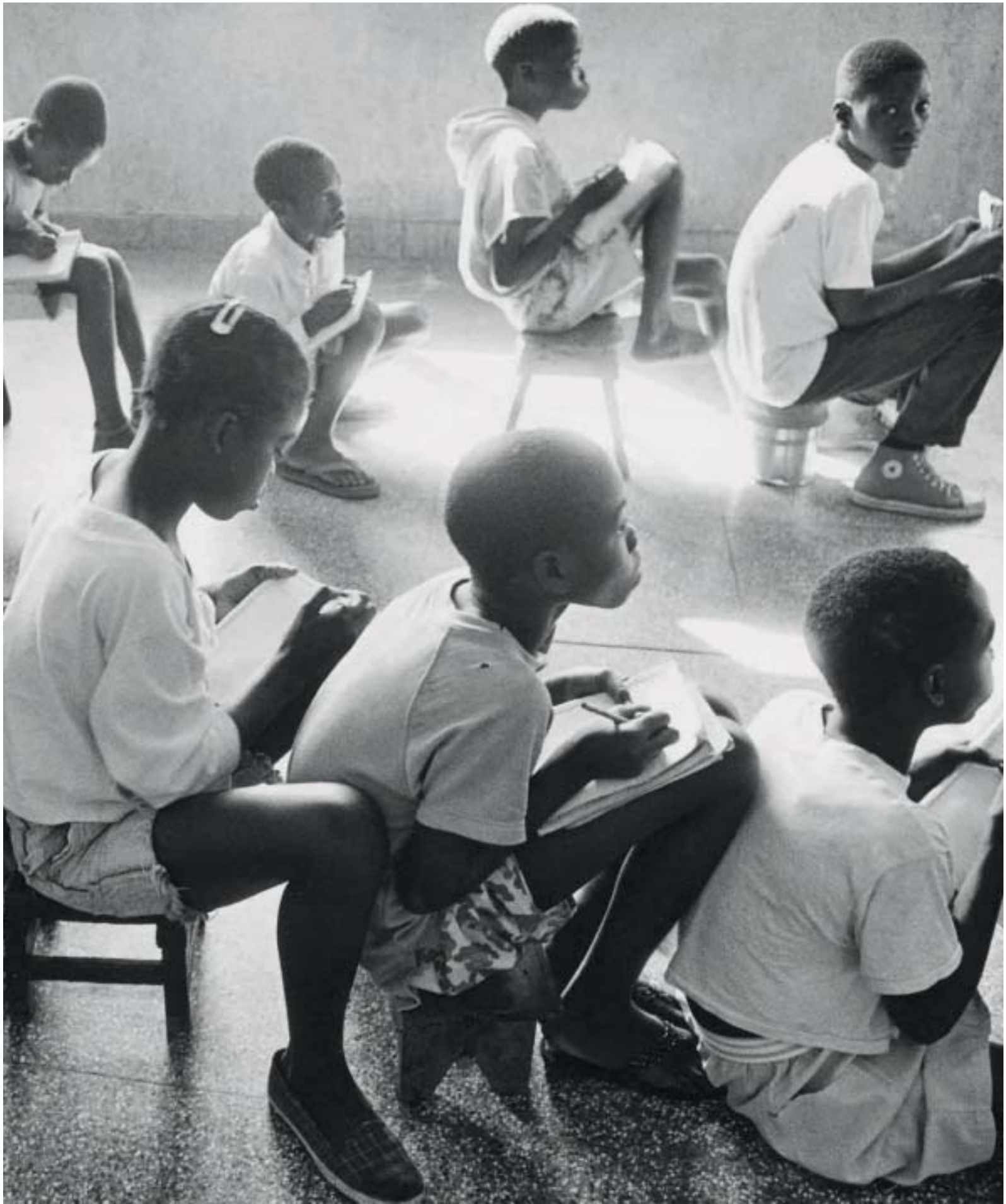
**F**ORTUNATELY, EFFECTIVE STRATEGIES to prevent and treat the three diseases exist. But to achieve and sustain the dramatic scale-up necessary to fight these pandemics, a substantial increase in resources is required. The Global Fund to Fight AIDS, Tuberculosis and Malaria was founded in January 2002 to respond to this formidable challenge by marshaling new financial resources to support programs that will reach those people who are most in need of help.

The Global Fund is a unique cooperative endeavor between private and public partners to advance global public health by improving underlying health systems, enabling multisector strategies and investing in local capacity—all focused by the urgent need to prevent and treat the three major infectious diseases of our time.

As a partnership of national governments from both donor and developing countries, non-governmental organizations, affected communities, corporations, foundations and international organizations, the Global Fund is well positioned to complement existing domestic, bilateral and multilateral initiatives with a major influx of new financing. As a grant-making organization, the Global Fund has adopted a rigorous, business-like framework to attract, manage and invest substantial resources in countries and communities where the three diseases have already reached or are threatening to reach epidemic proportions.



A classroom in Angola, where education is a first-line defense against infectious disease and poverty





Medical students in Kazakhstan



## FROM THE CHAIR AND VICE CHAIR

There is no doubt that the pandemics of HIV/AIDS, tuberculosis and malaria rank among the greatest human tragedies in recorded human history. Today more than 40 million people live with HIV/AIDS. Tuberculosis and multidrug-resistant tuberculosis are on the rise, riding in tandem with the HIV epidemic. Malaria is now endemic across Africa, in parts of Asia and Latin America, and it finds new habitats in the southern regions of the former Soviet Union. The three diseases combined claim over six million lives each year.

Yet there are well-proven medical interventions to combat these infections through prevention and treatment. In the recent past, the missing link to 'scaling up' this practical response had been a broad political consensus that this global public health crisis posed a moral challenge to the rest of the world.

In establishing the Global Fund, the world community has given earnest new momentum to push back at these infectious diseases. Today the Global Fund to Fight AIDS, Tuberculosis and Malaria provides one answer to a painful set of facts. The Global Fund is just 18 months old, and it has already raised an unprecedented level of financial support for programs that will provide prevention, treatment, care and support to people living with these illnesses or threatened by them.

It is a new institution that has forged a new way of doing business. First, it draws on the expertise of a wide range of partners, from the private sector and governments, international organizations, bilateral donors and regional development banks. The Fund works closely with community-based organizations, faith-based organizations, people living with the infections, members of civil society and the thousands of volunteers and ordinary citizens in the non-governmental community who are out there on the front lines delivering needed health-care services and delivering hope.

Second, the Global Fund is helping them to build home-grown programs that help others on an unprecedented scale. The Global Fund promises to be the link that helps to create tangible change in many places around the world, to save thousands of lives.

Third, the Global Fund invests in technically sound programs, vetted by a cross-cutting international team of development and disease experts. Last and most important, the programs are structured in keeping with sound business principles. The management of grant funds is audited and verified regularly, which keeps everyone focused on achieving results: saving lives, bringing care and support to those who need it most. We build accountability and transparency into our grant review process, so we know we are putting our money into proven strategies that work.

Not all countries are prepared to deliver health-care services at the same level of proficiency. Therefore, the Global Fund is supported by a network of partners who bring technical support and training to thousands of clinics and people, thereby building local capacity and sustainability.

The Global Fund is already making a tremendous difference in the lives of many today because it is helping its partners deliver vital health-care services: medicines, education, infrastructure, hope, respect and care. By reducing disease, illness and poverty, the Global Fund saves lives today and for generations to come.

We are both proud to be part of this historic undertaking because we know that the purpose of the Fund is not only noble, but imperative. We know political leadership in both the North and the South is essential to our common cause. To this we are both committed, and we are honored to bring that cooperative spirit to the leadership of the Global Fund, sustaining the strong foundation built by our predecessors, Chrispus Kiyonga of Uganda and Seiji Morimoto of Japan.

We hope you will join us in supporting this critical global endeavor.



Tommy G. Thompson  
Chair of the Board

Secretary of Health and Human Services  
Department of Health and Human Services  
United States of America



Suwit Wibulpolprasert  
Vice Chair of the Board

Deputy Permanent Secretary  
Ministry of Public Health  
Thailand

## FROM THE EXECUTIVE DIRECTOR

Three short years ago, the global community agreed that the world's response to the public health emergency posed by AIDS, tuberculosis and malaria needed a fundamental boost of energy and innovation, of partnership and efficiency and of substantial new financial resources.

Today, as a result of unflinching efforts by thousands of people, grassroots activists and heads of state alike, the Global Fund to Fight AIDS, Tuberculosis and Malaria exists as a response to that call, and it is working to play its part in turning the tide against diseases that steal the lives and opportunities of millions of vulnerable and innocent men, women and children.

The dignity and freedoms enjoyed by those with access to basic health care must be realized by everyone. It is a moral imperative, as well as an economic necessity. To enable this possibility, the world needs many forces to work in concert. One is the weight of effective finance, which means both a large amount of resources—to reach a level of activity that can truly make a difference—and resources well spent—on the right targets by the right partners in the right way.

No one knows these answers better than those working on the front lines of the fight against these deadly diseases. Committed public officials, volunteers among community- and faith-based organizations, people living with HIV and businessmen who recognize the value of compassionate care—these are the visionaries who must lead the charge as we scale-up the global response to AIDS, tuberculosis and malaria.

It is for this reason that the Global Fund adheres so strongly to a country-driven process. We support locally designed and locally owned programs, based on partnerships that draw together stakeholders and build on best practices to meet the needs of communities. In keeping with this philosophy, the Global Fund ensures accountability first and foremost by funding on the basis of the technical quality of proposals and the achievement of results by recipients.

The response to this model has been overwhelming. More than 100 countries have convened public and private partners to mobilize proposals to the Global Fund. As a result, US\$1.5 billion is now committed to 93 countries, with a third round of applications already under review. Though the first approvals were made without a disbursement architecture in place, over US\$100 million has now been transferred to the front lines. As the magnitude of funding flows increases steadily, countries are beginning to realize an unprecedented scale-up of proven interventions.

The Global Fund should not be called a success until large numbers of people are experiencing a better quality of life as a result of these services. Treatment of HIV, tuberculosis and malaria must expand dramatically, as must the coverage of activity to prevent the spread of these diseases. This will only come to pass if sufficient local leadership—and true cooperation of all partners—leverages the opportunity of the available financing. While the capacity exists to absorb funds now, technical assistance is necessary to build greater capacity as more resources become available. This highlights the critical role of the Global Fund's many partners. The Global Fund is solely a financing mechanism, and finance alone is not enough.

But the Global Fund is also a symbol of hope. Its pace, transparency and creativity have brought new energy and inspiration to the fight against these diseases. This is thanks to the many stakeholders who constitute the Global Fund, who contribute their energy and ideas so freely and who keep the Global Fund under scrutiny to avoid any moment of complacency.

Thus far the track record is promising. Funds have been invested comprehensively, and the machinery for moving money has been established quickly. Early assessments of the Global Fund's potential impact, and of its central operations, have been positive. And commitments to the Global Fund have tripled in its first 18 months of existence. But more needs to be spent, more needs to be proved and much, much more needs to be raised in order for the Global Fund to play the role it was intended to play.

The road ahead is long and challenging—it could not be less given the enormity of the task facing us, but nothing could be more urgent or deserving of our every effort. People living with and affected by AIDS, tuberculosis and malaria have placed great hope in the Global Fund, and we must honor that hope and match the determined tenacity of those working on the front lines to make possible what we could have only dreamed a few years ago.



A community-based health-care center in India

In looking ahead to the job facing us, and in reflecting on my own first year at the Global Fund, I must express my deep gratitude to all those people who have labored on behalf of the Global Fund. It is an honor to work in your company, particularly that of my colleagues at the Secretariat, the Technical Review Panel and the Board. Special thanks are due to the two Board chairs whom I have come to know as friends: Chrispus Kiyonga, who acted as a steward through the Global Fund's infancy, and Tommy Thompson, who has brought tremendous passion and personal devotion to the Global Fund.

I join countless others around the globe in thanking the patron of the Global Fund, Kofi Annan, whose leadership has reflected the needs of the world's voiceless majority—people living in poverty and poor health. I am equally grateful to the thousands of advocates whose names I might never know—your efforts have nurtured and preserved the Global Fund, and they must continue to do so.

Finally, I would like to thank the people across this world who are most personally affected by these pandemic diseases. Your resolve in the face of adversity is a source of great inspiration for me and all of us at the Global Fund. We cannot possibly work fast enough to do what must be done—every life lost is one too many—but we will try, and we will do so by working with you every step of the way.

Richard G.A. Feachem  
Executive Director

## GUIDING PRINCIPLES

# A FOCUSED APPROACH

**S**EVEN PRINCIPLES guide the work of the Global Fund to Fight AIDS, Tuberculosis and Malaria. These reflect a consensus among many stakeholders, achieved after a series of consultations held during the last half of 2001. Through the Global Fund's first 18 months, its staff and partners have relied upon this framework to develop the policies and operations of the organization.

### ■ The Global Fund operates as a financial instrument—not an implementing entity

The Global Fund raises, manages and disburses new resources to fight AIDS, tuberculosis and malaria. Working closely with multilateral, non-governmental, private and bilateral organizations that are active in delivering health and development assistance in recipient countries, the Global Fund encourages local coordination of programs and seeks to build upon existing efforts and avoid duplication. The Global Fund does not implement programs, but relies upon local stakeholders to do so. This principle not only enables the Global Fund to operate efficiently and with minimal staff; it also affirms the belief that effective and sustainable delivery of health-care services should be rooted firmly in local capacity.

### ■ The Global Fund makes available and leverages additional financial resources

The Global Fund finances programs only when it is assured that its assistance does not replace or reduce other sources of funding, either those for the fight against AIDS, tuberculosis and malaria or those that support public health more broadly. The Global Fund actively seeks to complement the finance of other donors and to use its own grants to catalyze additional investments by donors and by recipients themselves. In several countries, governments or other organizations have already increased their support to programs that fight these three diseases, which validates the Global Fund's ambition to increase overall investment in health.



A rice terrace in Indonesia

### ■ The Global Fund supports programs that evolve from national plans and priorities

The Global Fund encourages new and innovative alliances among partners within recipient countries and seeks the active participation of local representatives of civil society and the private sector. By focusing upon the technical quality of proposals, while leaving the design of programs and priorities to partners reflected by the Country Coordinating Mechanism, the Global Fund also encourages local ownership. This approach serves not only to drive effective disease-specific strategies but also to support efforts to strengthen underlying health systems in recipient countries, consistent with national strategic plans. Programs underwritten by the Global Fund



**“THE CREATION OF THE GLOBAL FUND** could not have come at a more opportune time. We see the Fund as necessary to the efforts of governments and partners. The Fund should facilitate a local solution to a global problem in those states where the burden of disease and the need are the greatest.”

Kalumbi Shangula,

Permanent Secretary of the Ministry of Health of Namibia

build upon existing national priorities, including, where applicable, poverty-reduction strategies and sector-wide approaches.

■ **The Global Fund operates in a balanced manner with respect to different geographical regions, diseases and health-care interventions**

In awarding grants, the Global Fund approves funding to countries around the world and to the full range of effective services to fight AIDS, tuberculosis and malaria. Finance can target one or more of these deadly diseases, with resources channeled both to communities with the highest burden of disease and to areas with emerging epidemics where early action can avoid future crisis. While the Global Fund does not prescribe how its financing should be distributed, it works with partners to encourage a comprehensive global response that complements other sources of financing.

■ **The Global Fund pursues an integrated and balanced approach to prevention, treatment, care and support**

The Global Fund supports programs that provide prevention, treatment, care and support based upon locally determined needs. HIV/AIDS programs balance the need for treatment for those living with the diseases with robust efforts to prevent new infections. Programming also improves the lives of populations affected by the pandemic, including vulnerable groups such as orphans. The effective treatment of tuberculosis prevents further airborne spread of the disease. Grants for malaria expand access to insecticide-treated nets to prevent transmission and enable health workers to identify and treat people who are ill. The Global Fund requires applicants to explain how finance across donors at the country level will support a balanced response, so that proposals for new funding complement existing efforts by filling gaps in comprehensive responses to the diseases.

■ **The Global Fund evaluates proposals through an independent review process**

The Global Fund relies upon a Technical Review Panel to ensure that its limited resources are awarded to sound programs that promise the greatest chances of success. This team includes disease and cross-cutting independent experts who have broad knowledge of proven and practical approaches to fighting AIDS, tuberculosis and malaria. Together they assess the technical and scientific merit of proposals and ensure that planned interventions reflect global best practice.

■ **The Global Fund operates transparently and accountably and employs a simplified, rapid and innovative grant-making process**

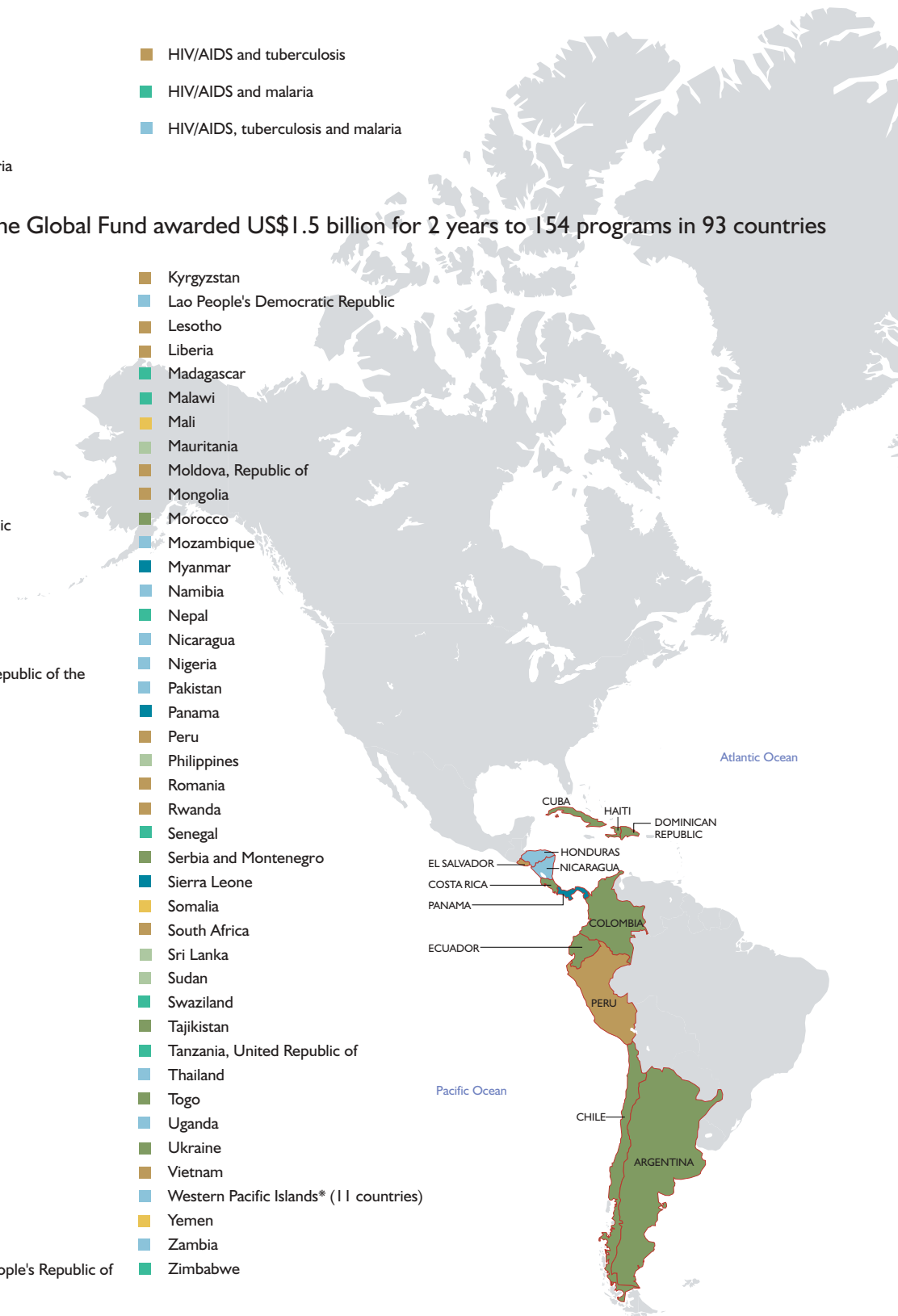
The Global Fund employs a system of performance-based funding that balances the need for accountability with a commitment to local ownership, sustainability and efficiency. The approach also seeks to minimize unnecessary administrative tasks for grant recipients. The Global Fund works with grant recipients to identify a small number of key indicators that can be consistently measured to support effective program management and to reflect grant progress in achieving agreed milestones and concrete results. In addition, the Global Fund strives to harmonize its reporting requirements with those of other donors. To encourage local ownership of programs and maximize transparency, the Global Fund offers a broad range of information on its Web site.

# WORLD MAP OF GLOBAL FUND GRANTS

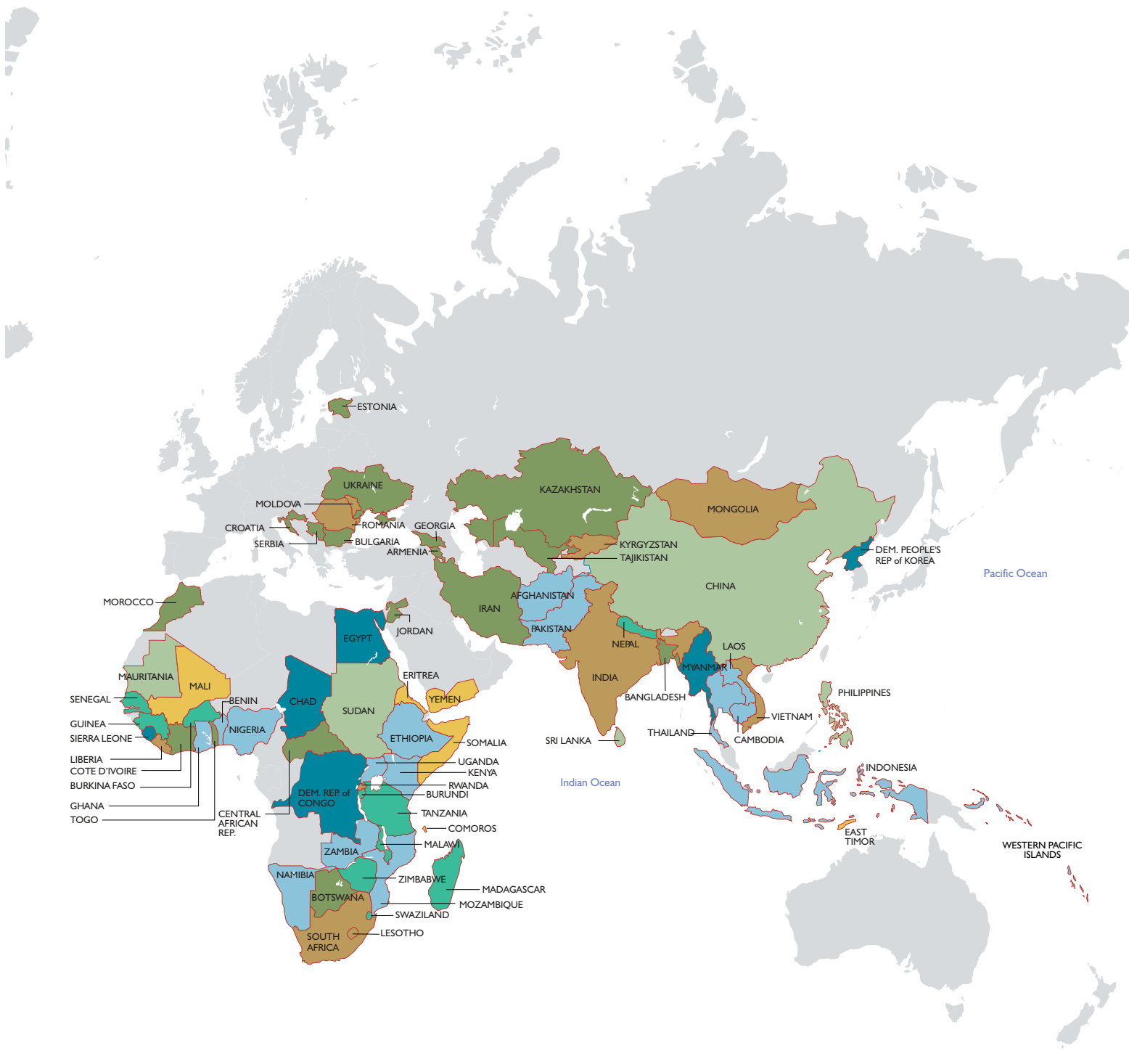
- HIV/AIDS
- Tuberculosis
- Malaria
- Tuberculosis and malaria
- HIV/AIDS and tuberculosis
- HIV/AIDS and malaria
- HIV/AIDS, tuberculosis and malaria

In its 18 months, the Global Fund awarded US\$1.5 billion for 2 years to 154 programs in 93 countries

- Afghanistan
- Argentina
- Armenia
- Bangladesh
- Benin
- Botswana
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Central African Republic
- Chad
- Chile
- China
- Colombia
- Comoros
- Congo, Democratic Republic of the
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Dominican Republic
- East Timor
- Ecuador
- Egypt
- El Salvador
- Eritrea
- Estonia
- Ethiopia
- Georgia
- Ghana
- Guinea
- Haiti
- Honduras
- India
- Indonesia
- Iran
- Jordan
- Kazakhstan
- Kenya
- Korea, Democratic People's Republic of
- Kyrgyzstan
- Lao People's Democratic Republic
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritania
- Moldova, Republic of
- Mongolia
- Morocco
- Mozambique
- Myanmar
- Namibia
- Nepal
- Nicaragua
- Nigeria
- Pakistan
- Panama
- Peru
- Philippines
- Romania
- Rwanda
- Senegal
- Serbia and Montenegro
- Sierra Leone
- Somalia
- South Africa
- Sri Lanka
- Sudan
- Swaziland
- Tajikistan
- Tanzania, United Republic of
- Thailand
- Togo
- Uganda
- Ukraine
- Vietnam
- Western Pacific Islands\* (11 countries)
- Yemen
- Zambia
- Zimbabwe



\* Including the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu



## FROM CONCEPT TO COLLECTIVE ACTION

**B**Y THE END OF THE TWENTIETH CENTURY, new knowledge about the scale of epidemics—especially malaria and tuberculosis—and a deeper understanding of the complex links among poverty, economic growth, security and disease, pushed international issues of public health to the forefront of the world’s development agenda.

At the same time, the global community began to appreciate more fully the scope of the devastation caused by HIV/AIDS in parts of Africa and the Caribbean and the potential for even greater catastrophe were the epidemic to take root throughout other regions of the world, especially in the world’s most populous nations.

Moreover, new life-sustaining medicines for people living with HIV were priced out of reach for more than 90 percent of those who needed them most. This untenable situation fueled a global movement to reduce the cost of essential medicines and ensure their broad access as a critical component of comprehensive and quality health care provision.

World leaders—in the fields of development, economics and public health, and non-governmental organizations, the community of people living with HIV, private corporations, foundations, the United Nations, other multilateral agencies and the governments of both developed and developing countries—took these issues to heart and sought ways to increase the scale and efficacy of efforts to improve global public health.



The Global Fund –  
from Vision to Reality

# 2000

**July** Japan puts the topic on the global agenda in Okinawa at the 2000 summit of the Group of Eight leading industrialized countries (G8). They agree that, although existing bilateral and multilateral development institutions play important roles, they alone cannot channel the large volume of new resources necessary to combat the global health pandemics of HIV/AIDS, tuberculosis and malaria.

*continues on inside panels*





“FOR OUR PART, I am today committing the United States of America to support a new worldwide fund with a founding contribution of US\$200 million. This morning, we have made a good beginning. Across the world at this moment, there are people in true desperation, and we must help.”

George W. Bush,  
President of the United States

**September** The European Commission sustains the focus on HIV/AIDS, tuberculosis and malaria by holding a seminal roundtable that extends the dialogue begun in Okinawa to other donors, non-governmental organizations, and the private sector.

**December** Affirming the G8 Summit endorsement of new targets for the control of these diseases, Japan hosts a meeting of health experts who agree that significant new action is required to address the three diseases and that the potential of a new funding mechanism should be explored.

# 2001

**April** Early discussions about the role and nature of one or more funds to mobilize and channel new resources culminate in an April meeting in London, where United Nations agencies and donor governments agree to a single global fund to fight HIV/AIDS and other deadly diseases.

Addressing the African Summit on HIV/AIDS, hosted by Nigeria in Abuja and sponsored by the Organization for African Unity, United Nations Secretary-

General Kofi Annan exhorts world leaders to raise more money to assist developing countries in preventing and treating infectious disease. He calls for the creation of a global trust fund. African heads of state support the idea and match the call for more external aid and by pledging to raise domestic health spending to 15 percent of their national budgets.

**May** Growing solidarity results in the first pledges to the future fund. U.S. President George W. Bush promises US\$200 million at a White House ceremony with Kofi Annan and President Olusegun Obasanjo of Nigeria. The United Kingdom and France pledge more than US\$300 million. Kofi Annan personally contributes US\$100,000, which is matched by a pledge from the International Olympic Committee.

**June** Representatives from more than 50 countries, multilateral and non-governmental organizations, private foundations and other stakeholders meet in Geneva for their consultation on the fund and agree that a group representing all stakeholders should guide the fund’s design, that the fund should take an integrated approach to fighting HIV/AIDS, tuberculosis and malaria and build on existing efforts to strengthen local capacity and health systems.

In the lead-up to the United Nations General Assembly Special Session on



HIV/AIDS (UNGASS), pledges of US\$100 million from the Bill & Melinda Gates Foundation and US\$1 million from the Winterthur Insurance are made to the anticipated fund.

Heightened political momentum fuels the vow at UNGASS that the world should pursue a comprehensive, coordinated global response to the AIDS crisis. Member states adopt a powerful Declaration of Commitment and specifically endorse the call for a global fund, proclaiming that they will “support the establishment, on

an urgent basis, of a global HIV/AIDS and health fund to finance an urgent and expanded response to the epidemic based on an integrated approach to prevention, care, support and treatment.”

During UNGASS proceedings, the governments of developing countries, including Nigeria and Uganda, pledge millions of dollars of their own resources as a further sign of support for the fund.

The United Nations Fund for International Partnerships engages the United Nations Foundation (UNF) to receive private-sector contributions for a global fund and to track pledges from donor countries in advance of the establishment of the official organization. UNF sets up a Web site with toll-free numbers to solicit pledges and agrees to maintain a special account for private contributions.

**July** Public and private stakeholders gather in Brussels and agree to form a Transitional Working Group and a day-to-day Technical Support Secretariat, hosted by the Belgian government, to establish a framework for the global fund.

At the G8 Summit in Genoa, the heads of state of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States, as well as the European Commission, unanimously affirm their support for the global fund and express their determination to make it operational as soon as possible.

Every member of the G8 pledges support and the United States makes a second pledge, bringing total commitments to the global fund to more than US\$1.5 billion.

**August** Stakeholders agree to convene a Transitional Working Group and select Chrispus Kiyonga of Uganda as its chair.

The group of nearly 45 members draws on the voices of donor and recipient governments, non-governmental organizations, foundations, corporations, United Nations agencies and communities of people living with the diseases, who plan for the organization to commence its work by the start of 2002.

The Technical Support Secretariat is set up with staff seconded from the range of stakeholders that constitute the Transitional Working Group. Paul Ehmer of the United States Agency for International

Development leads daily operations of the team of nearly 20 colleagues. The working group begins to construct an outline of policies and principles upon which the Global Fund to Fight AIDS, Tuberculosis and Malaria—as the organization comes to be called—will anchor its operations.

**September—December** Interested parties hold a number of consultations, including a discussion among academic institutions hosted by Johns Hopkins University; a meeting of non-governmental organizations and civil society representatives; and a private-sector consultation convened by the World Economic Forum. Four regional consultations are also held in Brazil, Malawi, Russia and Thailand. They mobilize interest in the Global Fund and build consensus among stakeholders about how the Global Fund should conduct its business.

During three formal meetings the Transitional Working Group agrees that the Global Fund will be a grant-making organization that will fund proposals following technical review, with continued support tied to performance.

The Global Fund adopts a governance model: a board of 23 members (including donor and recipient governments, private foundations and corporations, non-governmental organizations, affected communities and international partners), a Secretariat dedicated to operations and an independent Technical Review Panel to review grant proposals.

The Transitional Working Group agrees to processes related to the development of country proposals, endorses the development of proposals by partnerships of governments and civil society and adopts guiding principles of the Global Fund. The group selects Geneva to be the home of the Global Fund and agrees to formally constitute the organization as an independent Swiss foundation.

## From Blueprint to Operations

# 2002

**January** Following a brief transition by a small oversight committee, the Board of the Global Fund meets for the first time in Geneva. The registration of the Global Fund with Swiss legal authorities and the initial adoption of its by-laws mark the formal commencement of operations of the organization.

At this meeting, the Board elects Chrispus Kiyonga and Seiji Morimoto as its first chair and vice chair, adopts operating procedures, notes the framework document that summarizes the work of the Transitional Working Group as a guide to



the Global Fund and selects Anders Nordström of the Swedish International Development Agency as the interim executive director of the Secretariat.

The Board instructs the Secretariat to issue a call for proposals for funding, manage the creation of a Technical Review Panel to review those proposals, identify candidates for the permanent executive director and negotiate agreements with the International Bank for Reconstruction and Development (part of the World Bank Group) to serve as the Global Fund's trustee and with the World Health Organization for the outsourcing of administrative services for the Secretariat.

**February** The Global Fund issues its first call for proposals to countries around the world and requests submissions in five weeks from Country Coordinating Mechanisms—partnerships between government and civil society.



The services of McKinsey & Company are solicited to bolster the staff of the Secretariat and its management consultants work alongside the Secretariat staff for much of the year.

The search begins for members of the Technical Review Panel and a permanent executive director. More than 700

nominations for the Technical Review Panel are received, and nearly 700 applications for executive director are reviewed.

**March** The Board selects 17 members to the Technical Review Panel, and the Secretariat receives nearly 400 proposals for funding. The volume of requests is more than six times the amount anticipated, underscores the urgent need for financing to fight the three diseases. The Technical Review Panel meets for two weeks to review the proposals. Michel Kazatchkine of France and Alex Coutinho of Uganda serve as chair and vice chair of the panel.

**April** The Board convenes its second meeting at the Columbia University School of Public Health in New York. The Board endorses the recommendations of the Technical Review Panel, to approve US\$0.6 billion over a two-year period to programs in 36 countries, and selects Richard Feachem, director of the Institute for Global Health at the University of California, as the executive director. Agreements for trustee services with the International Bank for Reconstruction and Development and administrative services with the World Health Organization are approved.

To date, 27 governments, 30 corporations and philanthropic organizations and nearly 300 individuals have made pledges to the Global Fund that total US\$2 billion.

**May** The Global Fund's trust account to receive and manage government contributions is established.

**June** Working groups of the Board support the Secretariat's efforts to develop a framework that permits the transfer of funds to grantees in an accountable and efficient manner. At the same time, the Secretariat refines guidelines for new proposals so that the Global Fund can solicit further funding requests.

An expert international task force is established to advise the Global Fund on policies related to its financing of drugs and other products. Drawing on the best practices of non-governmental organizations and the pharmaceutical industry, the group relies on technical analysis to develop recommendations to maximize the impact of the Global Fund.

**July** The second call for proposals is issued at the 14th International Conference on HIV/AIDS in Barcelona. Richard Feachem gives an inaugural address as executive director of the Global Fund.



**August** The Secretariat formalizes a model for the Global Fund's disbursement process, communicates with countries with approved proposals and subsequently receives and reviews nominations for Principal Recipients of grant monies. The Secretariat reviews candidate organizations to conduct initial capacity assessments and verify ongoing performance, to act as the local "eyes and ears" of the Global Fund. Work begins to build sustainable systems and infrastructure for the Global Fund Secretariat itself, including securing office space and recruiting staff members by international competition.

**September** Initial negotiations of grant agreements—which formally commit resources to recipients and enable the first transfer of funds—begin with four start-up countries. The staff of the Secretariat, numbering nearly 40 consisting mostly of grant managers, is supplemented by the first permanent recruits. They draw from more than 2,000 applications for the 10 senior posts at the Secretariat.

The Global Fund receives more than 200 new proposals from 100 countries. The breadth and magnitude of funding requests makes the second round of applications significantly larger than the first.

**October** The third meeting of the Board takes place. In addition to establishing committees to support the ongoing work of the Global Fund and adopting policies on governance, the Board agrees to landmark policies on drug procurement. They specify that Global Fund financing must be used to purchase quality-assured medicines at the lowest possible price, consistent with applicable law and international agreements, following international competitive tender. Coupled with an agreement to publish transparently the prices paid by recipients for medicines, the policies of the Board open the door for developing countries to buy unprecedented volumes of generic and patented medicines.

The Global Fund also issues its first financial prospectus to specify the growing need for resources to finance ongoing proposal rounds and to sustain effective programs once approved.

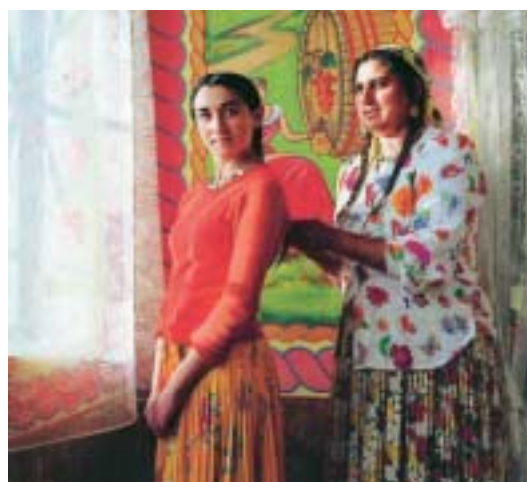
**November** The Secretariat, now in permanent offices, begins to actively engage donors to raise new resources as the Technical Review Panel meets to review the second round of proposals.

By month's end, fund portfolio managers complete negotiations for the first grant agreements with Ghana and Tanzania, quickly followed by signings with Haiti and Sri Lanka.

**December** The Global Fund makes its first disbursement of US\$1 million. By the close of the year grants managers are negotiating agreements in more than 20 countries.

## Mobilizing Resources, Managing Grants and Monitoring Performance

# 2003



**January** The global fight against AIDS receives an historic boost when U.S. President George W. Bush announces his Emergency Plan for AIDS Relief with US\$10 billion in new funding to U.S. efforts to combat the pandemic, which commits US\$1 billion to the Global Fund. Pledges to the Global Fund total nearly US\$3.4 billion.

By the fourth Board meeting, the Global Fund signs grant agreements with more than a dozen additional countries. The Board refines the proposals process by agreeing to eligibility criteria to focus funding on countries and regions with the

greatest need, based on poverty and burden of disease; by agreeing to renew and extend the term of Technical Review Panel members; and by enabling countries with repeated unsuccessful proposals to appeal. The Board approves an operational budget for the Global Fund.

The Board considers results of the review of the second round of proposals and approves US\$0.9 billion in new funds to 72 countries, bringing total commitments over two years to US\$1.5 billion across 92 countries (later rising to 93, following a successful appeal). The Board elects Tommy G. Thompson, U.S. Secretary for Health and Human Services, and Suwit Wibulpolprasert of Thailand as chair and vice chair, succeeding Chrispus Kiyonga and Seiji Morimoto.

The work of the Global Fund over the following months focuses on managing the grant portfolio, coupling initial follow-up to proposals approved in the second round with sustained momentum in signing grant agreements and making disbursements.

**March** The Global Fund completes agreements with 30 countries. More than US\$10 million is disbursed.

To continue to bridge the global resource gap to fight AIDS, tuberculosis and malaria, the Global Fund launches a third round of proposals.

Both the Secretariat and advocates step up efforts to mobilize resources to finance this round and others to come. A broad fund-raising campaign, called Fund the Fund, is launched and draws on more than 100 non-governmental organizations around the world who work both at the grassroots level and in donor capitals.

**March—April** During regional consultations with recipients, first in the Philippines and later in Myanmar, Senegal and the Ukraine, the Secretariat advances grant negotiations and completes the first agreements for a proposal approved in the second round—to a non-governmental organization and faith-based organization in Madagascar. The Global Fund receives more than 400 applications for open positions in the now 26-member Technical Review Panel.

**May** Disbursements total more than US\$20 million. While maintaining momentum on signings and disburse-

ments, the Secretariat works with the Board to improve portfolio management. The Secretariat issues a global competitive tender for contracts to Local Fund Agents, to competitively select the best services by candidate organizations on a country-by-country basis.

The Secretariat also consults with a wide range of partners—including the Global Alliance for Vaccines and Immunization, the World Bank, the Organization for Economic Cooperation and Development and bilateral agencies, as well as recipients—to finalize the basic procedures for



performance-based disbursement, which will tie ongoing financing of programs to proven results.

The Global Fund receives proposals for the third round of funding, with approvals scheduled for October. Nearly 200 proposals are submitted from more than 100 countries, requesting funds in excess of the pledges available for 2003. Recognizing the urgent need for new resources, communities of people living with HIV/AIDS launch a new campaign, It Starts With Us, to make personal contributions to the Global Fund.

**June** At its fifth meeting, the Board adopts guidelines for the effective operation of Country Coordinating Mechanisms, agrees on a framework for a monitoring and evaluation strategy, and endorses policies on the fiduciary arrangements between the Global Fund and grant recipients.

In response to the growing call for new resources, the G8 Summit includes the Global Fund on the agenda of its meeting in Evian, France.

President Jacques Chirac commits to tripling the annual contribution by France to the Global Fund and, together with United Nations Secretary-General Kofi Annan, calls on other heads of state to renew commitments. The European Commission pledges an additional €340 million, Italy affirms an additional €200 million and the United Kingdom underscores the need to ensure the sustainability of the Global Fund with US\$80

million more for 2006 and 2007.

Pledges to the Global Fund grow in one week by US\$1.2 billion, and the communiqué of the G8 Summit calls on others to increase their support. In his appeal to other donors, President Chirac announces a goal of US\$3 billion for the Global Fund in 2004.

Subsequently, President Chirac and U.K. Prime Minister Tony Blair encourage countries in Europe to reach a combined target of US\$1 billion in 2004 as one-third of the aggregate need. Steady progress toward new contributions is made over the coming weeks, including active debate at the European Union Summit in Thessaloniki, Greece.

**July** Heads of state at the African Union Summit in Maputo, Mozambique, recommit themselves to aggressive efforts to fight AIDS, tuberculosis and malaria and affirm their hope that the Global Fund receives US\$3 billion in 2004.

The endorsement of the Global Fund's needs and progress is articulated most clearly at the International Meeting to Support the Global Fund in Paris, France on the 16th.

At the meeting, co-chaired by Board Chair Tommy Thompson as well as French Ministers Jean-François Mattei and Pierre Andre Wiltzer, European Commission President Romano Prodi joins President Chirac and commit to raise the US\$1 billion from Europe in 2004.

Germany renews its pledge, as do China, Greece and Ireland, bringing total pledges to the Global Fund to US\$4.7 billion, with nearly US\$1 billion confirmed for 2004. Resource mobilization has tripled overall commitments in the first 18 months of the Global Fund's operations.

The meeting serves to broker broader partnerships, including ones with Nelson Mandela and his foundation as well as with Publicis, a leading marketing firm that commits to help raise awareness of the Global Fund with an international branding campaign.

Input from recipients is solicited in a multicountry consultation immediately after the meeting in

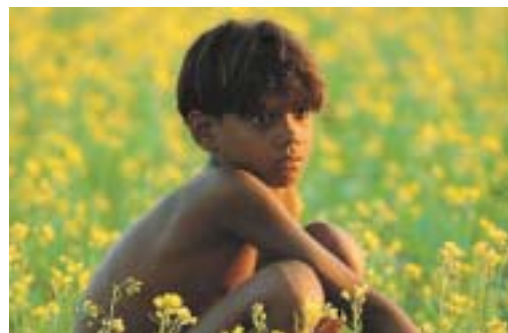


Paris. They agree to recommendations on how the Global Fund and recipients alike can improve performance and the flow of information.

By the end of the month, the Global Fund has signed grant agreements with nearly 60 countries and has disbursed US\$74 million. With operations and a staff of about 70 employees firmly in place, the Secretariat commits to complete agreements for proposals approved in the first two rounds and to disburse US\$200 million by the end of 2003.

“THE GLOBAL FUND is an outstanding instrument. It was set up in record time. It is already operating on the ground, saving lives. I am convinced that this multilateral response expresses, better than any other, the ideal of solidarity and collective action that must impel us.”

Jacques Chirac,  
President of the Republic of France





**“THERE ARE NO ISLANDS** in the world today, and there are no domestic and international diseases. We live in a global village. We live in a shrinking world. And there are many contacts between us. No one is isolated, no one can be smug and sit in his or her corner and say, ‘I’m safe because it is somewhere else.’”

Kofi Annan, Secretary-General of the United Nations

## AGENTS OF PROGRESS

**T**HE GLOBAL FUND relies on certain core structures for its governance and operations. As a financing mechanism, the Global Fund relies on active links to a broad network of partners, whose roles and responsibilities support the development of quality proposals and local implementation of financed programs and therefore complement the Global Fund's focus on resource mobilization, portfolio management and the monitoring and evaluation of grant performance.

A 23-member Board (18 voting members and five non-voting) governs the Global Fund, approves grants and mobilizes external resources to meet the Global Fund's financial needs. Through July 2003, the Board has relied on four ad hoc committees to focus on specific issues and facilitate the work of the Board between meetings: Governance and Partnership; Monitoring, Evaluation, Finance and Audit; Portfolio Management and Procurement; and Resource Mobilization and Communications.

A Secretariat, staffed by approximately 70 professional and administrative personnel, conducts day-to-day operations; mobilizes

resources from the public and private sectors; oversees grants; provides financial, legal and administrative support to the Board and the Technical Review Panel; and reports information regarding the activities of the Global Fund to the Board and to the public.

To ensure that the Global Fund finances effective programs, the Board relies upon an independent panel of health and thematic experts. This Technical Review Panel assesses grant proposals for technical and scientific merit based on global best practice and makes recommendations to the Board on proposals that deserve funding.

Typically, a country interested in receiving support from the Global Fund establishes a local partnership called the Country Coordinating Mechanism, which develops and submits grant proposals to the Global Fund based upon national strategies, multistakeholder priorities and identified gaps in existing funding from all sources. After the Global Fund approves a grant, Country Coordinating Mechanism members oversee implementation of funded programs, review reports of Principal Recipients and ensure cross-sector coordination. Country Coordinating Mechanisms are central to the Global Fund's commitment to local ownership and participatory decision-making, and



## The Global Fund Grant Cycle

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| <p><b>1</b> The Secretariat announces a call for proposals for funding.</p> | <p><b>2</b> Country Coordinating Mechanisms prepare proposals based on local needs and gaps in financing. In many cases, development partners assist this process. The Country Coordinating Mechanism nominates one or more Principal Recipient(s) as part of its proposal.</p> | <p><b>3</b> The Secretariat reviews proposals to ensure that they meet qualifications for funding eligibility and then forwards screened proposals for detailed technical assessment.</p> | <p><b>4</b> The Technical Review Panel evaluates proposals for technical and scientific merit and makes recommendations for each proposal to the Board: (1) fund, (2) fund if certain clarifications are provided, (3) encourage resubmission; (4) do not fund.</p> | <p><b>5</b> The Board awards grants based on technical merit, as appraised by the Technical Review Panel, and on availability of funds.</p> | <p><b>6</b> The Secretariat contracts with a Local Fund Agent to certify the financial and administrative capacity of nominated Principal Recipient(s). To strengthen capacity, recipients may seek technical assistance from partners.</p> |
|---|---|---|---|---|---|



A satellite outpost in rural Haiti of Zanmi Lasante, the groundbreaking health center that provides quality care for thousands of poor patients

they include representatives from the public and private sectors: governments, non-governmental organizations, academic institutions, private businesses, people living with the diseases and multilateral and bilateral development agencies.

For each grant, one or a small number of Principal Recipients are accountable for resources committed and disbursed by the Global Fund and supervise program implementation, which is conducted together with multiple sub-recipients. The Principal Recipients work with the Secretariat and sub-recipients to develop programmatic goals included in an initial two-year grant agreement. At intervals

specified by the Principal Recipient and the Secretariat, the Principal Recipient requests disbursements from the Global Fund based upon progress updates and the cash requirements of the program. This performance-based system of grant making underpins the Global Fund's focus on tangible results.

A Local Fund Agent contracted by the Secretariat assesses the capacity of a nominated Principal Recipient to administer grant monies, manage the implementation of funded programs, report on financial and programmatic progress and ensure product procurement consistent with policies of the Global Fund. The Local Fund

Agent also verifies the Principal Recipient's periodic disbursement requests, progress updates and annual audit reports, and advises the Secretariat regarding program implementation.

As a financial institution, the Global Fund finances but does not provide directly technical assistance and capacity-building support to current or potential grant recipients. The Global Fund relies upon its partners on the ground to do so. Bilateral agencies, businesses and foundations, non-governmental and multilateral organizations—including UNAIDS, the World Health Organization and the World Bank—work side by side with Country Coordinating Mechanisms and Principal Recipients to develop high-quality proposals, to strengthen local capacity to manage grants and to assist in the implementation of approved programs.

In 2004, the Global Fund will convene its first biennial Partnership Forum. This setting will provide the context in which a broad group of stakeholders will provide important input to the Global Fund as they review its progress and evaluate its impact to date.

**7** The Secretariat and each Principal Recipient enter into a grant agreement that specifies conditions precedent to disbursement and the programmatic indicators and milestones that the recipient will use to track progress.

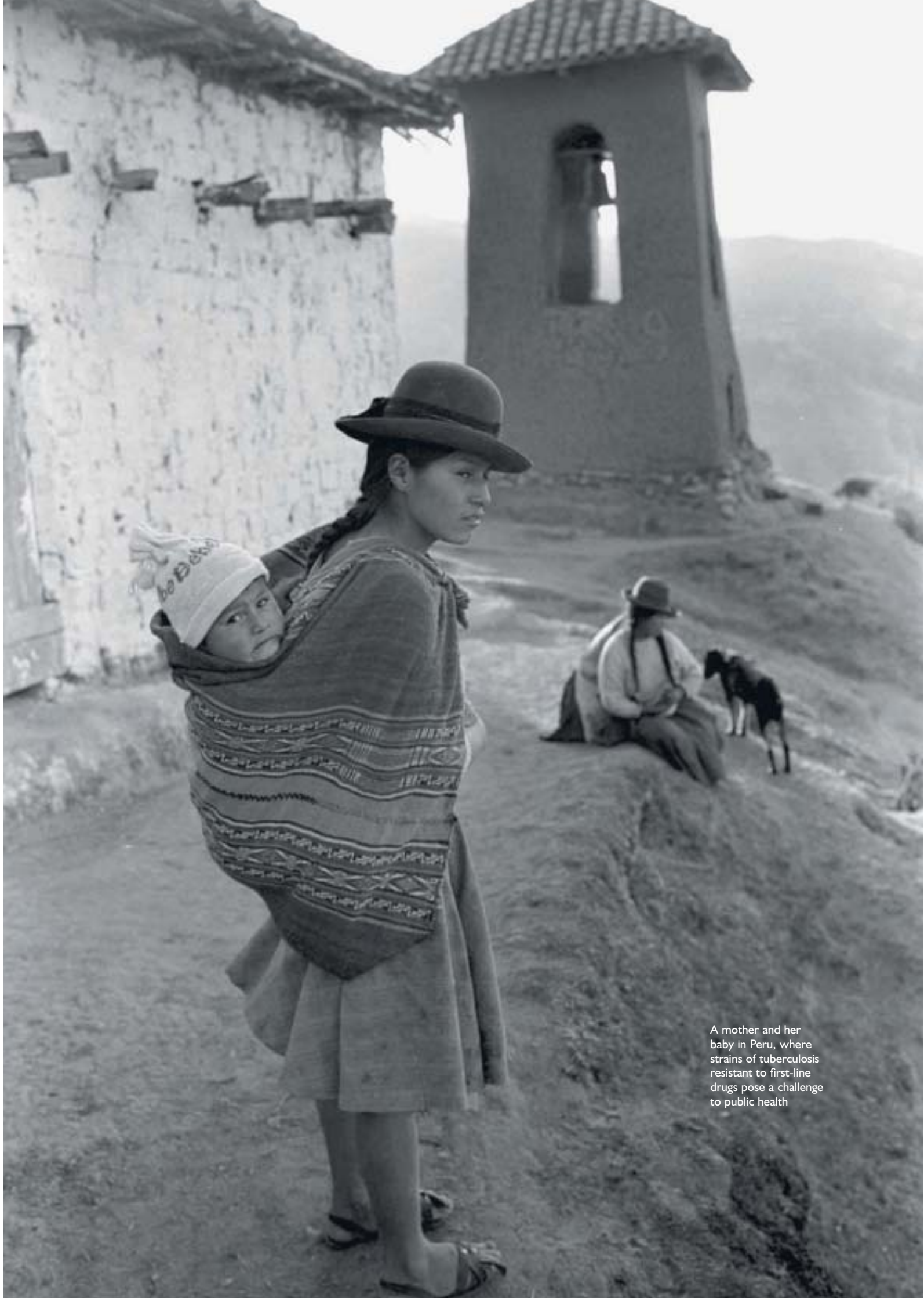
**8** The Secretariat instructs the trustee to disburse funds to the Principal Recipient, who allocates further monies to sub-recipients.

**9** Programs begin, and services expand. The Country Coordinating Mechanism oversees program implementation by principal and sub-recipients, who work with many partners to scale-up the fight against disease and link grants from the Global Fund to other domestic and donor-funded activity.

**10** The Principal Recipient submits to the Secretariat, through the Local Fund Agent, periodic disbursement requests, which provide updates on programmatic and financial progress. The Local Fund Agent verifies information submitted and recommends disbursement based on demonstrated performance.

**11** The Principal Recipient reports fiscal year progress and conducts annual financial audits. Country Coordinating Mechanisms support systems for data monitoring and evaluation. And Local Fund Agents continue to verify data submitted by recipients.

**12** The Country Coordinating Mechanism requests funding beyond the initial two-year grant commitment, to finance the full term of programs approved and working effectively. The Global Fund approves such requests as progress is verified and on the basis of resource availability.



A mother and her baby in Peru, where strains of tuberculosis resistant to first-line drugs pose a challenge to public health



## HOW DOES THE GLOBAL FUND WORK? WHAT HAS IT ACCOMPLISHED?

### MISSION STATEMENT

**T**HE PURPOSE of the Global Fund is to attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals.

Given this vision, the principal operations of the Global Fund are threefold: resource mobilization, portfolio management and performance monitoring.

#### ■ Raising Money to Fill the War Chest: Resource Mobilization

##### OPERATIONS

To finance the fight against AIDS, tuberculosis and malaria, the Global Fund relies upon voluntary ad hoc donations made by public and private contributors—including governments, foundations, corporations and individuals. Monies pledged and contributed enable the Global Fund to meet the demands of proposal requests with grants and disbursements to approved programs. Pledges are received on a continual basis and can span any number of years.

Pledges available in the calendar year of each Board approval determine the maximum commitment that can be made to a

given round of applications for funding. The Global Fund requires that sufficient pledges are turned into cash or promissory notes prior to signing grant agreements for an initial period of two years for each approved proposal. The period between Board approval and the signing of a grant agreement—during which the Technical Review Panel seeks clarifications of the proposal and the Secretariat and recipients specify disbursement arrangements—allows enough time for pledges to be paid as cash contributions or as promissory notes.

The International Bank for Reconstruction and Development, as trustee, manages contributions to the Global Fund. The trust fund was established in May 2002. The Global Fund's investments are actively managed and invested in accordance with the investment strategy established for all trust funds administered by the International Bank for Reconstruction and Development.

To receive private contributions, the Global Fund relies upon the services of the United Nations Foundation, a grant-making public charity established by philanthropist Ted Turner. On a pro bono basis, the United Nations Foundation receives private contributions in support of the Global Fund, and the foundation's status as a non-profit organization in the United States affords contributors using this mechanism certain tax benefits in the United States.

Tracking pledges to ensure timely payment is an administrative responsibility shared by the trustee and the Secretariat. Securing new pledges, however, is a task shared broadly among a number of stakeholders. Formally, the Global Fund assigns this charge to the Board and the Secretariat; however, other partners of the Global Fund have dedicated considerable energy to raising resources. Advocacy communities in donor countries, representatives of donor governments, fund recipients and high-profile individuals actively lobby potential donors to raise sufficient resources for the Global Fund.

**Total amount pledged to the Global Fund**  
(in billions of US\$)



## RESULTS

In May of 2001, the first pledges were made to a Global Fund that did not yet exist. Kofi Annan and the International Olympic Committee each committed US\$100,000. Pledges from the United States, the United Kingdom and France totaled more than US\$500 million. By the time of the establishment of the Global Fund in Geneva in January 2002, US\$1.7 billion was pledged. In the subsequent 18 months of operations, the Global Fund has mobilized an additional US\$3 billion, almost tripling total commitments and making the Global Fund the largest dedicated health fund in history.

**“WE THE PEOPLE LIVING WITH HIV/AIDS** believe that the Global Fund is a last chance to turn the tide of the HIV epidemic. It is our lives that hang in the balance. The launch of the Global Fund gave us a hope which we are determined not to lose. We are 42 million living with HIV, and that is 42 million fighters.”

Philippa Lawson,

Board Member and co-founder of It Starts With Us campaign

The recruitment of new donors and the recommitment of existing donors sustain the Global Fund. From January 2002 to July 2003, the number of countries that have pledged support to the Global Fund nearly doubled, from 21 to 40. As of July 31, two-thirds of the countries that contributed in 2002 had made firm pledges for 2003.

The Global Fund has demonstrated its sustainability by maintaining its magnitude of annual pledges in its second year. In January 2002, pledges for 2003 equaled less than 30 percent of total sums pledged for 2002. As of July 31, pledges for 2003 had grown substantially—to US\$947 million, only 1 percent less than the total sum of funds ultimately pledged for 2002.

An increase in multiyear commitments from donors has strengthened the long-term viability of the Global Fund. When the Global Fund commenced operations, 12 countries had committed resources to the Global Fund over a period of two years or more. Today, 19 countries confirm their continued support of the Global Fund with pledges that span two or more years. Pledges to the Global Fund now extend through 2008, and the average length of commitment by multiyear donors has grown from 2.8 to 4.1 years.

The donor base of the Global Fund continues to broaden. Annual pledges drawn from G8 countries decreased from 83 percent of the total in 2002 to 79 percent in 2003. At the same time, almost 1 percent of total pledges continued to come from recipient or potential recipient countries. Although small relative to contributions of northern donors, these pledges stand as critical symbols of support to the Global Fund from those countries and communities it was established to assist.

The Bill & Melinda Gates Foundation made the single largest non-government pledge, at US\$100 million. From January 2002

through July 2003, pledges from corporations, foundations, individuals and other private contributors rose by US\$2.1 million. Excluding the pledge of the Gates Foundation, this represents a 270 percent increase over the pledges from those groups available when the Global Fund commenced operations. However, relative to public sector pledges, the share of total resources committed to the Global Fund by these groups decreased from 6 to 2 percent over this same period.

The Global Fund must mobilize significant new resources to continue to approve grants and further narrow the global resource gap to effectively fight AIDS, tuberculosis and malaria. Progress to date has resulted in growing political acknowledgment of this need. The G8 Summit in Evian, France, in June 2003 and the subsequent summits of the European Union in Greece and African Union in Mozambique issued formal declarations that entreated donor nations to pledge more to ensure the Global Fund's continued growth and sustainability.

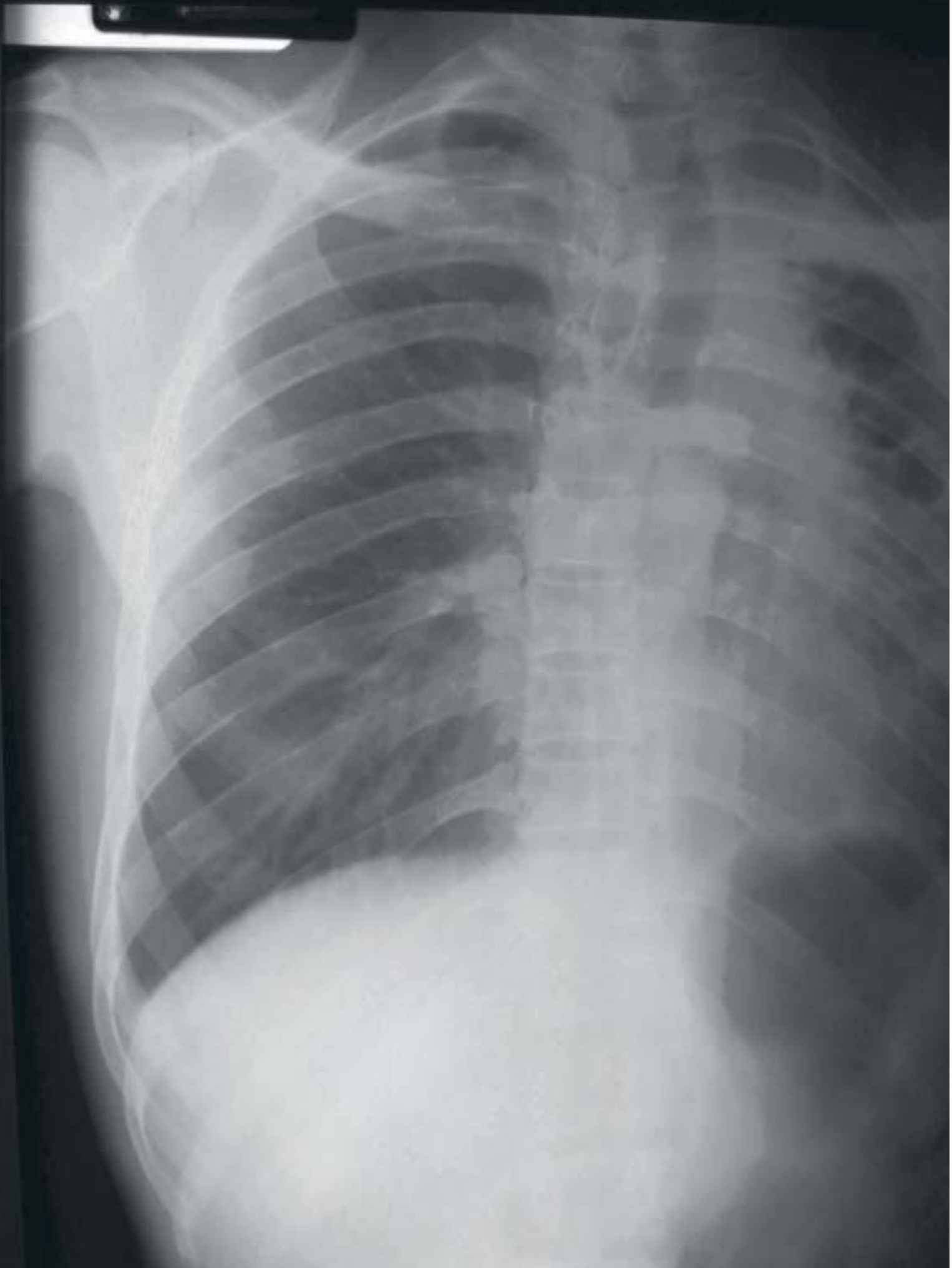
The advocacy preceding these events drew upon the personal engagement of preeminent global citizens such as United Nations Secretary-General Kofi Annan, French President Jacques Chirac, U.S. Secretary Tommy Thompson (chair of the Global Fund Board), Former South African President Nelson Mandela and the musician Bono. These and other prominent individuals have become active promoters of the Global Fund.

Widespread grassroots efforts have fueled support of the Global Fund, most notably Fund the Fund—an international campaign that bands together more than 100 national and international non-governmental organizations to promote adequate and sustained government backing of the Global Fund and the battle against pandemic disease—and the Global Fund Observer, an Internet service that keeps more than 3,500 subscribers in 150 countries informed with news of the Global Fund and open discussions of its needs.

Individuals around the world have made direct contributions to the Global Fund, both on an ad hoc basis and through channels such as Apathy Is Lethal, a campaign sponsored by the United Nations Foundation and the Advertising Council to raise private funds for the Global Fund and UNAIDS. European football champions Real Madrid organized a match against A.S. Roma in New Jersey to benefit the Global Fund. The It Starts with Us campaign, an unprecedented initiative to raise contributions from affected communities and people living With HIV/AIDS, was launched in the summer of 2003.

Beyond mobilizing resources, the Global Fund has worked actively to follow up on pledges and has translated 100 percent of pledges for 2002 into cash contributions. With the support of the International Bank for Reconstruction and Development as the Global Fund trustee, 90 percent of these pledges were received between the establishment of the trust fund on May 31 and the end of the calendar year; remaining contributions were collected in 2003. Total contributions exceeded pledges by US\$9 million, resulting in additional income.

The management of the trust fund by the International Bank for Reconstruction and Development generated investment income of more than US\$30 million over a period of 14 months, with an annualized rate of return in 2003 of more than 4 percent. This return met nearly 85 percent of the Global Fund's administrative costs during its first 18 months of operation.



A lung x-ray of an African patient with tuberculosis, a common opportunistic infection of HIV

# PLEDGES & CONTRIBUTIONS TO THE GLOBAL FUND

AS OF JULY 31, 2003 (IN US\$)

## PUBLIC SECTOR

### Andorra

Total Pledges: 100,000  
Pledges through 2003: 100,000  
Contributions to 31 July 2003: 100,000  
Pledges for 2004: 0

### Austria

Total Pledges: 1,075,900  
Pledges through 2003: 1,075,900  
Contributions to 31 July 2003: 1,075,900  
Pledges for 2004: 0

### Belgium

Total Pledges: 19,048,914  
Pledges through 2003: 19,048,914  
Contributions to 31 July 2003: 12,207,409  
Pledges for 2004: 0

### Brazil

Total Pledges: 50,000  
Pledges through 2003: 50,000  
Contributions to 31 July 2003: 0  
Pledges for 2004: 0

### Burkina Faso

Total Pledges: 75,000  
Pledges through 2003: 75,000  
Contributions to 31 July 2003: 75,000  
Pledges for 2004: 0

### Cameroon

Total Pledges: 100,000  
Pledges through 2003: 100,000  
Contributions to 31 July 2003: 100,000  
Pledges for 2004: 0

### Canada

Total Pledges: 100,000,000  
Pledges through 2003: 50,000,000  
Contributions to 31 July 2003:  
50,000,000  
Pledges for 2004: 25,000,000

### China

Total Pledges: 10,000,000  
Pledges through 2003: 2,000,000  
Contributions to 31 July 2003: 0  
Pledges for 2004: 2,000,000

### Denmark

Total Pledges: 27,873,347  
Pledges through 2003: 27,873,347  
Contributions to 31 July 2003: 14,816,511  
Pledges for 2004: 0

### European Commission

Total Pledges: 524,749,676  
Pledges through 2003: 233,985,708  
Contributions to 31 July 2003: 137,064,385  
Pledges for 2004: 96,921,323

### France

Total Pledges: 627,137,970  
Pledges through 2003: 114,025,086  
Contributions to 31 July 2003: 114,025,086  
Pledges for 2004: 171,037,628

### Germany

Total Pledges: 340,963,820  
Pledges through 2003: 49,629,726  
Contributions to 31 July 2003: 49,629,726  
Pledges for 2004: U/K

### Greece

Total Pledges: 285,063  
Pledges through 2003: U/K  
Contributions to 31 July 2003: 0  
Pledges for 2004: U/K

### Ireland

Total Pledges: 21,078,441  
Pledges through 2003: 21,078,441  
Contributions to 31 July 2003: 12,982,660  
Pledges for 2004: 0

### Italy

Total Pledges: 428,050,171  
Pledges through 2003: 200,000,000  
Contributions to 31 July 2003: 108,618,673  
Pledges for 2004: U/K

### Japan

Total Pledges: 200,000,000  
Pledges through 2003: 140,000,000  
Contributions to 31 July 2003: 80,400,337  
Pledges for 2004: 60,000,000

### Kenya

Total Pledges: 8,273  
Pledges through 2003: 8,273  
Contributions to 31 July 2003: 8,273  
Pledges for 2004: 0

### Kuwait

Total Pledges: 1,000,000  
Pledges through 2003: 1,000,000  
Contributions to 31 July 2003: 1,000,000  
Pledges for 2004: 0

### Liberia

Total Pledges: 25,000  
Pledges through 2003: U/K  
Contributions to 31 July 2003: 0  
Pledges for 2004: U/K

### Liechtenstein

Total Pledges: 100,000  
Pledges through 2003: 100,000  
Contributions to 31 July 2003: 100,000  
Pledges for 2004: 0

### Luxembourg

Total Pledges: 3,272,571  
Pledges through 2003: 2,132,320  
Contributions to 31 July 2003: 2,132,320  
Pledges for 2004: 1,140,251

### Monaco

Total Pledges: 44,000  
Pledges through 2003: 44,000  
Contributions to 31 July 2003: 44,000  
Pledges for 2004: 0

### Netherlands

Total Pledges: 153,004,903  
Pledges through 2003: 56,083,580  
Contributions to 31 July 2003: 16,174,800  
Pledges for 2004: 45,610,034

### New Zealand

Total Pledges: 734,000  
Pledges through 2003: 734,000  
Contributions to 31 July 2003: 734,000  
Pledges for 2004: 0

### Niger

Total Pledges: 50,000  
Pledges through 2003: U/K  
Contributions to 31 July 2003: 0  
Pledges for 2004: U/K

### Nigeria

Total Pledges: 10,000,000  
Pledges through 2003: 9,000,000  
Contributions to 31 July 2003: 9,080,914  
Pledges for 2004: U/K

**Norway**

Total Pledges: 34,698,187  
 Pledges through 2003: 34,698,187  
 Contributions to 31 July 2003: 17,962,003  
 Pledges for 2004: 0

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**Poland**

Total Pledges: 10,000  
 Pledges through 2003: 10,000  
 Contributions to 31 July 2003: 10,000  
 Pledges for 2004: 0

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**Russia**

Total Pledges: 20,000,000  
 Pledges through 2003: 5,000,000  
 Contributions to 31 July 2003: 3,000,000  
 Pledges for 2004: 5,000,000

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**Rwanda**

Total Pledges: 1,000,000  
 Pledges through 2003: U/K  
 Contributions to 31 July 2003: 0  
 Pledges for 2004: U/K

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**Saudi Arabia**

Total Pledges: 10,000,000  
 Pledges through 2003: 2,500,000  
 Contributions to 31 July 2003: 1,250,000  
 Pledges for 2004: 2,500,000

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**South Africa**

Total Pledges: 2,702,703  
 Pledges through 2003: 2,702,703  
 Contributions to 31 July 2003: 0  
 Pledges for 2004: 0

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**Spain**

Total Pledges: 50,000,000  
 Pledges through 2003: 35,000,000  
 Contributions to 31 July 2003: 35,000,000  
 Pledges for 2004: 15,000,000

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**Sweden**

Total Pledges: 71,358,328  
 Pledges through 2003: 46,358,328  
 Contributions to 31 July 2003: 33,858,328  
 Pledges for 2004: 25,000,000

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**Switzerland**

Total Pledges: 10,000,000  
 Pledges through 2003: 10,000,000  
 Contributions to 31 July 2003: 10,000,132  
 Pledges for 2004: 0

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**Thailand**

Total Pledges: 5,000,000  
 Pledges through 2003: 1,000,000  
 Contributions to 31 July 2003: 1,000,000  
 Pledges for 2004: 1,000,000

**Uganda**

Total Pledges: 2,000,000  
 Pledges through 2003: U/K  
 Contributions to 31 July 2003: 0  
 Pledges for 2004: U/K

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**United Kingdom**

Total Pledges: 300,150,762  
 Pledges through 2003: 118,537,859  
 Contributions to 31 July 2003: 118,537,859  
 Pledges for 2004: 48,387,097

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**United States**

Total Pledges: 1,622,725,000  
 Pledges through 2003: 622,725,000  
 Contributions to 31 July 2003: 622,725,000  
 Pledges for 2004: 200,000,000

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**Zambia**

Total Pledges: 25,000  
 Pledges through 2003: 25,000  
 Contributions to 31 July 2003: 25,000  
 Pledges for 2004: 0

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**Zimbabwe**

Total Pledges: 1,000,000  
 Pledges through 2003: 366,222  
 Contributions to 31 July 2003: 366,222  
 Pledges for 2004: U/K

**FOUNDATIONS  
 AND NOT-FOR-PROFIT  
 ORGANIZATIONS**


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**Bill & Melinda Gates Foundation**

Total Pledges: 100,000,000  
 Pledges through 2003: 100,000,000  
 Contributions to 31 July 2003: 100,000,000  
 Pledges for 2004: 0

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**International Olympic Committee**

Total Pledges: 100,000  
 Pledges through 2003: 100,000  
 Contributions to 31 July 2003: 100,000  
 Pledges for 2004: 0

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**Other foundations and not-for-profits**

Total Pledges: 47,793  
 Pledges through 2003: 47,793  
 Contributions to 31 July 2003: 47,793  
 Pledges for 2004: 0

**CORPORATIONS**


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**Eni S.p.A.**

Total Pledges: 500,000  
 Pledges through 2003: 500,000  
 Contributions to 31 July 2003: 500,000  
 Pledges for 2004: 0

**Winterthur**

Total Pledges: 1,000,000  
 Pledges through 2003: 1,000,000  
 Contributions to 31 July 2003: 1,044,225  
 Pledges for 2004: 0

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**Statoil**

Total Pledges: 100,000  
 Pledges through 2003: 100,000  
 Contributions to 31 July 2003: 0  
 Pledges for 2004: 0

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**Other Corporations**

Total Pledges: 17,755  
 Pledges through 2003: 17,755  
 Contributions to 31 July 2003: 17,755  
 Pledges for 2004: 0

**INDIVIDUALS, GROUPS, EVENTS**


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**People of Taiwan**

Total Pledges: 1,000,000  
 Pledges through 2003: 1,000,000  
 Contributions to 31 July 2003: 1,000,000  
 Pledges for 2004: 0

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**Real Madrid Football Match**

Total Pledges: 112,487  
 Pledges through 2003: 112,487  
 Contributions to 31 July 2003: 112,487  
 Pledges for 2004: 0

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**Other individuals, groups, events**

Total Pledges: 490,483  
 Pledges through 2003: 490,483  
 Contributions to 31 July 2003: 490,483  
 Pledges for 2004: 0

**TOTAL**


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**Total Pledges: 4,702,865,546**

Pledges through 2003: 1,910,436,111  
 Contributions to 31 July 2003: 1,557,417,281  
 Pledges for 2004: 698,596,333

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U/K = Unknown

For pledges made in currencies other than US\$, the pledge amount in US\$ comprises the actual US\$ value realized from any contributions made plus the US\$ equivalent of the remainder of the pledge calculated using United Nations operational rates of exchange on 1 August 2003.

## ■ Grants to Countries in Need: Portfolio Management

### OPERATIONS

Administering a proposals-based grant program is the core business of the Global Fund. Management of the grants portfolio spans a range of activities, from the announcement of requests for proposals to the ongoing review of the progress of funded programs. In its first 18 months of operation, the Global Fund issued three rounds of proposal requests. The Board announced approvals of the first and second rounds in April 2002 and January 2003 and will approve a third round of proposals in October 2003.

The Global Fund Secretariat responds to queries from applicants, Country Coordination Mechanisms and other stakeholders and works closely with development partners to ensure that all parties understand the application process and can provide technical advice to applicants. Accordingly, the Secretariat frequently convenes regional meetings to facilitate communication among all applicants and partners.

For the third request for proposals, the Global Fund adopted criteria to give priority to proposals from countries and regions in greatest need. Applications for funding were accepted only from countries classified by the World Bank as low or lower-middle income, unless a country classified as upper-middle income also faces an exceptionally high burden of disease.

The Secretariat screens proposals for eligibility and then forwards them to the Technical Review Panel, which assesses proposals for technical merit and consistency according to proven best practices. In its assessment of proposals, the panel also seeks evidence of public-private partnership, the complementarity and additionality of new funding and measures to ensure the sustainability of proposed programs.

Through this review process, proposals reviewed in the first and second rounds were divided into four main categories: (1) recommended for funding with no or minor modifications; (2) recommended for funding provided clarifications are provided and approved within a limited timeframe; (3) not recommended for funding in present form but strongly encouraged to resubmit; and (4) not recommended for funding.

The Board then approves proposals based on the recommendations made by the Technical Review Panel. In the first and second rounds, the Board approved all proposals in categories (1) and (2).

Following the second round, the Board adopted a policy allowing applicants who submitted proposal components in two consecutive rounds—which were not recommended twice in these consecutive rounds—to appeal the result of the second review on

grounds of significant and obvious errors made by the Technical Review Panel.

Following the approval of a proposal, the Secretariat contracts the services of a Local Fund Agent. PricewaterhouseCoopers, KPMG, Crown Agents and the United Nations Office for Project Services have served the Global Fund in this capacity in its first 18 months. The Local Fund Agent evaluates the capacity of the nominated Principal Recipient(s) in four areas: financial management, institutional capacity, monitoring and evaluation, and procurement and supply management. If the assessment reveals that the nominated Principal Recipient does not have the skills to manage the grant, the Principal Recipient must address identified gaps in capacity before the Secretariat may disburse funds. In cases in which it is not possible for these deficits to be addressed rapidly, the Country Coordinating Mechanism proposes an alternative Principal Recipient.

Following a positive evaluation by the Local Fund Agent, the confirmed Principal Recipient and the Secretariat negotiate a grant agreement. The agreement defines decisive terms for grant implementation, including a disbursement schedule and a set of key benchmarks and indicators to be used to ensure performance-based funding, accountability of the Principal Recipient regarding monitoring and evaluation, procurement and supply management, and the additionality of Global Fund financing. It also establishes the budget for the program, within the ceiling set by the Board approval, which the Local Fund Agent and the Secretariat review.

The signing of grant agreements represents the commitment of the Global Fund to finance an approved proposal. The initial cash disbursement follows the fulfillment of any precedent conditions specified in the agreement. The Principal Recipient disburses funds due to sub-recipients. As programs are implemented, Country Coordinating Mechanisms retain an important oversight role to monitor progress and to ensure coordination and communication across constituencies.

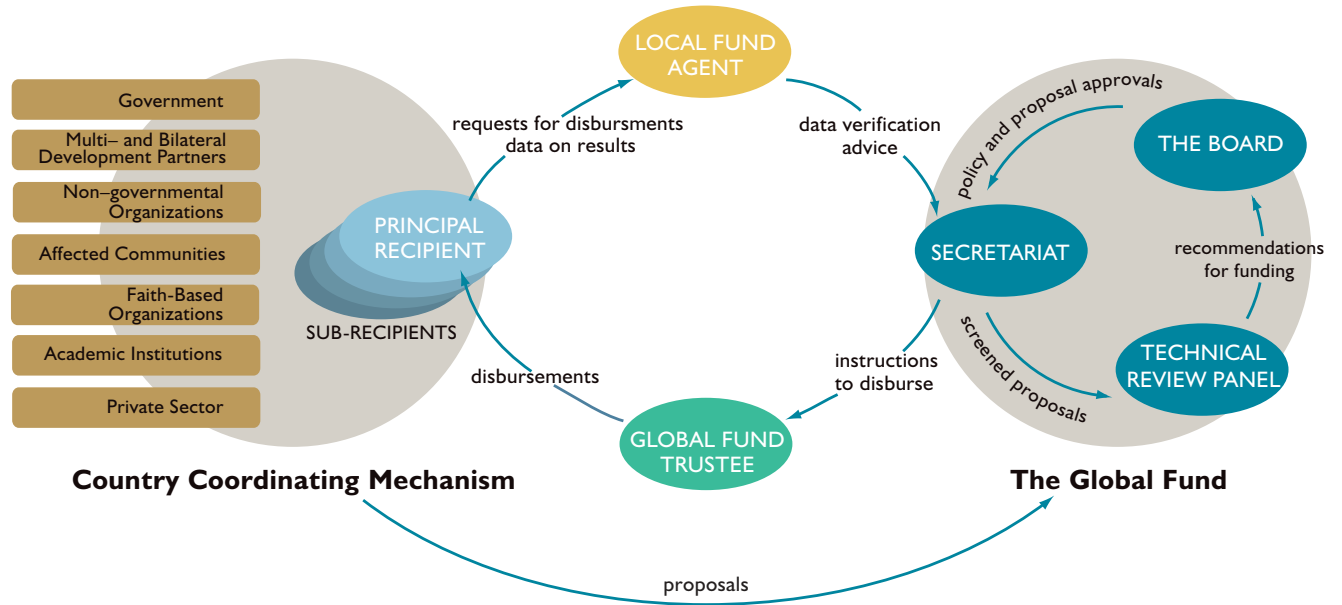
Throughout the implementation period, Principal Recipients submit periodic disbursement requests that include reports on programmatic and financial progress. The Local Fund Agent verifies the information and recommends further disbursements based upon demonstrated progress. This process ensures ongoing funding to programs that achieve results. Principal Recipients must also submit fiscal-year progress reports and financial statements—audited on an annual basis by qualified independent auditors—to the Secretariat through the Local Fund Agent.

Successful programs are eligible for funding beyond the initial two-year period. Country Coordinating Mechanisms initiate requests for this continued support. The Global Fund considers such requests based upon evidence of satisfactory progress and the availability of funds.

**“THE GLOBAL FUND IS ESSENTIAL** to disburse money in a nononerous but accountable manner. For us as global citizens, it is important that such institutions of multilateralism are built because it is the only way in which we can ensure global security of all of us.”

Zackie Achmat, Chairperson of the Treatment Action Campaign in South Africa

**The Global Fund: Portfolio Management**



The Ifakara malaria research station in Tanzania

RESULTS

Approvals

Following two proposal rounds, the Board of the Global Fund approved, in April 2002 and in January 2003, US\$1.5 billion to 154 programs in 93 countries. The burden of disease in these countries includes 80 percent of the total number of people living with HIV/AIDS, 75 percent of all tuberculosis cases and 50 percent of all deaths due to malaria. Approved grants also target countries where these diseases are rising or have shown potential for rapid increase. The annual commitments that result from the approvals bridge approximately 10 percent of the current global resource gap for external financing to fight AIDS, tuberculosis and malaria.

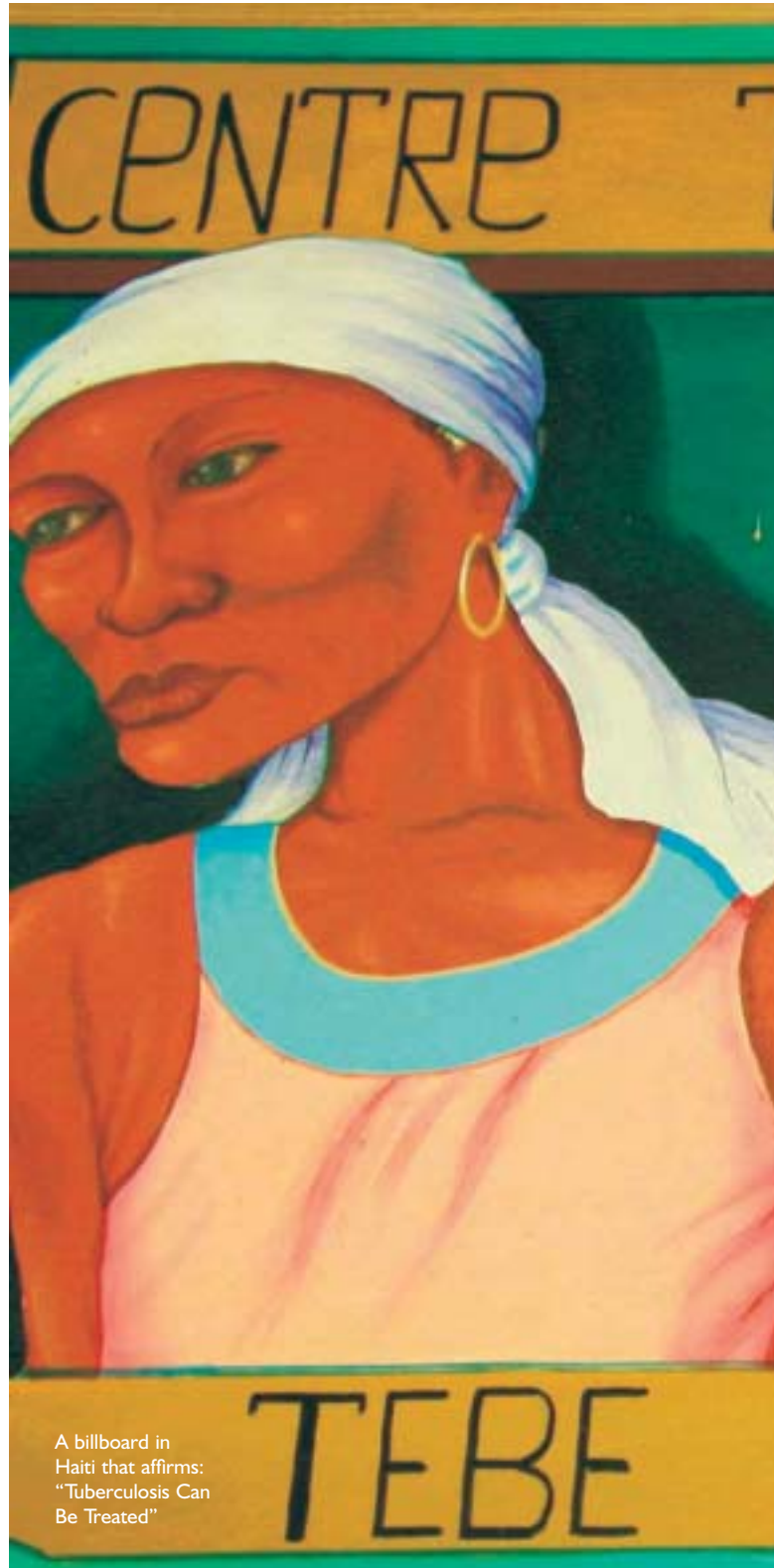
In its first two rounds of proposals, the Global Fund has made awards that correspond to the relative global burden of these diseases. In both rounds, the majority of approved funds has been dedicated to programs to prevent and treat HIV/AIDS; in the second round, funding for malaria programs increased from 12 to 28 percent of approved funds. As a result, the funds approved for both rounds are allocated as follows: more than 59 percent for HIV/AIDS programs, 19 percent to stop tuberculosis and 21 percent to roll back malaria.

This distribution of funds corresponds with identified needs for external financing to fight the three diseases. Sixty-five percent of the current annual resource gap of US\$6.5 billion is needed to address HIV/AIDS, 23 percent to address malaria and 12 percent to address tuberculosis.

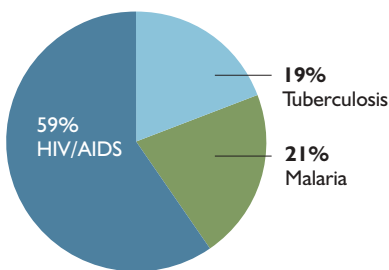
The regional distribution of Global Fund investments is more than 61 percent to Africa, 20 percent to Asia, the Middle East and North Africa, 11 percent to Eastern Europe and 7 percent to Latin America and the Caribbean.

The number of countries with approved proposals increased from 36 to 93 countries after the second round, which expanded the reach of Global Fund finance more fully to areas highly affected by and at risk of the three diseases. The second round also included a number of cross-border initiatives—for example, a regionally coordinated proposal submitted by 11 countries in the western Pacific and a regional program to fight malaria across Mozambique, South Africa and Swaziland.

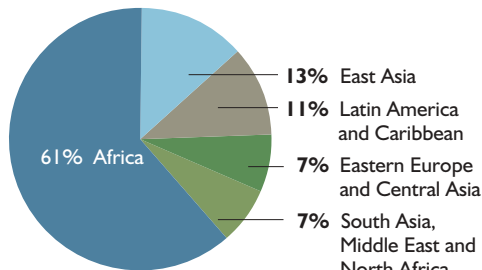
Distribution of funds strongly favors poorer countries: more than 64 percent of funds are dedicated to countries classified as low income by the World Bank, 30 percent to lower-middle income countries and 5 percent to upper-middle income countries.



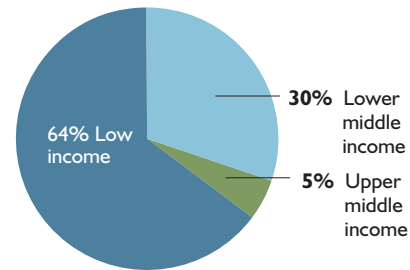
**Distribution of the Global Fund Portfolio:** Overview of approved funds by specified category  
100% = US\$ 1.5 billion over a period of two years; numbers may not equal 100 due to rounding



Disease

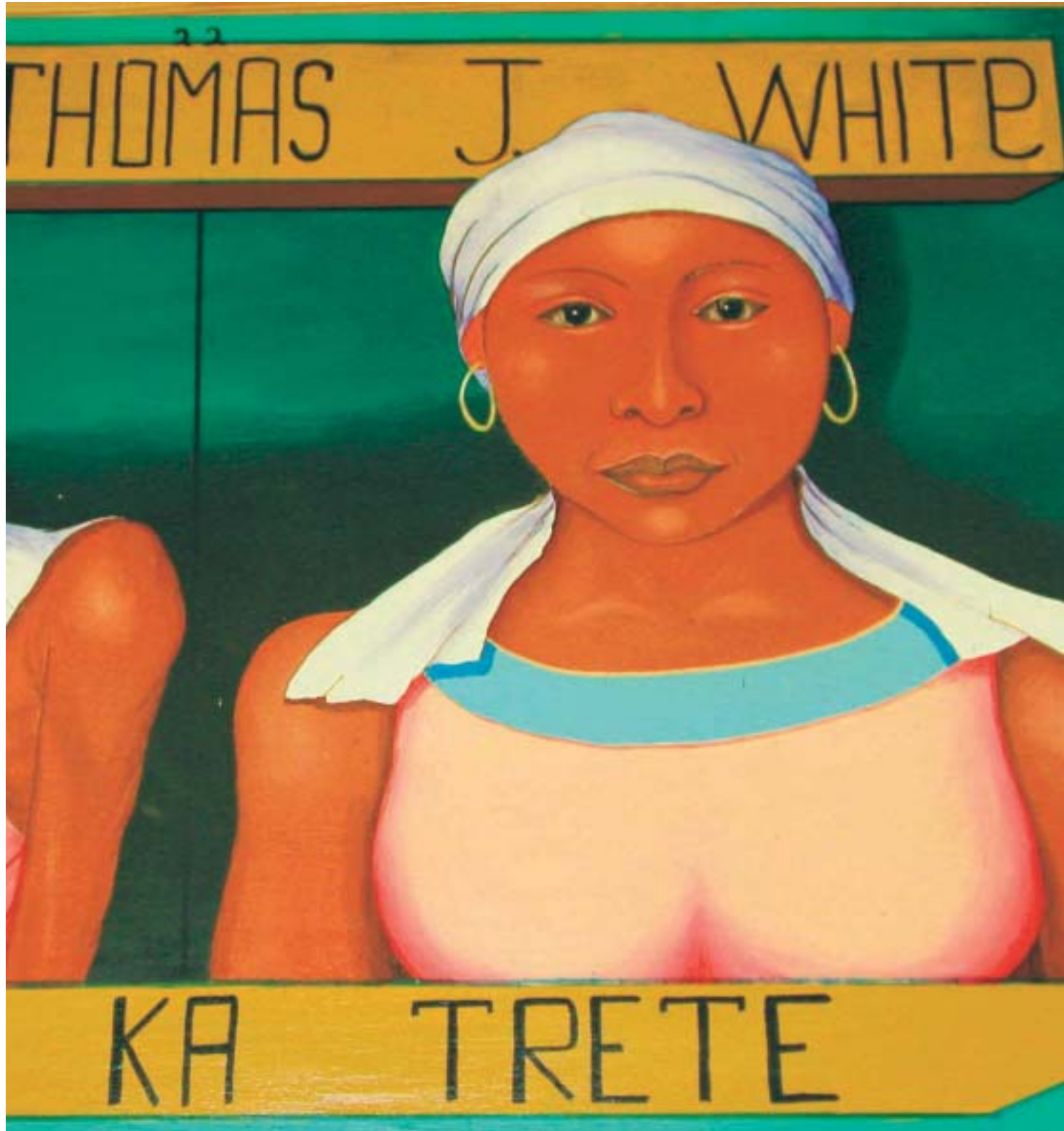


Geographic region

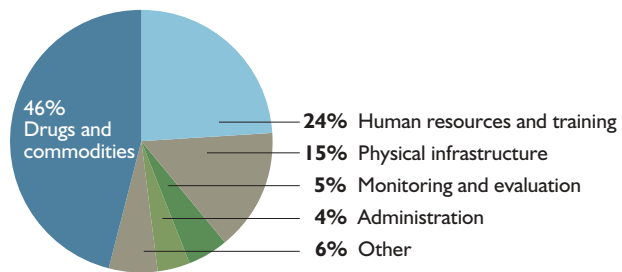


Income level of recipient country

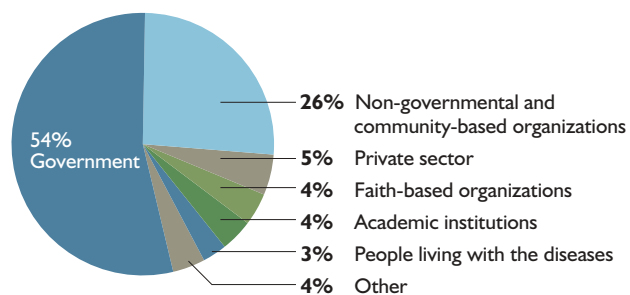




Disease figures divide evenly across relevant categories funds approved for "HIV/Tuberculosis" and "Integrated" proposals. Expenditures combine different budget categories in the first and second round of proposals. Data on recipients are drawn from proposals approved in the second round only, due to limited information.



**Expenditure target**



**Sector of recipients**

and medicines—at 46 percent—with financing of physical and human infrastructure, including management and evaluation needs. The costs of recruiting, training and compensating health-care personnel amount to almost one quarter of approved grant funds to date.

The share of funding to various proven technical interventions was also balanced in the first two rounds of proposals. Every grant for HIV/AIDS features prevention efforts, including voluntary counseling and testing, prevention of mother-to-child transmission and communication campaigns designed to change behavior, particularly among young people. At the same time, nearly 90 percent of countries that receive funds for HIV/AIDS will expand treatment programs and offer antiretroviral therapy to people living with HIV.

Funding for tuberculosis programs will expand both Directly Observed Treatment, Short Course, (DOTS) and DOTS+, for multidrug-resistant tuberculosis. Similarly, malaria grants fund insecticide-treated nets, vector control and the integrated management of childhood illnesses, as well as both first- and second-line treatments.

The approach to implementation adopted by these programs is innovative. The private sector is actively engaged. For example, funds are helping the Thai Business Coalition on AIDS work with private companies to provide HIV-prevention education to their workforces. A similar program in Cambodia focuses on female garment workers. In Ghana, training will focus on extending private clinicians' ability to diagnose and treat tuberculosis. To arrest the spread of malaria in Tanzania, textile manufacturers will produce insecticide-treated nets that will be distributed throughout the country by local vendors through a voucher system.

Other sectors of civil society are also engaged, and about half of approved funds (based on analysis of second-round grants) will be received and used by non-government partners, including more than a quarter of funds that will go to non-governmental and community-based organizations, 3 percent directly to affected communities and people living with HIV, and 4 percent to faith-based organizations. An example of the latter is the Lutheran World Federation, which will support HIV prevention in a number of countries around the world.

While in some cases assistance from the Global Fund is pioneering, in many others the grants from the Global Fund complement existing efforts and external aid. For example, funding to Zambia will be channeled, in part, through a multidonor basket; the grants to Ghana build upon agreed poverty-reduction strategies; and the program in Nigeria is linked closely to the World Bank's Multi-Country HIV/AIDS Program. A tuberculosis program in India will expand an existing World Bank effort into newly created states, and a grant to China will build upon work undertaken by the U.K. Department for International Development. Of the 14 countries targeted by the U.S. Emergency Plan for AIDS Relief, 13 have been awarded HIV/AIDS funding, and the successful proposals to the Global Fund are being consulted in the planning of future bilateral efforts.

#### Proposals and Submissions

The dollar value of proposals grew significantly from the first to second rounds. Eligible requests made in the second round totaled US\$2.1 billion for two years, an increase of more than 30 percent over the aggregate value of requests made in the previous round. Eligible requests for the third round, received at the end of May 2003, declined to US\$1.8 billion, significantly less than was projected.

The recommendation rate of proposals also increased in the second round, from 38 to 43 percent of the total dollar amounts requested. The Technical Review Panel, while applying more rigorous standards in the second round, perceived that proposal quality had improved following significant investments by countries in the development of proposals, often with important input by technical partners. Notably, the rate of recommendation of proposals submitted by low-income countries increased by approximately 10 percent. Also, 53 percent of the proposals reviewed but not approved in the first round were recommended after they had been revised and resubmitted in the second round; this compared to a recommendation rate of just over 40 percent for new submissions.

In all, 117 countries established Country Coordinating Mechanisms to submit proposals to the Global Fund in its first two rounds, and 80 percent of these were successful in the approval of at least one component. An additional 13 countries submitted proposals through Country Coordinating Mechanisms in the third round.

#### Grant Agreements and Disbursements

The first round of proposals, approved by the Board in April 2002, was followed by the rapid construction and implementation of architecture and control mechanisms to make possible subsequent grant agreements and the implementation of programs. After the Global Fund adopted an initial disbursement framework at the meeting of the Board in October 2002, work began in earnest to negotiate the first grant agreements. This work focused on four countries—Ghana, Haiti, Sri Lanka and Tanzania—and the lessons learned from these negotiations informed improvements to the performance-based disbursement model.

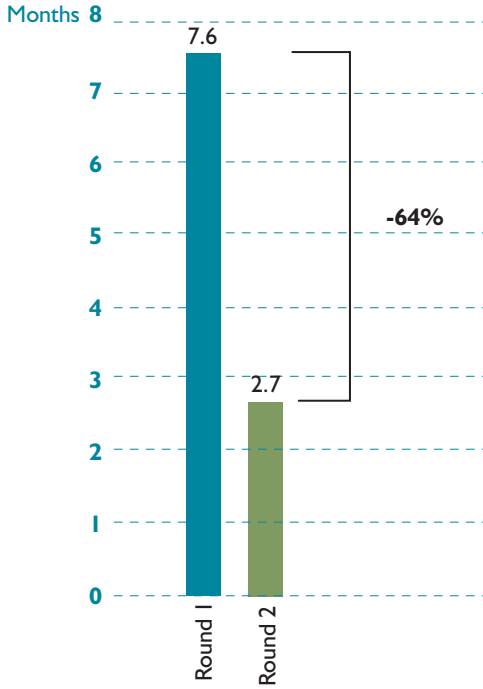
The Global Fund signed its first grant agreements in December 2002 for approved proposals from all four of the start-up countries. With the disbursement framework in place and with continued improvements to the process, the first grant agreement for a proposal approved in the second round was signed considerably more quickly following the approval of these proposals in January 2003. In the second round, the signing of initial grant agreements occurred 2.7 months following Board approval, compared to 7.6 months in the first round.

Through July 2003, the Global Fund had signed grant agreements for 77 programs in 57 countries of the 93 countries approved for funding, including 89 percent of the countries approved in the first round and 44 percent of the countries approved in the second round. Despite outstanding agreements, a comparison of mean time from approval to signing for the first and second rounds—10.3 months and 4.6 months, respectively—reveals improvement in operational efficiency.

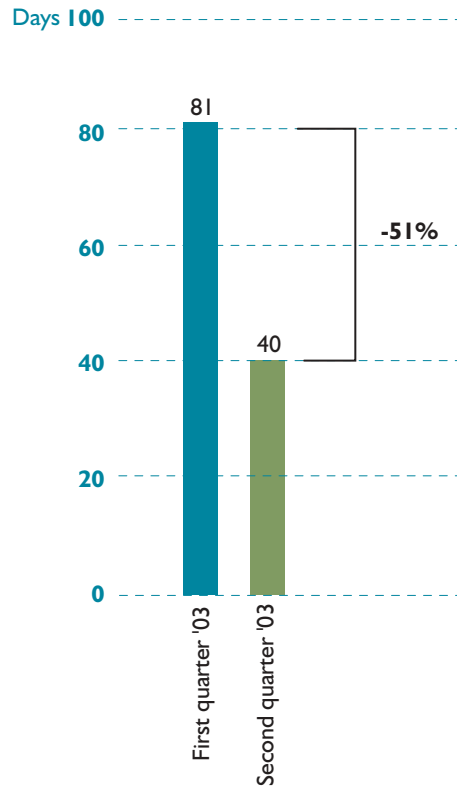
For grant agreements signed through July 2003, 62 Principal Recipients were certified to act as accountable parties for approved grants, ranging from four in Zambia alone to one for the 11 countries of the western Pacific Islands. Forty-four percent of these Principal Recipients are Ministries of Health; 13 percent are other government recipients, particularly Ministries of Finance and multisector National AIDS Councils; 18 percent are country offices of the United Nations Development Programme; and nearly 26 percent are non-public recipients, including non-governmental organizations, faith-based organizations, foundations and academic institutions.

A number of countries have adopted innovative practices related to Principal Recipients. In Chile, a national competitive tender was held to solicit the best possible Principal Recipient services and capacity. In Sri Lanka, funds ultimately destined for govern-

**Time interval to grant agreement**  
Months from Board approval to first grant agreement signing

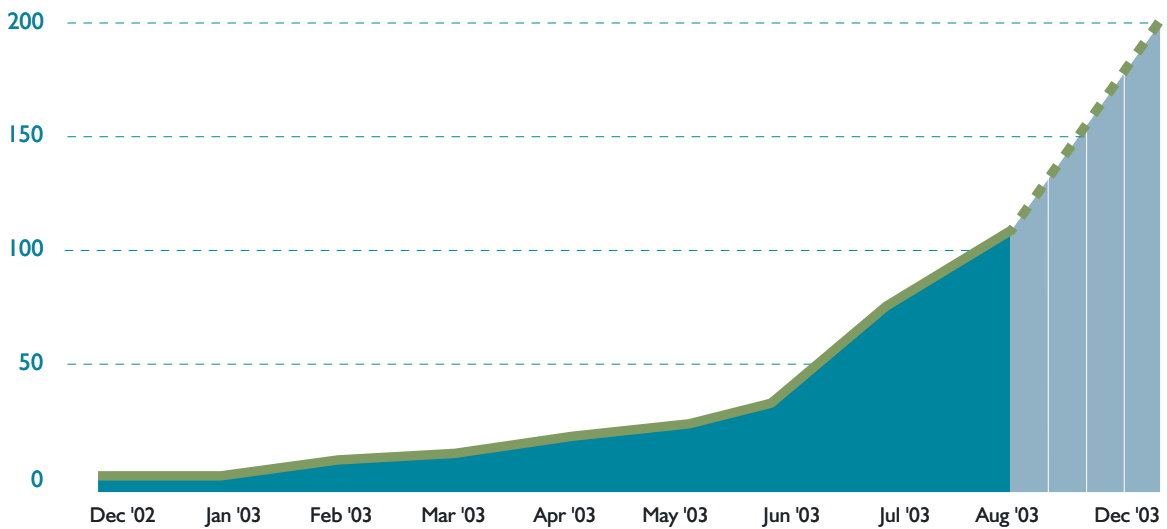


**Time interval to disbursement of funds**  
Days from grant signing to first disbursement



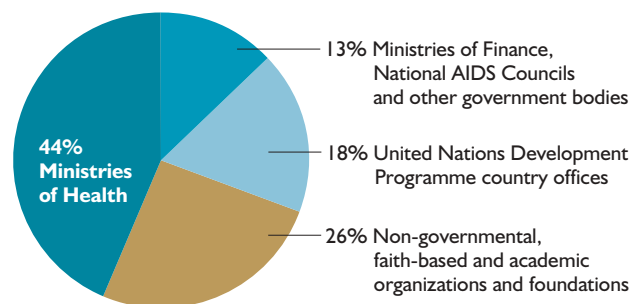
The first graph refers only to the first agreement signed for each round. The second graph groups proposals according to the quarter in which the agreement was signed.

**Disbursements from Dec '02 to Aug '03, projected to Dec '03**  
Cumulative amount disbursed by the Global Fund (in millions of US\$)



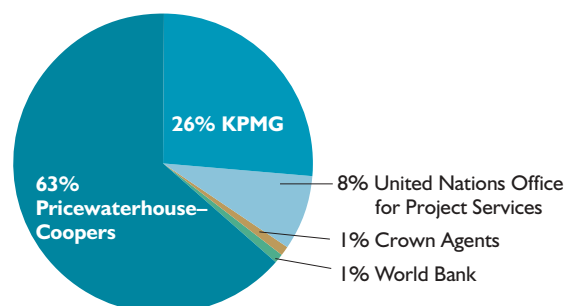
**Principal Recipients**

100% = 62 principal recipients certified by 31 July 2003\*



**Local Fund Agents**

100% = 76 confirmed contracts as of 31 July 2003\*



\*Numbers may not equal 100 due to rounding

ment use are channeled through the Ministry of Health, while a second Principal Recipient, the largest non-governmental organization in the country, processes and manages funds destined for non-government partners. Zambia chose to channel its sizable grant—which nearly doubles annual commitments to development assistance for health—through four Principal Recipients: the Central Board of Health (part of the Ministry of Health) through a basket fund for district-level responses; the Churches Health Association for faith-based efforts; the Zambia National AIDS Network for non-governmental organization programs; and the Ministry of Finance to disburse funds to line ministries.

Contracts and work orders with Local Fund Agents have enabled the certification of these Principal Recipients and the ongoing disbursement of funds. Through July 2003, the Global Fund had confirmed Local Fund Agents for 86 countries, with the following distribution: 63 percent of contracts to Pricewaterhouse-Coopers, 26 percent to KPMG, 8 percent to the United Nations Office of Project Services, 1 percent to Crown Agents and to the World Bank in a single exceptional instance. (This choice was made in India because the World Bank already monitors a tuberculosis program now expanded by a Global Fund grant.) For the 11 countries of the western Pacific Islands, a single Local Fund Agent provides services to the Global Fund. This Secretariat will expand this selection of Local Fund Agents in the future on the basis of a global competitive tender in all countries (to be finalized by the end of 2003).

The Global Fund made its first disbursement on 18 December 2002 to Ghana one week after the final signing of the first grant agreement. This was the only disbursement made in 2002 and was exceptional in that it followed the grant agreement so quickly. In most cases, the grant agreement specifies conditions that must be met prior to disbursement, which can result in time delays. Nonetheless, the pace of disbursements has accelerated considerably. Agreements signed in the first quarter of 2003 were followed,

on average, by a disbursement in 81 days as compared to agreements in the second quarter of 2003, for which disbursements were made in 40 days on average.

Overall, the amount of funds disbursed to programs has risen from US\$1 million at the start of January 2003 to US\$20 million by the beginning of May to US\$74 million by the end of July, to a targeted US\$200 million by the end of this calendar year. In addition to first disbursements, the Global Fund had issued 10 second disbursements to seven countries by the end of July 2003 based upon reported results and expenditures, validated by Local Fund Agents.

As of July 2003, it is early to project a disbursement rate for the Global Fund, as most grants are just beginning to receive disbursements. However, the experience of the four start-up countries is instructive. Six months following the signing of the first grant agreements with Ghana, Haiti, Sri Lanka and Tanzania, these programs had received disbursements worth 23 percent of the total value of their two-year grants. Compared to an even distribution of funds over the approved 24-month period, this suggests an indicative disbursement rate of 93 percent.

**Administration**

At its inception the Global Fund was mandated to be administratively lean, ensuring that funds focus on the core mission of the Global Fund: financing effective programs to fight AIDS, tuberculosis and malaria. After 18 months, the Global Fund has maintained administrative expenses consistent with this goal, and the Secretariat has dedicated well over half of its staff and budget to portfolio management.

The US\$38.7 million in annual operating expenditures for the Global Fund in 2003 has resulted in an administrative ratio of approximately 5 percent relative to annual commitments of the US\$1.5 billion approved for a two-year period to the first two rounds of approved proposals.

The budget of the Secretariat is likely to increase only modestly, keeping the administrative ratio low. Moreover, the Secretariat maintained its operating costs at less than half of the Global Fund's total operating budget, as 42 percent of the budget is designated to the services of Local Fund Agents within countries to assure proper oversight of grant implementation and 14 percent is to the trustee and administrative service agreements and to operational costs of the Board and the Technical Review Panel.

■ **Tracking and Communicating Success: Performance Monitoring**

**OPERATIONS**

Effective monitoring and evaluation are crucial to the Global Fund's model of performance-based financing. Within countries, grant performance is measured regularly to ensure that resources achieve promised results in reducing illness and death caused by AIDS, tuberculosis and malaria.

Globally, monitoring and evaluation provide tools to answer fundamental questions concerning the overall performance of the Global Fund: What is the institutional impact of the Global Fund in the fight against pandemic disease? Does the Global Fund contribute in a tangible way to the long-term reduction of poverty and the achievement of the Millennium Development Goals? Is the Global Fund an institution that is committed to learning from its partners, capable of improving its overall efficiency and responsive to periodic assessments of its internal mechanisms and its overall performance?

The Global Fund is beginning to undertake such monitoring and evaluation through a number of studies commissioned by independent parties as well as the Secretariat itself. The Global Fund is also initiating a process of continuous dialogue with its stakeholders in order to improve its efficiency and effectiveness.

Reporting by Principal Recipients is the basis of monitoring and evaluation of individual grants awarded by the Global Fund. As part of the Global Fund's performance-based funding system each Principal Recipient must:

- Establish a regularized system for gathering data from all implementing partners, which in turn is used continuously to improve program performance
- Identify key indicators—based upon existing national systems and/or internally accepted benchmarks, where appropriate—and agree to periodic targets with the Secretariat
- Describe the progress in reaching these targets on a regular basis, allowing the Global Fund to continuously assess the performance of programs and disburse funds accordingly
- Commission independent evaluations of program success on a systematic basis, aligned with international best practices

In a number of countries, the strengthening of recipients' monitoring and evaluation systems will be necessary to provide this information on a regular basis. Assessments completed by Local Fund Agents will assist in the identification of gaps in existing systems, and necessary capacity-building will be financed, in part, using grant proceeds.

Principal Recipients must also provide information from monitoring and evaluation efforts to the Country Coordinating Mechanisms, which use this information to ensure that program results are in line with the objectives outlined in the original proposal submitted to the Global Fund.

The Country Coordinating Mechanisms are responsible for consolidating results achieved in time to submit a two-year review and request for additional funding to the Global Fund. The Global Fund monitors processes of Country Coordinating Mechanisms through membership records, minutes of meetings and targeted case studies. Both the Secretariat and the Board are investigating additional modalities to monitor the performance of Country Coordinating Mechanisms.

Recognizing the inherent difficulty in making attributions of specific impact to specific donor investments, the Global Fund will work closely with partners to enable the overarching monitoring of disease on a global basis and the measurement of its effectiveness institutionally, as it channels financial resources to the prevention and treatment of the three diseases.

As part of its efforts to monitor the use of its own financing as well as to streamline requirements for recipients, the Global Fund is working actively with other donors and funding mechanisms, and recipients themselves, to support the harmonization of indicators.

This type of monitoring is carried out through a combination of existing national disease surveillance systems, international surveillance efforts and international surveys. Ad hoc reviews and case studies, both commissioned by the Global Fund and independently initiated, will contribute further to assessing the outcomes of the Global Fund's investments. In the near term, data from the country level will focus on process measures of achievement. Progress over the medium term will be reflected by information on the expanded coverage of services and interventions, which will, in turn, make possible true impact on the spread and burden of the three diseases.

Along with the need to measure progress against the three diseases within countries and globally is the imperative to demonstrate the effectiveness of the Global Fund as a financing mechanism. As a new channel of international aid, the Global Fund must confirm that its operations are efficacious relative to existing alternatives. The Global Fund has begun to put in place a series of indicators to measure its performance as a grant-making institution, monitored continuously by the Secretariat. The Global Fund will commission independent external evaluations of particular areas of operations regularly—in addition to annual financial audits—and will leverage external studies to improve operating processes and procedures.

**“THE FUND IS MAKING A DIFFERENCE.** Poor countries like Haiti, burdened by infectious disease, see the Global Fund as part of the fulfillment of a commitment by the international community to do more in the war against poverty.”

Mildred Trouillot Aristide, First Lady of Haiti

Equally important to monitoring performance is sharing information on results transparently with a broad range of stakeholders and the public at large. Such communication is integral to institutional accountability and the effort to mobilize new resources. Therefore, the Global Fund employs a wide range of media to achieve these ends: various printed informational materials, including frequent progress reports; comprehensive use of its Web site to ensure transparency and provide information to stakeholders; and an innovative use of video records to showcase progress from the field.

The Board and Secretariat also pursue partnerships to increase awareness of the Global Fund and its progress through campaigns that target the public at large. Press outreach and multimedia campaigns offer the critical link between performance monitoring and continued resource mobilization. In turn, new resources enable the continued financing of grants and effective programs on the ground.

## RESULTS

The Global Fund has just begun to finance programs within countries. Thus, through July 2003, the evaluation of programs has yet to yield systematic data with respect to progress. However, the global impact of funding has been projected on the basis of approved proposals and the work plans of recipients. These reveal the intended outcomes of Global Fund grants over a period of five years.

Over this period, according to targets set in approved proposals and grant agreements, antiretroviral treatment will extend to more than 500,000 people living with HIV, which will triple current coverage in developing countries. Countries implementing voluntary counseling and testing services with Global Fund finance will expand coverage of this intervention tenfold, to reach more than 30 million people. With funds from the second round of proposals, 500,000 orphans will receive medical services, education and community care.

Global Fund grant recipients will detect more than two million additional cases of tuberculosis and treat nearly an equal number successfully with DOTS. The treatment of multidrug-resistant tuberculosis will triple globally, with 7,000 new treatments. Grantees will deliver annually more than 3.6 million combination drug treatments for resistant malaria to eight countries in Africa, up from 10,000 per year in one country. The Global Fund will finance 47 million insect-



Tibetan nomad in China where migratory populations and people who do not have access to regular health care are vulnerable both to HIV and tuberculosis.

ticide-treated nets to protect families from the transmission of malaria; 90 percent of these nets are designated for Africa.

Country level progress to date has mainly been reported on an ad hoc basis, but, increasingly, second disbursement requests provide a more systematic record of the performance of programs. A large part of the initial disbursements is building up physical and human infrastructure to begin new activities. These data also reveal expanded treatment coverage in existing programs that are scaling up activities.

In Haiti—where a Global Fund grant is enabling non-governmental organizations to transform a pilot scheme for AIDS and tuberculosis treatment into a national program—as of July 2003 nearly one thousand more people receive antiretroviral treatment and DOTS, infrastructure has been improved by reopening one health clinic and restocking several with essential medicines, and more mothers are receiving prophylactic treatment to prevent HIV transmission to their infants.

In other countries, including Honduras and Rwanda, as of July 2003, procurement of antiretroviral drugs was under way, while in Indonesia and Rwanda, the training of health-care workers had begun to enable the distribution and rational use of such drugs. Tanzania and Sri Lanka launched new activities to distribute insecticide-treated nets, while China and Mongolia initiated programs to expand DOTS coverage.

Results such as these served as the basis for second disbursements made through July 2003, and further progress by more countries will continue to tie financing from the Global Fund to performance on the ground. The evidence of results documented through future disbursement requests and validated by Local Fund Agents will enable a more thorough analysis of the progress of Global Fund grants in the future.

A number of early studies assisted in the evaluation of the Global Fund as an institution, and the results of these have been important to the continuous evolution of the Global Fund's

# Projected Outcomes of Funded Programs

- Africans on antiretroviral treatment

<small>TODAY</small>	<small>IN 5 YEARS (PROJECTED)</small>
50,000	400,000

- Recipients of HIV voluntary counseling and testing services

<small>TODAY</small>	<small>IN 5 YEARS (PROJECTED)</small>
3 MILLION	31 MILLION

- Insecticide-treated nets available to prevent malaria transmission

<small>TODAY</small>	<small>IN 5 YEARS (PROJECTED)</small>
4 MILLION	51 MILLION

- Annual artemisinin-based treatments for resistant malaria in sub-Saharan Africa

<small>TODAY</small>	<small>IN 5 YEARS (PROJECTED)</small>
10,000	3.6 MILLION

- Active tuberculosis cases treated with directly observed treatment, short course

<small>TODAY</small>	<small>IN 5 YEARS (PROJECTED)</small>
800,000	2.9 MILLION

- Cumulative global treatments for multidrug-resistant tuberculosis

<small>TODAY</small>	<small>IN 5 YEARS (PROJECTED)</small>
4,000	11,000

Projected figures only reflect additional coverage due to Global Fund financing of programs approved in its first two proposal rounds. Voluntary counseling and testing and directly observed treatment, short-course figures refer to scale-up in countries requesting funds for these services. Baseline coverage of insecticide-treated nets based upon UNICEF and WHO purchases in 2003. Multidrug-resistant tuberculosis data based upon procurements through the Green Light Committee.





A health center in India encourages changes in behavior to prevent HIV transmission to women.



operations in the first 18 months. For example, a rigorous analysis by the U.S. General Accounting Office affirmed noteworthy progress in establishing governance, oversight and grant-making systems and observed that the Global Fund faces many challenges, including ensuring that grants add to and complement existing spending. The report affirmed that existing levels of pledges threaten the Global Fund's ability to approve and to finance additional grants, and it identified the need for improvements in the function of Country Coordinating Mechanisms.

Other studies, including those of the International Council of AIDS Service Organizations and the International HIV/AIDS Alliance, noted the need for Country Coordinating Mechanisms to be more representative by drawing on non-governmental organizations and affected communities. They also recommended greater transparency and more time for proposal development. Other institutions, including the Center for Strategic and International Studies in the United States, have also offered informed suggestions that reiterate the need to better feature the work of recipients and for improved resource mobilization.

In many cases, the Global Fund quickly responded to this input. For example, the Secretariat extended the time for proposal development from five to 13 weeks in the second round and held regional briefings to better engage local applicants in the proposals process; the Board adopted a documents policy, making substantial information on grants available to the public; and a variety of documents now feature the work of recipients.

A number of additional studies were under way as of July 2003, including one evaluating the local impact of Global Fund processes—conducted by the London School of Hygiene and Tropical Medicine and commissioned by the governments of Denmark, Ireland, the Netherlands and the United Kingdom. The Global Network of People living with HIV/AIDS undertook a survey of Country Coordinating Mechanisms to better understand how civil society plays a role in their internal dynamics. And research collaborations were preparing to study topics that examine the equity orientation of Global Fund grants, the system-wide effects of Global Fund financing and delivery models of antiretroviral treatment backed by the Global Fund.

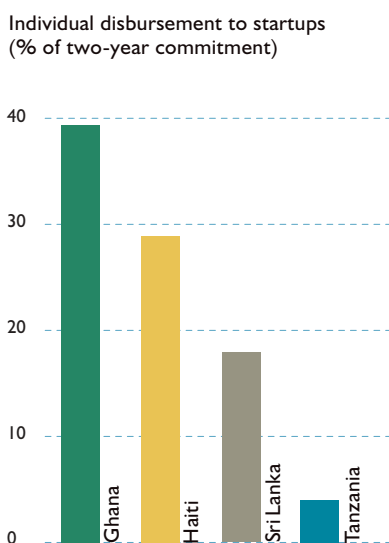
The Secretariat has independently sought feedback on its operations and has held discussions with recipients through country level consultations, regional meetings and a global meeting of representatives from more than a dozen recipient countries. This meeting followed the International Meeting to Support the Global Fund on July 16 in Paris. As both a tool for self-evaluation and a channel to communicate the progress of the Global Fund, this meeting successfully engaged a broad range of senior stakeholders, who endorsed the results of the Global Fund to date.

Partners of the Global Fund have assisted in gathering evidence regarding its broader effects. Analysis provided by UNAIDS confirms that, with few exceptions, all pledges to the Global Fund have been additive to baseline HIV/AIDS funding by donors, which establishes one level of additionality to the Global Fund's finance. Some recipients have also noted that Global Fund grants have catalyzed local efforts to leverage additional funding from donors. And donors themselves have expressed that the work of the Global Fund has created a new level of international opportunity to expand technical assistance to countries with programs such as BACKUP (Building Alliances—Creating Knowledge—Updating Partners in the Fight Against HIV/AIDS, Tuberculosis and Malaria), an initiative funded with a €25 million grant from Gesellschaft für Technische Zusammenarbeit GmbH, the government-owned German corporation for international cooperation.

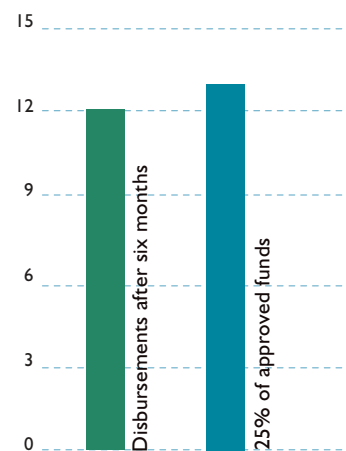
Communication between the Global Fund and its stakeholders has improved over time. The volume of print and video media published by the Global Fund has grown, and partners have leveraged these tools to educate groups about the Global Fund and to clarify its role and operations. Non-governmental organizations in donor and recipient countries have played an active role in encouraging public awareness of the Global Fund. Due in part to their efforts, 120 of the world's top media outlets featured the Global Fund in as many as 2,000 stories from January 2002 through July 2003. Reporting on the Global Fund actually doubled during its second year of operation, and media coverage of the Global Fund in Africa and Asia continued to equal that in North America and Europe.

As the monitoring of grants reveals more information about local progress within countries, the Global Fund will continue to focus the spotlight on these results, maintaining the active link between evaluation and communications.

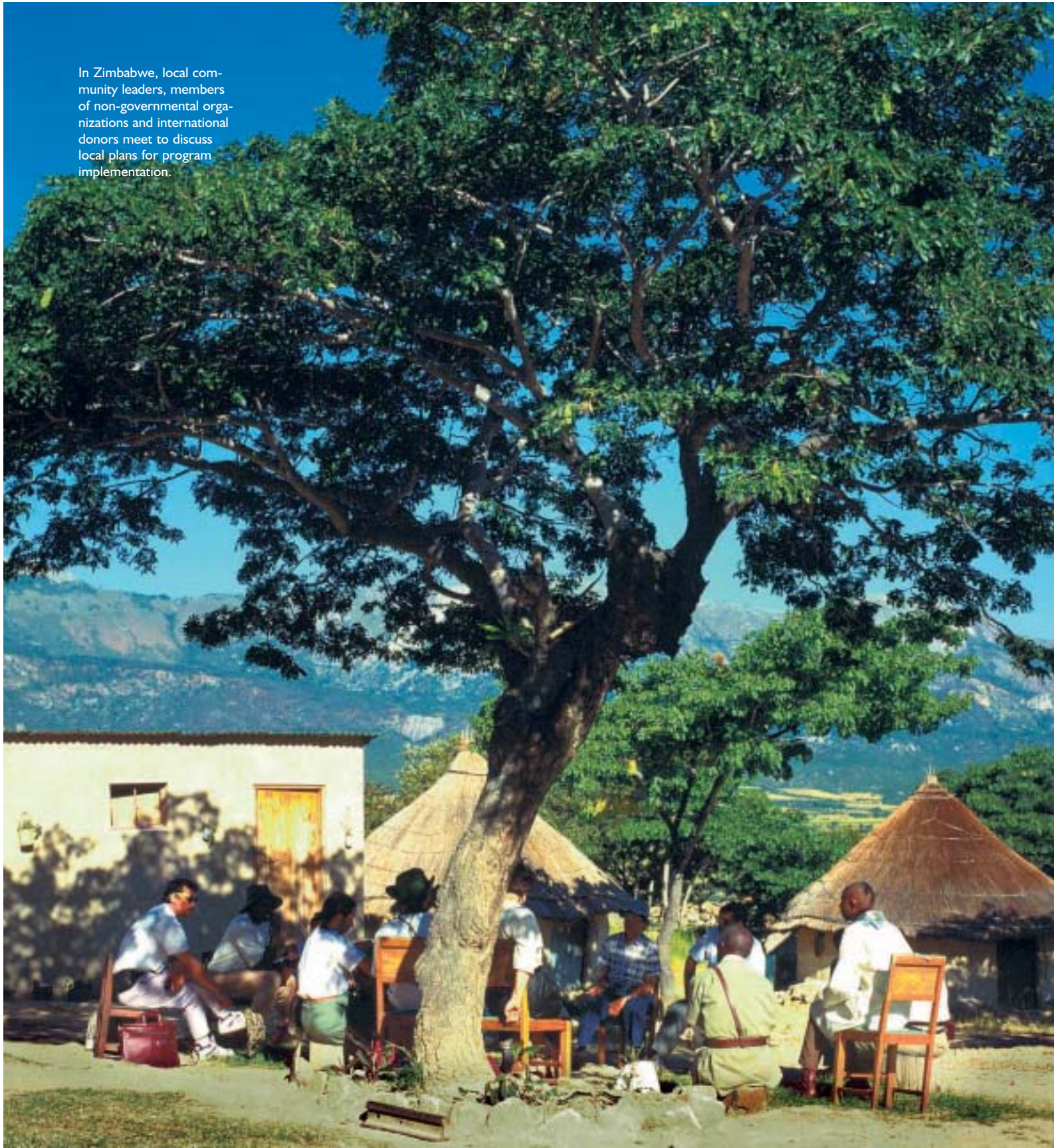
#### Disbursements six months after grant signing



#### Cumulative disbursement to startups (millions of US\$)



In Zimbabwe, local community leaders, members of non-governmental organizations and international donors meet to discuss local plans for program implementation.



**“GLOBAL FUND MONIES REALLY PROVIDED** at the highest policy-making level recognition of the role of communities and civil society in the control of these diseases.”

Vinya Ariyaratne, Executive Director of Sarvodaya Shramadana Movement in Sri Lanka

## A NETWORK OF PARTNERSHIPS SUSTAINS THE GLOBAL FUND

The ability of the Global Fund to maintain efficient operations and lean organizational overhead depends on the commitment of its partners to extend the limited capacity of the Secretariat with operational support. Beyond enabling the core functions of the Global Fund, partnerships complement its focused role as a financing mechanism. While the Global Fund supports programs to fight AIDS, tuberculosis and malaria, its partners must work with stakeholders at the country level to encourage strong applications and to use awarded funds to achieve the intended results.

The Global Fund's reliance on partnerships also exemplifies a growing trend in international development assistance to rely on interaction among existing institutions rather than build capacity that might be redundant. The future success of the Global Fund and its progress to date depend on the active engagement of many independent organizations that are well beyond its own core structures.

### Donor governments and bilateral agencies

Beyond making pledges and contributions to the Global Fund and sitting on its Board with recipient governments, donor governments actively support Country Coordinating Mechanisms and grant recipients. Representatives of bilateral agencies constitute almost a quarter of the membership of some Country

Coordinating Mechanisms and sit on the majority of Country Coordinating Mechanisms that submitted second-round proposals to the Global Fund. These agencies provide technical assistance as well as capacity for planning and coordination.

Bilateral agencies and donor governments also provide in-kind and supplementary financial assistance to the operations of the Secretariat, particularly by hosting regional meetings of proposal applicants and grant recipients. The governments of France and Japan, the United Kingdom Department for International Development and the United States Agency for International Development have all provided support for this purpose.

In other cases, bilateral agencies have made grants to organizations that work alongside the Global Fund to extend their complementary skills and services. The Norwegian Agency for Development Cooperation provided a grant to the World Health Organization to bolster efforts to prevent antimicrobial resistance to complement the expansion of drug treatment financed by the Global Fund. Similarly, the Canadian International Development Agency increased funding both to the Stop TB Partnership to assist countries in accessing Global Fund resources and to the Global TB Drug Facility for the effective procurement and distribution of medications to treat tuberculosis.

In another example, the government-owned German corporation for international cooperation—Gesellschaft für Technische Zusammenarbeit GmbH (GTZ)—has made a grant of €25 million to share among both international organizations, including the International Labour Organization, UNAIDS and the World Health Organization, and Country Coordinating Mechanisms, under the umbrella of BACKUP (Building Alliances—Creating Knowledge—Updating Partners in the Fight Against HIV/AIDS, Tuberculosis and Malaria).

### Multilateral organizations and initiatives

The Global Fund has benefited from the consistent support of UNAIDS, the World Health Organization and the World Bank. In addition to holding non-voting seats on the Board, these organizations are technical partners to the Secretariat and to Country Coordinating Mechanisms and grant recipients. All three participate on Country Coordinating Mechanisms, and UNAIDS and the World Health Organization representatives participate in the majority of those that submitted second-round proposals.

UNAIDS and the World Health Organization have provided broad support to countries in their efforts to develop proposals and implement financed programs to fight the three diseases, and they co-financed with the Global Fund a number of regional

meetings with local partners, both public and private. In addition, they mobilized targeted assistance to countries whose proposals were not approved by the Global Fund in the first and second proposal rounds. UNAIDS also supports global advocacy and resource mobilization efforts to benefit the Global Fund, while the World Health Organization has leveraged distinctive expertise in areas such as drug management to assist the Global Fund in developing functional tools such as procurement assessments of Principal Recipients. The World Bank has provided consistent input as the Secretariat developed a fiduciary architecture for the Global Fund, and the Bank continues to make available capacity to assist the Global Fund's efforts to improve its operational design.

Beyond these distinct multilateral organizations, the Global Fund benefits from participation in and collaboration with initiatives that are themselves alliances of multiple partners, including Roll Back Malaria and Stop TB. Roll Back Malaria has invited the Global Fund to give input into its evolving governance, and it has shaped its priorities to complement the needs of countries that are now receiving or are poised to receive major finance from the Global Fund to fight malaria. Stop TB has responded similarly, with the additional mobilization of the Global TB Drug Facility and the Green Light Committee, both of which fall under its partnership umbrella and both of which are mechanisms to procure medications—at substantially reduced prices—and to ensure the quality use of medications for tuberculosis treatment.

The Global Fund also partners with the International Labour Organization to encourage greater engagement of local employers and trade unions in Country Coordinating Mechanisms. The United Nations Development Programme, in addition to serving as Principal Recipient in a small number of countries where local alternatives for this role are limited, works across many countries to build the institutional capacity of public and private recipients.

### Non-governmental Organizations

Both northern and southern non-governmental organizations are included in the Board of the Global Fund. These members represent thousands of non-governmental organizations that are active in the fight against AIDS, tuberculosis and malaria. While grants from the Global Fund support many community-based organizations, a number of international non-governmental organizations work across countries to support the development of proposals that maximize the opportunity of partnership with civil society.

Increasingly, the Global Fund is soliciting similar support from faith-based organizations in order to maximize their engagement in national programs financed by the Global Fund. Partners such as the Anglican Church in Africa are mobilizing to enable greater funding to faith-based organizations in future proposal rounds.

Organizations such as the International HIV/AIDS Alliance also work with the Global Fund to conduct analyses of its impact in countries—with the supportive goal of proposing improvements to Global Fund processes. The Alliance is joined in such work by the International Council of AIDS Service Organizations and the

Global Network of People Living with HIV/AIDS. Another non-governmental organization, Aidspan, manages the Global Fund Observer—which conducts regular reporting on the Global Fund.

Non-governmental organizations have played a critical role in advocacy for the Global Fund. They have organized grassroots efforts, nationally coordinated initiatives—such as the Stop AIDS Campaign in the United Kingdom—and international campaigns to mobilize additional resources for the Global Fund to channel to effective programs on the ground.

### Corporations and Businesses

The private sector has been working with the Global Fund since its inception. Corporations and foundations occupy seats on the Global Fund's Board; private-sector representatives have added critical expertise to the Technical Review Panel and other advisory task forces; and recruitment from industry and philanthropic organizations has strengthened the staff and competency of the Secretariat. In addition, the private sector plays an important role at the country level—75 percent of Country Coordinating Mechanisms include private-sector representatives, and private organizations will receive approximately 5 percent of the finance awarded by the Global Fund to date. By serving as Principal Recipients as well as Local Fund Agents, private-sector companies can enable quicker absorption of funds and greater accountability of funding flows.

Corporations can also utilize their core assets, be they goods or services, to complement and supplement the Global Fund's core activities. One example of this type of partnership is the pro bono arrangement between the Global Fund and the advertising conglomerate, Publicis, which has committed to developing a brand-building strategy and platform for the Global Fund. By lending its marketing expertise, Publicis is providing substantial in-kind assets to the Global Fund's work in external relations.

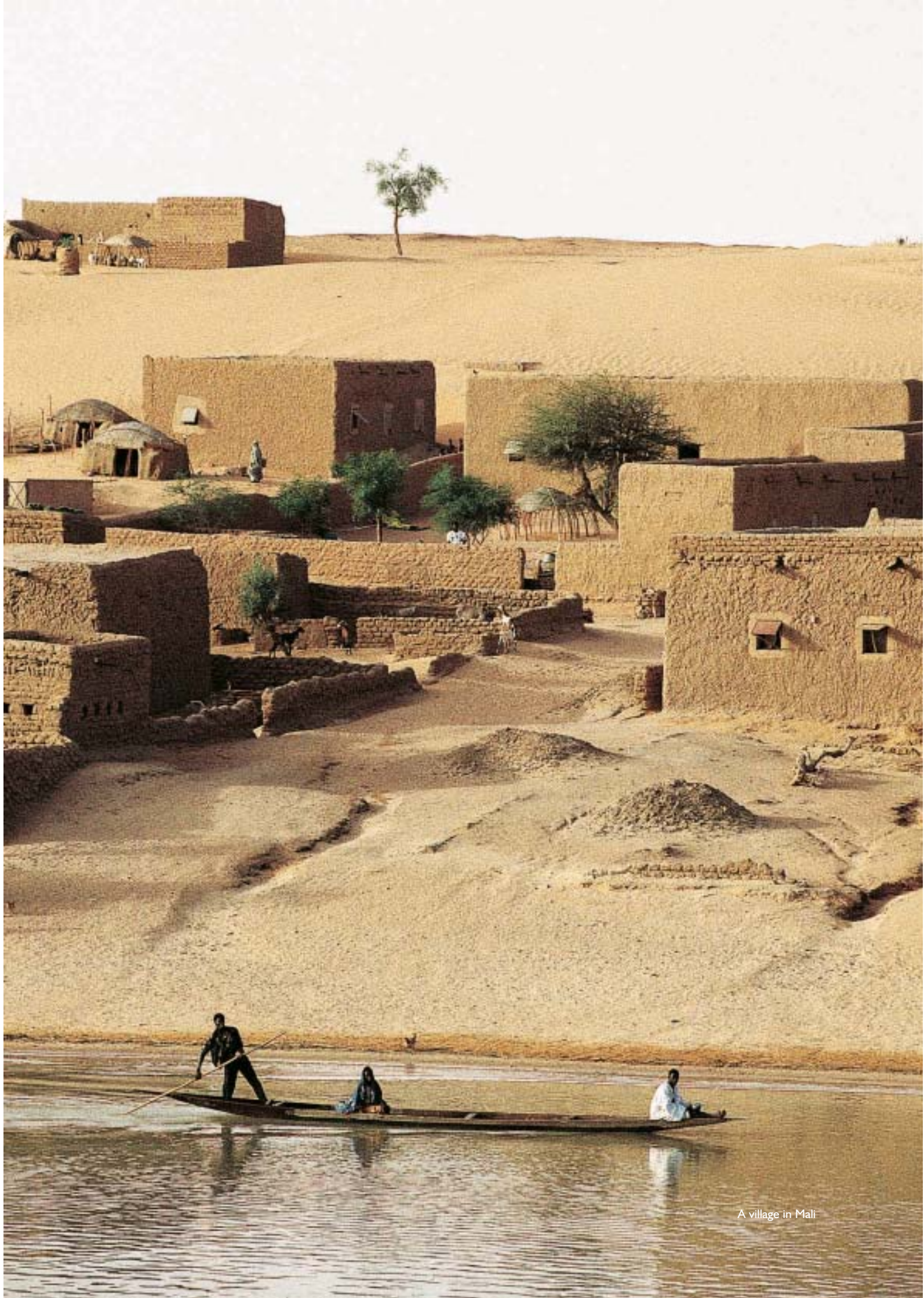
Another example is the Global Fund's relationship with the management consulting firm, McKinsey & Company, whose Managing Director represents the private sector on the Board and who has conducted two entirely pro bono studies to provide options for governance and corporate resource mobilization. Beyond strategic advice, potential private-sector partners are beginning to offer physical assets to the work of the Global Fund. Novartis, the pharmaceutical manufacturer, plans to donate 100,000 tuberculosis treatments per year for five years; because the Global Fund Secretariat itself cannot receive these, the Global TB Drug Facility has offered to channel the donation to Global Fund recipients.

The Global Fund is in the process of brokering other partnerships to mobilize resources: with financial institutions to explore models of transaction-driven consumer contribution to the Global Fund, and with other corporations to match charitable giving to the Global Fund by employees.

Also, both the Global Fund and its existing private-sector partners have begun to solicit co-investment as a type of in-country partnership that builds on the independent actions of companies in recipient countries. Workplace prevention and treatment are a necessary component of private-sector participation in the fight

**“I HONESTLY DON'T KNOW** what it means to be part of the AIDS activist community. If it means somebody who thinks the world hasn't paid enough importance to this, then absolutely—I'm a full-fledged member.”

Bill Gates, Founder and Chief Executive Officer of Microsoft



A village in Mali



Skyline in Shanghai, China

**“HIV/AIDS DIRECTLY THREATENS THE SECURITY AND PROSPERITY** not only of highly affected countries, but also of our global society. Business has an important role to play in fighting this disease, particularly in their own workplaces. Corporate leadership in distributing condoms, providing voluntary counseling and testing and access to care and treatment sends a strong message.”

Richard Holbrooke, President and Chief Executive Officer of the Global Business Coalition on HIV/AIDS



against the three diseases, but they reach only employees and possibly their direct dependents. The Global Fund can co-invest with corporations to extend such programs into the community, specifically to the populations that support a company's operations, e.g. around mines in southern Africa. If such schemes were proposed through Country Coordinating Mechanisms and approved, the Global Fund would bear the financial burden of variable programmatic costs, while partner companies extend the infrastructure and fixed costs of workplace interventions and apply the management and administration of these programs over a larger program.

### Foundations

The Bill & Melinda Gates Foundation, in occupying the Foundations seat on the Global Fund Board, conducts active outreach to this constituency, to share information and to nurture opportunities for partnerships. A number of additional foundations offered consistent operational support to the Global Fund in its first 18 months.

The United Nations Foundation has assisted efforts to mobilize resources by receiving and tracking private contributions to the Global Fund, with its non-profit status affording contributors certain tax benefits in the United States. The Kaiser Family Foundation supports the Global Fund's communications by filming features in recipient countries that highlight grant progress, by offering technical assistance to improve the Global Fund's Web site and by making a staff secondment to augment capacity at the Secretariat.

Other foundations support the Global Fund by working directly with recipients. The Open Society Institute, part of the Soros Foundations, assists local partners, particularly in Eastern Europe, with grant applications and implementation. The HIV/AIDS Initiative of the William Jefferson Clinton Presidential Foundation provides technical assistance and co-funding to recipients in Africa and the Caribbean for the scale-up of antiretroviral treatment for people living with HIV.

Still more foundations are partners to the Global Fund through their own grants to other organizations. Funding from the Glaser Progress Foundation allows the Access Project at Columbia University to work longitudinally with proposal applicants and grantees to assist in the management and implementation of programs financed by the Global Fund. A different type of grant from the Hewlett Foundation will enable the Center for Global Development to conduct a study on innovation in development finance, pursued in collaboration with the Secretariat to provide strategic input on how the Global Fund can improve its performance as a financing mechanism.

**“WE AT PUBLICIS ARE VERY PROUD** to be part of this partnership. Our task as a communications partner is to raise the level of awareness of the Global Fund to convince partners to participate in this operation, through donation or through their skills and talent. It is not about charity; it is about investing in our future.”

Maurice Lévy, Chairman and Chief Executive Officer of Publicis

## LOCAL TEAMS LEAD THE BATTLE

The Country Coordinating Mechanism is the main expression of the Global Fund's underlying principle that programs to fight AIDS, tuberculosis and malaria should rely on national ownership and build local capacity through country-driven, public-private partnerships.

The composition and responsibilities of Country Coordinating Mechanisms are based on the notion that multistakeholder consensus is critical to the effective use of external aid and to mobilizing a broad-based response to the three diseases. By deferring to a diverse set of partners, the Global Fund aims to minimize administrative burden on recipients; and by building on existing mechanisms, the Global Fund seeks to extend the coordination of development assistance for health and to strengthen efforts to implement national strategies.

In practice, the ability of Country Coordinating Mechanisms to carry out these functions and to exploit the potential of such a representative group varies greatly among countries. While a comprehensive evaluation of Country Coordinating Mechanism performance has yet to be commissioned, studies conducted over the last year highlight important areas for improvement.

Shortfalls in the performance of Country Coordinating Mechanisms fall roughly into three categories: their composition and extent to which they represent the interests of all stakeholders; information flow within them as well as between them and the



Secretariat; and their ability to align with other coordinating mechanisms and to mobilize effectively a comprehensive national response.

### Composition and Balance

The average composition of Country Coordinating Mechanisms is balanced, as 38 percent of members represent government, 18 percent multilateral and bilateral institutions and 44 percent private sector and civil society. This composition is relatively consistent among regions, but the balance of representation varies greatly among individual countries.





Morning exercises in Vietnam

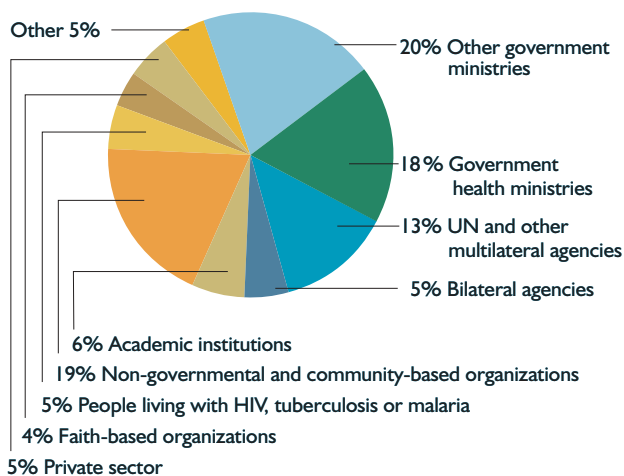
While affected communities, faith-based and non-governmental organizations and the private sector constitute large portions of some Country Coordinating Mechanisms, others do not include any representatives of these constituencies. Likewise, some do not include any representatives of bilateral or multilateral partners. For civil society constituencies, in particular, selection of representatives is not always transparent, and there is often inconsistency between members of Country Coordinating Mechanisms in contributions to decision-making and governance.

Recognizing these variances, the Global Fund issued guidelines to Country Coordinating Mechanisms specifying the expectation

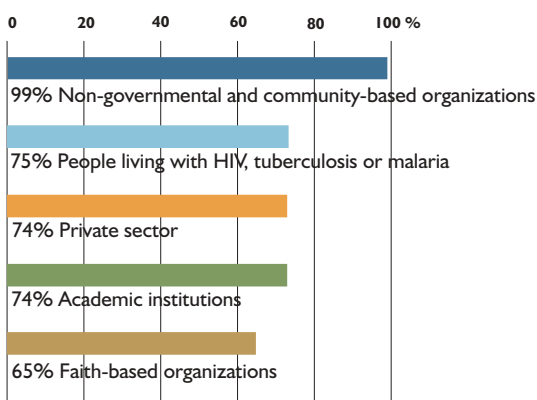
that they draw on the full engagement of all stakeholders, including government, bilateral and multilateral representatives as well as members from academia, affected communities, faith-based and non-governmental organizations and the private sector.

Country Coordinating Mechanisms themselves use the occasion of regional and global consultations to share best practice. In Haiti, for example, a journalist is a member of the Country Coordinating Mechanism to ensure full transparency. Moreover, the First Lady chairs the Country Coordinating Mechanism to signal the importance of fighting HIV/AIDS and the government's strong endorsement of the multisector approach. In

**Average Composition of Country Coordinating Mechanisms by sector**



**Portion of all of Country Coordinating Mechanisms with specified non-governmental representation**



**Countries with maximum participation of specified non-governmental sectors**

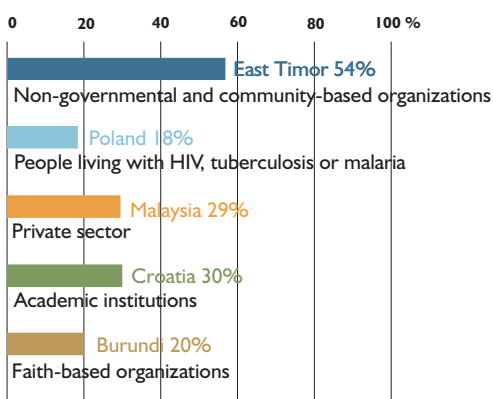


Chart figures are based upon 91 Country Coordinating Mechanisms that submitted proposals to the second round of proposals.

Nigeria, members of the Country Coordinating Mechanism elect its chair, and in Honduras the membership of non-governmental organizations rotates to ensure broad representation and participation.

**Information Flow**

Initial communication from the Global Fund to Country Coordinating Mechanisms consisted of little more than the guidelines for proposal submissions, and the lack of sufficient time for proposal preparation made difficult consultation among constituencies at the country level.

The process of working with countries to certify Principal Recipients, negotiate grant agreements and issue disbursements broadened communication between the Global Fund and Country Coordinating Mechanisms. Correspondence is now transmitted to as many members of Country Coordinating Mechanisms as possible, and the Global Fund maximizes what is publicly available on its Web site to enable constituents at the country level to have full access to information on local grant activity. The Global Fund also requires both government and civil society representatives to sign grant agreements to ensure engagement of public and private sectors in the details of program planning.

Communication among the constituencies of Country Coordinating Mechanisms has improved, though civil society representatives in many countries still complain that their participation is often limited to providing endorsements to the work of other members. In the Philippines, representatives of people living with HIV/AIDS reacted negatively when they were asked to sign grant proposals without sufficient time to read and evaluate them. In this case, the chair responded by giving the representatives proper time to review and to make inputs.

One source of improvement has been clarifications in the role of Country Coordinating Mechanisms. In Chile, the request for the Country Coordinating Mechanism to nominate a Principal Recipient resulted in an open national tender. The tender committee included four people living with HIV and two representatives from the government.

The Global Fund is working with Country Coordinating Mechanisms to encourage them to rely on transparent internal communication to fulfill their ongoing roles—monitoring program implementation, evaluating performance, preparing requests to renew funding and coordinating funding from the Global Fund with other development and health assistance.

**Coordination and Value-Added**

In many settings, the creation and functioning of Country Coordinating Mechanisms have led to improved coordination, increased mobilization and better collaboration among stakeholders at the country level. Often Country Coordinating Mechanisms have built on and expanded existing structures, such as national AIDS councils. The inflow of resources through Global Fund financed programs has given new impetus and momentum to these structures.

But representation of partners critical to the coordination of aid are absent on many Country Coordinating Mechanisms. Finance ministry representatives participated in only 37 percent of Country Coordinating Mechanisms submitting proposals to the second round. As another example, the World Bank participated in only 14 percent. While good examples exist of programs that build on poverty reduction strategies and on sector-wide approaches to health assistance, coordination of efforts to fight AIDS, tuberculosis and malaria has not been consistent.



The need for linkages to national health strategies and coordination with other donors has been affirmed to Country Coordinating Mechanisms in guidelines issued by the Global Fund. Perhaps more effective, however, have been consultations necessary to negotiate grant agreements and the details of fiduciary and programmatic responsibilities. Through these, partners in Zambia, for example, chose to channel some finance from the Global Fund through a multidonor basket.

Donors themselves have become more engaged, in part through regional meetings of Country Coordinating Mechanisms which they have helped sponsor. These meetings have given donors a chance to learn more about Global Fund processes and the plans of Country Coordinating Mechanisms.

The Secretariat of the Global Fund has increased the number of meetings with country managers of complementary donors, among their headquarters and at the country level. The Secretariat is now instituting an operational policy to require such con-

sultation during grant agreement negotiations, to confirm coordination that has hopefully commenced during the proposal development process.

Additional opportunity for coordination will arise as programs scale-up their efforts to monitor and to evaluate progress and performance. Harmonized tracking of results at the country level is in the best interest of all donors and of recipients themselves. New initiatives such as the Health Metrics Network are exploring modalities for such harmonization, and partners within Country Coordinating Mechanisms are consolidating their own approach to monitoring and evaluation as they prepare to submit their first substantial progress updates to the Global Fund.



**“WE MUST BELIEVE THAT WE CAN MAKE A CHANGE.** But there will only be a real change when health is seen as a fundamental right, not a commodity, when a life from New York or from Mozambique or from India or China has the same value.”

Irene Fernandez, human rights activist in Malaysia



In Bangladesh, a grandmother, daughter and grandchild at harvest

THE GLOBAL FUND AT WORK

## SPOTLIGHT ON LOCAL PROGRAMS

### Fighting HIV/AIDS

AFRICA

- 52 Nigeria
- 52 Rwanda
- 53 Swaziland

ASIA, MIDDLE EAST AND NORTH AFRICA

- 54 India
- 54 Pakistan
- 55 Thailand

LATIN AMERICA AND THE CARIBBEAN

- 57 Haiti
- 58 Honduras

EASTERN EUROPE

- 59 Ukraine

### Stopping Tuberculosis

AFRICA

- 60 Ghana
- 60 Sierra Leone

ASIA, THE MIDDLE EAST AND NORTH AFRICA

- 61 China
- 62 Indonesia

LATIN AMERICA AND THE CARIBBEAN

- 62 Peru

EASTERN EUROPE

- 63 Romania

### Rolling Back Malaria

AFRICA

- 64 Lubombo Region
- 65 Madagascar
- 65 Tanzania
- 66 Zambia

ASIA, THE MIDDLE EAST AND NORTH AFRICA

- 66 Sri Lanka

# Fighting HIV/AIDS

## AFRICA

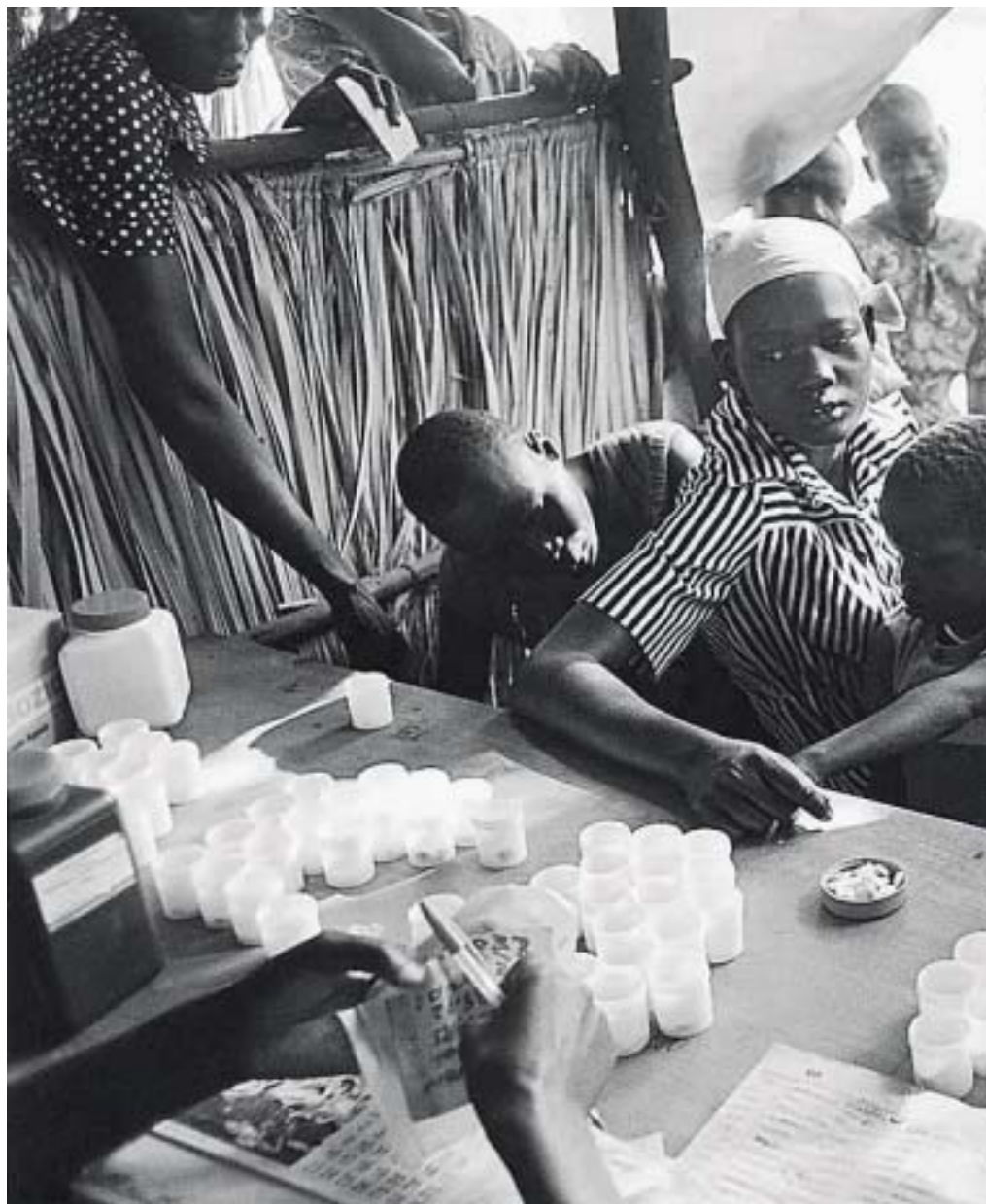
### NIGERIA

Nigeria, the most populous country in Africa, reports one of the highest adult prevalence rates of HIV in West Africa. Among approximately 130 million citizens, at least four million adults live with HIV/AIDS. Recent studies reveal an alarming rate of increase in cases of HIV infection among children, 90 percent of which is due to mother-to-child transmission. Because so many people carry the virus, Nigeria stands at a vulnerable intersection, facing a much larger AIDS epidemic: recent studies indicate that as many as 15 million Nigerians will be HIV positive by 2010 unless urgent action takes place now.

At present, the government of Nigeria has begun implementing one of the largest antiretroviral programs in Africa, offering treatment services in 25 health-care centers in 17 states. Financing from the Global Fund of US\$28 million over an initial two-year period will expand this service substantially, to reach more than 10,000 HIV-infected individuals in the first 12 months and as many as 20,000 more by the end of the two-year period.

By linking the expansion of treatment to wide-scale efforts to prevent HIV transmission, the Global Fund grant will augment the government's existing program for the prevention of mother-to-child transmission and offer antiretroviral prophylaxis—to prevent vertical transmission of HIV—and voluntary counseling and testing services to 18,000 pregnant women and their partners. Backing from the Global Fund will also promote the role of civil society in the battle against HIV/AIDS by supporting non-governmental organizations as they coordinate activities and share best practices.

The profiles in this chapter represent a cross-section of the total grant portfolio of the Global Fund.



The Country Coordinating Mechanism in Nigeria determined that the most efficient way to manage its new activities supported by Global Fund monies is through existing structures established for a World Bank program. This will avoid duplication of efforts, reduce transaction costs, improve coordination among donor-funded programs and facilitate the scaling-up of activities.

In addition to disbursing funds to the government's National Action Committee on AIDS, the Global Fund will also directly finance the Yakubu Gowon Center for National Unity and the International Cooperation, a large, non-governmental organization that provides home-based care to HIV-positive mothers, their partners and children.

### RWANDA

The adult prevalence of HIV is estimated to be greater than 13 percent, which distinguishes Rwanda as one of the 10 most affected countries in sub-Saharan Africa.

The majority of HIV-positive adults are women, and patients suffering from AIDS-related illnesses occupy more than 70 percent of the beds in major hospitals. Strong government commitment backs the principle of comprehensive services to fight HIV/AIDS, yet the country's health-care infrastructure is not adequate to manage the burden of this disease. Therefore the government of Rwanda has determined that strengthening its existing health-care system must be a priority that will serve as an important first step in halting the rapid spread of HIV.

A grant from the Global Fund of more than US\$8 million, payable over a period of two years, will expand voluntary counseling and testing services to a minimum of three health centers within each of Rwanda's 39 health districts. As part of a holistic model termed "integrated voluntary counseling and testing," funds will also ensure that programs to prevent mother-to-child transmission of HIV are available in these 117 centers and reach 30 percent of all pregnant women. Thanks to



Health-care delivery to refugees in northern Kenya, a country where nearly three million people are living with HIV

## SWAZILAND

The impact of HIV/AIDS has reversed many of the social, economic and development gains Swaziland has made in the last two decades. This country is home to 1.3 million people, and a third of adults are HIV positive. As many as 75,000 children have been left orphaned by the virus and live in institutions that dot the landscape of this small kingdom. Experts estimate that by 2010, the number of orphans could climb to 120,000.

A grant of US\$30 million from the Global Fund will support a variety of health-care initiatives to provide prevention, care and support for the entire population of the country. Within two years, 95 percent of doctors and midwives will be trained to prevent mother-to-child transmission of HIV/AIDS, and health-care facilities across the country will offer:

- Antiretroviral therapy to several thousand people living with HIV/AIDS;
- Medicines to treat sexually transmitted infections;
- Activities encouraging changes in the behavior that spreads HIV;
- Expanded voluntary counseling and testing services;
- Home-based care for the terminally ill; and
- Provision of social and legal assistance to people living with HIV/AIDS.

Today, nearly 20 percent of the Global Fund's two-year commitment has been disbursed to Swaziland's National Emergency Response Council on HIV/AIDS, which has bolstered outreach to the country's orphans. With the new backing, the government is deploying a comprehensive set of services that provide orphans with food, rehabilitate the institutions in which they live and offer educational opportunities through scholarships.

These activities are conducted within a traditional, community-based context whereby village chiefs guide Swaziland's community-based efforts to care for its orphans. In every village, community caregivers are appointed to monitor and support each child. Chiefs allocate land upon which communities grow maize and beans to ensure that there is sufficient food to feed the orphans. Each community establishes income-generating activities to nurture and sustain the child with multiple practical needs that range from food, shelter and medical care to emotional sustenance and education.

support from the Global Fund, as many as 3,000 people will have access to antiretroviral therapy as well as treatment for HIV-related opportunistic infections, including tuberculosis.

In addition, funding will underwrite training and skills-building programs for approximately 75 percent of the nation's health-care workers. Additional staff will be recruited, and a corps of national and district-level trainers will be developed to sustain initiatives to build human resource capacity.

Recognizing that voluntary counseling and testing is a first step toward a wider range of care and support services, the Ministry of Health intends to develop complementary services and activities in and around the health centers. Ultimately the government aims to offer a comprehensive package of health services, with the infrastructure in place to support them. The training of three quarters of the nation's health-care workers reflects the strategic vision of the country's policy makers both to contain the spread of HIV

nationwide and to do so in a way that supports the development of overall health systems. As part of this vision, the government will actively work with academic and non-governmental partners, including the Treatment and Research AIDS Center, the National University, the National Association for Supporting People Living with AIDS and the Rwanda National Youth Council.

Working in concert, these partners will use support from the Global Fund to benefit approximately 2.5 million people, including youth and military personnel, 200,000 people living with HIV/AIDS, 167,000 pregnant women and their children, and more than 5,000 health-care workers.

Since receiving a quarter of the funds committed by the Global Fund, the Ministry of Health has started this training of its health-care workers, assessed clinical sites, developed criteria for the distribution of antiretrovirals and procured a large number of antiretrovirals and medicines to treat opportunistic infections.



Buddhist monks in Thailand help provide care to AIDS patients

## ASIA, THE MIDDLE EAST AND NORTH AFRICA

### INDIA

In India today more than four million people are infected with HIV/AIDS—which represents nearly 10 percent of the global burden for this disease. Experts warn that many more could already be HIV positive and that current trends could lead to 25 million Indians living with HIV by 2010 if programs for prevention and treatment are not substantially enhanced and implemented over the short term.

Six states account for 90 percent of all infections in the country. In four of these states heterosexual sex drives transmission; in the others, it is fueled by the use of intravenous drugs. In addition, an estimated 170,000 children under the age of 15 are living with HIV, which has indicated a need to expand the national program on the prevention of mother-to-child transmission.

Support from the Global Fund of US\$26 million will underwrite programs to both prevent and treat HIV/AIDS throughout India. HIV prevention will be integral to a comprehensive package of services that includes voluntary counseling and testing,

antiretroviral prophylaxis for prevention of mother-to-child transmission, counseling on infant feeding, family planning and the treatment of sexually transmitted infections—which increase the risk of HIV transmission.

The availability of these services will expand from 125 centers today to 450 within two years, to include medical colleges, district hospitals, and antenatal and private clinics—80 percent of these in the six high-prevalence states. The program intends to reach seven million women.

A public-private partnership will provide antiretroviral treatment to 15,000 people living with HIV. The Ministry of Health will work with four sites, both public and private, in Bangalore, Chennai, Hyderabad and Mumbai to provide treatment. Nearly 200 non-governmental organizations will ensure the continuity of care and follow-up in the communities of those being treated. Pharmaceutical companies will help to subsidize prices so that free drugs are available to the poorest patients.

To enable these services, some 2,200 health-care workers will receive training to provide HIV/AIDS patients with necessary services of care, treatment and prevention.



While the National AIDS Coordinating Organization is poised to be the Principal Recipient of funds, the government will absorb only 15 percent of grant monies. Sixty percent of funds are destined to non-governmental organizations, more than 20 percent to the private sector and academic organizations and the remainder directly to people living with HIV/AIDS. This program is designed to be decentralized, with state AIDS control societies coordinating local implementation.

### PAKISTAN

While HIV is not a dominant epidemic in the adult population of Pakistan, the government is taking proactive measures to contain the spread of the disease among the country's 150 million inhabitants. Current estimates indicate that there are at least 80,000 people living with HIV/AIDS in Pakistan, and the government—in collaboration with non-governmental organizations, faith-based organizations and the private sector—intends to





In India, explosive growth of the HIV/AIDS epidemic runs parallel to the largest burden of tuberculosis of any country in the world.

launch an ambitious program to both prevent and treat HIV/AIDS.

With a Global Fund grant of nearly US\$5 million over two years, Pakistan will introduce a comprehensive educational program targeting secondary-school students in Karachi and Peshawar to improve their knowledge of HIV transmission and ways to prevent infection. Special programs will be established to teach more than 10,000 street children life skills to prevent and manage HIV/AIDS. In addition, Global Fund support will boost the capacity of private-sector and non-governmental blood banks to screen blood for HIV and hepatitis by training staff and providing test kits.

At present there are no organized health-care services for people living with HIV/AIDS, and voluntary counseling and testing services are nonexistent. Financing from the Global Fund will establish voluntary counseling and testing services among non-governmental organizations in 16 large urban centers. Also, five referral hospitals will administer antiretroviral

**“WE, THE THAI PEOPLE,** are convinced that the Global Fund belongs to everybody. This is our fund, and it is our responsibility to ensure its success.”

Sudarat Keyuraphan, Minister of Health in Thailand

treatment and other support to people living with HIV/AIDS and their families.

Initial financing from the Global Fund will help to sustain this wide range of activities by underwriting the development of policies to guide procurement and treatment, the establishment of clinical guidelines for antiretroviral treatment and the recruitment and training of hospital staff and health-care workers for the 16 centers that will offer outreach services.

## THAILAND

The Thai Ministry of Public Health estimates that by the end of 2001 more than one million people had been infected with HIV, of whom more than 340,000 had died. In spite of the government’s aggressive attempts to contain the virus and its commitment to expand access to care and treatment, the economic crisis of the late 1990s eroded Thailand’s ability to sustain many innovative programs that had established new standards for treatment and prevention around the world.

Global Fund grants of more than US\$50 million over two years will permit the scale-up of a number of highly successful programs to prevent and treat HIV/AIDS. In partnership with people living with the virus, non-governmental organizations, the private sector and other government agencies, the Ministry of Public Health will:

- Initiate programs to increase the knowledge about safe sex behavior among young people between the ages of 12 to 18 in schools, universities and vocational training centers;
- Introduce programs to prevent HIV/AIDS for out-of-school youth and young adults in the workplace, juvenile centers and prisons throughout Thailand;
- Expand its current antiretroviral treatment program by doubling the number of health-care facilities offering these essential drugs—resulting in an increase of 8,000 people on antiretroviral ther-

apy after the first year, with a 2004 target of 50,000 people nationwide, 20 percent of whom will be financed by the Global Fund; and

- Extend its program to prevent mother-to-child transmission to increase the number of HIV-infected mothers and their partners receiving antiretroviral drugs by 9,000 within two years.

The Global Fund will also support the work of a large number of non-governmental organizations already engaged in issues surrounding HIV and migration. Thailand hosts many migrant workers from neighboring countries, who are often vulnerable to HIV. Through a large-scale education and advocacy program, a number of community-based organizations will help migrant workers and their families gain access to comprehensive health services. The organizations will work with the government to develop policies to sustain this access and to decrease the stigmatization which migrant workers presently experience.

In addition, financing from the Global Fund will directly support the Thai Business Coalition on AIDS, which is working with private companies to provide HIV-prevention education to their workforces.

With nearly US\$6 million disbursed by the Global Fund to the Ministry of Public Health and the Raks Thai Foundation, partners in Thailand have already developed communication materials and curricula for the youth education program. The Ministry of Public Health has begun its review of policies regarding antiretroviral service delivery at all levels and has established a system to strengthen, supervise and monitor the management of its procurement and supply chain in anticipation of large-scale treatment services that will soon be in place.



In Haiti, physicians work hand in hand with churches, government and local health-care workers called *accompagnateurs* to provide directly observed treatment for HIV/AIDS and tuberculosis.

## LATIN AMERICA AND THE CARIBBEAN

### HAITI

Haiti faces the worst HIV/AIDS epidemic in the Western Hemisphere. Across this small island nation an estimated 300,000 people—6 percent of the adult population—live with HIV/AIDS. Last year, approximately 30,000 Haitians died of the disease, the leading cause of death among sexually active adults and young people. Although Haiti is one of the poorest countries in the hemisphere, the comprehensive rural health services it offers in its central plateau stand as exemplary models of HIV/AIDS care and treatment for other low- to middle-income countries around the world.

For the past several years, many health-care workers in Haiti have begun to implement a number of successful programs to prevent and treat HIV/AIDS. A Global Fund grant of US\$24 million will support the expansion of those programs as well as the implementation of new ones that will capitalize on the existing skills and knowledge of the country's public health workforce. Prevention activities include:

- Promotion of safe sex through mass communication campaigns that will reach as many as 1.5 million youth, 4,000 men who have sex with men and 18,000 commercial sex workers;
- Voluntary counseling and testing services that will reach as many as 300,000 people each year;

- Treatment of 325,000 new cases of sexually transmitted infection, to decrease the risk of HIV transmission during sexual intercourse;
- Protection of blood supplies by providing annually 12,000 new blood bags which have been certified HIV negative;
- Prevention of mother-to-child transmission of HIV, reaching more than 12,000 HIV-positive pregnant women each year to reduce by half the current 1.5 percent incidence of HIV-positive births; and
- Expansion of a unique antiretroviral therapy program piloted in Haiti by non-governmental organizations, using community-based, directly observed treatment to ensure that the appropriate protocols and treatment regimens are followed for patients who suffer from the common co-infection of HIV and tuberculosis.

Care and support for people living with HIV/AIDS will also focus on grassroots interventions that offer awareness-building among community leaders, support groups, home visits to families, foster parenting of orphans and vulnerable children and the distribution of food and monthly hygiene kits.

Haiti consistently demonstrates a high level of political commitment in the fight against pandemic disease, and First Lady Mildred Trouillot Aristide chairs her nation's Country Coordinating Mechanism. Another member of the team is a journalist, who ensures by his

trade that all activities related to the Global Fund are conducted with complete transparency. The non-profit branch of Haiti's largest commercial bank acts as one of two Principal Recipients that manage Global Fund financing. Under the guidance of this strong local team, a wide range of actors are implementing programs supported by the Global Fund.

Presently, the government is in the process of developing nation-wide systems and normative policies to guide HIV/AIDS programming, while 90 percent of Global Fund financing backs the work of non-governmental organizations, faith-based organizations and the private sector.

As one of four initial countries to receive support from the Global Fund, Haiti has already accepted as much as US\$8 million in grant awards. Since May 2002, these funds have been channeled directly to non-governmental organizations to:

- Reopen a public health clinic and operating room, stock five public clinics with essential drugs and provide basic laboratory services to four clinics;
- Expand school-based prevention programs and access to voluntary testing, counseling and prenatal screening, and increase mother-to-child prevention coverage by fivefold; and
- Enroll nearly a thousand people living with HIV/AIDS in programs that provide antiretroviral treatment, with more enrolling every day.



**“WHAT CAN I SAY?** The medicines are eloquent enough. What they have done for me is amazing. I was so sick before I started treatment. I was skinny. The medicines made me big again. I do not know how much they cost, but their value cannot be calculated.”

Adeline, HIV positive patient in Haiti



A sugar cane worker in Cuba—  
In Latin America HIV prevalence  
runs especially high among  
transient workers.



## HONDURAS

Honduras has experienced a rapid increase in HIV infections and accounts for nearly 60 percent of all cases reported in the Central American region. Roughly 80 percent of all reported cases are attributable to heterosexual transmission, and studies indicate that between 1 and 4 percent of pregnant women have been infected with the virus. Prevalence of 8 to 10 percent has been found in higher-risk populations, including commercial sex workers, men who have sex with men and prisoners. A high prevalence rate has also been identified among the Garifuna ethnic group.

A grant from the Global Fund of US\$20 million for an integrated program to fight HIV/AIDS, tuberculosis and malaria will contribute to the reduction of the incidence of HIV among the most vulnerable populations: commercial sex workers, men who have sex with men, institutionalized persons, prisoners, the Garifuna

ethnic group and young people. As part of the national plan supported by the government of Honduras, the Pan American Health Organization, local offices of the United Nations Development Program and the Global Fund, Honduras has embarked upon a comprehensive program that includes both prevention and treatment activities, with the overarching goal of reducing by 25 percent the incidence of HIV/AIDS in Honduras by 2007.

Mass-media campaigns which encourage behavior change to prevent HIV transmission will target youth, men who have sex with men and commercial sex workers. Community outreach activities will supplement these campaigns to raise awareness of HIV/AIDS throughout the country. In addition, community health-care workers and physicians will be trained in the care and treatment of HIV/AIDS, which will expand antiretroviral treatment to all those currently on the waiting list. Honduras expects to increase the number

of people on antiretrovirals to 2,000 after the first year and to 4,000 by the end of 2004.

Improving infrastructure and capacity is another goal of the program, which will bolster the main HIV/AIDS treatment centers in Tegucigalpa and San Pedro Sula and open new ones in Choluteca and La Ceiba. Funding will also support the training of legal personnel in human rights law with respect to people living with HIV/AIDS. The Global Fund will back the National Human Rights Commission's efforts to protect and promote the rights of those affected by the disease and to reduce stigmatization and discrimination. Funding will also enable the design and implementation of a system for monitoring and reporting human rights abuses across the country.

Within months of receiving its first HIV/AIDS disbursement of US\$2 million from the Global Fund, the government of Honduras added more than 400 individu-



In Russia and throughout Eastern Europe, intravenous drug users represent the group most at risk of infection from HIV/AIDS.

als to its antiretroviral program, and it continues to enroll new patients at an average of 50 per week.

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## EASTERN EUROPE

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### UKRAINE

In 1995 Ukraine began to experience a rapid spread of HIV infection, particularly among intravenous drug users. By January 2002, national monitoring and international estimates posited that approximately 240,000 people—equivalent to 1 percent of the adult population—were living with HIV. In response to the epidemic, the government of Ukraine has committed itself to a national program to contain HIV/AIDS, to develop capacity for the treatment of HIV-infected people and to provide care such as social support and counseling to people currently living with the disease.

With grants from the Global Fund totaling US\$25 million for two years, partners in Ukraine aim to provide antiretroviral therapy and treatment of opportunistic infections to 4,000 people living with HIV/AIDS and to provide antiretroviral prophylaxis to 50 percent of all pregnant women with HIV to prevent mother-to-child transmission. Additional goals include a 20 percent increase in the exposure of intravenous drug users to HIV/AIDS prevention programs; a 50 percent increase in the use of sterile syringes by intravenous drug users; a 30 percent increase in the use of condoms by commercial sex workers; and an increase in the knowledge of HIV prevention methods by 40 percent among people in uniform and by 20 percent among prisoners.

Ukraine has engaged a diverse range of institutions to carry out program activities, including government, non-governmental organizations, academic institutions, networks of people living with HIV/AIDS and the private sector. In

particular, the network of people living with HIV/AIDS will take a central role in the implementation of the program, providing peer counseling and education.

To accelerate the use and distribution of funds, three separate Principal Recipients have shared the responsibility of program management, and the Global Fund has disbursed US\$1.5 million to them by the end of July 2003.

# Stopping Tuberculosis

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## AFRICA

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### GHANA

In Ghana, the Ministry of Health describes tuberculosis as the most common cause of lost healthy lives due to premature deaths. An estimated 10,000 deaths due to tuberculosis occur in Ghana each year. In 2003, Ghana projects more than 40,000 new cases of tuberculosis in its population of 20 million people.

Currently, private health facilities lag behind the public sector in the management of this disease. A Global Fund grant of more than US\$2 million will promote equitable access to prevention, care, support and treatment for all people affected by tuberculosis. Supporting private-sector participation in the national tuberculosis control program and improving the quality of directly observed treatment, short-course, (DOTS) programs within the private sector are chief goals of the program supported by the Global Fund. To enable the expansion of DOTS coverage, financing will underwrite the training of 450 metropolitan and private-sector health-care workers, improvements to private-sector laboratory facilities, the renovation of 60 DOTS centers, the introduction of home visits to tuberculosis patients and the coordination of public and private-sector activities to combat tuberculosis.

By using incentives such as providing equipment and training, the Ministry of Health hopes to encourage the private sector to coordinate with the National Tuberculosis Control Program. It is anticipated that within five years, 95 percent of all private facilities will be coordinated with the national program. This will promote a more uniform approach to treatment and care, consistent with the work of the Stop TB Partnership.

By the end of two years, Ghana expects to have used the Global Fund grant to increase case detection rates by 10 percent and increase cure rates from 50 percent to 70 percent at private health-care facilities in Ghana's two largest cities, Accra and Kumasi. This program builds upon a strategy now used by the Metropolitan Health Services and the National Tuberculosis Control Program, which improves



Girls in Mali—  
Africa accounts for more than 25 percent of all active cases of tuberculosis worldwide. In some African countries, co-infection with HIV rises to as high as 70 percent.

detection of tuberculosis, manages the implementation of DOTS and provides quality care for tuberculosis patients.

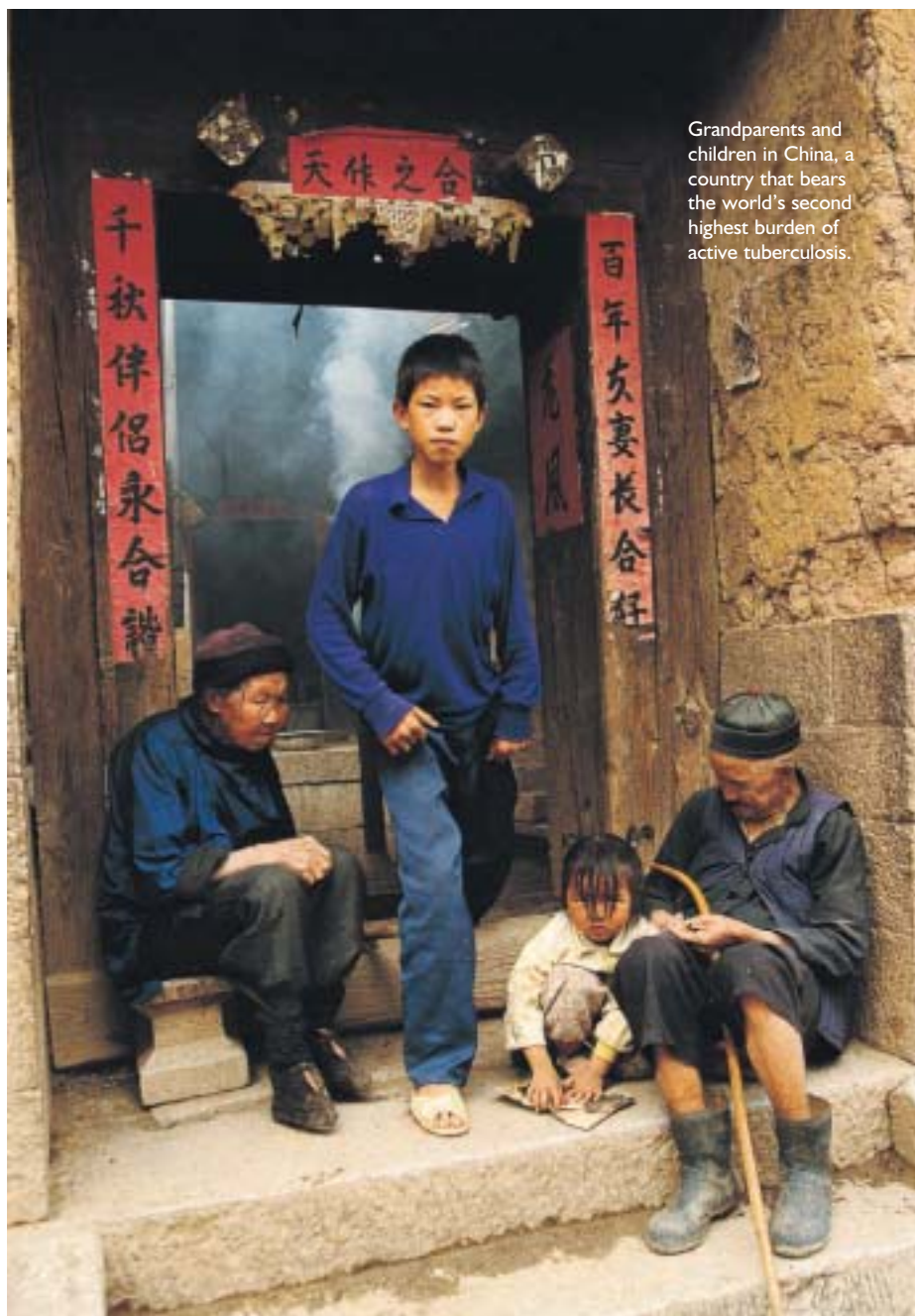
As one of the first countries in the world to receive Global Fund financing, Ghana is already using more than 40 percent of the funds committed for two years to train health-care workers and to provide DOTS.

### SIERRA LEONE

After years of civil war, health-care services in Sierra Leone are in disrepair, and few of the existing health facilities that are functioning offer directly observed treatment, short-course, (DOTS), the frontline intervention in the battle against tuberculosis. With nearly 16,000 cases of tuberculosis estimated in 2001 among a popu-

lation of less than five million, there is evidence that Sierra Leone is experiencing an increase in the spread of tuberculosis, and its weak health infrastructure is unable to respond adequately to the high number of cases. Recently, the World Bank and the Sierra Leone Health Sector Reconstruction Development Project have undertaken efforts to improve access to DOTS in four of the country's 14 districts. The government of Sierra Leone is working in partnership with the German Leprosy Relief Association on the expansion of DOTS services in six additional districts.

A grant from the Global Fund for nearly US\$3 million will expand DOTS to the four remaining districts that would otherwise be left without effective medical services to stop tuberculosis. In two of



Grandparents and children in China, a country that bears the world's second highest burden of active tuberculosis.

these districts, DOTS treatment will be offered for the first time. In the other two districts, the Global Fund will finance the scaling-up of existing treatment centers. By the end of two years, 24 DOTS centers will be established within these four districts. Much of this construction rebuilds infrastructure destroyed during the civil war.

Financing from the Global Fund will also support training of community health workers and promote partnerships between non-governmental organizations and the private sector to build sustained, cross-sector responses to the spread of tuberculosis. Services have also been designed to build links to HIV voluntary counseling and testing centers, given the high rate of co-prevalence of HIV and tuberculosis infection.

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## ASIA, THE MIDDLE EAST AND NORTH AFRICA

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### CHINA

The People's Republic of China accounts for nearly 17 percent of the world's tuberculosis burden, with estimated 1.5 million new cases and approximately 270,000 deaths each year. In addition, China has noted a significant increase in the incidence of multidrug-resistant tuberculosis, particularly in regions of the country without a directly observed treatment, short-course (DOTS) program. China therefore sought support from the Global Fund to expand its DOTS coverage and to substantially increase detection and cure rates by 2005.

With a Global Fund grant of US\$25 million over two years, China will expand DOTS coverage from 68 to 90 percent of the population, increase the detection rate of new smear-positive cases from 29 to 70 percent and maintain a cure rate of at least 85 percent for smear-positive cases treated in the DOTS program. Financing from the Global Fund will ensure that eight provincial governments working in 536 counties can deliver diagnostic services to detect tuberculosis free of charge and offer DOTS free of charge for infectious cases.

Moreover, support from the Global Fund will boost efforts to train and remunerate health-care workers in provinces designated as poverty-stricken by the central administration in Beijing. Payment of the fees will strengthen reporting practices and case management; it will serve also as an incentive to health-care providers to monitor patients who follow DOTS regimens, to sustain monitoring over the prescribed period of time and to report those cases to tuberculosis dispensaries.

The Chinese program demonstrates the massive scale-up efforts that the Global Fund can support. Within three years, China anticipates that an additional 930,000 infectious tuberculosis cases will be detected and treated in the counties where the DOTS program will be introduced. In addition, the Global Fund grant supplements existing efforts supported by the World Bank and the United Kingdom's Department for International Development to expand DOTS coverage nationwide.

Since the start of disbursements from the Global Fund to the program, the Ministry of Health has produced and broadcast 900 tuberculosis programs in more than 1,000 counties nationwide to increase public awareness of tuberculosis and the availability of free diagnostic and treatment services; and it has expanded DOTS in the target provinces, diagnosing more than 39,000 new infectious cases.

While the SARS epidemic hindered the implementation of the program, the massive screening efforts conducted by the Chinese Center for Disease Control to diagnose that infection bore a parallel benefit: a large subset of tuberculosis patients were identified from the SARS group and then referred to DOTS programs at the newly introduced sites.

## INDONESIA

Indonesia, the fourth most populous nation in the world, is home to more than 200 million people. It is second only to India and China in its number of tuberculosis cases, and accounts for 6 percent of the global burden for this disease. Approximately 150,000 people die each year of tuberculosis in Indonesia. In 2001, the National Tuberculosis Control Program managed to detect only 93,000 cases—approximately 16 percent of all estimated cases.

In 1994, Indonesia adopted the internationally recommended directly observed treatment, short-course (DOTS) strategy for tuberculosis control; and by 2001, all provinces and more than 90 percent of Indonesia's public health facilities had adopted DOTS. However, an evaluation in 2000 concluded that weaknesses—including inadequate training, low-quality laboratory equipment, poor drug distribution networks and insufficient supervision of treatment compliance—persisted in spite of strong national political commitment. A grant of almost US\$22 million over two years from the Global Fund will allow Indonesia to address these gaps by building upon a successful partnership between the Ministry of Health and the private sector in 20 provinces throughout the archipelago.

Financing from the Global Fund will provide an uninterrupted supply of drugs which is vital to the implementation of DOTS in the poorest provinces; train health-care workers; promote partnerships between medical professionals and non-governmental organizations to introduce DOTS to hospitals, lung clinics and private medical offices; and establish intermediate laboratories in remote districts to bring more efficient diagnostic services closer to the communities they serve.

The tuberculosis program in Indonesia will draw upon community structures that already exist for people living with HIV/AIDS. Local non-governmental organizations have begun to expand their efforts to reach more people by using existing networks that currently provide services for people living with HIV/AIDS. By collaborating with activists in local communities throughout remote districts, existing structures will be used to teach community members to implement DOTS.

With US\$1.5 million disbursed in June 2003, Indonesia has already trained more than 100 health-care workers for tuberculosis control and has expanded DOTS



A country of 200 million people, Indonesia is host to an estimated 600,000 cases of active tuberculosis

through non-governmental organizations in remote islands already engaged in the fight against HIV/AIDS.

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## LATIN AMERICA AND THE CARIBBEAN

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### PERU

Internationally recognized for its outstanding directly observed treatment, short-course (DOTS) program, today 100 percent of Peru's population has access to tuberculosis treatment. Between 1990 and 2000, Peru succeeded in reducing the incidence of tuberculosis by an estimated 7 percent per year in areas implementing DOTS. Despite its successes and the fact that Peru accounts for only 5 percent of the population of Latin America, it reports 16 percent of all tuberculosis cases

in the region, with a rate that is second only to Brazil's. The rise of multidrug-resistant tuberculosis is particularly troubling, given that it is impervious to the most readily available drugs and its victims thus remain infectious over a longer period of time.

Peru was one of the first countries in the world to address multidrug-resistant tuberculosis with the implementation of DOTS+, which introduces second line treatment. However, at an estimated treatment cost of US\$10,000 to US\$16,000 per patient over approximately two years, the treatment of multidrug-resistant tuberculosis is beyond the reach of most people in Peru and throughout the developing world.

In 1998, the World Health Organization, Médecins Sans Frontières, Harvard Medical School and other partners established





**“I AM BEING TREATED FOR DRUG-RESISTANT tuberculosis, as is my husband. Our children have been treated already. Without this treatment we would all be dead.”**

Fedelia, tuberculosis patient in Peru

The Global Fund grant of US\$20 million over two years will finance the treatment of multidrug-resistant tuberculosis for 2,000 patients and their families. By extending existing multidrug-resistant tuberculosis treatment to every patient who needs it over the next two years, the program supported by the Global Fund will co-finance the largest multidrug-resistant tuberculosis intervention in history. Moreover, the policy of the Global Fund requiring multidrug-resistant tuberculosis medications be purchased through the Green Light Committee will optimize the use of funds and bolster a critical purchasing mechanism.

The grant will also aid Peru in its goal to increase its tuberculosis detection rate from 94 to 100 percent. The program will focus on populations considered at high risk, including prisoners and residents of the urban areas of Lima and Callao. Financing from the Global Fund will enable the Ministry of Health to develop community-based surveillance programs, to initiate compulsory testing for tuberculosis for all prisoners and to administer first- and second-line tuberculosis treatment to all prisoners diagnosed with the disease.

The program has been developed with full cooperation between the government and non-governmental organizations, and CARE International is poised to serve as the Principal Recipient.

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## EASTERN EUROPE

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### ROMANIA

With an estimated 31,000 annual cases of tuberculosis, Romania has one of the highest incidence rates of tuberculosis in Europe and the highest incidence rate of tuberculosis among children in Europe. While Romania has implemented a version of directly observed treatment, short-course (DOTS) for many years, its current budget covers only the basic activities for tuberculosis control, such as first-line drugs, hospitalization costs, examinations, salaries of staff involved in clinical care and the vaccination of children at birth. Other important aspects of the National

Tuberculosis Control Program—including case management, supervision and monitoring, human resource development, upgraded infrastructure, diagnosis and treatment of multidrug-resistant tuberculosis and special attention to high risk groups—remain severely under-funded.

With a grant of nearly US\$17 million payable over of two years, the Global Fund will support the Romanian Ministry of Health as it expands its DOTS program. Specifically, the Ministry of Health will collaborate closely with specialists, general practitioners, community health and social workers and religious representatives to raise awareness of the National Tuberculosis Control Program. Funding will also support the development and distribution of guidelines for the diagnosis and treatment of tuberculosis in children. In addition, the National Tuberculosis Control Program will expand to include specific strategies to target prisoners and other portions of the Romanian population who are considered at high-risk for the disease. Financing will also underwrite the procurement of drugs and laboratory equipment, including treatment for multidrug-resistant tuberculosis through the Green Light Committee.

The Romanian Ministry of Health will also engage in pilot activities to use incentives to encourage treatment compliance. Both patients and health-care providers will be offered incentives such as food supplies and hygiene kits to encourage compliance with the treatment regimen. As many health-care providers are not compensated for the additional responsibilities they assume, incentives may result in better case management. Similarly, patients will be provided incentives at the treatment sites if they continue with their treatment in full compliance with DOTS. This activity will be monitored regularly and evaluated after two years to determine its cost-effectiveness; if proven to be successful, it will be expanded to other parts of the country.

a Working Group on DOTS+ for multidrug-resistant tuberculosis. One of the group's objectives was to negotiate with pharmaceutical companies to reduce the cost of second-line tuberculosis drugs, and it was successful in lowering the price of a course of drugs to US\$3,000 per patient. This led to the creation of the Green Light Committee. Composed of the World Health Organization, the International Union Against Tuberculosis and Lung Disease, the U.S. Centers for Disease Control and Prevention, the Royal Netherlands Tuberculosis Association, Harvard Medical School and Estonia's National Tuberculosis Program, the Green Light Committee offers countries an opportunity to purchase second-line drugs for tuberculosis at deeply discounted prices after demonstrating that they have the infrastructure in place to distribute the drugs.

# Rolling Back Malaria

## AFRICA

### MOZAMBIQUE, SOUTH AFRICA AND SWAZILAND

#### LUBOMBO REGION

The Lubombo Spatial Development Initiative is a collaborative project of the governments of Mozambique, South Africa and Swaziland to develop the cross-border Lubombo region into a competitive economic area. The region has a population of approximately four million and has historically been a zone of endemic malaria, particularly on the Mozambique side, which has 400,000 cases per year. The bordering areas in South Africa and Swaziland are the places in these two countries at highest risk for malaria. At the start of a community-based vector control program in 2000, the prevalence of the parasite among children aged two to 15 was 64 percent in the two southern most districts in Mozambique, bordering Swaziland and KwaZulu Natal.

Financing of US\$7 million over two years from the Global Fund will improve malaria control in the Maputo Province in Mozambique, maintain effective malaria control programs in the adjoining regions of South Africa and Swaziland and develop human resource capacity to sustain the program. Support from the Global Fund will expand community-based vector control programs and implement artemisinin-based combination therapy as the first line treatment of uncomplicated malaria.

Baseline studies of the efficacy of sulfadoxine/pyrimethamine monotherapy, traditionally used as the first-line therapy for uncomplicated malaria cases, have been completed in five sites in the Lubombo region. Results indicated a high level of resistance to this therapy, particularly in the KwaZulu Natal region of South Africa. As a result, artemisinin-based combination therapy was introduced as a first-line treatment in 2001. Since then,



Mothers and child in Zimbabwe—  
Throughout Africa, malaria is the leading cause of death of children under the age of five.

**“OUR ROLL BACK MALARIA** work was in danger of slowing down due to lack of funds. Through our new Country Coordinating Mechanism, all our partners are now joining hands. With the money from the Global Fund, we now have the means to drastically speed up our work and achieve results.”

Dorothe Kinde Gazard, Director of the National Malaria Control Program in Benin

incidence of malaria has decreased by 80 percent. Unfortunately, coverage of artemisinin-based combination therapy is extremely limited outside of KwaZulu Natal.

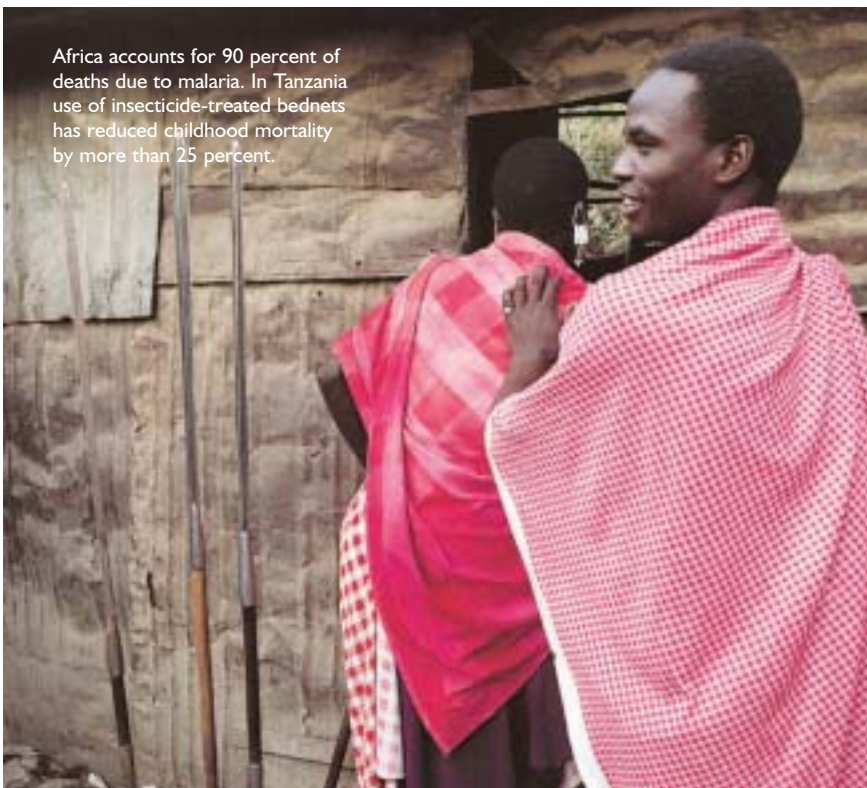
The grant to the Lubombo region will begin its widespread introduction. Training programmes and strengthening of drug management systems are currently underway in southern Mozambique to initiate the successful implementation of

artemisinin-based combination therapy at the district level. In addition, community-based indoor residual spraying of insecticide will be supported as a complementary component to reduce the incidence of malaria throughout the region.

Country-specific control programs have limitations, as vector-borne infectious diseases transcend national boundaries. The malaria control program in the Lubombo Spatial Development Initiative area repre-

**“IMPORTANTLY, THE PROGRAM** will support and encourage private sector involvement in insecticide-treated net production and distribution, especially to poor rural communities. It is a true partnership which will ultimately save lives and improve the living standards of all Tanzanians.”

Mariam Mwaffisi, Permanent Secretary of the Ministry of Health in Tanzania



Africa accounts for 90 percent of deaths due to malaria. In Tanzania use of insecticide-treated bednets has reduced childhood mortality by more than 25 percent.

sents a unique collaboration among three separate Country Coordinating Mechanisms—those of Mozambique, South Africa and Swaziland. Multicountry programs supported by the Global Fund offer the opportunity for nations to complement and coordinate activities across borders.

In July 2003 the Medical Research Council of South Africa, a non-governmental Principal Recipient, received disbursements that totaled more than 30 percent of the two-year grant commitment, and work is expected to progress quickly with this new influx of funds.

## MADAGASCAR

According to the Ministry of Health, malaria is the leading cause of morbidity and mortality in Madagascar, with more than 1.4 million cases and nearly 30,000 deaths reported in 2000. As in many countries, malaria has a disproportionate

effect on children under the age of five, who account for 90 percent of malaria deaths. As a result of political instability in recent years, the Ministry of Health has been unable to make significant gains in the fight against malaria, and has relied increasingly upon the private sector and non-governmental organizations to support efforts to control the disease.

Political instability has also prevented Madagascar from forming a Country Coordinating Mechanism, and the Global Fund has accepted and approved a US\$1.5 million malaria proposal from Population Services International, a non-governmental organization that has pioneered the use of social marketing techniques throughout the world.

In an effort to reduce malaria-related mortality by 20 percent and morbidity by 30 percent among pregnant women and children, Population Services International will scale-up its social marketing of insecticide-treated nets to control the mosquito

that carries the parasite. Global Fund financing has proven to be the catalyst for a national consensus under the Roll Back Malaria partnership. The government of Madagascar, the United States Agency for International Development, UNICEF and the World Bank have agreed to develop and to utilize a single brand of long-lasting insecticide-treated nets that will be distributed primarily through Population Services International. In addition, Population Services International will launch an information campaign to raise awareness of the benefits of insecticide-treated nets and to increase demand for these products.

Insecticide-treated nets will sell for approximately US\$2.30, reduced from a previous price of nearly US\$10 per net. The profits will be rolled into a subsidy to enable some nets to be distributed free of charge to those who cannot afford to purchase them. With a target of purchasing and distributing 250,000 insecticide-treated nets over a two-year period, Population Services International, working with other non-governmental distributors, has begun implementing the program with an initial disbursement of almost US\$600,000 from the Global Fund.

## TANZANIA

Tanzania has more than 30 million people at risk from malaria. It is estimated that there are 16 million cases of malaria each year, contributing to approximately 80,000 deaths annually of children under the age of five. Economic losses due to malaria are estimated to equal approximately 3.4 percent of the country's gross domestic product each year. Local studies demonstrate that the use of insecticide-treated nets can reduce malaria-related mortality by almost 27 percent and halve the number of malaria-related illnesses. Accordingly, the government of Tanzania was the first in Africa to lift all taxes and related duties on imported, insecticide-treated nets for the prevention of malaria.

A Global Fund grant of US\$12 million payable over two years makes possible an innovative public-private partnership whereby 90 percent of pregnant women will have access to subsidized insecticide-treated nets. Financing is supporting the National Malaria Control Program's plan to subsidize people's purchase of insecticide-treated nets from commercial retailers. Under the plan, vouchers will be distributed throughout Tanzania to pregnant women who attend antenatal care clinics. Women will present these vouchers to

commercial retailers, who in turn will be reimbursed by a consortium of non-governmental organizations for the cost of the nets.

The scheme will also ensure that at least one commercial outlet for insecticide-treated nets operates in each village in which malaria is a threat. Moreover, free insecticide treatment kits—used to sustain the efficacy of insecticide-treated nets—will be distributed by immunization centers to mothers of children under 18 months of age. The design of this program ensures broad coverage of distribution in a manner that leverages the reach of the private sector and provides active links to other health interventions. The voucher scheme encourages pregnant women to attend antenatal clinics, which will lead to better prenatal care and the associated health benefits for both mother and child.

This innovative scheme not only increases access to insecticide-treated nets, but it also has stimulated the private-sector production of insecticide-treated nets in Tanzania. Virtually all of the nets used in this program are locally produced, procured and distributed.

The program aims to supply 60 percent of all pregnant women and all children below five years of age with insecticide-treated nets—compared with 7 percent in 2001—and to increase the number of households with at least one insecticide-treated net from 11 percent in 2001 to 70 percent in 2006. An initial disbursement of US\$500,000 from the Global Fund has permitted partners in Tanzania to begin to purchase and distribute the first of many thousands of insecticide-treated nets to pregnant women and their families.

## ZAMBIA

Malaria is endemic throughout Zambia, which has extremely high rates of malaria-related morbidity and mortality. More than 70,000 Zambian children under the age of five died in 2001, and malaria caused at least a quarter of these deaths. Yet the national response to malaria is hamstrung by funding shortfalls that limit the government's ability to undertake appropriate treatment and prevention activities.

The Global Fund has approved two malaria grants to Zambia for nearly US\$18 million to support its national response: one to the Central Board of Health's Program to Combat Malaria and the other to Churches Health Association of Zambia. Financing from the Global Fund will assist the Central Board of

Health's efforts to reduce malaria-related morbidity and mortality by ensuring prompt, effective and safe treatment; effective vector control through indoor residual spraying; widespread, affordable access to insecticide-treated nets; and strengthened program management and partnerships.

As treatment failure rates with chloroquine have risen from zero in 1980 to close to 40 percent in 2000, the government of Zambia has become one of the first countries in Africa to adopt artemisinin-based combination therapy in its national treatment protocols. This treatment has been demonstrated as effective in situations of high resistance and has been shown to significantly reduce malaria-related mortality. Financing from the Global Fund will allow the government to offer artemisinin-based combination therapy nationwide.

The number of partners involved in the program highlights how Zambia has leveraged the opportunity presented by the Global Fund to enable a true multi-sector approach to the fight against malaria. Since the Churches Health Association of Zambia provides 30 to 40 percent of existing health-care services in the country, the malaria program is utilizing the skills and experience that a large network of faith-based organizations can offer. The organization is taking a leading role in coordinating the distribution of insecticide-treated nets, using its national network of faith-based organizations to ensure widespread coverage.

In a further example of innovative partnerships fostered as a result of Global Fund financing, an approach to indoor residual spraying that was developed by a large mining company will be expanded to reach five additional high-risk urban areas.

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## ASIA, THE MIDDLE EAST AND NORTH AFRICA

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### SRI LANKA

In the northeast province of Sri Lanka, malaria continues to be a significant problem and represents the leading cause of death in some districts. Since this area has long been affected by civil conflict, many of the major health gains made elsewhere in the country have not materialized here. Now, with the cessation of hostilities, many of the displaced will return to their homes. Many of the approximately 400,000 Sri Lankan refugees in India will return as well, placing substantial

demands on the already overburdened health-care system. There is also the risk that returning refugees will introduce strains of drug-resistant malaria to the region.

The Global Fund has provided Sri Lanka with a grant of more than US\$5 million over two years, distributed between the Ministry of Health and Lanka Jatika Sarvodaya Shramadana Sangamaya, the country's largest local non-governmental organization. The program aims to reduce the transmission of malaria in the northeast province through integrated vector control, with a special emphasis on the use of insecticide-treated nets.

The grant is financing the purchase of 160,000 insecticide-treated nets for distribution to the poorest people in the districts that face the highest levels of mosquito infestation. Support from the Global Fund will also enable the deployment of 1,800 mobile malaria clinics to 10 remote districts, the purchase and provision of 35,000 rapid diagnostic kits to medical institutions and remote clinics, improved screening of children under 10 years of age—including 250 blood surveys among schoolchildren—and an increase in the number of farms that breed fish which attack and devour mosquitoes in the larval stage.

Overall, the program aims to reduce the incidence of malaria in the northeast province to two per 1,000 persons (from a current figure of 16 per 1,000); to provide insecticide-treated nets to 50 percent of pregnant women in localities with the highest malaria transmission rates; to ensure that 75 percent of households use at least one insecticide-treated net; to supply 50 percent of the population with health education material on malaria; and to ensure that 50 percent of the population uses at least one effective mosquito repellent.

The sharing of funds and responsibilities between public and non-governmental recipients reflects the commitment that both Sri Lanka and the Global Fund have to a broad response to malaria. With about a quarter of approved funds disbursed, these recipients have already begun to procure and distribute the insecticide-treated nets that will help to achieve their goals for malaria control.



In Bangladesh, mothers and their young children pause at dawn before a day of work in the fields.

**“THE GLOBAL FUND ADVANCES A NOVEL PROPOSITION:** The programs it finances are driven entirely by national priorities and policies developed locally. As countries achieve tangible results— as more clinics are built, more health-care workers are trained, more labs are stocked, more patients are treated with effective protocols and more young people receive information about the prevention and treatment of infectious disease—the Global Fund invests more cash, so that progress can continue.

It is impossible to overstate how strongly people feel—from cabinet ministers to people living with HIV/AIDS — that the Global Fund is the best vehicle we have to finance the struggle against the pandemic.”

Stephen Lewis, United Nations Special Envoy for HIV/AIDS in Africa

## MAKING AN IMPACT ON HIV/AIDS, TUBERCULOSIS AND MALARIA

In its first 18 months, the Global Fund has successfully raised new capital, catalyzed local partnerships and planning, developed accountable systems for governance and oversight, and disbursed new and additional resources to public and private recipients on the front lines of the fight against AIDS, tuberculosis and malaria.

But the greatest challenges lie ahead. Health systems must be strengthened. Strong leadership and skilled management must galvanize the implementation of grants. Health-care workers must be recruited and trained to deliver services. And procurement and distribution systems must ensure ready access of medicines to the poor and vulnerable.

These are collective responsibilities. Governments and non-governmental organizations, corporations and faith-based organizations, academicians and people living with HIV, bilateral and United Nations agencies—these are the partners who must act urgently to capitalize on the opportunity of new finance. They will do so, but only insofar as they work together.

The Global Fund will do its part, but it does not stand alone. To mobilize new resources and to manage and invest these efficiently, the Global Fund depends upon partners for operational support. The Global Fund must collaborate with other institutions, particularly to monitor and evaluate results—which will be achieved by hundreds of recipients in scores of countries around the world.

Only through such cooperation can we achieve the goals that matter most: lives saved, infections prevented, families and communities given new hope and economies reinvigorated. The tide of AIDS, tuberculosis and malaria will take many years to turn, but these scourges can be defeated if we continue to work together, with stubborn hope and steadfast commitment.

HUMANITY  
WILL JUDGE US  
HARSHLY  
IF WE FAIL  
TO ACT NOW.

NELSON MANDELA



Friends and family in Russia





# APPROVED GRANTS AND THE ORGANIZATION

## Approved Grants

72 AFRICA

74 ASIA, MIDDLE EAST AND NORTH AFRICA

75 LATIN AMERICA, THE CARIBBEAN  
AND EASTERN EUROPE

## The Organization

78 BOARD

80 SECRETARIAT

82 TECHNICAL REVIEW PANEL

# APPROVED GRANTS

The principal work of the Global Fund is accomplished by rewarding and managing grants to finance the battle against the world's three great health pandemics: HIV/AIDS, tuberculosis and malaria. Following approval of programs by the Board, grant agreements commit funds for an initial two-year period, and periodic disbursements are made on the basis of requests and performance.

The list that follows details funding approved by the Board after two proposal rounds, by region, country, disease target and round. The total sum authorized by Board approval is specified and is followed by the sum committed as a result of signed grant agreements as of 31 July 2003 in brackets and the amount disbursed as of 31 July 2003 in italics.

Principal Recipients are listed for all grant agreements signed by the time this report was completed (end of August 2003). In all other cases, the names of Principal Recipients are listed as "To Be Confirmed (TBC)" pending the completion of grant agreements.

For current and detailed information regarding the grant portfolio of the Global Fund, please refer to the Global Fund Web site at [www.theglobalfund.org](http://www.theglobalfund.org). Information available to the public includes:

1. Brief descriptions of approved programs
2. Complete copies of approved proposals
3. Signed grant agreements
4. Copies of disbursement requests
5. Progress updates and fiscal-year reports by Principal Recipients
6. Membership and contact information for Country Coordinating Mechanisms
7. Contact information for all Principal Recipients
8. Contact information for all Local Fund Agents
9. Contact information for Global Fund Portfolio Managers at the Secretariat
10. Biweekly status reports of the entire portfolio, including up-to-date figures on grant agreement commitments and disbursements

## KEY TO GRANT DISBURSEMENT

Benin	COUNTRY
HIV/AIDS, Tuberculosis and Malaria	PROGRAM(S) APPROVED FOR FUNDING
Rounds 1 and 2	ROUND(S) OF APPROVAL
US\$15,910,589	TOTAL FUNDS APPROVED
[US\$2,389,185]	FUNDS COMMITTED BY GRANT AGREEMENT(S)
<i>US\$341,021</i>	FUNDS DISBURSED

## AFRICA

Benin  
HIV/AIDS, Tuberculosis and Malaria  
Rounds 1 and 2  
US\$15,910,589  
[US\$2,389,185]  
*US\$341,021*

*Principal Recipient(s):*  
United Nations Development Programme  
*Local Fund Agent:*  
PricewaterhouseCoopers

Botswana  
HIV/AIDS  
Round 2  
US\$18,580,414  
Not Yet Signed by  
31 July 2003

*Principal Recipient(s):*  
TBC  
*Local Fund Agent:*  
PricewaterhouseCoopers

Burkina Faso  
HIV/AIDS and Malaria  
Round 2  
US\$14,630,495  
Not Yet Signed by  
31 July 2003

*Principal Recipient(s):*  
TBC  
*Local Fund Agent:*  
PricewaterhouseCoopers

Burundi  
HIV/AIDS and Malaria  
Rounds 1 and 2  
US\$18,669,126  
[US\$4,877,000]  
*US\$554,100*

*Principal Recipient(s):*  
Ministry of Health  
*Local Fund Agent:*  
PricewaterhouseCoopers

Central African Republic  
HIV/AIDS  
Round 2  
US\$8,199,750  
Not Yet Signed by  
31 July 2003

*Principal Recipient(s):*  
United Nations Development Programme  
*Local Fund Agent:*  
PricewaterhouseCoopers

Chad  
Tuberculosis  
Round 2  
US\$1,263,969  
Not Yet Signed by  
31 July 2003

*Principal Recipient(s):*  
TBC  
*Local Fund Agent:*  
TBC

Comoros  
Malaria  
Round 2  
US\$1,534,631  
Not Yet Signed by  
31 July 2003

*Principal Recipient(s):*  
TBC  
*Local Fund Agent:*  
PricewaterhouseCoopers

Congo,  
Democratic Republic of the  
Tuberculosis  
Round 2  
US\$6,409,630  
[US\$6,408,741]  
*US\$1,578,727*

*Principal Recipient(s):*  
United Nations Development Programme  
*Local Fund Agent:*  
PricewaterhouseCoopers

Côte d'Ivoire  
HIV/AIDS  
Round 2  
US\$26,887,541  
Not Yet Signed by  
31 July 2003

*Principal Recipient(s):*  
TBC  
*Local Fund Agent:*  
KPMG

Eritrea  
Malaria  
Round 2  
US\$2,617,633  
[US\$2,617,633]

*Principal Recipient(s):*  
Ministry of Health  
*Local Fund Agent:*  
PricewaterhouseCoopers

<p>Ethiopia HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$104,261,423 [US\$10,962,600]</p>	<p>Liberia HIV/AIDS and Tuberculosis Round 2 US\$12,192,274 Not Yet Signed by 31 July 2003</p>	<p>Mozambique HIV/AIDS, Tuberculosis and Malaria Round 2 US\$54,157,547 Not Yet Signed by 31 July 2003</p>	<p>Rwanda HIV/AIDS and Tuberculosis Round 1 US\$8,409,268 [US\$8,409,268] US\$2,111,992</p>
<p><i>Principal Recipient(s):</i> Ministry of Health; National AIDS Council <i>Local Fund Agent:</i> KPMG</p>	<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p>	<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p>	<p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> Crown Agents</p>
<p>Ghana HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$11,898,529 [US\$11,898,529] US\$2,926,929</p>	<p>Madagascar HIV/AIDS and Malaria Rounds 1 and 2 US\$5,261,823 [US\$5,261,823] US\$1,744,857</p>	<p>Multicountry: Lubombo Region (Mozambique, South Africa and Swaziland) Malaria Round 2 US\$7,424,815 [US\$7,090,318] US\$2,160,782</p>	<p>Senegal HIV/AIDS and Malaria Round 1 US\$10,285,714 [US\$10,285,714] US\$950,000</p>
<p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> Catholic Relief Services— Madagascar; Population Services International <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> Medical Research Council <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> Ministry of Health; National AIDS Council <i>Local Fund Agent:</i> KPMG</p>
<p>Guinea HIV/AIDS and Malaria Round 2 US\$11,698,205 Not Yet Signed by 31 July 2003</p>	<p>Malawi HIV/AIDS and Malaria Rounds 1 and 2 US\$79,557,440 [US\$41,751,500] US\$314,000</p>	<p>Namibia HIV/AIDS, Tuberculosis and Malaria Round 2 US\$30,707,125 Not Yet Signed by 31 July 2003</p>	<p>Sierra Leone Tuberculosis Round 2 US\$2,569,103 Not Yet Signed by 31 July 2003</p>
<p><i>Principal Recipient(s):</i> Ministry of Public Health <i>Local Fund Agent:</i> KPMG</p>	<p><i>Principal Recipient(s):</i> Ministry of Health; National AIDS Commission Trust <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>
<p>Kenya HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$55,049,108 [US\$18,327,301] US\$195,461</p>	<p>Mali Malaria Round 1 US\$2,023,424 Not Yet Signed by 31 July 2003</p>	<p>Nigeria HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$55,819,260 [US\$28,168,386]</p>	<p>Somalia Malaria Round 2 US\$8,890,497 Not Yet Signed by 31 July 2003</p>
<p><i>Principal Recipient(s):</i> Kenya Network of Women with AIDS; Sanaa Art Promo- tions; Ministry of Finance <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> KPMG</p>	<p><i>Principal Recipient(s):</i> National Action Committee on AIDS; Yakubu Gowon Center <i>Local Fund Agent:</i> KPMG</p>	<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>
<p>Lesotho HIV/AIDS and Tuberculosis Round 2 US\$12,557,000 Not Yet Signed by 31 July 2003</p>	<p>Mauritania Malaria and Tuberculosis Round 2 US\$1,929,203 Not Yet Signed by 31 July 2003</p>	<p>South Africa HIV/AIDS and Tuberculosis Rounds 1 and 2 US\$59,984,881 Not Yet Signed by 31 July 2003</p>	<p><i>Principal Recipient(s):</i> National Treasury <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>
<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>		

<p>Sudan Tuberculosis and Malaria Round 2 US\$32,936,275 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p> <hr/>	<p>Uganda HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$66,367,753 [US\$36,314,892] US\$287,029</p> <p><i>Principal Recipient(s):</i> Ministry of Finance, Planning and Economic Development <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Bangladesh HIV/AIDS Round 2 US\$6,260,140 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> Ministry of Health and Family Welfare <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>India HIV/AIDS and Tuberculosis Rounds 1 and 2 US\$44,526,999 [US\$5,650,999] US\$1,000,000</p> <p><i>Principal Recipient(s):</i> Ministry of Health and Family Welfare <i>Local Fund Agents:</i> The World Bank; United Nations Office for Project Services</p> <hr/>
<p>Swaziland HIV/AIDS and Malaria Round 2 US\$30,611,300 [US\$30,611,300] US\$5,934,250</p> <p><i>Principal Recipient(s):</i> National Emergency Response Council on HIV/AIDS <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Zambia HIV/AIDS, Tuberculosis and Malaria Round 1 US\$87,454,000 [US\$50,657,498] US\$4,033,579</p> <p><i>Principal Recipient(s):</i> Ministry of Finance and National Planning; Central Board of Health; Churches Health Association of Zambia; Zambia National AIDS Network <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Cambodia HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$24,131,619 [US\$11,242,538] US\$95,919</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Indonesia HIV/AIDS, Tuberculosis and Malaria Round 1 US\$36,792,183 [US\$36,792,183] US\$3,872,390</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Tanzania, United Republic of HIV/AIDS and Malaria Round 1 US\$17,359,076 [US\$17,359,076] US\$489,478</p> <p><i>Principal Recipient(s):</i> Ministry of Health; Ministry of Finance <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Zimbabwe HIV/AIDS and Malaria Round 1 US\$17,016,250 [US\$6,716,250] US\$1,415,000</p> <p><i>Principal Recipient(s):</i> Ministry of Health and Child Welfare; National AIDS Council <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>China Tuberculosis and Malaria Round 1 US\$28,893,662 [US\$28,893,662] US\$2,178,500</p> <p><i>Principal Recipient(s):</i> Chinese Centre for Disease Control and Prevention <i>Local Fund Agent:</i> United Nations Office for Project Services</p> <hr/>	<p>Iran HIV/AIDS Round 2 US\$5,698,000 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p> <hr/>
<p>Tanzania / Zanzibar HIV/AIDS and Malaria Rounds 1 and 2 US\$1,897,505 [US\$1,897,220] US\$162,700</p> <p><i>Principal Recipient(s):</i> Ministry of Health and Social Welfare; Zanzibar AIDS Commission <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p><b>ASIA, MIDDLE EAST AND NORTH AFRICA</b></p> <hr/>	<p>East Timor Malaria Round 2 US\$2,300,744 [US\$2,300,744] US\$230,964</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> United Nations Office for Project Services</p> <hr/>	<p>Jordan HIV/AIDS Round 2 US\$1,778,600 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Togo HIV/AIDS Round 2 US\$14,185,638 [US\$14,185,638]</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p>Afghanistan HIV/AIDS, Tuberculosis and Malaria Round 2 US\$3,125,605 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p>Egypt Tuberculosis Round 2 US\$2,480,219 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	<p>Korea, Democratic People's Republic Tuberculosis Round 1 US\$2,294,000 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p>

<p>Lao People's Democratic Republic HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$5,987,154 [US\$5,987,154] US\$494,917</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Myanmar Tuberculosis Round 2 US\$6,997,137 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> United Nations Office for Project Services</p> <hr/>	<p>Thailand HIV/AIDS, Tuberculosis and Malaria Rounds 1 and 2 US\$60,285,737 [US\$43,926,467] US\$6,360,301</p> <p><i>Principal Recipient(s):</i> Ministry of Public Health; Raks Thai Foundation <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Bulgaria HIV/AIDS Round 2 US\$6,894,271 [US\$6,894,270] US\$500,000</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> KPMG</p> <hr/>
<p>Mongolia HIV/AIDS and Tuberculosis Rounds 1 and 2 US\$1,915,623 [US\$1,915,623] US\$173,720</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> United Nations Office for Project Services</p> <hr/>	<p>Nepal HIV/AIDS and Malaria Round 2 US\$7,030,925 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Vietnam HIV/AIDS and Tuberculosis Round 1 US\$10,000,000 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Chile HIV/AIDS Round 1 US\$13,574,098 [US\$13,574,098] US\$3,513,428</p> <p><i>Principal Recipient(s):</i> Consejo de las Américas (Council of the Americas) <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Morocco HIV/AIDS Round 1 US\$4,738,806 [US\$4,738,806] US\$1,223,854</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Pakistan HIV/AIDS, Tuberculosis and Malaria Round 2 US\$11,224,750 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> National AIDS Control Programme <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Yemen Malaria Round 2 US\$4,159,632 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p> <hr/>	<p>Colombia HIV/AIDS Round 2 US\$3,482,706 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p> <hr/>
<p>Multicountry: Western Pacific Islands (Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) HIV/AIDS, Tuberculosis and Malaria Round 2 US\$7,151,950 [US\$7,151,950] US\$1,227,725</p> <p><i>Principal Recipient(s):</i> Secretariat of the Pacific Community <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Philippines Tuberculosis and Malaria Round 2 US\$10,679,249 [US\$10,679,249] US\$2,007,345</p> <p><i>Principal Recipient(s):</i> Tropical Disease Foundation <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p><b>LATIN AMERICA, CARIBBEAN AND EASTERN EUROPE</b></p> <hr/> <p>Argentina HIV/AIDS Round 1 US\$12,177,200 [US\$12,177,200] US\$2,786,834</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Costa Rica HIV/AIDS Round 2 US\$2,279,501 [US\$2,279,501]</p> <p><i>Principal Recipient(s):</i> Consejo Técnico de Asistencia Médico Social (Technical Council for Medical and Social Care) <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Sri Lanka Tuberculosis and Malaria Round 1 US\$8,057,620 [US\$8,057,620] US\$1,840,472</p> <p><i>Principal Recipient(s):</i> Lanka Jatika Sarvodaya Shramadana Sangamaya; Ministry of Health <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Armenia HIV/AIDS Round 2 US\$3,166,641 [US\$3,166,641]</p> <p><i>Principal Recipient(s):</i> World Vision International <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Croatia HIV/AIDS Round 2 US\$3,363,974 [US\$3,363,974]</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> KPMG</p> <hr/>	

<p>Cuba HIV/AIDS Round 2 US\$11,465,129 [US\$11,465,129] US\$1,000,000</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Georgia HIV/AIDS Round 2 US\$4,018,332 [US\$4,018,332]</p> <p><i>Principal Recipient(s):</i> Georgia Health and Social Projects Implementation Center <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Kyrgyzstan HIV/AIDS and Tuberculosis Round 2 US\$6,170,874 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> National AIDS Center; Tuberculosis Research Institute <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Peru HIV/AIDS and Tuberculosis Round 2 US\$35,872,171 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Dominican Republic HIV/AIDS Round 2 US\$14,698,774 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p> <hr/>	<p>Haiti HIV/AIDS Round 1 US\$24,699,764 [US\$24,699,764] US\$7,155,526</p> <p><i>Principal Recipient(s):</i> Fondation SOGEBANK; United Nations Development Programme <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Moldova, Republic of HIV/AIDS and Tuberculosis Round 1 US\$5,257,941 [US\$5,257,941] US\$880,000</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Romania HIV/AIDS and Tuberculosis Round 2 US\$40,206,024 [US\$38,671,000] US\$5,675,000</p> <p><i>Principal Recipient(s):</i> Ministry of Health and Family <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Ecuador HIV/AIDS Round 2 US\$7,453,979 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> TBC</p> <hr/>	<p>Honduras HIV/AIDS, Tuberculosis and Malaria Round 1 US\$20,470,016 [US\$20,470,016] US\$3,093,615</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Multicountry: Lutheran World Federation HIV/AIDS Round 1 US\$485,000 [US\$485,000] US\$73,000</p> <p><i>Principal Recipient(s):</i> Lutheran World Federation <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Serbia and Montenegro HIV/AIDS Round 1 US\$2,718,714 [US\$2,718,714] US\$400,000</p> <p><i>Principal Recipient(s):</i> Economics Institute <i>Local Fund Agent:</i> United Nations Office for Project Services</p> <hr/>
<p>El Salvador HIV/AIDS and Tuberculosis Round 2 US\$14,775,073 [US\$12,856,729] US\$556,599</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Kazakhstan HIV/AIDS Round 2 US\$6,502,000 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> Republican Center for Prophylactics and Control of AIDS <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Nicaragua HIV/AIDS, Tuberculosis and Malaria Round 2 US\$8,702,180 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> TBC <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Tajikistan HIV/AIDS Round 1 US\$1,474,520 [US\$1,474,520] US\$620,105</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>
<p>Estonia HIV/AIDS Round 2 US\$3,908,952 Not Yet Signed by 31 July 2003</p> <p><i>Principal Recipient(s):</i> Ministry of Health <i>Local Fund Agent:</i> KPMG</p> <hr/>	<p>Panama Tuberculosis Round 1 US\$440,000 [US\$440,000] US\$112,000</p> <p><i>Principal Recipient(s):</i> United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p> <hr/>	<p>Ukraine HIV/AIDS Round 1 US\$24,970,211 [US\$24,970,211] US\$1,507,766</p> <p><i>Principal Recipient(s):</i> Ministry of Health; Ukrainian Fund to Fight HIV Infection and AIDS; United Nations Development Programme <i>Local Fund Agent:</i> PricewaterhouseCoopers</p>	

The first part of the document discusses the importance of maintaining accurate records of all transactions. This is particularly crucial for businesses that operate in highly regulated industries, where compliance with various laws and regulations is essential. Proper record-keeping not only helps in identifying potential areas of non-compliance but also provides a clear audit trail for external auditors. Furthermore, it enables management to make informed decisions based on accurate financial data.

In addition to record-keeping, the document emphasizes the need for regular financial reviews. These reviews should involve a thorough analysis of the company's financial statements, including the balance sheet, income statement, and cash flow statement. By conducting these reviews on a regular basis, management can identify trends, detect potential problems early, and adjust their financial strategy accordingly. This proactive approach is key to ensuring the long-term financial health and stability of the organization.

The document also highlights the importance of maintaining strong relationships with financial institutions and service providers. Regular communication with these entities can help in staying updated on the latest financial products and services, as well as negotiating better terms and conditions. Moreover, it allows for a more comprehensive understanding of the company's financial position and the impact of various financial decisions.

Overall, the document provides a comprehensive overview of the financial management process, from record-keeping to financial reviews and relationship management. It serves as a valuable resource for anyone responsible for the financial well-being of an organization, offering practical insights and best practices to ensure success in a competitive market.

# THE ORGANIZATION

## The Board

The Board is responsible for overall governance of the Global Fund and approval of grants. It includes representatives of donor and recipient governments, non-governmental organizations, the private sector—including corporations and private foundations—as well as communities affected by the three diseases. Also represented are international development partners, including the World Health Organization, the United Nations Joint Programme on HIV/AIDS (UNAIDS) and the World Bank. As a Swiss foundation, the Global Fund also includes on its Board a non-voting Swiss member.

## VOTING MEMBERS OF THE BOARD

### CHINA (WESTERN PACIFIC REGION)

Huang Jiefu  
*Vice Minister  
Ministry of Health  
China*

### EASTERN MEDITERRANEAN REGION

Ejaz Rahim  
*Federal Secretary of Health  
Ministry of Health  
Pakistan*

### EASTERN EUROPE

Andrej Pidaev  
*Minister of Health  
Ukraine*

### EASTERN AND SOUTHERN AFRICA

Chrispus Kiyonga  
*Minister without Portfolio  
Uganda*

### EUROPEAN COMMISSION

Lieve Franssen  
*Head of Unit, Human and  
Social Development  
Directorate General for  
Development  
Belgium*

### FRANCE, GERMANY, LUXEMBOURG AND SPAIN

Mireille Guigaz  
*Directeur du Développement  
et de la Coopération  
Technique CID/DCT  
Ministère des Affaires  
Étrangères  
France*

### ITALY

Giandomenico Magliano  
*Minister Plenipotentiary  
Director-General of  
Development Cooperation  
Ministry of Foreign Affairs  
Italy  
(to June 2003)*

Giuseppe Deodato  
*Director-General of  
Development Cooperation  
Ministry of Foreign Affairs  
Italy  
(from June 2003)*

### JAPAN

Seiji Morimoto  
*Deputy Director General  
Multilateral Cooperation  
Department  
Ministry of Foreign Affairs  
Japan  
(to January 2003)*

Shigeki Sumi  
*Deputy Director General  
Multilateral Cooperation  
Department  
Ministry of Foreign Affairs  
Japan  
(from January 2003)*

### LATIN AMERICA AND CARIBBEAN

Paolo Roberto Teixeira  
*Director of National  
AIDS Program  
Ministry of Health  
Brazil  
(to June 2003)*

Alexandre Grangeiro  
*Director of National  
AIDS Program  
Ministry of Health  
Brazil  
(from July 2003)*

### NON-GOVERNMENTAL ORGANIZATION— DEVELOPED COUNTRY

Christoph Benn  
*Head of Department for  
Health Policy and Studies  
German Institute for Medical  
Mission  
Germany  
(to January 2003)*

Helene Rossert-Blavier  
*Director General  
AIDES  
France  
(from January 2003)*

### NON-GOVERNMENTAL ORGANIZATION— DEVELOPING COUNTRY

Milly Katana  
*Lobbying and Advocacy  
Officer  
Health Rights Action Group  
Uganda*

### SWEDEN, DENMARK, IRELAND, THE NETHERLANDS AND NORWAY

Lennarth Hjelmåker  
*Director, Ambassador  
Department for the  
Global Development  
Ministry of Foreign Affairs  
Sweden*

### PRIVATE FOUNDATIONS

Helene Gayle  
*Director of HIV, TB and  
Reproductive Health  
Bill & Melinda Gates  
Foundation  
United States*

### PRIVATE SECTOR

Rajat Gupta  
*Managing Director  
McKinsey & Company  
United States*

### SOUTHEAST ASIA

Suwit Wibulpolprasert  
*Deputy Permanent Secretary  
Ministry of Public Health  
Thailand*

### UNITED KINGDOM, CANADA AND SWITZERLAND

Clare Short  
*Secretary of State for  
International Development  
Department for International  
Development  
United Kingdom  
(to May 2003)*

Valerie Amos  
*Secretary of State for  
International Development  
Department for International  
Development  
United Kingdom  
(from June 2003)*

### UNITED STATES OF AMERICA

Tommy G. Thompson  
*Secretary of Health and  
Human Services  
United States*

### WESTERN AND CENTRAL AFRICA

Adetokunbo O. Lucas  
*Professor of International  
Health (retired)  
Nigeria*



## NON-VOTING MEMBERS OF THE BOARD

### BOARD DESIGNATED NON-VOTING SWISS MEMBER

Edmond Tavernier  
Senior Partner  
Tavernier Tschanz  
Switzerland

### JOINT UNITED NATIONS PROGRAMME ON HIV/AIDS (UNAIDS)

Peter Piot  
Executive Director  
UNAIDS  
Switzerland

### NON-GOVERNMENTAL REPRESENTATIVE OF COMMUNITIES LIVING WITH HIV/AIDS, TUBERCULOSIS OR MALARIA

Philippa Lawson  
Senior HIV/AIDS Specialist  
The Futures Group  
International  
United States

### WORLD HEALTH ORGANIZATION

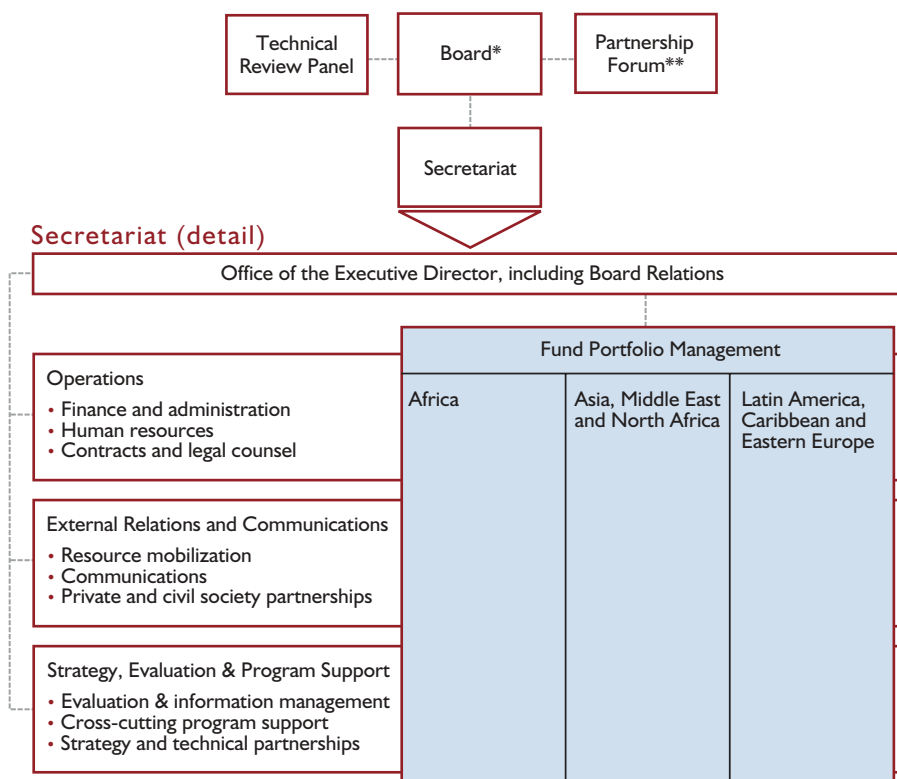
Gro Harlem Brundtland  
Director General  
World Health Organization  
Switzerland  
(to July 2003)

Jong Wook Lee  
Director General  
World Health Organization  
Switzerland  
(from July 2003)

### WORLD BANK

Geoffrey Lamb  
Vice President, Concessional  
Finance and Global  
Partnerships  
The World Bank Group  
United States

## CONSTITUENT BODIES OF THE GLOBAL FUND



\*Including ad hoc committees. Through July 2003, these committees included:  
 • Governance and Partnership: Chair, Lieve Franssen; Vice Chair, Rodrigo Pascal  
 • Monitoring, Evaluation, Finance & Audit: Chair, Sigrun Møgedal; Vice Chair, Milly Katana  
 • Portfolio Management and Procurement: Chair, Francis Omaswa; Vice Chair, Kate Taylor  
 • Resource Mobilization and Communications: Chair, Adetokunbo Lucas; Vice Chair, Jérôme Baconin

\*\*Though a core structure of the Global Fund according to its by-laws, the Partnership Forum was not yet active as of July 2003. Its first meeting is scheduled for 2004.

## Secretariat

The Secretariat manages the day-to-day operations of the Global Fund. Core staff members mobilize resources from public and private donors, manage the portfolio of grants and monitor the performance of financed programs to report on the activities of the Global Fund to the Board and to the public. Based in Geneva, the Secretariat is led by Richard Feachem, executive director since July 2002.

The Secretariat of the Global Fund—and the Technical Support Secretariat which preceded it—have benefited from the services of many individuals, including those on short-term contracts and secondments. Listed below are those who have either been recruited through international competition to fixed-term (two-year) contracts or who have worked at the Global Fund for at least six months. For each individual, his or her country of origin is also indicated. An asterisk indicates those individuals who no longer work for the Global Fund. A double asterisk specifies secondees.

Seble Abebe  
*Fund Portfolio Assistant*  
*Ethiopia*

Jacqueline Adhiambo  
*Human Resources Assistant*  
*Kenya*

Nazir Ahmed  
*Information Assistant*  
*India*

Guido Bakker  
*Procurement Manager*  
*Netherlands*

Godfrey Bash  
*Clerk*  
*Uganda*

Mariangela Bavicchi-Lerner \*\*  
*Resource Mobilization*  
*Manager*  
*Italy*

Nilofar Bawa  
*Finance Assistant*  
*Pakistan*

Chrystel Bijasson  
*Administrative Assistant*  
*France*

Robert Bourgoing  
*Communications Officer*  
*Canada*

Bunyan Bryant \*  
*Senior Legal Counsel*  
*United States*

Brigitte Caron  
*Communications Assistant*  
*Canada*

Patricia Chatsika  
*Human Resources Assistant*  
*Malawi*

Valery Chernyavskiy  
*Fund Portfolio Manager*  
*Russia*

Tim Clark  
*External Relations Manager*  
*United Kingdom*

Nathalie Cohen  
*Legal Assistant*  
*France*

Doris D'Cruz-Grote \*\*  
*CCM Coordinator*  
*Germany*

Philippa Dobree-Carey  
*Secretary to Chief Operating*  
*Officer*  
*United Kingdom*

Tina Draser  
*Fund Portfolio Manager*  
*Germany*

Olivier Faure-Vincent  
*Finance Officer*  
*France*

Hans Faust \*  
*Project Manager*  
*Switzerland*

Richard Feachem  
*Executive Director*  
*United Kingdom*

Raymond Fell  
*Adviser, Human Resources*  
*United Kingdom*

Danielle Ferris  
*Strategy and Evaluation*  
*Assistant*  
*Ireland*

Marion Gleixner  
*Assistant*  
*Germany*

Nicole Gloor  
*Assistant*  
*Australia*

Eric Godfrey  
*Finance Officer*  
*United States*

Nicole Gorman  
*Fund Portfolio Assistant*  
*United States*

Barry Greene  
*Finance Manager*  
*Ireland*

Marie Stephane Gruenert  
*Fund Portfolio Assistant*  
*Haiti*

Dominique Hempel \*\*  
*Senior Legal Counsel*  
*Switzerland*

Aleph Henestrosa  
*Fund Portfolio Manager*  
*Mexico*

Brad Herbert \*\*  
*Senior Director, Strategy,*  
*Evaluation and Program*  
*Support*  
*United States*

Waichi Ho  
*Executive Assistant*  
*United Kingdom*

Elizabeth Hoff  
*Fund Portfolio Manager*  
*Norway*

Tom Hurley  
*Fund Portfolio Manager*  
*United States*

Sandra Irbe  
*Fund Portfolio Assistant*  
*Latvia*

Nankhonde Kasonde  
*Fund Portfolio Manager*  
*Zambia*

Toby Kasper  
*Fund Portfolio Manager*  
*United States*

Ricard Lacort  
*Fund Portfolio Manager*  
*Spain*

Michel Lavollay \*\*  
*Fund Portfolio Manager*  
*France*

Jon Lidén \*\*  
*Director of External Relations*  
*Norway*

Gladys Lopatka  
*Assistant*  
*Belgium*

Sandii Lwin  
*Fund Portfolio Manager*  
*Myanmar*

Dee Jay Mailer  
*Chief Operating Officer*  
*United States*

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Purnima Mane  
*Chief Fund Portfolio Director*  
*India*

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Dorcas Mapondera  
*External Relations Assistant*  
*Zimbabwe*

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Bartolomeo Migone \*\*  
*Senior Legal Counsel*  
*Italy*

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Kingsley Moghalu  
*Resource Mobilization*  
*Manager*  
*Nigeria*

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Jerry van Mourik  
*Fund Portfolio Manager*  
*Netherlands*

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Vinand Nantulya  
*Senior Advisor to the*  
*Executive Director*  
*Uganda*

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Karin Nasheya  
*Fund Portfolio Assistant*  
*Namibia*

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Mabingue Ngom  
*Fund Portfolio Manager*  
*Senegal*

---

Martina Niemeyer  
*Strategy and*  
*Evaluation Assistant*  
*Germany*

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Susan O'Leary  
*External Relations Manager*  
*Canada*

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Hind Khatib Othman  
*Fund Portfolio Manager*  
*Jordan*

---

Arletty Pinel  
*Fund Portfolio Director*  
*Panama*

Taufiqur Rahman  
*Fund Portfolio Manager*  
*Bangladesh*

---

Julia van Riel  
*Administrative Assistant*  
*Ireland*

---

Hernan Rosenberg \* \*\*  
*Team Leader,*  
*Portfolio Management*  
*Chile*

---

Marie Rosencrantz  
*Fund Portfolio Advisor*  
*Sweden*

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Yoshiko Saito \*\*  
*Fund Portfolio Director*  
*Japan*

---

Jessie Schutt-Aine  
*Fund Portfolio Manager*  
*United States*

---

Angela Smith  
*Fund Portfolio Manager*  
*Australia*

---

Thomas Solender \*  
*Director of*  
*External Relations*  
*United States*

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Anil Soni  
*Advisor to the*  
*Executive Director*  
*United States*

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Dianne Stewart  
*Board Relations Manager*  
*South Africa*

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David Sullivan  
*Senior Legal Counsel*  
*United States*

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Elhadj (As) Sy  
*Fund Portfolio Director*  
*Senegal*

---

Kate Thomson  
*Civil Society Relations*  
*Manager*  
*United Kingdom*

Guido Torelli \* \*\*  
*Administrative Officer*  
*Italy*

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Bintou Toure  
*Fund Portfolio Assistant*  
*Côte d'Ivoire*

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Laurence Vercammen \*  
*Administrative Assistant*  
*Belgium*

---

Urban Weber  
*Fund Portfolio Manager*  
*Germany*

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Devi Weerasuriya \*\*  
*Human Resources Assistant*  
*Sri Lanka*

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Françoise Welter  
*Administrative Assistant*  
*Rwanda*

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William Wilson  
*Information Technology*  
*Manager*  
*Ghana*

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Melanie Zipperer \* \*\*  
*Communications Officer*  
*Germany*

## Technical Review Panel

The Technical Review Panel is an independent, impartial team of experts appointed by the Board to review applications requesting support from the Global Fund and to make recommendations to the Board for approval. The Technical Review Panel guarantees the integrity and consistency of an open and transparent proposals review process.

Twenty-six members, who serve in an individual capacity, comprise the Technical Review Panel current as of July 31, 2003. Michel Kazatchkine serves as chair of the group, with Alex Godwin Coutinho as vice chair. Current and former members are listed below with their organizational affiliation and country of residence. Each former member is noted with an asterisk.

### HIV/AIDS EXPERTS

Alex Godwin Coutinho  
*Director*  
*The AIDS Support*  
*Organization*  
*Uganda*

Peter Godfrey-Faussett  
*Senior Lecturer*  
*London School of Hygiene*  
*and Tropical Medicine*  
*United Kingdom*

Hakima Himmich  
*President*  
*Moroccan Association*  
*to Fight HIV/AIDS*  
*Morocco*

David Hoos  
*Assistant Professor*  
*of Epidemiology*  
*Colombia University Mailman*  
*School of Public Health*  
*United States*

Michel Kazatchkine  
*Director*  
*National Agency for*  
*AIDS Research*  
*France*

Velosa Dos Santos \*  
*Director of STD/AIDS*  
*Program*  
*Rio de Janeiro State Health*  
*Department*  
*Brazil*

Kasia Malinowska-Sempruch  
*Director of International*  
*Harm Reduction Programme*  
*Open Society Institute*  
*Poland*

Suniti Solomon  
*Director*  
*Young People Care*  
*India*

Elhadj (As) Sy \*  
*Director of United Nations*  
*Liaison Office*  
*UNAIDS*  
*United States*

Kong-Lai Zhang \*  
*Professor*  
*Peking Union Medical College*  
*China*

### TUBERCULOSIS EXPERTS

Rosmini Day  
*Manager*  
*National Tuberculosis*  
*Programme*  
*Indonesia*

Paula Fujiwara  
*Deputy Executive General*  
*International Union Against*  
*Tuberculosis and Lung*  
*Disease*  
*France*

G. R. Khatri \*  
*Deputy Director*  
*General Tuberculosis*  
*Programme*  
*India*

Fabio Luelmo  
*Medical Officer, Global Tuberculosis*  
*Programme (retired)*  
*World Health Organization*  
*Switzerland*

Toru Mori \*  
*Director of Tuberculosis*  
*Programme*  
*Ministry of Health*  
*Japan*

Pierre-Yves Norval  
*Public Health Medical*  
*Inspector*  
*Ministry of Health*  
*France*

### MALARIA EXPERTS

John Mulenga Chimumbwa  
*Malaria Programme Manager*  
*Ministry of Health*  
*Zambia*

Mary Ettling  
*Malaria Team Leader,*  
*Bureau of Global Health*  
*United States Agency for*  
*International Development*  
*United States*

Peter Kazembe \*  
*Pediatrician*  
*Kazamu Central Hospital*  
*Malawi*

Tang Lin-Hua \*  
*Director*  
*Institute of Parasitic Diseases*  
*China*

Giancarlo Majori  
*Director of World Health*  
*Organization*  
*Collaborating Centre*  
*Istituto Superiore di Sanita*  
*Italy*

Jane Elisabeth Miller  
*Manager of Malaria Programs*  
*Population Services*  
*International*  
*Tanzania*

Hassan Mshinda \*  
*Director of Ifkara Health*  
*Research and Development*  
*Center*  
*Ministry of Health*  
*Tanzania*

### CROSS-CUTTING EXPERTS

Jonathan Broomberg  
*Director*  
*Praxis Capital*  
*South Africa*

Malcolm Clark  
*Principal Program Associate*  
*Centre for Pharmaceutical*  
*Management*  
*United States*

Daniel Denolf  
*Managing Director and*  
*Technical Advisor*  
*World Bank / BMZ*  
*Democratic Republic of Congo*

Usa Duangsaa \*  
*Professor*  
*Chiang Mai University*  
*Thailand*

Sarah Julia Gordon  
*Director of Health Sciences*  
*Education*  
*Ministry of Health*  
*Guyana*

Wilfred Griekspoor  
*Vice Chairman of the Board*  
*Médecins Sans Frontières*  
*Holland*  
*The Netherlands*

Ranieri Guerra \*  
*Advisor*  
*Instituto Superiore di Sanita*  
*Italy*

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LeeNah Hsu  
*Manager of South East Asia*  
*Health and Development*  
*Programme*  
*United Nations Development*  
*Programme*  
*United States*

---

Danguole Jankauskiene  
*Director*  
*Independent Agency on Health*  
*Lithuania*

---

David Peters  
*Deputy Director of Health*  
*Systems Program*  
*Johns Hopkins University*  
*Bloomberg School of*  
*Public Health*  
*United States*

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Peter Sandiford \*  
*Medical Doctor*  
*Instituto Centramericano e*  
*la Salud*  
*Nicaragua*

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Rima Shretta  
*Consultant*  
*Management Sciences*  
*for Health*  
*Kenya*

---

Richard Skolnik  
*Director of the Center*  
*for Global Health*  
*George Washington*  
*University*  
*United States*

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Phoolcharoen Wiput  
*Director of Health Systems*  
*Research Institute*  
*Ministry of Public Health*  
*Thailand*



Sunrise in Mozambique



# FINANCIAL STATEMENTS 2002

86	REPORT OF THE INDEPENDENT AUDITORS
87	STATEMENT OF FINANCIAL POSITION
88	STATEMENT OF INCOME AND EXPENDITURE
89	STATEMENT OF CASH FLOWS
90	STATEMENT OF CHANGES IN FUNDS
91	NOTES TO THE FINANCIAL STATEMENTS

The amount of contributions stated as being receivable at 31 December 2002 includes US\$51,840,000 in respect of payments made by the Government of France in the form of promissory notes for €50,000,000 held in a custody account in the name of the Trustee at the Central Bank of France. The payment of contributions through promissory notes is a common practice in many multilateral development institutions such as the International Development Association, the International Fund for Agricultural Development and the African Development Fund, Asian Development Fund, etc. In accordance with agreed terms, €50,000,000 is encashable in 2003.

# REPORT OF THE INDEPENDENT AUDITORS



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To the general meeting of the Board of  
**The Global Fund to Fight AIDS, Tuberculosis and Malaria, Geneva**

Geneva, 6 August 2003

## Report of the independent auditors

We have audited the accompanying statement of financial position of The Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Fund") as of 31 December 2002, and the related statements of income and expenditure, changes in funds, and cash flows, and notes for the period since inception on 22 January 2002 to 31 December 2002. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 December 2002, and of the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Ernst & Young Ltd

Mark Hawkins

David Ball

## Enclosures

- Financial statements (statement of financial position, statement of income and expenditure, statement of changes in funds, statement of cash flows, and notes)

■ Offices in Aarau, Baden, Basel, Berne, Bienne, Chur, Fribourg, Geneva, Kreuzlingen, Lausanne, Lucerne, Lugano, Neuchâtel, Sion, St.Gallen, Zug, Zurich. ■ Member of the Swiss Institute of Certified Accountants and Tax Consultants.



# STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2002

In thousands of US dollars

	Notes	
<b>ASSETS</b>		
Cash and bank balances	2.4, 3.1	542
Funds held in trust	2.2, 2.4, 2.5, 3.1, 3.2	649,948
Contributions receivable	2.6, 3.3	128,981
Prepayments and miscellaneous receivables		<u>3,409</u>
<b>Total ASSETS</b>		<b><u>782,880</u></b>
<b>LIABILITIES and FUNDS</b>		
<b>Liabilities</b>		
Undisbursed grants	2.7, 3.4	
Payable within one year		22,020
Payable after one year		29,101
Accrued expenses		<u>4,651</u>
		<u>55,772</u>
<b>Funds</b>		<u>727,108</u>
<b>Total LIABILITIES and FUNDS</b>		<b><u>782,880</u></b>

# STATEMENT OF INCOME AND EXPENDITURE

FOR THE PERIOD SINCE INCEPTION ON 22 JANUARY 2002 TO 31 DECEMBER 2002

In thousands of US dollars

	Notes	
<b>INCOME</b>		
Contributions	2.6, 3.3	781,816
Bank and trust fund income	2.9	<u>10,078</u>
<b>Total INCOME</b>		<b><u>791,894</u></b>
<b>EXPENDITURE</b>		
Grants	2.7, 3.4	52,019
Operating expenses	2.8, 3.5	<u>12,767</u>
<b>Total EXPENDITURE</b>		<b><u>64,786</u></b>
<b>SURPLUS OF INCOME OVER EXPENDITURE for the period</b>		<b><u><u>727,108</u></u></b>

# STATEMENT OF CASH FLOWS

FOR THE PERIOD SINCE INCEPTION ON 22 JANUARY 2002 TO 31 DECEMBER 2002

In thousands of US dollars

	Notes
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Contributions received	652,835
Bank and trust fund income	8,873
	<u>661,708</u>
Grants disbursed	( 898)
Payments to suppliers and personnel	(10,320)
	<u>(11,218)</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES being the net increase in cash and cash equivalents</b>	<b>650,490</b>
<b>CASH AND CASH EQUIVALENTS at beginning of period</b>	<u>—</u>
<b>CASH AND CASH EQUIVALENTS at end of period</b> 2.4, 3.1	<b><u>650,490</u></b>

## STATEMENT OF CHANGES IN FUNDS

FOR THE PERIOD SINCE INCEPTION ON 22 JANUARY 2002 TO 31 DECEMBER 2002

In thousands of US dollars

<b>FUNDS at the beginning of the period</b>	–
<b>SURPLUS OF INCOME OVER EXPENDITURE for the period</b>	<u>727,108</u>
<b>FUNDS at the end of the period</b>	<u><u>727,108</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2002

## NOTE I

### ACTIVITIES AND ORGANIZATION

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) is an independent, nonprofit foundation that was incorporated in Geneva on 22 January 2002. The purpose of the Global Fund is to attract and disburse additional resources to prevent and treat AIDS, tuberculosis and malaria. The Fund provides grants to locally developed programs, working in close collaboration with governments, non-governmental organizations, the private sector, development agencies and the communities affected by these diseases.

The Global Fund has been founded on the following principles:

- Rely on local experts to implement programs directly;
- Make available and leverage additional financial resources to combat the three diseases;
- Support programs that reflect national ownership and respect country-led formulation and implementation processes;
- Operate in a balanced manner in terms of different regions, diseases and interventions;
- Pursue an integrated and balanced approach covering prevention, treatment and care, and support in dealing with the three diseases;
- Evaluate proposals through independent review processes based on the most appropriate scientific and technical standards that take into account local realities and priorities;
- Seek to establish a simplified, rapid, innovative grant-making process and operate in a transparent and accountable manner based on clearly defined responsibilities. One accountability mechanism is the use of Local Fund Agents to assess local capacity to administer and manage the implementation of funded programs.

Financial contributions to the Global Fund are held in the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Trust Fund”) until disbursed as grants or for operating expenses. The Trust Fund is administered by the International Bank for Reconstruction and Development (the “World Bank”) as Trustee. The responsibilities of the Trustee include management of contributions and investment of resources according to its own investment strategy. The Trustee makes disbursements from the Trust Fund only upon written instruction of the Global Fund.

Most contributions are received directly in the Trust Fund. Some contributions for the benefit of the Global Fund are also received by the United Nations Foundation and are held in trust for the Global Fund until subsequently transferred to the Trust Fund.

Personnel and administrative services to support the operations of the Global Fund are provided by the World Health Organization (“WHO”) under an agreement between WHO and the Global Fund. The Global Fund bears in full the cost of these personnel and services. Funds remitted to WHO for this purpose are treated as funds held in trust by WHO for the benefit of the Global Fund until an expenditure obligation is incurred.

These financial statements were authorized for issuance by the Finance Manager of the Global Fund on 6 August 2003 and are subject to approval by the Board.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2002

## **NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with and comply with the Standards issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These standards currently do not contain specific guidelines for nonprofit organizations concerning the accounting treatment and presentation of the financial statements.

### **2.2 BASIS OF PRESENTATION**

The financial statements are presented in US dollars, rounded to the nearest thousand.

The financial statements are prepared under the historical cost convention.

The preparation of the financial statements requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified through the income statement as appropriate in the year in which the circumstances change.

### **2.3 FOREIGN CURRENCY**

All transactions in other currencies are translated into US dollars at the rate prevailing at the time of the transaction. Monetary assets and liabilities in other currencies are translated into US dollars at the year-end rate.

### **2.4 CASH AND CASH EQUIVALENTS**

The Global Fund considers that cash and cash equivalents include cash and bank balances and funds held in trust that are readily convertible to cash within three months.

### **2.5 FUNDS HELD IN TRUST**

The financial statements include funds that are held in trust solely for the benefit of the Global Fund by the World Bank, the World Health Organization and the United Nations Foundation.

Assets held in trust by the World Bank are maintained in an investment portfolio for all of the trust funds administered by the World Bank. These investments are actively managed and invested in high-grade instruments according to the risk management strategy adopted by the World Bank. The objectives of the investment portfolio strategy are to maintain adequate liquidity to meet foreseeable cash flow needs, preserve capital (low probability of negative total returns over the course of a fiscal year) and maximize investment returns.

Realized investment gains and losses, allocated to the Trust Fund for the Global Fund on the basis of its proportionate share of the total trust fund holdings of the World Bank, are accounted for on the accruals basis.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2002

## NOTE 2

### SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.6 CONTRIBUTIONS

Contributions governed by a written contribution agreement are recorded as income when the agreement is executed. Other contributions are recorded as income upon receipt of cash, at the amount received.

Contributions receivable under written contribution agreements executed on or before the date of the statement of financial position but which have not been received at that date are recorded as an asset. Excluded are contributions receivable later than one year after the date of the statement of financial position.

Foreign currency exchange gains and losses realized between the date of the written contribution agreement and the date of the actual receipt of cash and those unrealized at the date of the statement of financial position are recorded as part of contribution income.

Non-cash contributions donated in the form of goods or services (in-kind contributions) are not included in the financial statements as they are not material.

#### 2.7 GRANTS

All grants are governed by a written grant agreement and are expensed in full when the agreement is executed.

Grants or portions of grants that have not been disbursed at the date of the statement of financial position are recorded as liabilities. The long-term portion of such liabilities represents amounts that are due to be disbursed later than one year after the date of the statement of financial position.

#### 2.8 LOCAL FUND AGENT FEES

Fees to Local Fund Agents to assess local capacity prior to and during grant negotiation, and to manage and monitor implementation of funded programs as grants are disbursed, are expensed as the work is completed.

#### 2.9 BANK AND TRUST FUND INCOME

Bank and trust fund income includes deposit interest on bank balances and realized gains and losses on investments and currencies on funds held in trust.

#### 2.10 EMPLOYEE BENEFITS

All personnel and related costs, including current and post employment benefits are managed by the WHO and charged in full to the Global Fund. There are no additional obligations for employee benefits outside of the Global Fund's obligations to the WHO. There were 48 personnel assigned to the Global Fund at 31 December 2002.

# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2002

## NOTE 3

### DETAILS RELATING TO THE FINANCIAL STATEMENTS

#### 3.1 CASH AND CASH EQUIVALENTS

	(USD '000's)
Cash and bank balances	542
Funds held in Trust	649,948
	<u>650,490</u>

#### 3.2 FUNDS HELD IN TRUST

	(USD '000's)
World Bank	629,190
WHO	18,317
UNF	2,441
	<u>649,948</u>

#### 3.3 CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE

	(USD '000's)
Governments	779,374
Private sector	2,442
TOTAL CONTRIBUTIONS	<u>781,816</u>

Received in 2002	651,880
Realized gains on foreign currency contributions	955
	<u>652,835</u>
Receivable*	122,868
Unrealized gains on foreign currency receivables	6,113
Contributions receivable	128,981
TOTAL CONTRIBUTIONS	<u>781,816</u>

\*Comprises amounts receivable under written contribution agreements executed on or before 31 December 2002 that had not been received at that date. In accordance with the accounting policy outlined in Note 2.6, contributions receivable after 31 December 2003 are not recognized.

#### 3.4 GRANTS

	(USD '000's)
Disbursed in 2002	898
Undisbursed at 31 December 2002	51,121
	<u>52,019</u>



# NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2002

## NOTE 3

### DETAILS RELATING TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3.5 OPERATING EXPENSES

	<u>(USD '000's)</u>
SECRETARIAT EXPENSES	
Personnel	2,753
Trustee fee	2,320
Administrative services fee	863
Other professional services	3,330
Travel and meetings	1,027
Office rental	427
Office infrastructure costs	607
Other	767
	<u>12,094</u>
LOCAL FUND AGENT FEES	673
	<u>12,767</u>

#### 3.6 TAXATION

The Global Fund is exempt from tax on its activities in Switzerland.

#### 3.7 COMMITMENTS

At 31 December 2002, the Global Fund had the following outstanding operating lease commitments with respect to office space:

<u>YEAR</u>	<u>(USD '000's)</u>
2003	487
2004	489
2005	489
2006	489
2007	489
Beyond 2007	2,161



# Credits

## On the cover

A young girl in South Africa has a lot to celebrate: her township now has access to basic infrastructure, which will ensure her opportunity to live a long and healthy life.

## Photographs

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