

Annual Report 2004



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Global Fund concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The mention of specific companies or of certain manufacturers' products does not imply that they are endorsed or recommended by the Global Fund in preference to others of a similar nature that are not mentioned.

This Page

Homecare volunteer Thulile Dlamini, aged 25, packs her bag with homecare supplies such as gloves, paracetamol and soap. She walks long distances to visit clients in the areas surrounding her village in Swaziland.



The Global Fund

Annual Report 2004

- 5 Message from Chair + Vice-Chair
- 7 Message from Executive Director
- 8 **Core Operating + Governance Structures of the Global Fund**
- 10 World maps illustrating country coverage of Global Fund grants by disease
- 11 World map illustrating per capita health investment by the Global Fund
- 12 **2004: The Year in Review**
- 18 **Performance Measurement**
What the Global Fund Measures + How

Global Fund Operations + Results

- 22 Resource Mobilization, Communications + Advocacy
- 26 Pledges + Contributions to the Global Fund
- 28 Secretariat Management
- 36 Grant Performance

Country Profiles

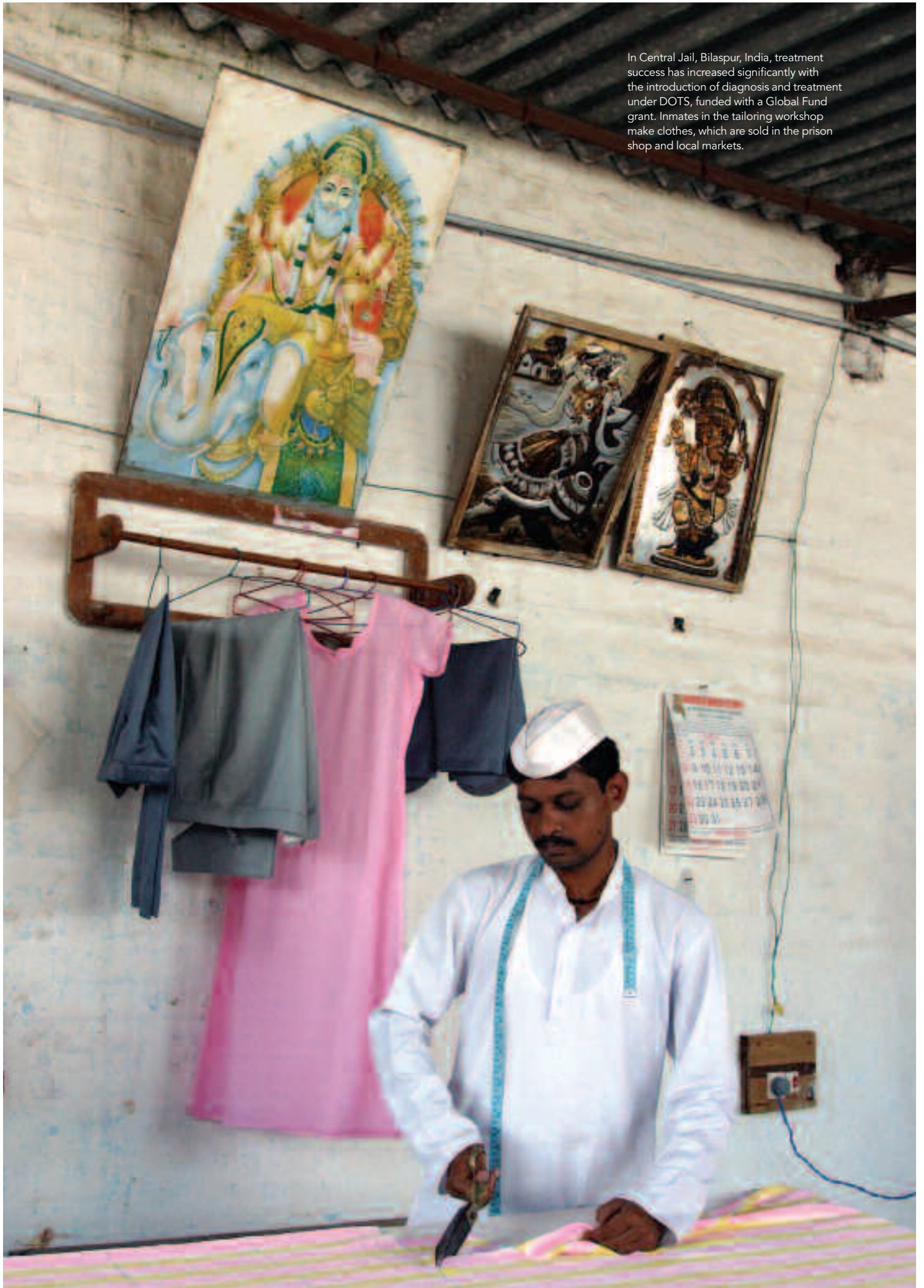
- 11 Moldova
- 17 Burundi
- 39 Morocco

Approved Grants + the Organization

- 44 Approved Grants
- 54 List of Board Members (2004)
- 56 Technical Review Panel (2004)
- 58 Global Fund Secretariat

- 63 **Financial Statements 2004**

In Central Jail, Bilaspur, India, treatment success has increased significantly with the introduction of diagnosis and treatment under DOTS, funded with a Global Fund grant. Inmates in the tailoring workshop make clothes, which are sold in the prison shop and local markets.



Message from the Chair + Vice-Chair

The Global Fund to Fight AIDS, Tuberculosis and Malaria was created out of a global commitment to stop the spread of three diseases which together kill six million people every year and put a brake on economic and social development in large parts of the world.

In 2004, we displayed this commitment through a substantial increase in pledges and a fourth round of grant approvals, which bring the Global Fund's total pledges to US\$ 5.9 billion and its grant commitments to US\$ 3.1 billion for over 300 grants in 127 countries.

The past year has been a year of expansion, of consolidation, and of development. The volume of our activities has grown substantially. The Board, the Secretariat, recipients and partners have continued to find ways of working better together. We have further established and embedded our procedures for the Global Fund's work. Most important, the grants have turned into actual programs on the ground, which in time have turned into results.

The Global Fund finances effective programs, designed, owned and implemented by public-private partnerships in recipient countries. We measure our success by the results achieved by these programs. In 2004, the first results appeared. While they naturally are modest in scope, these early results are heartening and reinforce our belief in performance-based funding, a core principle for the Global Fund.

The past year has provided numerous lessons in what is needed to achieve results and in how to assist in overcoming challenges. These lessons have deepened and focused the collaborations between all the partners and stakeholders who together make up the Global Fund network. The achievements of this year are the achievements of all those who have participated in the projects we fund; the challenges are ours to solve together.

The Global Fund is unique, but it is a product of the collective experience and vision of all who have engaged in its creation and development. The year reviewed in this publication reinforces our belief that the Global Fund is a worthy endeavor. It strengthens our commitment to further develop and improve our ability to save lives.

It has been an honor to serve the Fund and the communities it aids over the past two years. We offer our thanks and gratitude to the staff of the Secretariat and our fellow Board members for their support and commitment.



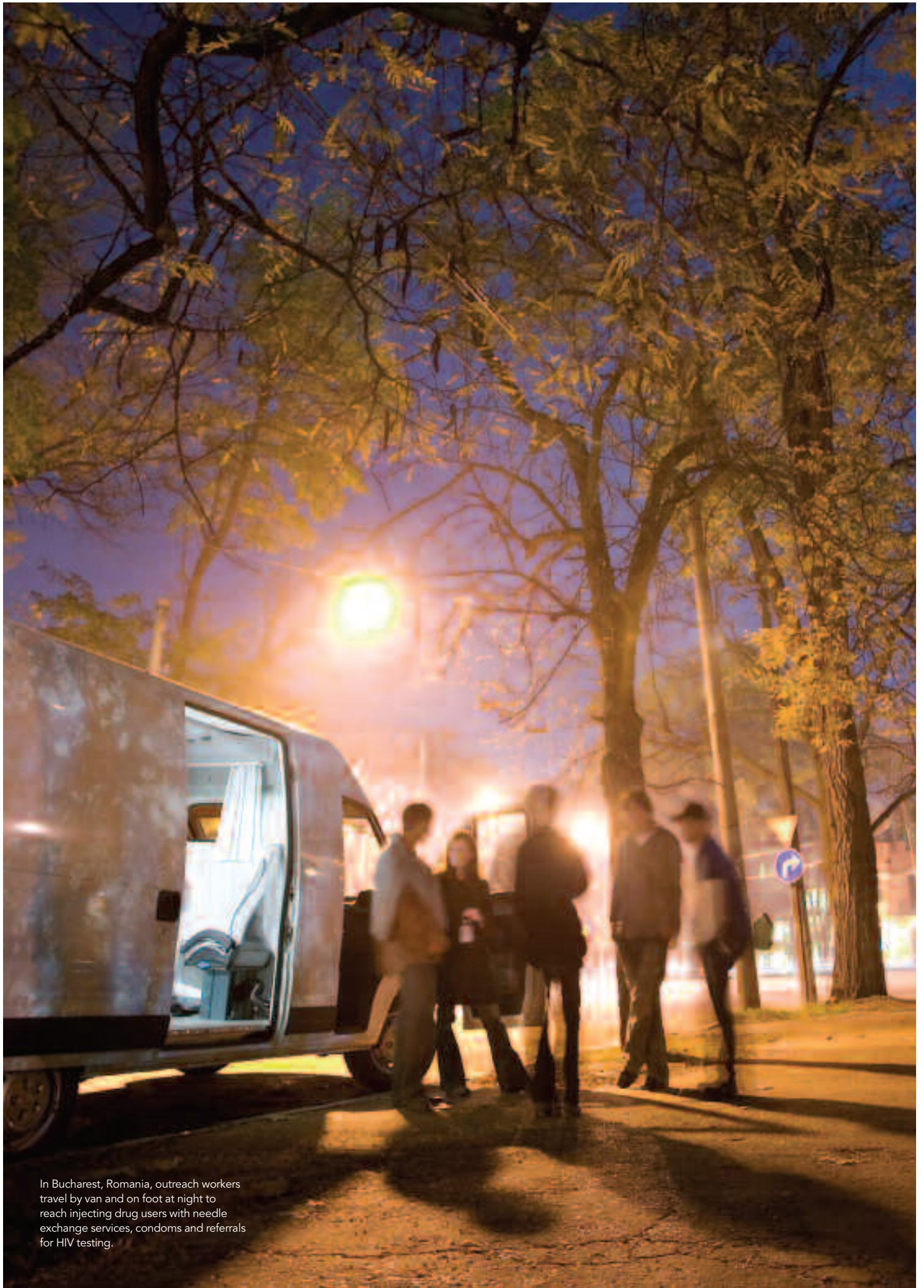
Tommy G. Thompson
Chair of the Board

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



Dr Hélène Rossert-Blavier
Vice Chair of the Board

*Director General
AIDES
France*



In Bucharest, Romania, outreach workers travel by van and on foot at night to reach injecting drug users with needle exchange services, condoms and referrals for HIV testing.

Message from the Executive Director

The year 2004 was a year of substantial growth and progress for the Global Fund and its mission. Total resources pledged to the Global Fund rose from \$4.9 billion to \$5.9 billion. Round Four of investments was launched, bringing our total portfolio of investments to 310 programs in 127 countries. At the end of the year, the two-year value of this portfolio stood at \$3.1 billion and the five-year value at \$8.1 billion.

An extremely successful Partnership Forum was held in Bangkok, at which the Global Fund was able to listen to and learn from the criticisms and suggestions of many stakeholders from all around the world. The Global Fund held its first African Board Meeting in Arusha, Tanzania, and Board Members were able to undertake informative site visits to programs in Kenya, Rwanda, and Tanzania. I particularly appreciate the assistance and hospitality of President Benjamin Mkapa and the Tanzanian Government in making this historic event so successful.

The year 2004 was also a year in which the Secretariat, the exceptional group of women and men in Geneva who do the daily work of the Global Fund, strengthened and expanded. Staff numbers increased during the year from 80 to approximately 120. The Secretariat was reorganized at mid-year. Importantly, systems and procedures were steadily improved to ensure that our services are of the highest quality and that we are fully able to respond to the rapid expansion in our portfolio of investments.

The results that we share with you in this report and elsewhere show substantial achievement and provide reassurance that the Global Fund is on the right track and that the programs we are financing are making a positive difference in the lives of millions of people around the world. The results reported also give confidence that our overall model of country-led, performance-based financing is sound and is working. However, there is no room for complacency. At the end of 2004 the average age of the programs in our portfolio was only 11 months. Phase 2 Renewals, the acid test of performance-based financing, had not yet begun and, most importantly, the large-scale results, in terms of infections prevented and lives saved, had not yet been achieved. There is much yet to be done, and 2005 will be a pivotal year, especially for the achievement of results and our ability to measure these results in a credible and transparent fashion.

I would like to thank the many people and organizations who have contributed to the Global Fund's success and helped us to improve our systems and procedures. Particular thanks should go to the many partners and stakeholders who have expanded the guidance and technical assistance that they provide to recipients of Global Fund finance, often in spite of their own limited resources. The Global Fund is a financing mechanism. The massive scale-up in response to AIDS, TB and malaria, that we all desire, can only be achieved if we work closely with all partners, including multilateral and bilateral organizations, civil society and the private sector, to ensure that the money flows to well designed and effectively managed programs which will bring real and rapid improvement in the lives of people and communities throughout the developing world. We look forward to further strengthening these partnerships in 2005.



Professor Richard G A Feachem
Executive Director

Core Operating + Governance Structures of the Global Fund

Seven core structures form the basis for the governance and operation of the Global Fund: the Board, the Secretariat, the Technical Review Panel, Country Coordinating Mechanisms, Principal Recipients, Local Fund Agents and the Partnership Forum.

These bodies are complemented by a broad network of partners that provide critical support for the development of grant proposals, the implementation of funded programs and the smooth running of related processes such as drug procurement or human resource development.

The Global Fund's Board approves grants and supports resource mobilization to meet the Global Fund's financial needs. In March 2004 at its seventh meeting, the Board appointed Dr. Hélène Rossert-Blavier, the General Director of the French NGO AIDES and the member representing Developed Country Nongovernmental Organizations, as its Vice-Chair, replacing outgoing Vice-Chair Dr. Suwit Wibulpolprasert from the Ministry of Public Health in Thailand. Until June 2004, the Board had 18 voting members and five non-voting members, representing donors and recipient countries, NGOs and communities living with and affected by the diseases, the

private sector and private foundations, as well as key operating partners. At its eighth Board meeting in June 2004, the Board approved the status change of the member for NGOs Representing Communities Affected by the Diseases from non-voting to voting member. This increased to 19 the number of voting members and reduced to 4 the number of non-voting members. An additional (voting) seat representing donors will be added to the Board at a future date.

In 2004, the Board had six ad hoc committees: Governance and Partnership; Monitoring, Evaluation, Finance and Audit; Portfolio Management and Procurement; Resource Mobilization and Communications; Partnership Forum and Ethics. At its tenth meeting in Tanzania in November 2004, the Board approved changes to its committee structure to increase effectiveness and streamline Board processes. These changes will be further elaborated and imple-

mented in a phased approach in 2005.

In July 2004, the Global Fund held its First Biennial Partnership Forum in Bangkok with 450 participants from varied stakeholder constituencies. The Forum, which is a formal part of the Global Fund's governance structure, provides an external advisory function by inviting diverse stakeholders to review the Global Fund's progress and provide input for improvement. The Forum was the culmination of six months of regional meetings and on-line communications, which provided the basis for discussion and debate in Bangkok. A formal report containing a series of recommendations by the Forum was submitted to the Global Fund's Board for consideration at its tenth meeting in November 2004.

A Secretariat, staffed by approximately 120 professional and administrative personnel in 2004, conducts day-to-day operations; mobilizes resources from the public and private sectors; manages grants; provides financial, legal and administrative support; collects strategic information and monitors performance; supports the Board, its committees and the Technical Review Panel; and reports information regarding the activities of the Global Fund to the Board and to the public. The Secretariat is based in Geneva, Switzerland. At its seventh meeting in March 2004, the Board reappointed Dr. Richard Feachem as Executive Director of the Global Fund for a second two-year term.

Guiding Principles

Seven principles guide the policies and operations of the Global Fund, from its governance to its grant-making. These principles reflect a consensus by the many stakeholders whose consultations in 2001 laid the foundation for the Global Fund.

The Global Fund:

1. Operates as a financial instrument, not an implementing entity.
2. Makes available and leverages additional financial resources.
3. Supports programs that evolve from national plans and priorities.
4. Operates in a balanced manner with respect to different geographical regions, diseases and health-care interventions.
5. Pursues an integrated and balanced approach to prevention, treatment, care and support.
6. Evaluates proposals through an independent review process.
7. Operates transparently and accountably and employs a simplified, rapid and innovative grant-making process.

The Technical Review Panel (TRP) is an independent body of international health and development experts that assesses all grant proposals for technical and scientific merit based on global best practices. Members convene for two weeks in Geneva to review the proposals submitted for each funding round, and the TRP then makes recommendations to the Board on proposals that deserve funding. The TRP also provides ongoing support to any proposal clarifications following Board approval.

Before a country applies to the Global Fund for a grant, it normally convenes a multisectoral Country Coordinating Mechanism (CCM), which represents public and private sectors, including government, nongovernmental and faith-based organizations, people living with and affected by the diseases, bilateral and multilateral development agencies, and academic institutions. The CCM develops and submits grant proposals to the Global Fund based on national strategies, multi-stakeholder priorities and identified gaps in exist-

ing funding from all sources. After the Global Fund approves a grant, the CCM oversees implementation of funded programs, reviews reports of Principal Recipients and ensures cross-sector coordination. CCMs are central to the Global Fund's commitment to local ownership and participatory decision-making.

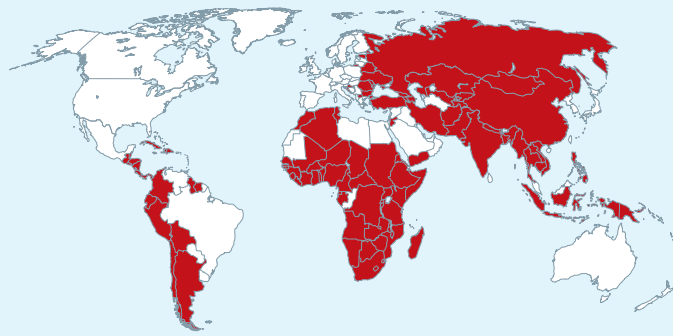
For each grant, at least one Principal Recipient (PR) is accountable for the resources committed and disbursed by the Global Fund. The PR, which is nominated by the CCM and approved by the Global Fund, supervises program implementation, often with several sub-recipients. PRs work with the Secretariat and sub-recipients to develop program goals, performance indicators and targets to be included in an initial two-year grant agreement. At intervals specified in the agreement, the PR requests disbursements from the Global Fund based on verified progress updates and the cash requirements of the program. This is the foundation for the Global Fund's system of performance-based grant making and its focus on tangible results.

As the Global Fund has no staff outside its Secretariat in Geneva, it contracts a Local Fund Agent (LFA) for each recipient country to assess the capacity of a nominated PR to manage and administer grant proceeds, manage the implementation of funded programs and report on financial and programmatic progress. The LFA also verifies all disbursement requests, progress updates and reviews annual audit reports. In 2004, following a competitive international tender, the Global Fund confirmed the following firms as its LFAs in recipient countries around the world: Chemonics International Inc., Crown Agents for Overseas Governments and Administrations Ltd., Deloitte Touche Tohmatsu Emerging Markets Group, KPMG International, Pricewaterhouse Coopers, the Swiss Tropical Institute of Chad and the United Nations Office for Project Services.

The Global Fund is a financing institution and not an implementing agency. As such, it relies upon its partners to provide technical assistance and capacity-building support to current and potential grant recipients. Bilateral agencies, businesses and foundations, nongovernmental and multilateral organizations — including UNAIDS, the World Health Organization and the World Bank — work side by side with Country Coordinating Mechanisms to develop high-quality proposals, to strengthen local capacity to manage grants and to assist in the implementation of grant-funded programs. The World Health Organization provides international clinical standards for medical responses to AIDS, tuberculosis and malaria, and plays an important role in the prequalification of drugs for the three diseases. UNAIDS is playing an essential role in providing important technical support at the country level and support and strategic advice for monitoring and evaluation at local and national levels.

World maps illustrating country coverage of Global Fund grants by disease

HIV/AIDS



Afghanistan
Algeria
Angola
Argentina
Armenia
Azerbaijan
Bangladesh
Belarus
Belize
Benin

Bolivia
Botswana
Bulgaria
Burkina Faso
Burundi
Cambodia
Cameroon
Central African
Republic
Chad

Chile
China
Colombia
Comores
Congo (Democratic
Republic)
Costa Rica
Cote d'Ivoire
Croatia
Cuba

Djibouti
Dominican Republic
Ecuador
El Salvador
Equatorial Guinea
Eritrea
Estonia
Ethiopia
Gabon
Gambia

Georgia
Ghana
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran (Islamic
Republic of)
Jamaica
Jordan
Kazakhstan
Kenya
Kyrgyzstan
Lao PDR
Lesotho
Liberia
Macedonia, FYR
Madagascar
Malawi
Mali
Moldova
Mongolia
Morocco
Mozambique
CARICOM*
CRN+**
Meso***
OECS****

Multi-country
Western
Pacific*****
Myanmar
Namibia
Nicaragua
Niger
Nigeria
Pakistan
Papua New Guinea
Peru
Philippines
Romania
Russian Federation
Rwanda
Senegal
Serbia
Sierra Leone
Somalia
South Africa
Sudan
Suriname
Swaziland
Tajikistan
Tanzania
Tanzania/Zanzibar
Thailand
Togo
Turkey
Uganda
Ukraine

Uzbekistan
Vietnam
Yemen
Zambia
Zimbabwe

* CARICOM
Antigua & Barbuda,
Bahamas, Barba-
dos, Belize, Do-
minica, Dominican
Republic, Grenada,
Guyana, Haiti,
Jamaica, St. Kitts
& Nevis, St. Lucia
St. Vincent &
the Grenadines,
Suriname,
Trinidad & Tobago

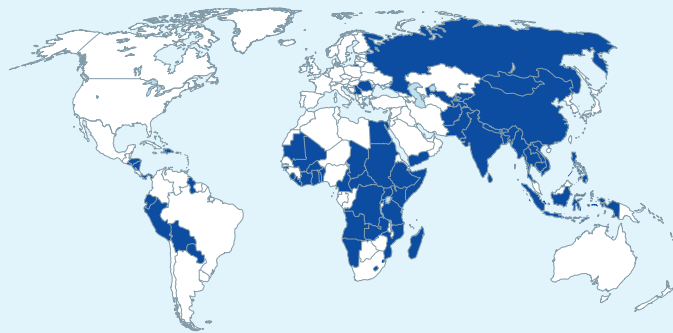
** CRN+:
Antigua & Barbuda
Dominican Repub-
lic, Grenada,
Guyana, Haiti
Jamaica, St. Kitts
& Nevis, St. Lucia,
St. Vincent &
the Grenadines,
Suriname, Trinidad
& Tobago

*** Meso:
Belize, Costa
Rica, El Salvador,
Guatemala, Hon-
duras, Nicaragua,
Panama

**** OECS:
Antigua & Barbuda,
Dominica, Grenada,
St. Kitts & Nevis,
St. Lucia, St. Vincent
& the Grenadines

***** Western
Pacific:
Cook Islands, Fiji,
Federated States of
Micronesia,
Kiribati, Niue,
Palau, Samoa,
Solomon Islands,
Tonga, Tuvalu,
Vanuatu

Tuberculosis



Afghanistan
Angola
Bangladesh
Benin
Bhutan
Bolivia
Burkina Faso
Burundi
Cambodia
Cameroon
Central African
Republic
Chad
China
Congo (Democratic
Republic)
Cote d'Ivoire
Dominican Republic
East Timor
Ecuador
Egypt
El Salvador

Ethiopia
Georgia
Ghana
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Kenya
Kyrgyzstan
Lao PDR
Lesotho
Liberia
Madagascar
Mali
Mauritania
Mongolia
Mozambique
Multi-country
Western Pacific*
Myanmar

Namibia
Nepal
Nicaragua
Pakistan
Panama
Paraguay
Peru
Philippines
Romania
Russian Federation
Rwanda
Serbia
Serbia/Kosovo
Sierra Leone
Somalia
Sri Lanka
Sudan
Swaziland
Tajikistan
Tanzania/Zanzibar
Thailand
Togo

Uganda
Uzbekistan
Vietnam
Yemen
Zambia

* Western Pacific:
Cook Islands, Fiji,
Federated States
of Micronesia,
Kiribati, Niue, Palau,
Samoa,
Solomon Islands,
Tonga, Tuvalu,
Vanuatu

Malaria



Afghanistan
Angola
Benin
Burkina Faso
Burundi
Cambodia
Cameroon
Central African
Republic
China
Comoros
Congo (Democratic
Republic)
East Timor
Eritrea
Ethiopia
Gabon
Gambia
Georgia
Ghana
Guatemala

Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Kenya
Lao PDR
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
RMCC*
Andean**
Multi-country
Western Pacific***
Nigeria
Pakistan
Papua New Guinea
Philippines
Rwanda
Sao Tome
& Principe
Senegal
Sierra Leone
Somalia
Sri Lanka
Sudan
Suriname
Swaziland
Tanzania
Tanzania/Zanzibar
Thailand
Togo
Uganda
Uzbekistan
Vietnam
Yemen
Zambia
Zimbabwe

Nigeria
Pakistan
Papua New Guinea
Philippines
Rwanda
Sao Tome
& Principe
Senegal
Sierra Leone
Somalia
Sri Lanka
Sudan
Suriname
Swaziland
Tanzania
Tanzania/Zanzibar
Thailand
Togo
Uganda
Uzbekistan
Vietnam
Yemen
Zambia
Zimbabwe

* RMCC:
Mozambique, South
Africa,
Swaziland

** Andean:
Colombia, Ecuador
Peru, Venezuela

*** Western
Pacific:
Cook Islands, Fiji,
Federated States
of Micronesia,
Kiribati, Niue, Palau,
Samoa,
Solomon Islands,
Tonga, Tuvalu,
Vanuatu



Moldova

Free ARVs and targeted prevention for vulnerable groups

Disease(s) funded: HIV/AIDS, TB Approved Funding to date: US\$ 11.7 million

When it became known that Ludmila U, an obstetrician for 17 years, was HIV-positive, she lost her job, social network and hope for a 'normal' life. Yet, seven years on, she has a second chance. Free antiretroviral (ARV) treatment has changed everything about living with HIV, rapidly improving her own health and that of her friends. 'Future' has returned to her vocabulary. When asked what life would be like without ARVs, Ludmila gives a sad smile and replies: "There would be no life."

The HIV/AIDS epidemic among Moldova's four million people was late to start but quick to take hold. While many infections were not reported until after the mid-90s, prevalence escalated by nearly 10 percent in 2001–2003 alone, reaching 0.2 percent among adults. As for tuberculosis, 2002 saw some 98.1 notified cases and 15.6 mortality per 100,000 people.

Providing free ARV treatment, the first nation-wide initiative of its kind in a nation of the former Soviet Union, is central to the country's integrated response to the two diseases, led by the National Programs for the Prevention and Control of HIV/AIDS/Sexually Transmitted Infections and Tuberculosis. The work is enhanced by a Round One grant from the Global Fund, signed in March 2003. With the Ministry of Health's Project Coordination, Implementation and Monitoring Unit (PCIMU) as the Principal Recipient, nearly US\$ 5.03 (\$5,026,861 as of March 2005) million of the two-year budget of US\$ 5.3 million has been disbursed to date.

By the end of 2004, ARVs had been provided to 115 people (109 adults and 6 children), with two health facilities supported to provide needed services. While the numbers may seem low in absolute terms, they represent an important start to scaling up comprehensive care and support to the nearly 2,000 people reported to be living with HIV by the end of 2003. Direct procurement and government negotiation of drug prices have resulted in reductions in both overall treatment acquisition costs and per patient ARV costs.

As well as increasing access to treatment, the National Program and its partners have also developed prevention strategies targeting groups that are particularly vulnerable to infection. These include young people, prisoners, truck drivers, commercial sex workers, men who have sex with men and injecting drug users (IDUs).

Evidence is already beginning to emerge that this targeted approach is slowing the epidemic among some groups. With IDUs, for example, the sharing of infected syringes had contributed to HIV prevalence of 1.6 percent in 2002. However, data now show that the number of new cases among IDUs is stabilizing at a relatively low level, and the proportion of IDUs among the country's new infections has dropped from over 80 percent in 2000 to under 55 percent in 2003.

Another first for a state-run initiative in a former country of the Soviet Union was the introduction of HIV and TB prevention and diagnosis, treatment and care for people in prisons. HIV prevalence among detainees was over 2 percent in 2002. Efforts supported by the Global Fund have brought comprehensive services to four sites.

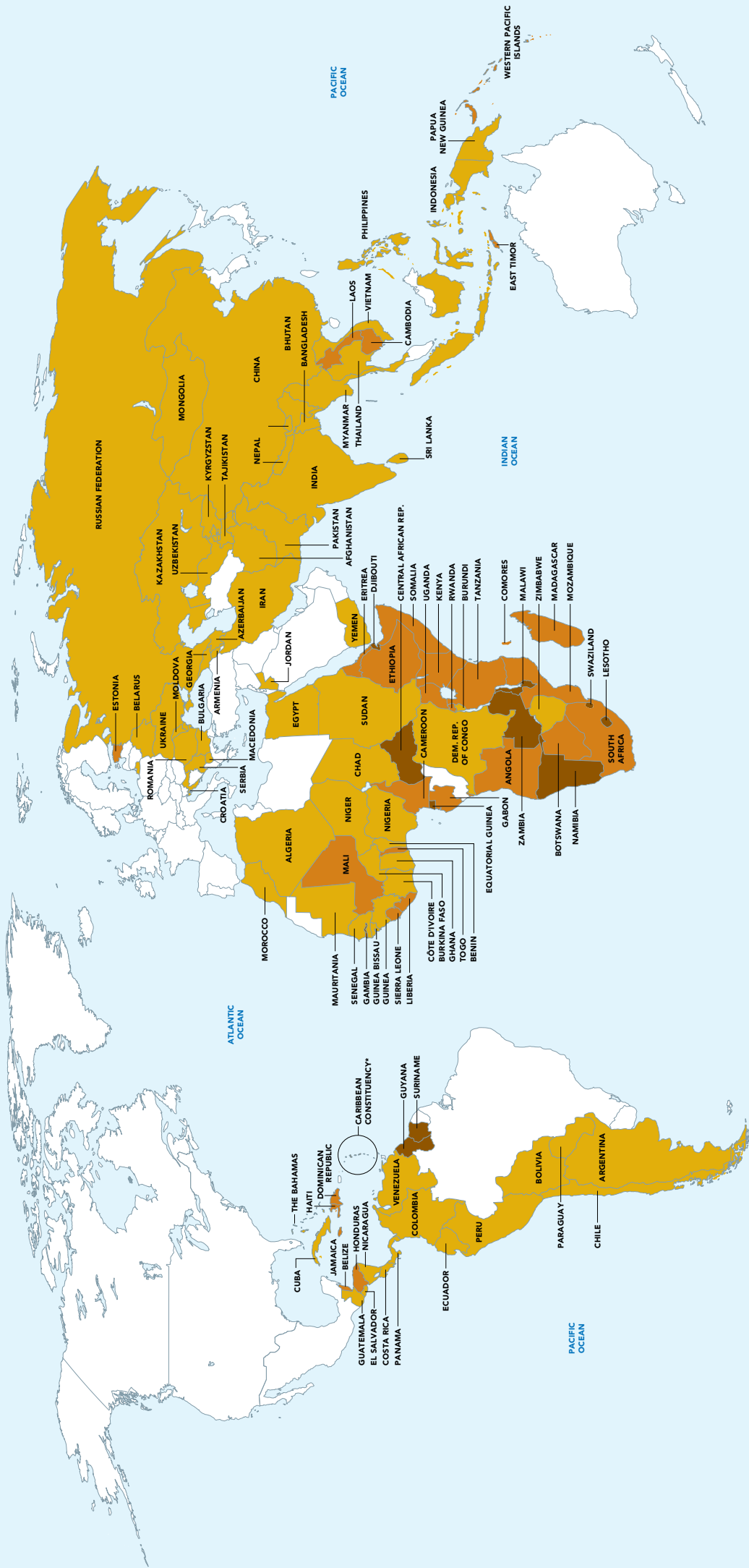
Moldova's Country Coordinating

Mechanism (CCM) — by actively involving Ministries as varied as Justice, Labor and Education — has supported the government's efforts to broaden its responses to HIV/AIDS, previously confined to the health sector. It is also, within a context of increasing external funds and an urgent need for coordination, helping to streamline planning among donors. This includes assuming oversight for other major initiatives in the country, including the World Bank's AIDS program (US\$ 5.5 million) and a USAID-funded TB project (US\$ 4 million).

According to Dr. Oleg Barba, the Executive Secretary of the CCM, one of Moldova's key lessons is that HIV/AIDS and TB are promoted by poverty, injustice and discrimination, and their successful control will require the involvement of a variety of sectors. In 2004, the CCM improved its links with all constituencies, appointed a Stakeholder Communication & Coordination Advisor and started work on revising its terms of reference and representation. This helped to strengthen coordination with NGOs, whose involvement as Global Fund grant sub-recipients is facilitated by the Soros Foundation. Currently, 28 sub-recipients support some 11,000 people, mostly from vulnerable populations.

Progress was also made in two other areas of HIV/AIDS work supported by the Global Fund: voluntary counseling and testing, with 408,738 people reached; and prevention of mother-to-child transmission of HIV, with 35 women and 35 children reached. While the start of planned activities targeting young people was delayed, plans were drawn up to take action in 2005, introducing a comprehensive, life-skills based curriculum as a mandatory subject in pre-university education.

World map illustrating per capita health investment by the Global Fund



Under \$1 per capita
 Between \$1-3 per capita
 Over \$3 per capita

* Caribbean Constituency includes: Anguilla (territory), Antigua & Barbuda, Bahamas, Barbados, Belize, British Virgin Islands (territory), Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat (territory), St. Kitts & Nevis, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago, Turks & Caicos Islands, Federated States of Micronesia, Fiji, Kiribati, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.

2004

The Year in Review

JANUARY

The United States confirms its pledge of US\$ 547 million for 2004, bringing the amount potentially available for Round 4 to US\$ 900 million.

The Global Fund is extensively discussed during the World Economic Forum summit in Davos, Switzerland.

The Asia Pacific Alternative Community Forum 2004, which brings together representatives of community groups from throughout the region, takes place in Bangkok. The Global Fund organizes a one-day consultation immediately after the Forum for civil society and nongovernmental organizations to look at ways of strengthening civil society participation in Country Coordinating Mechanisms (CCMs) and to gather input on the preparations for the Global Fund's First Biennial Partnership Forum scheduled to take place in July.

In response to concerns about slow implementation and reports of serious management problems with some of the Global Fund's three HIV/AIDS grants to Ukraine, a Secretariat mission is sent to Kiev. After discussions with partners, stakeholders and the PRs, all three grants are suspended and disbursed money not yet spent is asked to be returned.

FEBRUARY

The Irish presidency of the European Union organizes a conference in Dublin. The theme of the meeting is "AIDS In Europe".

Executive Director Richard Feachem travels to Australia to meet with Prime Minister John Howard. Australia uses this occasion to announce the country's first pledge of AU\$29 million (US\$ 18 million).

Disbursements reach US\$ 245 million across 72 countries.

The International HIV/AIDS Alliance is selected as a caretaker PR for a restructured Ukraine grant.

MARCH

Former Japanese Prime Minister Yoshiro Mori, one of the founding supporters of the Global Fund at the Okinawa Summit of the G8 (2000), announces the launch of Friends of the Global Fund, Japan. This partner organization is created to encourage support for the Global Fund in Japan, working closely with government and civil society organizations. Mr. Tadashi Yamamoto, president of the Japan Center of International Exchange (JCIE), is named director of Friends of the Global Fund, Japan.

The Global Fund organizes a day-long induction program for new Board members. About 25 members of various delegations go through a thorough orientation at the Secretariat offices in Geneva, including meetings with senior officers from every department, covering such topics as grant agreements, operational policies and CCM operations.

The Seventh Board Meeting is held in Geneva. Key items on the agenda include: approval of the 2004 budget, replenishment of the Global Fund, discussion on the process for Phase 2

renewals, the appointment of new members to the Technical Review Panel (TRP) in preparation for Round 4 and the creation of the Technical Evaluation Reference Group (TERG).

Two countries, Niger and Yemen, appeal the TRP's decision on their proposals for Round 3. Both are successful in restructuring their proposals in order to meet the technical standards required by the panel.

The Global Fund holds its first regional meeting for the Middle East in Amman, Jordan. The regional meeting is held to give CCM members an opportunity to ask questions, receive assistance and share best practices with each other.

World TB Day is held with the theme, "Every breath counts – stop TB now!" The Global Fund expresses its support for the Stop TB Partnership and the fight against TB.

APRIL

After discussion with the Board, the decision is made to allow reprogramming of existing malaria grants to include the purchase of new-generation drugs, artemisinin-based combination therapies (ACT) in those countries where drug resistance has reached levels of 15 percent or more. Because ACT drugs are roughly fifteen times more expensive than conventional first-line treatments, this will require additional funds. The Board approves setting aside US\$ 90 million for this purpose.

Right
Village children
in Thika, Kenya



Four of six siblings in an orphan-headed household in Swaziland fetch water at the end of the day. Global Fund financing covers school fees for these children and ensures that they receive food rations from the community's grain stores.



A coordinated effort with UNAIDS and the World Bank leads to the announcement of the organizations jointly working to make the principle of the “Three Ones” a reality. (The “Three Ones” are one agreed HIV/AIDS action framework that provides the basis for coordinating the work of all partners; one national AIDS coordinating authority, with a broad based multisectoral mandate; and one agreed country-level monitoring and evaluation system.)

The next in the series of regional meetings is held in Siam Reap, Cambodia including recipients from the entire Asian region.

Work begins on developing an Early Warning System, which will be used to alert the Secretariat to potential problems with grant management or implementation in recipient countries.

Africa Malaria Day is held with the theme “A Malaria-Free Future”. The central point of the celebration is the Matam region of Senegal, where African musician Youssou N’Dour holds a large open-air concert.

MAY

Canada, one of the earliest supporters of the Global Fund, announces that it will double its pledge for 2004 to CAD\$ 70 million (US\$ 50 million). Canada had initially pledged CAD\$ 150 million (US\$ 100 million) for the period 2002 to 2005, equally divided over the four years. In the same pledge, Canada also commits CAD\$ 35 million (US\$ 25 million) for 2006.

The annual World Health Assembly (WHO) is held in Geneva. This is the decision-making body for the World Health Organization, which gathers annually to review WHO policies and processes. The Global Fund provides a presentation to the delegates of the Assembly.

Responding to the rapid growth of the Global Fund portfolio and workload, the Secretariat undergoes a reorganization in order to more effectively align staffing resources with urgent requirements.

The East African regional meeting for CCM members is held in Nairobi, Kenya.

The TRP meets to review the 173 eligible proposals submitted for Round 4.

JUNE

The Eighth Board Meeting is held in Geneva. The first priority is the approval of the 69 grants for 50 countries recommended by the TRP. Approved grants have a total value of US\$ 2.9 billion over 5 years and US\$ 968 million over two years.

Actor Rupert Everett travels to Cambodia to see work being done by Global Fund-financed programs in support of the Global Fund’s participation in the XV International Conference on HIV/AIDS to be held in Bangkok in July

The Global Fund publishes its first procurement guide for use by CCMs and procurement staff working on Global Fund-financed programs.

The Bill and Melinda Gates Foundation and the Institute for Global Health, University of California, San Francisco, team up with the Global Fund to present on the theme of



“Scaling Up Health Investments in Developing Countries: Lessons About What Works” at a UK-sponsored conference at Wilton Park.

Working in partnership with the WHO, the World Bank, UNICEF, UNAIDS, USAID, the US Department of State and Department of Health and Human Services and the Centers for Disease Control, the Global Fund publishes *The Monitoring and Evaluation Toolkit*, which technical partners and CCMs can use as a guide for determining program indicators.

Regional meetings are held for recipients in Sofia, Bulgaria and Ouagadougou, Burkina Faso.

Friends of the Global Fight is launched in the United States with former head of the Motion Pictures Association of America, Jack Valenti, as President. This NGO plans to raise awareness of and funds for the Global Fund in the USA.

JULY

The Global Fund hosts the first Partnership Forum in Bangkok immediately preceding the World AIDS Conference. This biennial event forms part of the governance structure of the Global Fund and serves as an opportunity for the Global Fund to inform a broad group of stakeholders of progress and challenges. More importantly, it also provides an opportunity for those who may not have a direct voice on the Board to provide feedback and guidance.

A new report, *A Force for Change: The Global Fund at 30 Months*, is launched by the Global Fund at the Partnership Forum in Bangkok. This report, which includes in-depth profiles of Global Fund efforts in five countries, sets out progress to date in terms of grant agreements, disbursements and milestones achieved.

Thailand hosts the XV International AIDS Conference from 11–16 July. Over 10,000 scientists, health-care workers and activists from around the world gather to present and de-

bate medical, social and political issues related to the fight against AIDS. During the conference, the Bill and Melinda Gates Foundation announces a new pledge of US\$ 50 million to the Global Fund.

The United Kingdom announces a new pledge of an additional £154 million, effectively doubling the existing pledge for the period 2005–2007.

The Global Fund has disbursed US\$ 430 million in 85 countries. This sum represents 35% of the two-year grant commitments for which disbursement has commenced.

VH1, a cable entertainment channel which is part of the Viacom group of companies, launches a national advertising campaign on behalf of the Global Fund. This campaign, which focuses on the theme “Join the Fight”, features a series of 30-second ads under the tag line, “Stopping AIDS before it stops the world”. The spots, which run on average a hundred times a month, are designed to

raise public awareness of the Global Fund and the threat of AIDS.

AUGUST

USAID and the Centers for Disease Control co-sponsor a conference in Atlanta, Georgia on monitoring and evaluation. This conference is a direct outgrowth of the joint efforts by these two agencies and several others in conjunction with the Global Fund to produce the *Monitoring and Evaluation Toolkit*, which provides guidance for national M&E systems for HIV/AIDS, tuberculosis and malaria programs, and also coordinates the reporting requirements of all donor agencies in order to relieve the administrative burden on recipient countries and their governments.

SEPTEMBER

The Global Fund launches its first public awareness campaign in France with pro bono support from the international advertising group Publicis. The campaign, which includes print and television advertising, aims to raise awareness of the Global Fund among the general public and to build support for government donations to the Global Fund. The Global Fund receives more than US\$ 1.8 million worth of free placement for both print and video advertisements over a four-month period.

The Technical Evaluation Reference Group (TERG) is established.

In response to a plea by Nelson Mandela, Bono and Jack Valenti, the United Kingdom announces an additional pledge of £3 million (US\$ 5.3 million) to the Global Fund.

Together with the Global Alliance for Vaccines and Immunization, the Global Fund hosts the annual meeting of the European Foundations Association in Geneva.

Nairobi, Kenya is the site of a Global Fund conference, attended by 17 countries, on the re-programming of Global Fund grants to allow for the purchase of third-generation ACT drugs for malaria.

The U.S. businessman Ted Turner launches an appeal to private donors in the United States in the hopes that additional funds will allow the U.S. to maximize its donation to the Global Fund.

OCTOBER

Disbursements reach US\$ 628 million in 98 countries.

A regional meeting for CCM members is held in Fiji.

The Netherlands, in response to the urgent appeal by Nelson Mandela, agrees to bring forward 5 million (US\$ 6 million) from their pledge for 2005. This additional contribution in 2004 allows the United States to add another US\$ 18 million to their total contribution for 2004.

NOVEMBER

As a lead-up to its ninth Board meeting, the Global Fund organizes a series of site visits for Board members to clinics, hospitals and other projects benefiting from Global Fund grants in Rwanda, Tanzania and Kenya.

The ninth Board meeting is held in Arusha, Tanzania — the first Board meeting to be held in Africa. The meeting opens with a high-level session addressed by the Presidents of Tanzania, Kenya and Uganda and a representative of the President of Rwanda, as well as the UK Minister for International Development.

The Board takes a unanimous decision to launch Round 5 for approval in September 2005.

Sweden announces an additional contribution of SEK 16 million (US\$ 2.2 million) to the Global Fund in response to Mr. Mandela's plea.

DECEMBER

Germany announces that it will more than double its 2005 pledge from 38 million to 82 million (US\$ 157 million), making Germany the fourth-largest donor to the Global Fund.

Executive Director Richard Feachem visits China and Japan.

The Global Fund signs a headquarters agreement with the government of Switzerland, giving the Global Fund privileges and immunities similar to other international organizations. The headquarters agreement enables the Global Fund to undertake a number of administrative changes which will make the organization more effective and efficient.

World AIDS Day takes place on 1 December.

The Global Fund is represented at the annual meeting of the International Confederation of Free Trade Unions (ICFTU) in Tokyo.

Preparations are launched for Phase 2, the approval of continued funding for grants which have reached the two-year mark since their first disbursement.

At a meeting in Abuja, Nigeria, participants discuss progress made on reaching the health-related Millennium Development Goals



Burundi

Providing holistic HIV/AIDS care against the odds

Disease(s) funded: HIV/AIDS, TB, malaria Approved Funding to date: US\$ 24.3 million

Stricken by ongoing political and social instability following an 11-year civil war that claimed over 300,000 lives, and severely restricted by inadequate medical services, Burundi is making remarkable progress in its efforts to provide comprehensive HIV/AIDS prevention and care.

In Burundi, the HIV prevalence is 3.6 percent among the adult population (15 years and above). Life expectancy has dropped to 40 years and some 200,000 children have been orphaned. A Global Fund grant worth up to US\$ 4.9 million over the first two years was signed with Burundi on 10 April 2003 for the scale-up of prevention and care. The three pillars of the grant are the holistic care of people living with HIV/AIDS, prevention of mother-to-child transmission of HIV and capacity-building for the delivery of health services. To date, US\$ 4.9 million has been disbursed to the Principal Recipient, the Executive Secretariat of the National HIV/AIDS Council.

The Global Fund's support has particularly enhanced the government's efforts to provide comprehensive care, support and treatment for people living with HIV/AIDS. These efforts have taken a complementary approach — supplying not only antiretroviral therapy and drugs for opportunistic infections, but also providing psychosocial support to improve everyday well-being for patients and their families. Services are coordinated and delivered by a broad range of stakeholders, including hospitals, social workers, community health centers, local and international nongovernmental organizations, national reproductive health programs and government institutions, as well as private institutions.

Despite some initial delays, which postponed the start of most activities until the second year of the grant's implementation, the program has begun to show concrete results. Over 1,900 people had been provided with antiretroviral therapy and psychosocial support by the end of 2004. Although this is only 58 percent of the program's target for its first two years, it represents important progress when measured against the 2003 baseline of 600 people reached and provides a solid foundation for the next phase. This foundation, combined with decreasing drug prices and increasing funding from new donors, has resulted in the country adjusting its overall treatment targets upwards for the coming years.

By late 2004, results also began to emerge from the two other central components of this Global Fund grant. In programs for the prevention of mother-to-child transmission of HIV, antiretroviral prophylaxis was provided to 335 pregnant women living with HIV/AIDS and 220 newborns, representing 88 and 57 percent of the program's targets respectively. Based on the National Action Plan for 2002–6, the work had initially involved upgrading a pilot site and extending services to two further sites, but has been extended to 11 sites (Bujumbura and in-country). It also promoted Voluntary Counseling and Testing (VCT) in prenatal consultations, extending services to entire family units, not just to pregnant women.

Grant-funded, capacity-building efforts focused on integrating civil society into programs for health services delivery by building on the experiences, skills and contacts of nongovernmental and community-based organizations and networks of people living with HIV/AIDS. This has ensured that prevention and care interventions are appropriate and accessible to community members, including those who are

most vulnerable and often marginalized. It has also formalized the unique role of civil society organizations as the interface between national strategies, medical professionals and people at the community level, improving both the quality and accessibility of prevention and care for communities.

Burundi's successes with these grant-funded programs is indicative of the multisectoral collaboration — considered by some to be unprecedented in the country's recent history — that has characterized its program management and enabled it to achieve results despite a background of national turmoil. As Principal Recipient, the Executive Secretariat of the National HIV/AIDS Council expanded its pool of sub-recipients from the originally budgeted six to eighteen, including several from civil society. Since the grant signing, several new donors have started to contribute to the country's national HIV/AIDS strategy. The broadly representative Country Coordinating Mechanism is working with these donor partners and coordinating the efforts of development stakeholders under one cohesive national disease strategy.

Performance Measurement

What the Global Fund Measures + How



Above
Improving laboratory facilities in underserved regions and training health care professionals in diagnosis and treatment are part of China's strategy to fight HIV/AIDS, TB and malaria.

BUILDING A PERFORMANCE-BASED FUNDING SYSTEM

In 2004, the Global Fund made significant progress in designing and implementing transparent, rigorous and consistent performance measurement systems for its own operations and for grant-funded programs in recipient countries. While performance measurement has been among the core principles of the Global Fund from its creation, building a functional system to measure performance and to provide the basis for funding decisions has been a gradual process. Due to the urgency of its mission, the Global Fund ap-

proved its first round of grants only three months after its creation and before any detailed architecture for managing these grants and measuring performance had been designed. The development of all aspects of its functional architecture has taken place in parallel with the ongoing management of existing grants.

GLOBAL FUND PERFORMANCE MEASUREMENT: A FOUR-TIERED SYSTEM

In 2004, The Global Fund established a comprehensive measurement framework that evaluates its performance at all levels and addresses

the seven principles spelled out in its founding documents (see box on page 9). The measurement framework with its four levels — operational performance, grant performance, systems effects and impact — was developed under the oversight of the Technical Evaluation Reference Group (TERG) and the Monitoring and Evaluation, Finance and Audit (MEFA) Committee, and approved by the Board.

The four levels of the measurement framework (see Fig. 1, right) are as follows:

1. Operational performance

This level measures the performance of the core functions of the Global Fund and its Secretariat, including resource mobilization, grant management, proposal and grant signing, disbursements and Secretariat costs. In 2004, key performance indicators for these areas were shown in a new management tool called the “Executive Dashboard”. The monitoring of key performance indicators is supplemented by ad hoc studies undertaken to assess particular areas in greater detail, such as the different elements of the Global Fund’s basic architecture.

2. Grant performance

This level measures the performance of grants and is the cornerstone of performance-based funding by the Global Fund. The system was defined and implemented in 2004 and covers

all aspects of the Global Fund grant process, including proposal development, grant agreements, regular disbursements and Phase 2 evaluations. Together with its primary technical partners, the Global Fund developed the joint *Monitoring and Evaluation Toolkit*, which defines simplified evaluation frameworks and indicators at all levels for the three diseases. The *Toolkit* is designed to be of assistance to those applying for Global Fund grants in establishing universally accepted targets and indicators for measuring proposed program performance. In using the *Toolkit*, applicants can simplify their grant designs by focusing on outputs rather than on processes.

3. Systems effects

This level measures the impact (positive and negative) that the Global Fund has on the existing systems through which it works, in particular at the country level. In 2004, under the oversight of the TERG and the MEFA Committee of the Board and in conjunction with a wide range of partners and stakeholders, a set of indicators and measurement tools was developed to measure these effects with a particular focus on additionality of resources, long-term sustainability of efforts and harmonization between technical and donor agencies, as well as national partnerships under the guidance of CCMs. Measurement of these indicators will begin in 2005.

4. Impact

This level provides the means for measuring the impact of the Global Fund in the fight to turn the tide of the three diseases. Indicators for impact measurement have been developed to become part of the Global Fund's grant management systems, as it will ultimately be the impact that grant-financed programs have on the three diseases that will determine the Global Fund's success. While the basic indicators have been included in the joint *Monitoring and Evaluation Toolkit*, in 2005 it will be a priority to fully embed these in grant agreements as they are negotiated and signed. The first step will be to

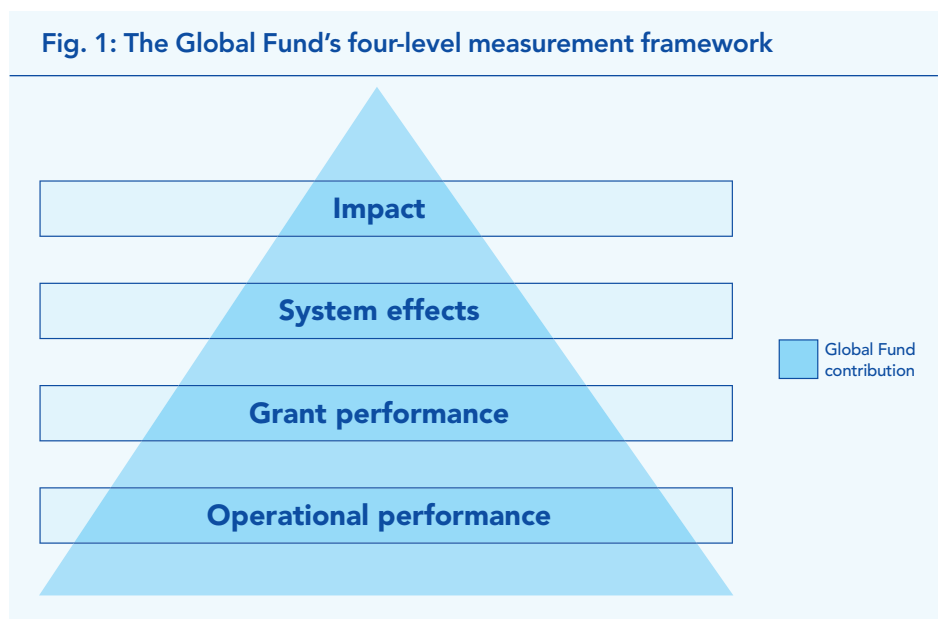
build impact indicators (in addition to coverage indicators) into all grant extensions as grants reach the Phase 2 funding stage.


The full implementation and roll-out of this system follows a phased approach, as the Fund moves from grant signing and management towards broader systems effects and, ultimately, impact on the three diseases. At its ninth meeting in November 2004, the Board approved performance indicators for the Executive Director and Secretariat and reviewed potential performance indicators for Board functions. Processes for evaluating and approving the continued funding of years three to five of grants that reach the two-year mark were also approved, providing an important final piece of the grant performance measurement system. Operational and grant performance measurement systems were largely in place by the end of 2004, with a few aspects

remaining to be implemented in early 2005. The measurement systems were put into practice in December 2004 for review of the first 27 grants making application for extension into their second, three-year phase of the grant. (The Global Fund approves grant proposals covering a period of up to five years. Funds are initially committed for the first two years of the proposal period. Continued funding to cover the remainder of the proposal period depends on satisfactory program performance and the availability of resources. The extension of a grant to cover remaining years of an original proposal is referred to as Phase 2 funding.)

While the indicators for the measurement of systems effects and impact were developed in 2004, their full implementation and roll-out are priorities for 2005, together with the preparation of a thorough five-year evaluation of the Global Fund in 2006.

Fig. 1: The Global Fund's four-level measurement framework





In Bishkek, Kyrgyzstan, approximately 2,200 injecting drug users are reached with Global Fund-financed needle exchange services.

Operations + Results

- 22 Resource Mobilization, Communications + Advocacy
- 26 Pledges + Contributions to the Global Fund
- 28 Secretariat Management
- 30 Grant Management
- 36 Grant Performance



Resource Mobilization, Communications + Advocacy

The Global Fund relies on donations from governments, foundations, corporations and individuals to finance the fight against the three diseases, with the majority of funding coming from the public sector.

Pledges are received on a continual basis and can span any number of years. Resource mobilization activity is carried out by the Board, by a small team within the Global Fund Secretariat and by nongovernmental supporters of the Global Fund, including communities living with the diseases.

As trustee of the Global Fund, the World Bank manages contributions to the Global Fund. To receive private contributions, the Global Fund relies upon the United Nations Foundation and its donors. The United Nations Foundation, a grant-making public charity established by philanthropist Ted Turner, receives private donations in support of AIDS, TB and malaria programs around the world on a pro bono basis and has chosen the Global Fund to be one of the primary beneficiaries of such private contributions. 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.

Fund-raising builds on broader efforts to mobilize support, particu-

larly communications to potential donors to educate them on the role, results and needs of the Global Fund. Communications are also important to ensure transparency for recipients and other stakeholders, and work is increasingly underway by the Secretariat to meet a broader range of needs for robust and responsive information about the institutional activity and grant progress of the Global Fund.

Efforts supported by partners to explore innovative, additional financing mechanisms for the Global Fund accelerated during the year. These potential mechanisms included debt conversion to finance Global Fund programs (for renewals in a number of high-performing countries), the International Finance Facility proposed by the Government of the United Kingdom and an introduction of global transaction taxes to finance global public goods, proposed by France.

In 2004, the Global Fund's Board approved the adoption of a periodic replenishment funding model. This

decision will enable the Global Fund to establish a more systematic and predictable process securing the required resources for the programs it supports. The UN Secretary General, Mr. Kofi Annan, and Mr. Sven Sandström, Director of the International Task Force on Global Public Goods, were nominated and confirmed as Chair and Vice-Chair of the Global Fund's first replenishment meetings for 2005.

RESULTS: RESOURCE MOBILIZATION

In January 2004, the overall financing need for the Global Fund was projected at around US\$ 1.5 billion. This included resources required to fully cover the Round 3 grants carried forward from 2003, renewals of existing Round 1 programs and the financing of Round 4, the new round slated for approval in 2004. As of January 2004, US\$ 0.6 billion was forecast to be available for Round 4. By the end of the year, pledges for the year had reached US\$ 1.6 billion, and a total of US\$ 1.4 billion had been contributed. This represented an increase of more than 50 percent compared to the total contributions received for 2003. Outstanding pledges for 2004 were expected to be contributed in early 2005.

A number of new donors pledged for the first time to the Global Fund in 2004, including Australia, Hungary, Iceland, the Republic of Korea, Singapore, Slovenia and Uganda, bringing the number of donor

In school in Tocoa, Honduras, children learn about malaria control.



countries from 44 to 51. In addition, Canada, the European Commission, Ireland, Luxembourg, New Zealand, Sweden, Switzerland, The Netherlands, UK, the Bill and Melinda Gates Foundation and the Health Authorities of Taiwan pledged additional resources in 2004. Hundreds of individuals from around the world also made donations to the Global Fund, and while those donations were relatively small in magnitude (US\$ 0.6 million), they point to a broadening base of support that is building among the general public.

Taken together, all pledges resulted in a total amount of US\$ 5.9 billion through 2004. The average rate of return on investment managed by the World Bank was 1.6 percent in 2004, resulting in US\$ 34.3 million of investment income. This investment income covered nearly 78 percent of the Global Fund's operating expenses in 2004 (US\$ 43.5 million), including the fees of Local Fund Agents (US\$ 12.2 million) and excluding services contributed in terms of goods and services.

In addition to financial contribu-

tions, the Global Fund also received a wide range of non-financial support from private organizations and individuals. In 2004, over US\$ 7 million worth of pro bono support — ranging from staff secondments, to consulting projects to celebrity engagements — was provided to the Global Fund.

**RESULTS:
COMMUNICATIONS
+ ADVOCACY**

In July, the Global Fund's first substantive progress report, *A Force for Change: The Global Fund at 30 Months*, was launched in Bangkok. The report analyzed the results of the first 25 grants to reach the one-year mark and profiled grants in four countries to give stakeholders an early impression of the quality and results stemming from the Global Fund grant process.

The XV International AIDS Conference, held in Bangkok in July, was characterized by broad recognition of how far the Global Fund had come in its first two years in terms of concrete results, and by strong support

for its resource needs. The Global Fund was represented in numerous sessions coordinated by partners as well as by the Global Fund, and received positive press coverage throughout. During the conference, the Secretariat organized field visits to Cambodia and Thailand with British actor Rupert Everett. The trip produced extensive media coverage, including a BBC documentary and feature coverage in US-based magazine *Vanity Fair*.

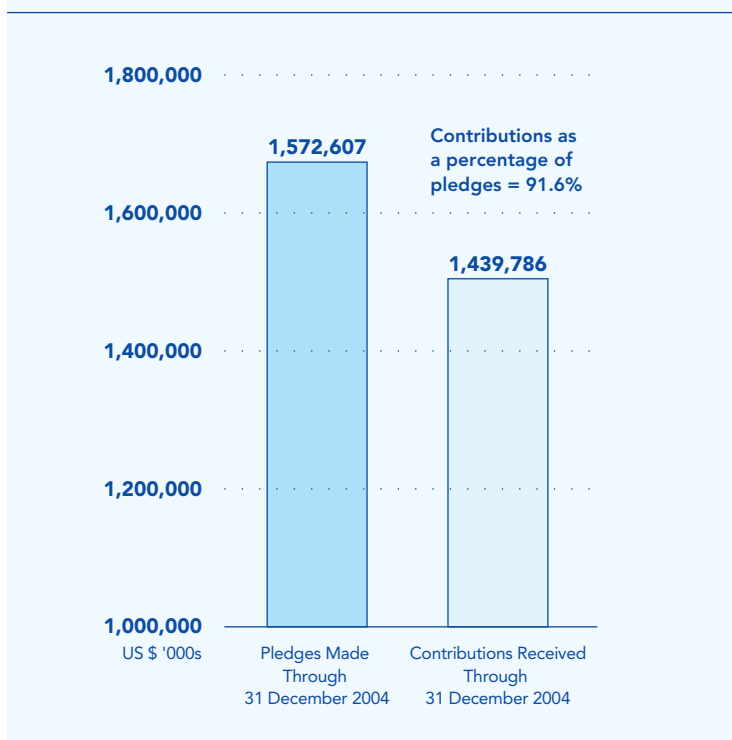
In 2004, two nongovernmental organizations dedicated to raising awareness of and advocating for increased support for the Global Fund were launched in the United States and Japan.

Friends of the Global Fund Japan was launched in Tokyo in March at a conference entitled "Human Security Challenges of HIV/AIDS and Communicable Diseases in Asia" jointly sponsored by the Asia Society of New York and the Japan Center for International Exchange (JCIE). "Friends Japan" was launched with the financial support of the Open Society Institute, the United Nations Foundation and Vodafone. Both the Chair and Vice-Chair of the Global Fund Board were present. The Director is Mr. Tadashi Yamamoto, one of the leading foreign policy experts of Japan and a long-time promoter of Japan's increased international engagement.

"Friends of the Global Fight" was launched in June in Washington, DC with a series of high-profile events attended by senior members of the U.S. Congress, the administration and other U.S. supporters and stakeholders. "Friends U.S." was launched with the financial support and personal engagement of Edward Scott, a strong supporter of the Global Fund in the United States. The NGO named as its president Jack Valenti, the former head of the Motion Picture Association of America.

By the end of 2004, the activities of both Friends of the Fund in Japan and Friends of the Global Fight in the U.S. had already substantially strengthened political support and general awareness in these countries. A similar organization was initiated in Europe with plans for a launch in 2005.

Fig. 2: Funds Contributed Relative to Amount Pledged for 2004



A major media outreach effort was launched in September 2004 to raise awareness of the Global Fund among the general public in key donor countries. The campaign started in Paris through a series of print and television advertisements placed with support from the Publicis Group. Media placements were provided on a pro bono basis with a value of over 1.7 million. Following the successful launch in France, the Publicis Group has begun to expand its already substantial commitment to the Global Fund by making preparations for similar campaigns in other key markets.

In the U.S., the Global Fund initiated a collaboration with the media group Viacom, which runs AIDS awareness campaigns as a central part of its corporate social responsibility program. This collaboration has focused on the development of advertising and programming promoting the Global Fund on VH1, a satellite and cable channel reaching 90 million U.S. households, as well as a substantial international audience. Three ads were produced during the first half of 2004 and launched during the XV International AIDS Conference in Bangkok in July. These ads were linked to the creation of a consumer website, “investinginourfuture.org”, which provides information about the Global Fund, about the fight against the three diseases and facilitates opportunities for donations and local action in support of the fight. This website was created through assistance from “Friends U.S.” and the UN Foundation. The collaboration with VH1 and other Viacom properties, as well as increasing collaboration with the UN Foundation, Kaiser Family Foundation, the Global Business Coalition against HIV/AIDS and others have placed the Global Fund in a position to greatly expand its advocacy and individual fund-raising activities in the United States in 2005.

Other important promotional activities in 2004 included the production of two short films as an introduction of the Global Fund to interested audiences. One of the films was produced for the U.S. market and

was used extensively by “Friends U.S.” throughout the country. A second, similar film was created for a broader, international audience. In addition, a set of four Public Service Announcements (PSAs), each starring a well-known African musician, were produced and shown extensively on TV5, a European-based French-language satellite channel with a global reach. Some of these PSAs were also shown during the annual African Music Awards, known as the Kora Awards.

In 2004, the Global Fund’s website was visited about 500,000 times, doubling the site traffic of the previous year.

The Global Fund also received extensive world press coverage, being mentioned 3,500 times in the main English language media, 300 times in French, more than 200 times in Spanish and about 200 times in the German and Italian media. However, these figures do not take into account recipient countries’ national press.

List of Pro Bono Services Contributed by the Private Sector in 2004

Booz Allen Hamilton

Review of Board & Committee structures

Celebrity: India Arie

Time and creative services in producing Global Fund documentary in Africa in partnership with VH1

Celebrity: Rupert Everett

Time and creative services in producing Global Fund documentary in Asia

Celebrity: Tom Hanks

Creative services in providing voice-over for Global Fund video (US version)

Celebrity: Emma Thompson

Creative services in providing voice-over for Global Fund video (European version)

McKinsey

Development of Executive Director’s performance criteria

Piper Rudnick

Legal advice and staff expertise on various issues to develop the Global Fund’s risk management system in 2005 and beyond

Publicis Group and media partners

Advertising services and airtime/print space for Global Fund advertising campaign in France

Sidley, Austin, Brown & Wood

Legal advice and preparatory work on registering the Global Fund name and logo internationally

Sterling Group

Marketing strategy consulting services to refine the external positioning for the Global Fund and help the Fund better communicate with the key target audiences

The Bill and Melinda Gates Foundation

Cost of secondment of events coordinator from FHI to organize Partnership Forum

UN Foundation

Sponsorship of Global Fund consumer website development, management of private donor contributions to the Global Fund and dedicated staff to mobilize partnerships and resources for the Global Fund

VH1 (Viacom)

Advertising services and airtime for Global Fund advertising campaign

Pledges + Contributions

to The Global Fund

DONORS	Contributions Received Through 31 Dec 2004			Pledges Made Through 31 Dec 2004		TOTAL
	For 2001–2003	For 2004	TOTAL	Due in 2005	Due in 2006–	
Governments						
Andorra	100	—	100	—	—	100
Australia	—	13'828	13'828	3'928	—	17'755
Austria	1'076	—	1'076	—	—	1'076
Barbados	100	—	100	—	—	100
Belgium	19'437	10'271	29'708	6'698	13'395	49'801
Brazil	50	—	50	50	—	100
Burkina Faso	75	—	75	—	—	75
Cameroon	—	—	—	100	—	100
Canada	50'000	50'006	100'006	59'322	—	159'328
China	2'000	2'000	4'000	2'000	4'000	10'000
Denmark	28'607	16'188	44'796	—	—	44'796
European Comm	187'425	264'413	451'838	57'029	57'029	565'896
France	123'138	198'939	322'077	198'939	198'939	719'955
Germany	49'423	45'945	95'367	108'753	192'971	397'092
Greece	—	—	—	332	—	332
Hungary	—	10	10	—	—	10
Iceland	—	206	206	—	—	206
Ireland	20'996	12'299	33'295	—	—	33'295
Italy	215'160	—	215'160	265'252	—	480'412
Japan	160'394	104'726	265'120	—	—	265'120
Kenya	8	—	8	—	—	8
Korea (Repub of)	—	500	500	—	—	500
Kuwait	1'000	—	1'000	—	—	1'000
Liberia	—	—	—	—	25	25
Liechtenstein	100	77	177	—	—	177
Luxembourg	3'315	2'244	5'558	—	—	5'558
Mexico	—	—	—	100	—	100
Monaco	88	44	132	—	—	132
Netherlands	51'678	54'345	106'022	61'008	—	167'030
New Zeland	734	625	1'359	—	—	1'359
Niger	—	—	—	—	50	50
Nigeria	9'081	—	9'081	1'000	—	10'081
Norway	35'672	17'865	53'536	—	—	53'536
Poland	20	10	30	—	—	30
Portugal	400	600	1'000	—	—	1'000
Russia	5'000	5'000	10'000	5'000	5'000	20'000
Rwanda	—	—	—	—	1'000	1'000
Saudi Arabia	2'500	2'500	5'000	2'500	2'500	10'000
Singapore	—	200	200	200	600	1'000
Slovenia	—	6	6	—	—	6

All figures are in US\$ 000s

Pledges + Contributions to The Global Fund

DONORS	Contributions Received Through 31 Dec 2004			Pledges Made Through 31 Dec 2004		TOTAL
	For 2001–2003	For 2004	TOTAL	Due in 2005	Due in 2006–	
South Africa	2'000	—	2'000	—	—	2'000
Spain	35'000	15'000	50'000	15'00	35'000	100'000
Sweden	33'858	48'033	81'892	—	—	81'892
Switzerland	10'000	2'343	12'343	—	—	12'343
Thailand	1'000	1'000	2'000	1'000	2'000	5'000
Uganda	—	500	500	500	1'000	2'000
United Kingdom	118'248	60'033	178'581	91'195	193'711	463'487
United States	622'725	458'881	1'081'606	435'000	600'000	2'116'606
Zambia	25	—	25	—	—	25
Zimbabwe	158	—	158	—	—	158
Sub-Total	1'790'591	1'388'937	3'179'528	1'314'905	1'307'220	5'801'653
Support for Operating Expenses						
DFID	—	219	219	—	—	219
GTZ	—	442	442	—	—	442
Japan	—	415	415	—	—	415
Other	—	42	42	—	—	42
Total Gov'ts	1'790'591	1'390'055	3'180'646	1'314'905	1'307'220	5'802'772
Private Sector						
Bill & Melinda Gates Fdn	100'000	50'000	150'000	—	—	150'000
Hewlett Foundation	—	200	200	—	—	200
Novartis	—	100	100	—	—	100
Statoil	—	100	100	—	—	100
The United Nations Foundation and its donors						
Mr. Kofi Annan	100	—	100	—	—	100
Amb. D. Fernandez	100	—	100	—	—	100
Eni S.p.A.	500	—	500	—	—	500
Heath Authorities of Taiwan	1'000	—	1'000	1'000	—	2'000
Int'l Olympic Committee	100	—	100	—	—	100
Real Madrid Soccer Match	112	—	112	—	—	112
Winterthur	1'044	—	1'044	—	—	1'044
Other UNF Donors	425	634	1'059	—	—	1'059
Other Private Sector Donors	20	140	160	—	—	160
Sub-Total: Cash	103'402	51'389	154'791	1'000	—	155'791
In-kind	—	7'265	7'265	—	—	7'265
Total: Private Sector	103'402	58'654	162'056	1'000	—	163'056
Grand Total	1'893'993	1'448'709	3'342'703	1'315'905	1'307'220	5'965'828

Secretariat Management

In December 2004, the Global Fund signed a headquarters agreement with the government of Switzerland, giving the Global Fund privileges and immunities similar to other international organizations.

The headquarters agreement will enable the Global Fund to undertake a number of administrative changes to make the organization more effective and efficient.

As a young organization, the Global Fund is continually making adjustments to its systems and architecture in response to lessons learned and the demands of its core business.

In 2002, the Global Fund designed and set in place the basic systems for negotiation and oversight of grant-financed programs. In 2003, it tested its new structure and systems and began to look at specific organizational development processes to complement its growth.

In May 2004, the Global Fund's Secretariat underwent a structural

reorganization in order to streamline operational processes and increase organizational efficiency. The move to four "pillars" — Business Services, External Relations, Operations and Strategic Information & Evaluation — was made in response to the needs of the organization in its rapid growth to become a significant grant-making institution in less than three years. The organizational development process is ongoing and reaches beyond the Secretariat's structure to include its focus on continual learning and improvement, formal and informal opportunities for staff training, and the growth of its organizational culture.

The Global Fund's operating expenses in 2004 amounted to US\$ 43.5 million (excluding US\$ 7.3 million worth of donated services). Of this, US\$ 28.1 million went to running the Secretariat, US\$ 12.2 million was paid in fees to Local Fund Agents and US\$ 3.2 million met the expenses of the Board and Technical Review Panel. These operating expenses represented 4.8 percent of total expenditures in 2004, with all the remainder going to grants. As the size of the Global Fund's grant portfolio increases substantially over the coming years, operating expenses are expected to become a diminishing part of total expenses, reaching less than two percent by the end of 2006. In 2004, 78 percent of operating expenses were met by investment income on the Global Fund's investment portfolio.

Fig. 3: Secretariat expenses as a percentage of total expenditure in 2004

	US\$ millions	Percentage of total expenditure
Grants	854.4	95.2%
Operating expenses excluding donated services		
Secretariat expenses	28.1	3.1%
LFA fees	12.2	1.4%
Board & TRP expenses	3.2	0.4%
	43.5	4.8%
Total expenditure excluding donated services	897.9	100.0%
Donated services	7.2	
Total expenditure per the audited financial statements	905.1	

In the slums of Nairobi, the Kenya Network of Women with AIDS provides treatment and care to children orphaned by HIV/AIDS.

KENYA NETWORK OF WOMEN
WITH AIDS PO BOX 10001 00100 NBI
TEL 766677
KENWA



Grant Management



PROPOSALS + APPROVALS

The Global Fund finances grants through rounds of grant applications. To date, four rounds have been approved and a fifth has been launched and will come up for approval at the Eleventh Board Meeting in September 2005.

Through its first four rounds, the Global Fund has approved a total of US\$ 3.1 billion over two years to 310 programs in 127 countries. The four proposal rounds were approved in April 2002, January and October 2003, and June 2004. With a few exceptions, the countries benefiting from these grants comprise all those that are currently experiencing the most severe burdens of disease or are at risk for fu-

ture disaster due to rapidly growing infection rates. Nearly two-thirds are countries classified by the World Bank as low-income countries, while one-third are lower-middle-income countries with severe disease burdens or very high infection growth rates. Three percent of the portfolio goes to ten upper-middle-income countries with very high disease burdens or infection growth rates.

Despite the fact that there are no criteria for grant approval other than the technical quality of proposals, a persistent distribution pattern has emerged for grants over the four rounds. Sixty percent of the approved funding is going to sub-Saharan Africa, while 23 percent is spent in Asia, the Middle East and North Africa, and the remaining 17 percent is shared between Latin America, the Caribbean and Eastern Europe. Just over 56 percent of funding goes to fight HIV/AIDS, 31 percent goes to malaria and 13 percent is allocated to TB programs.

Reflecting the breadth of Global Fund recipient partners at the country level, half of the principal recipients are governments, while one-quarter are nongovernmental organizations, and the remaining quarter are faith-based organizations, private sector companies, academic institutions or communities living with the diseases.

One of the major changes in development assistance for health over the past few years has been the acceptance by donors of the necessity to finance drugs and health-related

commodities with an open-ended timeframe. As the need for a drastic expansion in the use of these products — such as antiretrovirals and other drugs, condoms, diagnostic equipment and insecticide-treated bednets — became apparent, it also became clear that developing countries would not be able to finance the full cost of large-scale purchasing in the short- or medium-term. The Global Fund was set up in part to finance these purchases, and approximately 50 percent of committed funds are for the purchase of drugs and other commodities. The rest is being used to strengthen infrastructure and expand the training of health-care and other supporting personnel.

Although the Global Fund is dedicated to the fight against the three diseases, it was designed and operates with a view to strengthening overall healthcare delivery systems in funded countries. Wherever possible, it emphasizes the need for integration and synergy with general health services and the importance of avoiding duplication or unnecessary “vertical” programming within the health sector. In a number of countries — in particular in sub-Saharan Africa — HIV/AIDS, TB as an opportunistic co-infection with HIV/AIDS, and malaria constitute an overwhelming burden on existing health services. A strengthening of health system capacity to deal with these diseases will strongly improve overall health system performance.

Above
Education on HIV prevention, counseling and testing services, and condoms are provided to Roma squatters in Romania.

PACE OF GRANT MANAGEMENT

From its inception, the Global Fund had a rapid start-up, signing its first grant agreements while still developing operational procedures and guidelines. One of the consequences of this parallel process was that early grant agreements were signed before necessary assessments of principal recipients' financial and procurement capacities had been completed. This often slowed down grant implementation, since weaknesses were discovered and had to be rectified before any substantial grant activities could begin. Another consequence was that early grants were signed without targets that measured core activities of funded programs, instead often including targets that measured related but not core activities.

From Round Three onwards, the Global Fund's Secretariat has given particular attention to improving the quality of the grant agreements signed. It is working with its partners to ensure that all grants have clear performance targets that show the coverage of their grant activities — in other words, targets that reflect people reached with interventions, service points supported and people trained within defined service delivery areas. The Secretariat also now requires that all assessments when appropriate are completed before the grants are signed in order to reduce the number of conditions precedent to grant signing. This will lead to faster disbursement in the future.

The Global Fund's grant-making process in brief

Step 1

Global Fund Secretariat announces a call for proposals.

Step 1

Country Coordinating Mechanism (CCM) prepares proposal based on local needs and financing gaps. As part of the proposal, the CCM nominates one or more Principal Recipients (PR). In many cases, development partners assist in the preparation of the proposal.

Step 3

The Secretariat reviews proposals to ensure they meet eligibility criteria and forwards all eligible proposals to the Technical Review Panel (TRP) for consideration.

Step 4

The TRP reviews all eligible proposals for technical merit and makes one of four recommendations to the Global Fund Board: (1) fund; (2) fund if certain conditions are met; (3) encourage resubmission; and (4) do not fund.

Step 5

The Board approves grants based on technical merit and availability of funds.

Step 6

The Secretariat contracts with one Local Fund Agent (LFA) per country. The LFA certifies the financial management and administrative capacity of the nominated PR(s). Based on the LFA assessment, the PR may require technical assistance to strengthen capacities. Development partners may provide or participate in such capacity-building activities. The strengthening of identified capacity gaps may be included as conditions precedent to disbursement of funds in the grant agreement between the Global Fund and the PR.

Step 7

The Secretariat and PR negotiate a grant agreement, which identifies specific, measurable results, to be tracked using a set of key indicators.

Step 8

The grant agreement is signed. Based on a request from the Secretariat, the World Bank makes the initial disbursement to the PR. The PR makes disbursements to sub-recipients for implementation, as called for in the proposal.

Step 9

Program and services begin. As the coordinating body at the country level, the CCM oversees and monitors progress during implementation.

Step 10

The PR submits periodic disbursement requests with updates on programmatic and financial progress. The LFA verifies information submitted and recommends disbursements based on demonstrated progress. Lack of progress triggers a request by the Secretariat for corrective action.

Step 11

The PR submits a fiscal year progress report and an annual audit of program financial statements to the Secretariat through the LFA.

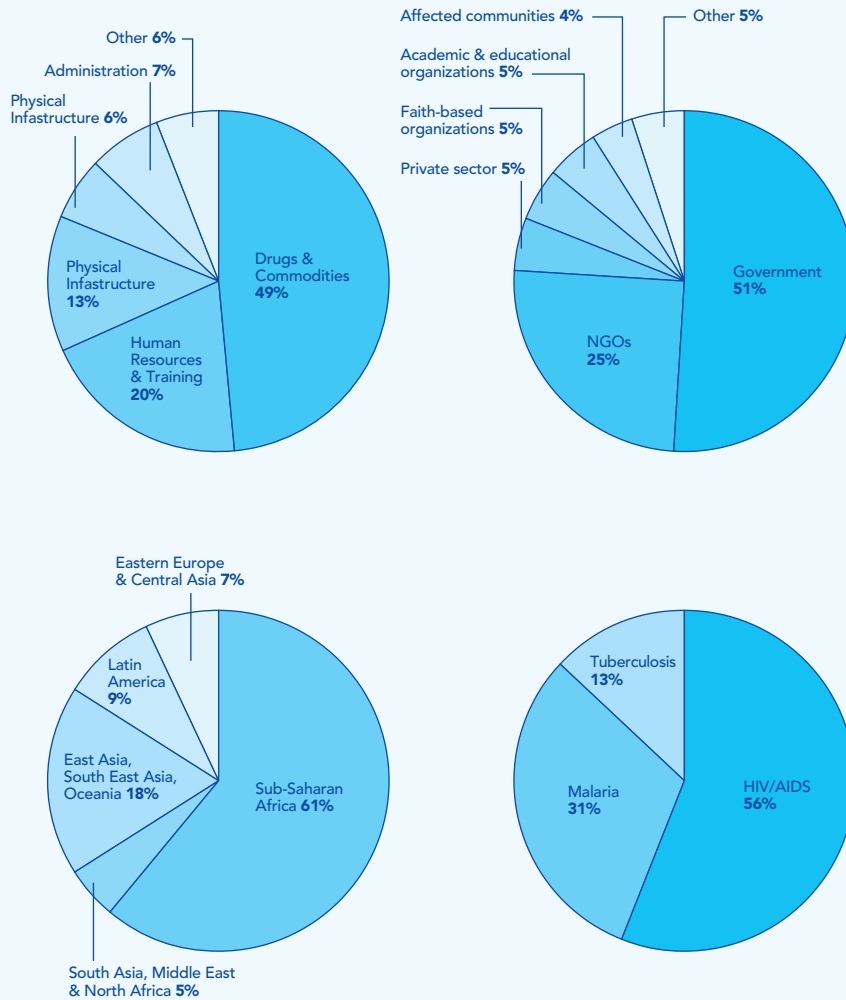
Step 12

Regular disbursement requests and program updates continue, with future disbursements tied to ongoing progress.

Step 13

The CCM requests funding beyond the initially approved two-year period. The Global Fund approves continued funding based on progress and availability of funds.

Fig. 4: Distribution of the Global Fund grant portfolio by type of expenditure, by type of Principal Recipient, by region and by disease



Finally, proposal formats for future rounds have been improved to ensure that they are more user-friendly and that all critical information required for the Technical Review Panel is included in the proposal.

Most grants are at an early stage, building the capacity to reach more people in the near future. The average age of a Global Fund grant at the end of 2004 was eleven months.

As of 31 December 2004, the Global Fund had signed 67 grant agreements for Round One out of a total of 69. One grant to the Democratic People’s Republic of Korea had been cancelled and one grant to Zimbabwe was being negotiated. For Round Two, 96 grant agreements had been signed out of a total of 100. Sixty-three grant agreements had been signed out of a total of 72 for Round 3. Of the remaining Round 3 grants, a grant for the Democratic People’s Republic of Korea was cancelled, as was a grant for Iran, and negotiations were in progress for a Multi-Country Americas grant and a grant for Yemen. Round 4 was approved at the end of June 2004 and 13 grant agreements out of a total of 73 had been signed by the end of the year. Grant signing for remaining Round 4 grants will increase rapidly in the first half of 2005.

DISBURSEMENT

The rate at which the Global Fund disbursed money to grant recipients accelerated in 2004 and reached a cumulative total amount disbursed of US\$ 860 million by 31 December 2004, out of a total commitment in signed grant agreements of US\$ 2.1 billion. Of funds disbursed to that time, 52.3 percent was disbursed to sub-Saharan Africa, 17.3 percent to East Asia and the Pacific, 13.3 percent to Latin America and the Caribbean, 9.6 percent to Eastern Europe and Central Asia, 3.5 percent to North Africa and the Middle East, and 4 percent to South Asia.

To evaluate whether disbursements are on track, the Global Fund compares disbursed funds as a percentage of all committed funds with the proportion of time elapsed since the grant agreements were signed.

Fig. 5: Disbursements compared to life of grants elapsed

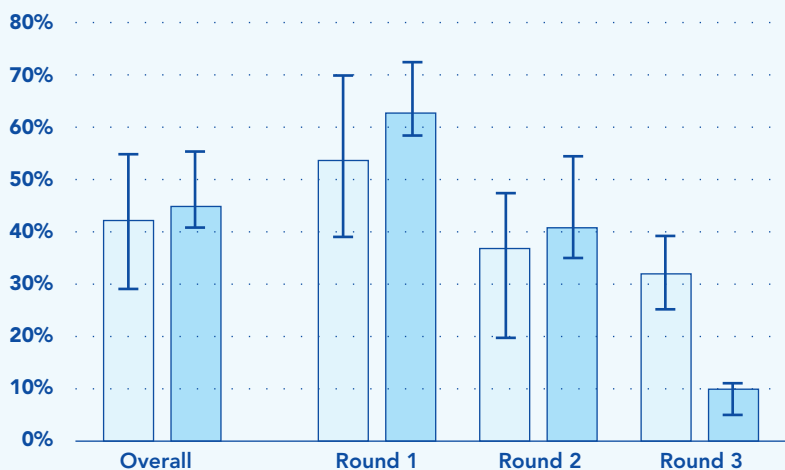


Fig. 6: Grant agreements signed as a proportion of total grants approved by the Board

	2002	2003	Q1	Q2	2004			Total to Date	No. Approved	% Signed	
					Q3	Oct	Nov	Dec			
No. of Grants Signed											
Round 1	9	57	1	—	—	—	—	—	67	68	99%
Round 2	—	69	9	9	4	2	3	—	96	100	96%
Round 3	—	—	4	12	30	17	—	—	63	72	88%
Round 4	—	—	—	—	1	1	3	8	13	73	18%
All rounds	9	126	14	21	35	20	6	8	239	313	76%
Funds Committed (\$ m)	52	1'040	93	206	314	165	44	55	1'970	\$ million	
Funds Disbursed (\$ m)	1	225	58	139	165	47	50	174	860	\$ million	
										86%	of \$1 billion goal by end of 2004

* Includes total number of prospective grants approved (i.e. including components where more than one grant will be assigned) and grants for which funding was formerly provided (i.e. suspended grants)

Applying this technique, the disbursement record is described in Figure 7 below for each funding round and for the portfolio as a whole.

Of the total amount of disbursements to 31 January 2005, 82 percent was disbursed to Rounds 1 and 2 grants, 16 percent to Round 3 grants and 2 percent to Round 4 grants. Round 3 and 4 grants, which are younger, have disbursed in excess of grant time elapsed because the first disbursement to recipients is usually larger than average. Over time, expenditure lines up more closely with time elapsed. From 2005, Rounds 3 and 4 grants will receive increasing disbursements and therefore contribute much more significantly to results. Overall, disbursements are roughly on track relative to the time elapsed for signed grants.

While comparing the rate of disbursement with time elapsed since grant agreement signing is an important way to evaluate whether or not disbursements are on track overall, the disbursement rate for any single grant is never constant. Disbursement rates may vary for a number of reasons:

- some grants absorb money more slowly than others due to limited capacity;

- with many, absorptive capacity will grow over time as grant funding, partner involvement or a broadened sub-recipient base result in an increase in absorptive capacity;
- the level of verifiable programmatic performance — a lack of progress on the part of the PR or evidence that the PR is not disbursing to sub-recipients causes recipients to receive money at a slower rate;
- the amounts of disbursement

requests vary according to the types of activities planned for the disbursement period — for example, drug procurement requires more money than the training of staff.

Nongovernmental principal recipients have performed well in absorbing funds, with an average disbursement rate of 91 percent of expected disbursement, as compared to an average of 79 percent for governmental principal recipients.

Fig. 7: Approvals, commitments and disbursements by funding round

Round	Approved	2-year approved ¹	2-year signed ²	2-year disbursed ³	Mean % of 2-yr amt disbursed ⁴	Mean time elapsed ⁴
Round 1	Apr-02	\$ 555	\$ 545	\$ 370	70%	77%
Round 2	Jan-03	\$ 859	\$ 810	\$ 336	46%	50%
Round 3	Oct-03	\$ 635	\$ 543	\$ 136	33%	16%
Round 4	Jun-04	\$ 1,038	\$ 72	\$ 18	32%	6%
Total		\$ 3,087	\$ 1,970	\$ 860	49%	48%

Disbursements by funding round \$ figures in millions, as of 31 December 2004

1. Proposals approved for funding by the Board (initially for two years, with an extension to five years where approved)
2. Grant agreement signed by the Secretariat, committing funds for 2-year term of grant
3. Amount transferred to recipients – disbursed incrementally based on performance
4. Calculations based on grants which have received one or more disbursements

Local Fund Agents by country during 2004



MANAGING UNDER-PERFORMING GRANTS

Over the first 18 months of the Global Fund's existence, a portfolio manager handled all of the issues associated with each of their grants. As the implementation of some grants faced more obstacles than others, portfolio managers quickly found that a few grants took up most of their time, leaving little time to support their remaining grants. In May 2004, the Global Fund created a support unit, Operational Partnerships and Country Support, whose responsibility it is to assist slow-moving grants, leaving the portfolio managers free to continue routine support of higher-functioning grants. This process has enabled the Secretariat to simultaneously serve recipi-

ents better by devoting more resources to particular issues before they turn into serious problems and to better manage the Global Fund's risk exposure.

The support unit was tasked with generating several tools to aid problem-solving strategies. Tools whose development was begun in 2004 include an early warning system to flag problems with grants at early stages of development. This system would respond to a wide variety of triggers, of varying urgency and type, such as time-sensitive factors or disbursement information, and would also respond to the computerized Grant Management Tool. A related diagnostic tool would simultaneously help define the nature of the problem, while a system is being created

to define and monitor appropriate steps to be taken by the Secretariat in coordinated action with partners.

LOCAL FUND AGENTS

The decision not to have a Global Fund presence outside Geneva, and instead secure the services of in-country Local Fund Agents (LFAs), is among the most innovative elements of the Global Fund's grant management structure.

LFAs are contracted to assess the capacity of nominated Principal Recipients (PRs) to administer grant funds and, beyond grant signature, to report on financial and programmatic progress and challenges to program success. During grant implementation, LFAs also ascertain whether PRs are undertaking

product and other procurement consistent with the Global Fund's guidelines. In addition, LFAs verify a PR's periodic disbursement requests, progress updates and review annual audit reports. From late 2004, the scope of LFA services has expanded to provide critical objective input into the Phase 2 grant renewal process.

Although the idea behind the Local Fund Agent (LFA) model is not unique, no other major development finance mechanism has so far made use of outside assessment and verification of the type and scale of the Global Fund's LFA system. The lack of previous experience and best practices in this field means there is a constant need to assess and seek ways of improving performance of the LFA system. A thorough review of the effectiveness, benefits and weaknesses of individual LFAs and the system of outsourced oversight in general was carried out in 2004. The review included 13 in-depth case studies of LFA performance and an independent overall report on the effectiveness and value-for-money of existing LFA contracts and working arrangements. From this review came a number of recommendations which are now being implemented through changed work procedures and revised terms for future contracts.

Among the revisions that were made to the LFA system during 2004 was a more fully defined day-to-day role of the LFA, with quality control and assurance services continuing to be provided by central teams with whom the Global Fund directly contracts. Contracts were re-negotiated, moving from a "fee for service" framework, to one focused on "delivery of performance-based verification of implementation services". In the negotiation of contracts, the Global Fund has been moving away from a "one size fits all" model by reducing LFA oversight in well-performing countries, and enhancing all forms of grant oversight in countries where greater challenges exist. It has also introduced a systemic approach to program verification tied to perceived programmatic risks. As increasing numbers of country grants made at new rounds involve the re-

peated use of the same PRs, the role of LFAs in such cases will inevitably change, especially where the need for comprehensive assessment is rendered unnecessary.

An LFA officer position was created to oversee the Global Fund's relationship with LFAs and ensure the delivery of optimal LFA services. By the end of 2004, this position had not yet been filled.

COUNTRY COORDINATING MECHANISMS

Over the past 18 months, the Global Fund Secretariat has undertaken a comprehensive analysis of the early experiences of CCMs based on case studies from 17 countries, a particularly in-depth study of CCMs in four countries, two multi-country studies of NGO involvement in CCMs, a multi-country study on the involvement of People Living with HIV/AIDS, an International Labour Organization review of private sector participation, and two studies of faith-based organizations' integration into Global Fund processes, as well as feedback from regional meetings and Secretariat staff.

These assessments all stress the value and benefits of the CCMs, pointing out that CCMs have taken inclusiveness and multisectoral collaboration a step forward in the health sectors of many developing countries.

However, they point to a variety of problems which are hampering the CCM's performance and therefore are negatively affecting the overall Global Fund process. Some of the problems facing CCMs are due to practical limitations; travel costs, language barriers, lack of organization among constituencies and scarce resources for administration have hindered the smooth functioning of some CCMs. In others, the government has not been willing to fully include nongovernmental groups in decision-making processes and oversight functions, and this has reduced genuine multisectoral participation.

In addition, in many countries, the role of the CCM vis-à-vis other forums for health planning and coordination needs to be clarified in

order to align CCMs with the UN-AIDS principle of "The Three Ones": one agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners; one National AIDS Coordinating Authority with a broad-based multisectoral mandate; one agreed country-level Monitoring and Evaluation System. The CCM is a mechanism which should be flexible enough to be fully aligned with other decision bodies where appropriate.

Improving CCMs is among the Global Fund's most central priorities.

The conclusions of this analysis led to a set of revised requirements and recommendations for CCMs, covering areas such as membership, representation and process, and which were adopted by the Board in November 2004. The analysis also resulted in a set of performance criteria for CCMs to be implemented in 2005. Other results of the analysis include a series of workshops to be carried out in 2005 to build capacity in common areas of weakness, including project management and basic business skills, and an expansion of the Global Fund's mailing list for CCM communications to include not only Chairs and Vice-Chairs but also all other CCM members.

As part of the systems effects framework development, the Global Fund has developed a simple CCM checklist which was approved by the Board in November 2004. This checklist will serve as a tool for yearly self-assessments of CCM composition and functioning and as a basis for regular sample audits. The Global Fund has initiated a study that will develop a baseline for all CCMs by June 2005.

Grant Performance

Overall Targets + Results

Each Global Fund grant sets a target for the number of people it aims to reach with key interventions over the five-year lifetime of the grant. When the targets for all grants in the first four funding rounds are tallied, a cumulative set of global targets is reached:

Fig. 8: Expected outcomes for Rounds 1-4 after five years

HIV/AIDS	TUBERCULOSIS	MALARIA
1.6 million people on antiretroviral treatment	3.5 million additional TB cases treated successfully under the DOTS treatment strategy	108 million bednets to protect families from transmission of malaria
52 million people reached with voluntary counseling and testing for HIV	More than 12,000 new treatments for multidrug-resistant tuberculosis, quadrupling current numbers on treatment	145 million artemisinin-based combination treatments for drug-resistant malaria
More than one million orphans supported through medical services, education and community care		

These are rolling targets, as they will increase as new rounds are included and because the five-year target refers to the lifetime of each grant and not to a fixed calendar period.

Since they include Round Four grants which have yet to start implementation, the first batch of grants contributing to these targets will reach their targets by 2007 and the

last batch by early 2010. Long before then, however, there will be more grants approved in successive funding rounds, so these targets will increase with each new round.

By the end of 2004, the average age of Global Fund grants was 11 months. Cumulative results for the grant portfolio as of 31 December

2004 were as follows (no significant results for HIV orphans and multidrug-resistant tuberculosis cases have been recorded yet, as these

targets predominantly stem from grants that are too young to show results).

Fig. 9: Cumulative results for grant portfolio at end of 2004

HIV/AIDS	TUBERCULOSIS	MALARIA
130,000 people on antiretroviral treatment	385,000 TB cases treated under the DOTS strategy*	More than 1.35 million families with insecticide-treated bednets to prevent malaria.
More than 1 million people reached with voluntary counseling and testing services for HIV	* Some of these treatments are not yet completed and can therefore not yet be proven "successful"	More than 300,000 people receiving highly effective artemisinin combination treatment for malaria

In addition, an estimated tens of millions have been reached through a wide range of prevention programs, including behavior-change campaigns, community outreach programs, condom distribution, targeted support for injecting drug users, sex workers and mobile populations, school programs, and awareness-raising for communities and the media.

Another indication of the pace of progress is to look at the growth and acceleration of grant achievements between their one-year mark and their 18-month mark. In comparing the June and December 2004 results of the earliest 15 grants, a steady growth and in some cases an acceleration of results is apparent during the first half of the second year. The number of people reached with TB treatment under DOTS increased by 70 percent between June and December 2004, and the distribution of insecticide-treated bednets increased by 103 percent during the same time period. The acceleration of TB and malaria programs is not surprising, given that the first year of a grant is predominantly spent on logistical issues, physical infrastructure, procurement and training, and that these lay the ground for an acceleration of services in the grants' second year. Antiretroviral treatment num-

bers show steady growth rates, with results increasing by 52 percent between the 12-month and 18-month marks. These results reflect the challenges faced in scaling up ARV treatment access in settings where training, testing, and diagnostic facilities are inadequate and where capacity-building issues are more complex.

CAPACITY-BUILDING

As important as the Global Fund's "headline" results is the way grants are building human resource capacity and physical infrastructure in order to accelerate the scale-up of prevention and treatment services in the near future and to ensure that the quality of services provided is high. The grants have made important investments in country capacity as the basis for future scale-up. Over 350,000 people — from ministries of health to community organizations and peer educators — were trained to fight HIV, TB and malaria in 2004. Of Global Fund grants approved to date, 20 percent is being spent on human resources and 13 percent on physical infrastructure.

In many countries, Global Fund grants are being used to scale up existing efforts and to pilot new or expanding programs; in other countries with little capacity or infrastruc-

ture, national governments, NGOs and other program implementers are working hard with the assistance of bilateral and multilateral partners to improve procurement systems, train staff and build clinics.

The results of Global Fund financing are the results of the work of a broad range of implementing partners. The Global Fund disburses grant funding to a wide selection of principal recipients, including government ministries, nongovernmental organizations, private sector businesses, faith-based organizations, academic institutions and organizations representing people living with or affected by the diseases.

However, it is important to remember that these principal recipients further distribute funds to sub-recipients. In Zambia, for example, sub-recipients include health districts, faith-based organizations and nongovernmental organizations; in China, there are several thousand sub-recipients at every level of government right down to district level. Results to date are the culmination of their efforts in the fight against HIV/AIDS, TB and malaria. It is the people at all of these levels — principal recipients, sub-recipients and sub-sub-recipients — and from the entire spectrum of public and private

sectors that carry out the implementation of funded programs to fight the three diseases.

WORKING WITH PARTNERS

The Global Fund has no presence in the countries it funds, and as a funding mechanism it plays no part in program implementation or providing technical assistance. However, as part of a dynamic network of development partners working to achieve greater combined results towards common goals, the Global Fund relies on its partners to provide technical expertise to grant recipients. The Global Fund's network includes a large and varied group of technical partners that carry out invaluable work to provide input to and build recipient-country capacity for proposal writing, program implementation, problem-solving, harmonization with existing systems and performance evaluation.

Over the past two years, much effort has been made to both strengthen and systematize the Global Fund's collaboration with technical partners, and to broaden its partner network for country-level technical support throughout the life cycle of each grant. UNAIDS is central within this network, and over the past year, the Global Fund's collaboration with UNAIDS has intensified in various areas. UNAIDS is providing critical support to CCMs in preparing grant performance reports, leveraging about 30 new monitoring and evaluation officers who are being posted in various countries. In addition, UNAIDS is scaling up its involvement and staffing levels to intensify its capacity-building support.

Another central partner is the World Health Organization (WHO), and the Global Fund is working closely to expand and intensify its collaboration with WHO at all levels. In 2004, the Stop TB Department, in collaboration with the Global Stop TB Partnership, increased its provision of the technical support required by countries during the development of applications to the Global Fund and is providing significant support to countries that were approved for Round 4 TB grants pend-

ing clarifications on their proposals. WHO's Intensified Support and Action Countries initiative is supporting 17 Global Fund recipients in order to achieve more rapid and more effective program implementation. Stop TB is also supporting about 50 countries, including previously unsuccessful applicants in Round Four, in developing their applications for Round Five, which the Global Fund will approve in time for the June 2005 deadline. Finally, the Global TB Drug Facility is working with recipients in eight priority countries to identify bottlenecks in their procurement and supply management systems and to implement solutions.

Similarly, close collaboration is taking place with the WHO's HIV/AIDS Department and the "3 by 5" initiative to put three million people on antiretroviral treatment by the end of 2005. A joint effort is underway to develop comprehensive technical support plans for accelerating the scale-up of antiretroviral therapy and prevention services in 15 to 20 priority countries. The support of the "3 by 5" team in speeding up proposal clarifications on approved Round Four grants, like that of the Stop TB Department, has also been invaluable. In addition, WHO is strengthening its capacity to provide assistance to countries in procurement and supply-chain management.

In 2004, the collaboration with WHO's Roll Back Malaria (RBM) Department was close and complementary, specifically with regards to the ongoing effort to reprogram existing Global Fund grants to use new, more effective malaria treatments that use an artemisinin-based combination therapy (ACT). So far 26 countries have been directly assisted in this process, and a number of other countries will be assisted in producing grant proposals for the next funding round that cover the cost of changing national drug protocols to include ACT. RBM has provided valuable support to assist funded countries in accelerating implementation where progress on malaria programs has proven too slow. The Global Fund and RBM are

also working to accelerate the roll-out of a new generation of long-lasting mosquito nets, which have proven highly effective.

The Global Fund has intensified dialogue on coordination, information exchange and assistance in program countries with bilateral partners. It draws on substantial support from American, British, Canadian, French, German and Swedish bilaterals and others that are providing training and technical support for the Global Fund application and implementation processes in recipient countries, and improving participation in CCMs.

The Global Fund is broadening and deepening its collaboration with NGO partners and the private sector based on lessons learned over the





Above
TB patients sit
outside a district
health center in
Yangon, Myanmar.

past two years. In a number of countries, the French-led ESTHER initiative supports Global Fund processes through technical assistance on high-quality treatment and care for people living with HIV/AIDS. The International Council of AIDS Service Organizations (ICASO) is providing support in translating CCM guidelines and working to increase civil society and community involvement in CCMs. A constructive dialogue is maintained with Médecins Sans Frontières on important in-country issues, in particular concerning malaria and TB drugs. The Global Fund has also developed a plan for collaboration on drug prices and other areas of support with the Clinton Foundation for a number of sub-Saharan African countries. In work-

ing with the private sector, the Global Fund is making a substantial effort to accelerate engagement through discussions on co-investment opportunities with corporations that have operations and expertise in developing countries.

CO-INVESTMENT

The co-investment approach seeks to ensure that, in addition to efforts the corporations are making to provide services to their employees and their dependents, broader communities will also benefit from quality services through the reinforcement of public health services or collaboration with NGOs receiving Global Fund grants. Since the last Board meeting, several proposals for co-investment have been initiated. In Kenya, Gabon and

Niger, the Global Fund has been working with European members of the Global Business Coalition Against HIV/AIDS to allow local branches of these companies to associate themselves with recipients of Global Fund grants. Discussions have also been initiated in China and in India to seek greater involvement of the private sector in the Global Fund process at the country level. It is expected that a number of such proposals will be made in Round 5 in India. In June 2005, the Global Fund, in association with the Global Business Coalition and GTZ, will be organizing the next meeting on co-investment, bringing together bilateral organizations, including the UK's Department for International Development (DFID), France's Agence Française de

Developpement (AFD), the President's Emergency Plan for AIDS Relief (PEPFAR), the United Nations, the World Economic Forum – Global Health Initiative (WEF-GHI), the International Finance Corporation (IFC), expert groups such as Abt Associates, Merck and Co, as well as ESTHER (Ensemble pour une Solidarité Thérapeutique Hospitalière En Réseau), in order to come to a greater understanding of roles and responsibilities for building public-private partnerships at the country level.

PHASE 2 FUNDING RENEWALS

Periodic performance evaluation in the first two years of a grant's life builds to a formal assessment at the two-year mark for Phase 2 funding to cover the remaining years of the approved grant period. The first Global Fund grants were approaching the end of their first two years at the end of 2004. As a result, one key area of work in 2004 was the development of policies and procedures in preparation for the first tranche of Phase 2 funding applicants.

When grants reach 16 months, the Global Fund Secretariat invites the grantee to apply for Phase 2 funding. Performance and contextual factors contribute to a broad range of information that is used to make the Phase 2 funding decision. They include:

- **General grant information and program objectives**

This captures the major elements of the proposal, goals, impact indicators and key dates.

- **Program results compared to country-set targets**

These measure the services that were delivered and the progress made over time against the targets that were set out in the grant agreement. Indicators measure the numbers of people reached, the growth in capacity and the supporting environment of the grant.

- **In-country assessments of Global Fund grants by Local Fund Agents**

This includes assessments made through the grant's first two years of procurement,

monitoring and evaluation, and progress achieved at each disbursement period.

- **Key performance and country contextual information**

This summarizes the performance data by showing the percentage of targets met for key service delivery areas. Contextual information of relevance to the interpretation of grant progress and performance is also included, such as levels of conflict in a country, natural disasters, etc.

All of this information is put into a Grant Performance Report which is posted on the Global Fund's website as a public document.

Based on the performance and contextual factors provided, the Secretariat makes a recommendation on each Phase 2 funding applicant to the Board. The Board makes the final decision on whether or not to provide continued funding to grantees. More than 100 grants will be eligible for Phase 2 funding in 2005. Lessons learned by the Secretariat and grant recipients will be reviewed in 2005 and incorporated in the performance-based funding system going forward.

SYSTEMS EFFECTS + IMPACT

No systematic data exist yet on the extent to which the Global Fund interacts with and affects its immediate environment. The Global Fund, with relevant partners, has developed a set of core indicators for systems effects and impact and putting them into operation over the course of 2005 is a priority. However, despite the lack of numerical data, events over the past three years suggest that the Global Fund has influenced and adapted to the existing environment in which it operates. One clear example is with CCMs, which have now been established in more than 120 countries and which have, in many cases, increased civil society involvement in the planning and decision-making processes for national programs to fight AIDS, TB and malaria.

Another example is the increasingly close collaboration and informal work-sharing taking place be-

tween the Global Fund and other donors, in particular the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), in program countries. An example of this kind of collaboration was the joint calculation and announcement of antiretroviral treatment figures in January 2005 by the Global Fund and PEPFAR, reflecting the fact that the two mechanisms often finance different elements within the same national treatment programs.

Finally, it will be the impact Global Fund financing has in reducing the burden of the three diseases that will determine its ultimate success or failure. Until now, one can only infer a very modest global impact against the three diseases from the results achieved to date. From Round Five onwards, all grants will have a set of impact indicators as part of their overall set of results measurement built into their Phase One grant agreements, and all Phase Two grant extensions will have impact indicators as they begin to be negotiated and signed in early 2005. The data gathered through these processes will make an important contribution to the measurement of Global Fund impact.



Morocco

Initiating a first national HIV/AIDS communication campaign

Disease(s) funded: HIV/AIDS Approved funding to date: US\$ 9.2 million

Among large sections of Moroccan society, it remains taboo to mention sex in public. Yet with strong leadership, spearheaded by the King and the Prime Minister, things are beginning to change.

In 2004, one of the clearest signs of this was the launch of the country's first national communication campaign on HIV/AIDS. Unprecedented in North Africa, it is bringing powerful messages about prevention and care to people's homes, workplaces and social environments.

HIV prevalence remains very low among Morocco's 31 million people, at an estimated 0.1 per cent in 2003. Yet with high levels of sexually transmitted infections (600,000 new cases were registered in one recent year alone) and HIV prevalence increasing more than two-fold in the 1990s, there is little room for complacency. The Ministry of Health has developed a comprehensive national strategy, whose implementation is partly funded by the Global Fund. The program was submitted to the Global Fund in Round One and the grant agreement was signed in March 2003 for a two-year budget of US\$ 4.7 million with the National AIDS Program as the Principal Recipient.

2004 saw the launch of a key element of the work supported by the Global Fund: a national communication campaign on HIV/AIDS. The campaign is walking a social and political tightrope, showing respect for the diversity and sensitivity of Morocco's culture and traditions while addressing the reality of a disease that, in at least 76 percent of cases, is transmitted through heterosexual sex, both in and outside of marriage. Some of its messages emphasize

strategies such as abstinence and fidelity and also, for the first time in the country's history, publicly promote the use of condoms. Aspects of the campaign are targeted to young people and women, two groups particularly vulnerable to HIV infection in Morocco.

The campaign has benefited enormously from the country's increasingly strong national leadership and political commitment in relation to HIV/AIDS, including from the King, who has visited people living with HIV/AIDS in hospital, as well as the involvement of the Prime Minister and the Ministry of Habous and Islamic Affairs. It has also been greatly aided by a Media for AIDS Charter, signed by the Ministries of Health and Communications and the Directors General of two national television channels and two radio channels, as well as the President of the Federation of Print Media. By the end of 2004, the campaign had already disseminated 308 national television spots, 450 radio spots in four dialects, 100 press releases and 125 city billboards, as well as a mobile unit which travelled 4,000 km across the country to provide information on HIV/AIDS.

Other key areas of work supported by the Global Fund include HIV prevention with vulnerable communities such as commercial sex workers, among whom prevalence was over 2 per cent in 2003. Here, the work is largely implemented by NGO partners and includes information on prevention, the provision of condoms and information and STI diagnosis and treatment. In 2004, this component of the program either met or exceeded all of its key targets. Over 1.9 million condoms were distributed in the target area, while 172,000 young people and women benefited from HIV/AIDS aware-

ness-raising events, 27,800 from education initiatives and 2,200 commercial sex workers and female workers from outreach activities. During the year, a total of 1,120 peer educators were trained to support vulnerable groups, including sex workers, young people (both in and out of educational settings) and women.

The support of the Global Fund also strengthened voluntary counseling and testing (VCT) and the provision of care and treatment for people living with HIV/AIDS. Antiretrovirals (ARVs) and monitoring were made universally freely available to all those who are eligible for treatment, 706 people were provided with ARV treatment, and services were decentralized, and made available through five regional referral centers. Thanks to reduced drug prices, considerable savings were made from the efficient procurement of ARVs.

The initiatives supported by the Global Fund are coordinated by a Country Coordinating Mechanism (CCM) that reflects the dynamic, multi-sectoral nature of Morocco's national response. In 2004, the group was joined by the Ministry of Habous and Islamic Affairs on a collaborative NGO project to involve imams in HIV/AIDS initiatives. New CCM members in 2004 included representatives of other ministries (Communications, Penitentiaries, Justice), the private sector (Federation of Moroccan Businesses and Moroccan Association of Pharmaceutical Industries) and NGOs (Moroccan Red Crescent and Moroccan Family Planning Association). The CCM continued to promote transparency and created a website (www.programmesida.org.ma) to publicly share information on its composition and function, goals, monitoring and evaluation plan, and Principal and Sub-Recipients.



Approved Grants + the Organization

- 44 Approved Grants
- 54 List of Board Members 2004
- 56 Technical Review Panel 2004
- 58 The Global Fund Secretariat



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 three 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 December 2004 and then by the amount disbursed as of that same date.

Principal Recipients are listed for all grant agreements signed by 31 December 2004. In all other cases, these are shown as "To Be Confirmed". This is also the case for Local Funding Agents.

For current and detailed information regarding the grant portfolio of the Global Fund, please refer to the Global Fund website at www.theglobalfund.org.

Key

REGION

Country

Program(s) Approved for Funding

Round(s) of Approval

Total Funds Approved (in US\$)

Funds Committed by Grant Agreement(s) (in US\$)

Funds Disbursed at 31 December 2004 (in US\$)

Local Fund Agent

Principal Recipient(s)

EAST ASIA + THE PACIFIC

Cambodia

HIV/AIDS, Malaria and Tuberculosis

Rounds 1, 2 and 4

38'147'845

24'131'619

12'003'743

Local Fund Agent

KPMG

Principal Recipient(s)

The Ministry of Health and TBC

China

HIV/AIDS, Malaria and Tuberculosis

Rounds 1, 3 and 4

112'843'130

61'016'212

40'320'012

Local Fund Agent

United Nations Office for Project Services

Principal Recipient(s)

The Chinese Centre for Disease Control and Prevention and TBC

East Timor

Malaria and Tuberculosis

Rounds 2 and 3

3'268'394

3'268'394

1'364'450

Local Fund Agent

Pricewaterhouse Coopers

Principal Recipient(s)

The Ministry of Health

Indonesia

HIV/AIDS, Malaria and Tuberculosis
Rounds 1 and 4
67'921'801
36'792'183
24'207'542
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health and TBC

Lao PDR

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 4
13'470'615
5'987'154
4'665'882
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health and TBC

Mongolia

HIV/AIDS and Tuberculosis
Rounds 1, 2 and 4
3'873'882
1'915'623
1'835'792
Local Fund Agent
United Nations Office
for Project Services
Principal Recipient(s)
The Ministry of Health and TBC

Multi-country Western Pacific

HIV/AIDS, Malaria and Tuberculosis
Round 2
7'151'950
7'151'950
5'392'219
Local Fund Agent
KPMG
Principal Recipient(s)
The Secretariat of the Pacific
Community

Myanmar

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 3
35'680'724
6'997'137
2'404'656
Local Fund Agent
KPMG
Principal Recipient(s)
The United Nations Development
Programme and TBC

Papua New Guinea

HIV/AIDS and Malaria
Rounds 3 and 4
14'598'802
6'106'557
2'185'723
Local Fund Agent
KPMG
Principal Recipient(s)
The Department of Health and TBC

Philippines

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 3
14'176'114
14'176'114
10'038'851
Local Fund Agent
Chemonics
Principal Recipient(s)
Tropical Disease Foundation, Inc.

Thailand

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 3
61'197'279
61'197'279
36'948'766
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Public Health and
RAKS Thai Foundation

Viet Nam

HIV/AIDS, Malaria and Tuberculosis
Rounds 1 and 3
23'388'402
23'388'402
7'626'978
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health

**EASTERN EUROPE +
CENTRAL ASIA****Armenia**

HIV/AIDS
Round 2
3'166'641
3'166'641
1'843'839
Local Fund Agent
KPMG
Principal Recipient(s)
World Vision International –
Armenia Branch

Azerbaijan

HIV/AIDS
Round 4
6'553'600
—
—
Local Fund Agent
TBC
Principal Recipient(s)
TBC

Belarus

HIV/AIDS
Round 3
6'818'796
6'818'796
1'254'445
Local Fund Agent
KPMG
Principal Recipient(s)
The United Nations Development
Programme

Bulgaria

HIV/AIDS
Round 2
6'894'270
6'894'270
2'691'090
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health

Croatia

HIV/AIDS
Round 2
3'363'974
3'363'974
1'468'709
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health
and Social Welfare

Estonia

HIV/AIDS
Round 2
3'908'952
3'908'952
2'796'271
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The National Institute for Health
Development of the Ministry
of Social Affairs

Georgia

HIV/AIDS, Malaria and Tuberculosis
Rounds 2, 3 and 4
7'099'810
4'664'032
1'171'271
Local Fund Agent
KPMG
Principal Recipient(s)
The Georgia Health and Social Projects
Implementation Center and TBC

Global (LWF)

HIV/AIDS
Round 1
485'000
485'000
348'000
Local Fund Agent
DTT Emerging Markets
Principal Recipient(s)
The Lutheran World Federation

Kazakhstan

HIV/AIDS
Round 2
6'502'000
6'502'000
3'419'670
Local Fund Agent
KPMG
Principal Recipient(s)
The Republican Center for
Prophylactics and Control of AIDS

Kyrgyzstan

HIV/AIDS and Tuberculosis
Round 2
6'170'873
6'170'873
2'195'940
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The National AIDS Center
and National Center of Phtisiology

Macedonia, FYR

HIV/AIDS
Round 3
4'348'599
4'348'599
1'240'413
Local Fund Agent
United Nations Office for Project
Services
Principal Recipient(s)
The Ministry of Health

Moldova

HIV/AIDS and Tuberculosis
Round 1
5'257'941
5'257'941
2'976'861
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Project Coordination,
Implementation and Monitoring
Unit of the Ministry of Health

Romania

HIV/AIDS and Tuberculosis
Round 2
38'671'000
38'671'000
21'474'170
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health and Family

Russian Federation

HIV/AIDS and Tuberculosis
Rounds 3 and 4
125'614'264
37'903'176
12'661'235
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Open Health Institute,
Partners In Health and TBC

Serbia + Montenegro

HIV/AIDS and Tuberculosis
Rounds 1 and 3
5'147'700
5'147'700
2'342'301
Local Fund Agent
United Nations Office for Project
Services
Principal Recipient(s)
The Economics Institute in Belgrade
and The Ministry of Health

Serbia + Montenegro (Kosovo)

Tuberculosis
Round 4
2'122'441
—
—
Local Fund Agent
TBC
Principal Recipient(s)
TBC

Tajikistan

HIV/AIDS and Tuberculosis
Rounds 1, 3 and 4
5'284'725
5'284'725
3'534'233
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Project HOPE and The United Nations
Development Programme

Turkey

HIV/AIDS
Round 4
3'891'762
—
—
Local Fund Agent
TBC
Principal Recipient(s)
TBC

Ukraine

HIV/AIDS
Round 1
17'296'598
17'296'598
17'296'598
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The International HIV/AIDS Alliance,
The Ministry of Health, The Ukrainian
Fund to Fight HIV Infection and AIDS
and the United Nations Development
Programme

Uzbekistan

HIV/AIDS, Malaria and Tuberculosis
Rounds 3 and 4
12'160'743
4'760'755
407'181
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The National AIDS Center of the
Ministry of Health and TBC

**LATIN AMERICA +
THE CARIBBEAN****Argentina**

HIV/AIDS
Round 1
12'177'200
12'177'200
8'123'197
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Belize

HIV/AIDS
Round 3
1'298'884
1'298'884
342'578
Local Fund Agent
KPMG
Principal Recipient(s)
Belize Enterprise for Sustainable
Technology

Bolivia

HIV/AIDS, Malaria and Tuberculosis
Round 3
14'500'232
14'500'232
3'404'860
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Centro de Investigación, Educación
y Servicios (CIES)

Chile

HIV/AIDS
Round 1
13'574'098
13'574'098
11'283'052
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Consejo de las Américas

Colombia

HIV/AIDS
Round 2
3'482'636
3'482'636
514'282
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The International Organization
for Migration (IOM)

Costa Rica

HIV/AIDS
Round 2
2'279'501
2'279'501
1'486'604
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Consejo Técnico de Asistencia
Médico Social (CTAMS)

Cuba

HIV/AIDS
Round 2
11'465'129
11'465'129
11'465'129
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Dominican Republic

HIV/AIDS and Tuberculosis
Rounds 2 and 3
17'335'590
17'335'590
1'067'253
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Asociación Dominicana Pro-Bienestar
de la Familia (PROFAMILIA) and
Consejo Presidencial del SIDA
(COPRESIDA)

Ecuador

HIV/AIDS and Tuberculosis
Rounds 2 and 4
16'355'435
7'453'979
—
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Public Health and TBC

El Salvador

HIV/AIDS and Tuberculosis
Round 2
14'775'073
14'775'073
6'080'398
Local Fund Agent
KPMG
Principal Recipient(s)
The United Nations Development
Programme

Guatemala

HIV/AIDS and Malaria
Rounds 3 and 4
18'137'660
8'423'807
1'532'478
Local Fund Agent
DTT Emerging Markets
Principal Recipient(s)
Fundación Visión Mundial Guatemala
and TBC

Guyana

HIV/AIDS, Malaria and Tuberculosis
Rounds 3 and 4
11'663'649
10'937'361
—
Local Fund Agent
DTT Emerging Markets
Principal Recipient(s)
The Ministry of Health and TBC

Haiti

HIV/AIDS, Malaria and Tuberculosis
Rounds 1 and 3
40'222'156
40'222'156
29'136'244
Local Fund Agent
KPMG
Principal Recipient(s)
Fondation SOGEBANK and The United
Nations Development Programme

Honduras

HIV/AIDS, Malaria and Tuberculosis
Round 1
20'470'016
20'470'016
13'679'285
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Jamaica

HIV/AIDS
Round 3
7'560'365
7'560'365
2'227'456
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health

Multi-country Americas (Andean)

Malaria
 Round 3
 15'909'000
 —
 —
 Local Fund Agent
 TBC
 Principal Recipient(s)
 TBC

Multi-country Americas (CARICOM)

HIV/AIDS
 Round 3
 6'100'900
 6'100'900
 2'188'108
 Local Fund Agent
 DTT Emerging Markets
 Principal Recipient(s)
 The Caribbean Community Secretariat

Multi-country Americas (CRN+)

HIV/AIDS
 Round 4
 1'947'094
 —
 —
 Local Fund Agent
 TBC
 Principal Recipient(s)
 TBC

Multi-country Americas (Meso)

HIV/AIDS
 Round 4
 2'181'050
 —
 —
 Local Fund Agent
 TBC
 Principal Recipient(s)
 TBC

Multi-country Americas (OECS)

HIV/AIDS
 Round 3
 2'553'861
 —
 —
 Local Fund Agent
 TBC
 Principal Recipient(s)
 TBC

Nicaragua

HIV/AIDS, Malaria and Tuberculosis
 Round 2
 8'702'180
 8'702'180
 4'197'622
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 Federación NICASALUD

Panama

Tuberculosis
 Round 1
 440'000
 440'000
 362'973
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 The United Nations Development Programme

Paraguay

Tuberculosis
 Round 3
 1'194'902
 1'194'902
 433'926
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 Alter Vida – Centro de Estudios y Formación para el Ecodesarrollo

Peru

HIV/AIDS and Tuberculosis
 Round 2
 35'872'172
 35'872'172
 13'939'472
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 CARE Peru

Suriname

HIV/AIDS and Malaria
 Rounds 3 and 4
 5'152'382
 2'963'950
 —
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 Medische Zending – Primary Health Care Suriname and TBC

NORTH AFRICA + THE MIDDLE EAST**Algeria**

HIV/AIDS
 Round 3
 6'185'000
 6'185'000
 1'561'251
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 The Ministry of Health, Population and Hospital Reform

Chad

HIV/AIDS and Tuberculosis
 Rounds 2 and 3
 8'644'119
 8'644'119
 1'580'169
 Local Fund Agent
 Swiss Tropical Institute
 Principal Recipient(s)
 Fonds de Soutien aux Activités en matière de Population

Djibouti

HIV/AIDS
 Round 4
 7'271'400
 —
 —
 Local Fund Agent
 TBC
 Principal Recipient(s)
 TBC

Egypt

Tuberculosis
 Round 2
 2'480'219
 2'480'219
 354'112
 Local Fund Agent
 Chemonics
 Principal Recipient(s)
 National Tuberculosis Control Program of the Ministry of Health

Jordan

HIV/AIDS
 Round 2
 1'778'600
 1'778'600
 1'497'206
 Local Fund Agent
 Pricewaterhouse Coopers
 Principal Recipient(s)
 The Ministry of Health of the Government

Mauritania

Malaria and Tuberculosis
Round 2
1'928'786
1'928'786
959'591
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Morocco

HIV/AIDS
Round 1
4'738'806
4'738'806
3'909'772
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health

Niger

HIV/AIDS and Malaria
Rounds 3 and 4
24'548'394
13'290'406
5'104'204
Local Fund Agent
Swiss Tropical Institute
Principal Recipient(s)
The Centre of International
Cooperation in Health and
Development (CCISD),
The National Multi-sectoral
Coordination Unit for the Fight
Against HIV/AIDS/STI and TBC

Somalia

HIV/AIDS, Malaria and Tuberculosis
Rounds 2, 3 and 4
24'496'356
14'491'712
6'951'128
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Children's Fund,
World Vision – Somalia and TBC

Sudan

HIV/AIDS, Malaria and Tuberculosis
Rounds 2, 3 and 4
49'595'585
18'698'422
6'969'278
Local Fund Agent
KPMG
Principal Recipient(s)
The United Nations Development
Programme and TBC

Yemen

HIV/AIDS, Malaria and Tuberculosis
Rounds 2, 3 and 4
12'239'211
4'159'632
1'661'532
Local Fund Agent
KPMG
Principal Recipient(s)
The National Malaria Programme
at the Ministry of Public Health and
Population and TBC

SOUTH ASIA**Afghanistan**

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 4
5'469'995
3'125'605
1'687'514
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health and TBC

Bangladesh

HIV/AIDS and Tuberculosis
Rounds 2 and 3
22'653'213
22'653'214
9'349'622
Local Fund Agent
DTT Emerging Markets
Principal Recipient(s)
Bangladesh Rural Advancement
Committee (BRAC) and The Economic
Relations Division of the Ministry of
Finance

Bhutan

Malaria and Tuberculosis
Round 4
1'561'525
—
—
Local Fund Agent
TBC
Principal Recipient(s)
TBC

India

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2, 3 and 4
114'128'775
41'514'345
11'166'268
Local Fund Agent
United Nations Office for Project
Services and The World Bank
Principal Recipient(s)
The Department of
Economic Affairs and TBC

Iran (Islamic Republic of)

HIV/AIDS
Rounds 2 and 3
9'698'000
—
—
Local Fund Agent
TBC
Principal Recipient(s)
TBC

Nepal

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 4
10'343'005
6'988'925
948'513
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health and TBC

Pakistan

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 3
17'632'567
17'632'567
6'596'026
Local Fund Agent
KPMG
Principal Recipient(s)
The National AIDS Control Programme
on the Behalf of the Ministry of Health

Sri Lanka

Malaria and Tuberculosis
Rounds 1 and 4
10'261'140
8'057'620
5'419'444
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Lanka Jatika Sarvodaya Shramadana
Sangamaya, The Ministry of Health
and TBC

SUB-SAHARAN AFRICA**Angola**

HIV/AIDS, Malaria and Tuberculosis
Rounds 3 and 4
60°280'400

—

—

Local Fund Agent
TBC
Principal Recipient(s)
TBC

Benin

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 3
17°294'520
17°294'520
9°929'522

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Africare and The United Nations
Development Programme

Botswana

HIV/AIDS
Round 2
18°580'414
18°580'414
9°019'119

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Finance and
Development Planning

Burkina Faso

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 4
22°135'793
22°135'793
7°522'237

Local Fund Agent
Chemonics
Principal Recipient(s)
The United Nations Development
Programme

Burundi

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 4
20°556'301
18°669'126
10°459'514

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Conseil National de Lutte Contre le
SIDA (National AIDS Council),
The Ministry of Public Health and TBC

Cameroon

HIV/AIDS, Malaria and Tuberculosis
Rounds 3 and 4
40°913'717
40°913'717
11°078'036

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
CARE International and The Ministry
of Public Health

Central African Republic

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 4
25°520'634
14°927'818
6°782'857

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme and TBC

Comores

HIV/AIDS and Malaria
Rounds 2 and 3
2°220'231
2°220'231
1°019'768

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Association Comorienne pour le
Bien-Etre de la Famille (ASCOBEF)

Congo (Democratic Republic)

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 3
66°175'203
66°175'203
10°468'928

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Côte d'Ivoire

HIV/AIDS and Tuberculosis
Rounds 2 and 3
21°993'054
21°993'054
7°948'437

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
CARE Côte d'Ivoire and The United
Nations Development Programme

Equatorial Guinea

HIV/AIDS
Round 4
4°402'427
—
—

Local Fund Agent
TBC
Principal Recipient(s)
TBC

Eritrea

HIV/AIDS and Malaria
Rounds 2 and 3
10°742'543
10°742'543
4°811'220

Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health

Ethiopia

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 4
149°350'582
104°261'422
45°739'466

Local Fund Agent
KPMG
Principal Recipient(s)
The Federal Ministry of Health,
The HIV/AIDS Prevention
and Control Office and TBC

Gabon

HIV/AIDS and Malaria
Rounds 3 and 4
10°574'124
10°574'124
2°219'758

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Gambia

HIV/AIDS and Malaria
Round 3
11°907'243
11°907'243
2°723'624

Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Department of State for Health
and The National AIDS Secretariat

Ghana

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 4
30°459'896
11°898'529
8°127'193
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health and TBC

Guinea

HIV/AIDS and Malaria
Round 2
11°698'205
11°698'205
2°784'814
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Public Health

Guinea-Bissau

HIV/AIDS, Malaria and Tuberculosis
Rounds 3 and 4
4°556'179
4°556'179
808'095
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Kenya

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2 and 4
137°021'819
55°049'108
36°403'313
Local Fund Agent
KPMG
Kenya Network of Women With AIDS,
Principal Recipient(s)
The Ministry of Finance, Sanaa Art
Promotions and TBC

Lesotho

HIV/AIDS and Tuberculosis
Round 2
12°557'000
12°557'000
5°365'581
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Finance and
Development Planning

Liberia

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 3
24°333'125
24°333'125
5°061'000
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme

Madagascar

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2, 3 and 4
47°463'190
28°159'130
14°617'790
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
Catholic Relief Services, Population
Services International, Secrétariat
Exécutif du Comité National
de Lutte Contre le VIH/SIDA,
UGP-CRESAN and TBC

Malawi

HIV/AIDS and Malaria
Rounds 1 and 2
62°623'500
41°751'500
26°253'844
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Registered Trustees of the National
AIDS Commission Trust and TBC

Mali

HIV/AIDS, Malaria and Tuberculosis
Rounds 1 and 4
28°249'252
2°023'424
945'120
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health and TBC

Mozambique

HIV/AIDS, Malaria and Tuberculosis
Round 2
51°112'173
51°112'173
16°384'567
Local Fund Agent
DTT Emerging Markets
Principal Recipient(s)
The Ministry of Health and
The National AIDS Council (CNCS)

Multi-country Africa (RMCC)

Malaria
Round 2
7°090'318
7°090'318
4°997'501
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Medical Research Council

Namibia

HIV/AIDS, Malaria and Tuberculosis
Round 2
30°707'125
30°707'125
1°168'462
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health
and Social Services

Nigeria

HIV/AIDS and Malaria
Rounds 1, 2 and 4
69°629'535
69°629'535
11°677'006
Local Fund Agent
KPMG
Principal Recipient(s)
National Action Committee on AIDS
and The Yakubu Gowon Center for
National Unity and International
Cooperation

Rwanda

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 3 and 4
42°261'643
42°261'643
23°111'551
Local Fund Agent
Crown Agents
Principal Recipient(s)
The Ministry of Health

Sao Tome & Principe

Malaria
Round 4
1°941'359
—
—
Local Fund Agent
TBC
Principal Recipient(s)
TBC

Senegal

HIV/AIDS and Malaria
Rounds 1 and 4
34'030'997
10'285'714
4'669'629
Local Fund Agent
KPMG
Principal Recipient(s)
The Ministry of Health, The National
AIDS Council and TBC

Sierra Leone

HIV/AIDS, Malaria and Tuberculosis
Rounds 2 and 4
23'240'195
2'569'103
1'800'067
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Sierra Leone Red Cross Society
and TBC

South Africa

HIV/AIDS and Tuberculosis
Rounds 1, 2 and 3
65'030'986
56'616'986
28'876'905
Local Fund Agent
KPMG
Principal Recipient(s)
The National Treasury, The Provincial
Health Department of the Western Cape
and TBC

Swaziland

HIV/AIDS, Malaria and Tuberculosis
Rounds 2, 3 and 4
48'356'500
31'959'700
8'768'790
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The National Emergency Response
Council on HIV/AIDS and TBC

Tanzania

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 3 and 4
198'703'195
41'310'110
14'468'386
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Finance, The Ministry
of Health and TBC

Tanzania (Zanzibar)

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2, 3 and 4
7'946'063
7'946'063
4'955'405
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health and Social
Welfare and Zanzibar AIDS
Commission

Togo

HIV/AIDS, Malaria and Tuberculosis
Rounds 2, 3 and 4
37'762'054
19'417'956
11'062'168
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The United Nations Development
Programme and TBC

Uganda

HIV/AIDS, Malaria and Tuberculosis
Rounds 1, 2, 3 and 4
201'007'993
134'575'845
37'965'273
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Finance, Planning and
Economic Development and TBC

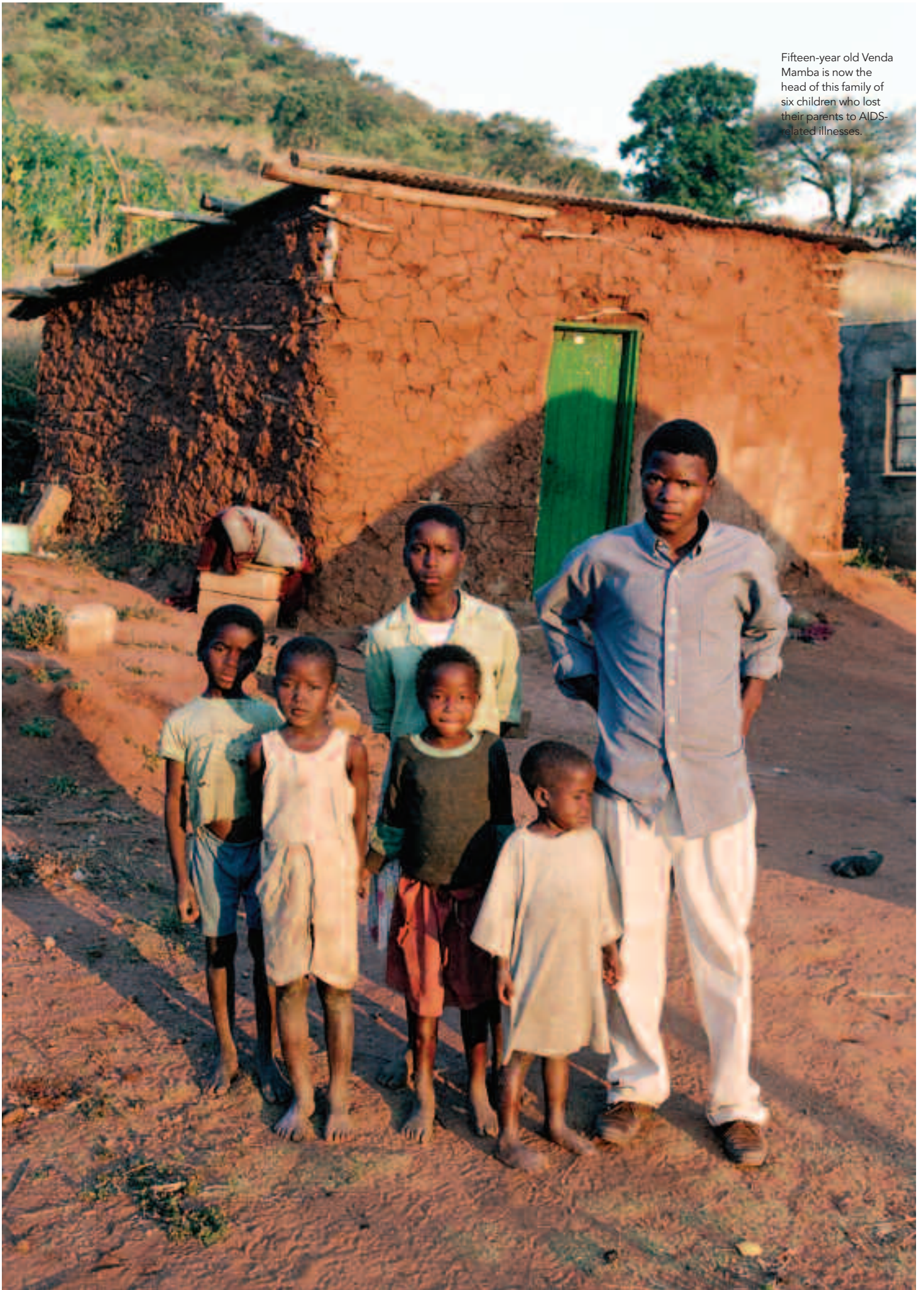
Zambia

HIV/AIDS, Malaria and Tuberculosis
Rounds 1 and 4
121'995'782
74'945'056
52'896'603
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Central Board of Health,
The Churches Health Association
of Zambia, The Ministry of Finance,
Zambia National AIDS Network
and TBC

Zimbabwe

HIV/AIDS and Malaria
Round 1
17'016'250
6'716'250
1'415'000
Local Fund Agent
Pricewaterhouse Coopers
Principal Recipient(s)
The Ministry of Health and Child
Welfare and TBC

Fifteen-year old Venda Mamba is now the head of this family of six children who lost their parents to AIDS-related illnesses.



List of Board Members 2004

An international, multi-sectoral, 23-member Board (18 voting and five non-voting) governs the Global Fund, approves grants and mobilizes external resources to meet the Global Fund's financial needs.

VOTING MEMBERS

Canada (Germany, United Kingdom, Switzerland)

Dr. Ernest Loevinsohn
Director General
CIDA/PAHMD
Canada

Communities (NGOs representative of the Communities Living with the Diseases)

Ms. Anandi Yuravaj
Program officer
India HIV/AIDS Alliance
India

Developed Country NGO

Dr. Hélène Rossert-Blavier
Director General
AIDES Federation
France

Developing Country NGO

Ms. Rita Arauz Molina
President
Foundation Nimehuatzin
Nicaragua

Eastern Europe (Romania)

Dr. Ovidiu Brinzan
Minister of Health
Romania

Eastern Mediterranean Region (Pakistan)

Mr. Ejaz Rahim
Federal Secretary Health
Government of Pakistan
(until May 2004)

Mr. Tariq Farook
Federal Secretary Health
Government of Pakistan
(from May to November 2004)

Mr. Syed Anwar Mahmood
Federal Secretary Health
Pakistan
(from November 2004)

Eastern and Southern Africa (South Africa)

Dr. Manto Tshabalala-Msimang
Minister of Health
South Africa

European Commission (Belgium)

Dr. Lieve Fransen
Head of Unit
Human and Social Development
Directorate General for Development
European Commission
Belgium

France (Luxemburg, Spain)

Mrs. Mireille GUIGAZ
Ambassadeur en mission pour
la lutte contre
le VIH/sida et les maladies
transmissibles
Ministry of Foreign Affairs
France

Italy

Mr. Giuseppe Deodato
Director-General Development
Cooperation
Ministry of Foreign Affairs
Italy

Japan

Mr. Shigeki Sumi
Deputy Director General
Multilateral Cooperation Department
Ministry of Foreign Affairs
Japan

Latin America + Caribbean (Barbados)

Dr. Carol Jacobs
Chairman National HIV/AIDS
Commission
Prime Minister's Office
Barbados

Point Seven Group (Sweden – Denmark, Ireland, Netherlands, Norway)

Mr. Lennarth Hjelmåker
Director, Ambassador
Department for Global
Development (GU)
Ministry of Foreign Affairs
Sweden

Private Foundations

Dr. Helene D. Gayle
 Director HIV/AIDS and TB
 Bill and Melinda Gates Foundation
 Executive Offices
 United States

Private Sector

Mr. Rajat Gupta
 Senior Director
 Worldwide McKinsey & Company
 United States

South-East Asia (India)

Mrs. Sushma Swaraj
 Union Minister
 Ministry of Health and Family Welfare
 India
 (until June 2004)

Dr. Anbumani Ramadoss
 Union Minister
 Ministry of Health and Family Welfare
 India
 (from June 2004)

USA

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

West + Central Africa (Cameroon)

Mr. Urbain Olangueno Awono
 Minister of Public Health
 Cameroon

Western Pacific Region (China)

Dr. Huang Jiefu
 Vice Minister of Health
 China

**EX OFFICIO MEMBERS
WITHOUT VOTING RIGHTS****UNAIDS**

Dr. Peter Piot
 Executive Director
 UNAIDS

WHO

Dr. Jong-Wook Lee
 Director-General
 WHO

World Bank

Mr. Geoffrey Lamb
 Vice President
 Concessional Finance
 and Global Partnerships
 The World Bank
 United States

**BOARD-DESIGNATED
NON-VOTING SWISS MEMBER**

Mr. Edmond Tavernier
 Managing Partner
 Tavernier Tschanz
 (Attorneys-at-Law)
 Switzerland

Technical Review Panel 2004

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.

TRP members assigned to Round 3 are noted with an asterisk (*)

HIV/AIDS EXPERTS

Dave Burrows
Director
AIDS Projects Management Group
Sydney
Australia

Alex Godwin Coutinho*
Director
The AIDS Support Organization
Uganda

Peter Godfrey-Faussett
Reader in Infectious and
Tropical Diseases,
London School of Hygiene and
Tropical Medicine
United Kingdom

Hakima Himmich
President
Moroccan Association of
Fight against 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

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

Godfrey Sikipa
Senior HIV/AIDS and Infections
Diseases Specialist
RTI International
Zimbabwe

Suniti Solomon*
Director
YRG Care
India

Papa Salif Sow
Department of Infectious Diseases
Fann Hospital
Senegal

Stefano Vella
Director
Istituto Superiore di Sanita (ISS)
Italy

TUBERCULOSIS EXPERTS

Rosmini Day*
Manager
National Tuberculosis Programme
Indonesia

Paula Fujiwara
Deputy Executive General
International Union against
Tuberculosis and Lung Diseases
United States

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

Pierre-Yves Norval
Medical Officer, Stop TB department
World Health Organization
France

Antonio Pio
Consultant in Public Health
and Respiratory Diseases
Argentina

MALARIA EXPERTS

Andrei Beljaev
Associate Professor
The Chair of Tropical and
Parasitic Diseases
Russian Medical Academy of
Postgraduate Training
Russian Federation

John Mulenga Chimumbwa
East Africa RBM Focal Point
UNICEF
Zambia

Mary Ettlting
Malaria Team Leader
Bureau of Global Health
United States Agency for
International Development
United States

Giancarlo Majori
Director
Istituto Superiore di Sanita
Italy

Jane Elizabeth Miller*
Manager of Malaria Programs
Population Services International
United Kingdom

CROSS-CUTTING EXPERTS

Jonathan Broomberg
General Manager: Strategy
and Health Policy
Discovery Holdings Limited
South Africa

Malcolm Clark
Principle Program Associate
Center for Pharmaceutical Management
Management Sciences for Health
United Kingdom

Daniel Denolf*
Managing Director and
Technical Advisor
World Bank/BMZ
Belgium

Kaarle Olavi Elo
Acting Assoc. Director for Asia-Pacific
Middle East and North Africa
UNAIDS
Finland

Sarah Julia Gordon*
Director
Ministry of Health
Guyana

Wilfred Griekspoor
Director Emeritus,
McKinsey & Company
Board Member, Médecins
Sans Frontières Holland
The Netherlands

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

Danguole Jankauskiene*
Assoc. Prof., Vice-Dean of Public
Management Department
Mykolas Romeris University Vilnius
Lithuania

Rima Shretta*
Consultant
Management Sciences for Health
Kenya

Richard Skolnik
Executive Director
Harvard School of Public Health
President's Emergency Plan
for AIDS Relief
United States

David Peters
Deputy Director of Health
Systems Program
Johns Hopkins University
Bloomberg School of Public Health
Canada

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

Glenn Post
Senior Medical Officer
Office of HIV/AIDS
US Agency for International
Development
United States

Jayasankar Shivakumar
International Consultant
former World Bank Country
Director for Thailand
India

Stephanie Simmonds
Sarajevo Hospice
United Kingdom

Michael James Toole
Center for International Health
Burnet Institute
Australia

The Global Fund Secretariat

The Secretariat of the Global Fund continued to benefit in 2004 from the services of many individuals, including those on short-term contracts and secondments. Based in Geneva, the Secretariat is led by Richard Feachem, Executive Director July 2002. Listed below are those who have either been recruited through international competition to fixed-term (two-year) contracts or who worked at the Global Fund for at least six months in 2004. For each individual, his or her country of origin is also indicated.

An asterisk (*) indicates those individuals who left before 31st December 2004. A double asterisk (**) specifies secondees.

Fatiha Terki
Fund Portfolio Manager
Algeria

Karmen Bennett
Fund Portfolio Manager
Australia

Nicole Gloor
Assistant to the Executive
Director's Office
Australia

Patricia Kehoe
Contract Specialist
Australia

Peita Sexton
Assistant to the Chief Operations Officer
Australia

Angela Smith
Fund Portfolio Manager
Australia

Taufiqur Rahman
Cluster Leader
Bangladesh

Maria Kirova
Fund Portfolio Manager
Bulgaria

Césarie Sebititawehe-Camara
Assistant
Burundi

Robert Bourgoing
Communications Officer
Canada

Brigitte Caron
Assistant
Canada

Erica Weikle*
Receptionist
Canada

Susan O'leary
Resource Mobilization Officer
Canada / United Kingdom

Julie Archer
Communications Officer
Canada / Ireland

Susan Scott *
Assistant
Canada / United Kingdom

Marguerite Samba-Maliavo
Fund Portfolio Manager
Central African Republic

Nagwa El-Abd
Assistant
Egypt

Seble Abebe
Assistant
Ethiopia

Olivier Faure-Vincent
Finance Officer
France

Sabine Gabriel
Manager, Contracts
France

Roberto Garcia*
Fund Portfolio Manager
France

Michel Lavollay**
Senior Director
France

Sian Hamilton-Rousset
Assistant
France / United Kingdom

Michèle Young
Assistant
France / United Kingdom

Beatrice Bernescut
Assistant
France / USA

Christoph Benn
Director, External Relations
Germany

Doris D'cruz-Grote**
CCM Coordinator
Germany

Nicole Delaney
Special Assistant to
the Chief of Operations
Germany

Tina Draser
Fund Portfolio Manager
Germany

Marion Hachmann-Gleixner
Program Officer
Germany

Martina Niemeyer
Assistant Operational Partnerships
Germany

Florian Prem
Manager Information Management
Germany

Christina Schrade
Advisor to the Executive Director
Germany

Bernhard Schwartlander
Director, Strategic
Information & Evaluation
Germany

Urban Weber
Cluster Leader
Germany

Hans Zweschper
Proposals Manager
Germany

Esther Odartey-Wellington
Executive Assistant
Ghana

William Wilson*
IT Officer
Ghana

Linden Morrison
Fund Portfolio Manager
Guyana

Marie-Stephane Gruenert
Assistant
Haiti

Marton Sziraczki
Program Officer
Hungary

Nazir Ahmed
Receptionist
India

Purna Banati
Strategic Information Officer
India

Sudha Venkatram
Program Officer
India

Paul Lalvani
Manager, Procurement Services
India / USA

Houtan Afkhami
Assistant
Iran / USA

John Burke
Chief Administrative Officer
Ireland

Anne-Marie Byrne
Assistant
Ireland

Aisling Campbell
Human Resources Assistant
Ireland

Danielle Ferris
Assistant, Board Relations
Ireland

Barry Greene
Chief Financial Officer
Ireland

Julia Van Riel-Jameson
Administration Officer
Ireland

Mariangela Bavicchi**
Donor Relations
Italy

Bartolomeo Migone
Senior Legal Officer
Italy

Carl Manlan
Program Officer
Ivory Coast

Marie-Claire Ouattara
Assistant
Ivory Coast

Wilfred Thalmas
Assistant
Ivory Coast

Naboundou (Bintou) Toure
Assistant
Ivory Coast

Emiko Naka*
Manager
Japan

Mikiko Sawanishi
Fund Portfolio Manager
Japan

Eiichi (Ben) Seki**
Director, Portfolio Support & Policy
Japan

Hind Khatib Othman
Cluster Leader
Jordan

Jacqueline Adhiambo
Human Resources Assistant
Kenya

Annett Odhiambo
Assistant
Kenya

Roselyne Souvannakane
Fund Portfolio Assistant
Laos

Sandra Irbe Fund Portfolio Assistant Latvia	ElHadj (As) Sy Director, Operations Policy & Country Support Senegal	Vinand Nantulya Senior Technical Advisor Uganda
Doumit Abi-Saleh Manager, Information Technology Lebanon	Sanja Gohre Communications Officer South Africa	John Ochero Program Officer Uganda
Joseph Shaheen PDF Forms Developer Lebanon	Ntombekhaya Matsha Officer, Private Sector & Civil Society South Africa	Tim Clark Manager, Publications & Multi-Media United Kingdom
Patricia Chatsika Human Resources Assistant Malawi	Dianne Stewart Manager, Board Relations South Africa	Philippa Dobrée-Carey Assistant United Kingdom
Aleph Henestrosa Fund Portfolio Manager Mexico	Adele Sulcas Private Sector Partnerships Officer South Africa	Anne Duke Director, Human Resources United Kingdom
Sandii Lwin Fund Portfolio Manager Myanmar	Ricardo Lacort Monte* Technical Officer Spain	Richard Feachem Executive Director United Kingdom
Karin Nasheya Assistant Namibia	Rajesh Anandan Manager, Private Sector Partnerships Sri Lanka	Hillary Hughes* Fund Portfolio Manager United Kingdom
Lee Obomeghie* Fund Portfolio Manager Niger	Chrishan Thuraisingham Fund Portfolio Manager Sri Lanka	Daniel Low-Beer Senior Manager, Strategic Information & Evaluation United Kingdom
Kingsley Moghalu Manager, Global Partnerships Nigeria	Ruwan De Mel Manager Financial Support Sri Lanka / Australia	Mike Marchment** Advisor, Operations Management United Kingdom
Elizabeth Hoff Cluster Leader Norway	Marie-Louise Rosencrantz* Fund Portfolio Manager Sweden	David Powell Fund Portfolio Manager United Kingdom
Jon Liden Head, Communications Norway	Anouk Affolter* Assistant Switzerland	Kate Thomson* Civil Society Officer United Kingdom
Nilofar Mohideen Bawa Finance Assistant Pakistan	Anne Eberle Assistant Switzerland	David Ball Senior Finance Officer United Kingdom / Switzerland
Arletty Pinel Senior Advisor, Grant Performance & Development Panama	Gladys Lopatka Assistant Switzerland	Duncan Earle Cluster Leader USA
Valery Chernyavskiy Fund Portfolio Manager Russia	Martin Straub* Manager, Performance Matrix Switzerland / Australia	Eric Godfrey Senior Finance Officer USA
Mabingue Ngom Cluster Leader Senegal	Geoffrey Bash* Assistant Uganda	Nicole Gorman Program Officer USA

Secretariat

Brad Herbert**
Chief of Operations
USA

Thomas Hurley
Cluster Leader
USA

Toby Kasper
Assistant
USA

Catherine Lijinsky
Assistant
USA

Alfred Nimocks* **
Event Coordinator
USA

Dexter Roberts
Assistant
USA

Paul Schumacher
Program Officer Analyst
USA

Jessie Schutte-Aine
Fund Portfolio Manager
USA

David Sullivan
Legal Officer
USA

Liz Tung
Operational Policy Officer
USA

Mark Willis
Fund Portfolio Manager
USA

Dustin Cosentino*
Assistant
USA / Canada

Nankhonde Kasonde
Fund Portfolio Manager
Zambia

Eleanor Tembo
Assistant
Zambia

Dorcas Mapondera
Assistant
Zimbabwe



Vector control through spraying with insecticides forms part of a malaria prevention program in Sri Lanka.

Supplies for outreach activities are divided and packaged in a warehouse distribution center in Bishkek, Kyrgyzstan.



Financial Statements 2004

- 64 Report of the Independent Auditors
- 65 Statement of Financial Position
- 66 Statement of Activities
- 67 Statement of Cash Flows
- 68 Statement of Changes in Funds
- 69 Notes to the Financial Statements



Report of the Independent auditors



• Ernst & Young Ltd
Assurance & Advisory
Business Services Industries
Route de Chancy 58
P.O. Box
CH-1213 Geneva

• Phone +41 58 205 56 56
• Fax +41 58 205 56 57
• www.ey.com/eth

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

Geneva, 22 April, 2005.

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 "Global Fund") as of 31 December 2004, and the related statements of activities, changes in funds, and cash flows and notes for the year then ended. These financial statements are the responsibility of the Global 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 2004, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and specifically with Statement of Financial Accounting Standard 116 Accounting for Contributions Received and Contributions Made with respect to the recognition of contributions and grants.

Ernst & Young Ltd

Mark Hawkins
Chartered Accountant
(Auditor in charge)

Mélanie Denechère
Chartered Accountant

Enclosures

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

Statement of Financial Position

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements**Statement of Financial Position
at 31 December 2004**

In thousands of US dollars	Notes	2004	Restated 2003
ASSETS			
Cash and bank balances	2.4, 3.1	1'881	225
Funds held in trust	2.4, 2.5, 3.1, 3.2	2'205'078	1'741'968
Promissory notes	2.6, 3.3	237'449	62'460
Contributions receivable within one year	2.6, 3.4	93'239	104'182
Prepayments and miscellaneous receivables		<u>5'706</u>	<u>2'699</u>
		<u>2'543'353</u>	<u>1'911'534</u>
Contributions receivable after one year	2.6, 3.4	<u>129'204</u>	<u>146'837</u>
Total ASSETS		<u>2'672'557</u>	<u>2'058'371</u>
LIABILITIES and FUNDS			
Liabilities			
Undisbursed grants payable within one year	2.7, 3.6	919'047	610'885
Accrued expenses		<u>4'235</u>	<u>303</u>
		923'282	611'188
Undisbursed grants payable after one year	2.7, 3.6	<u>191'040</u>	<u>272'340</u>
Total LIABILITIES		<u>1'114'322</u>	<u>883'528</u>
FUNDS		<u>1'558'235</u>	<u>1'174'843</u>
Total LIABILITIES and FUNDS		<u>2'672'557</u>	<u>2'058'371</u>

The notes represent an integral part of the Statement of Financial Position

Statement of Activities

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements**Statement of Activities
for the year ended 31 December 2004**

In thousands of US dollars	<u>Notes</u>	<u>2004</u>	<u>Restated 2003</u>
INCOME			
Contributions	2,6, 3,5	1'254'688	1'416'650
Bank and trust fund income	2,9	<u>33'819</u>	<u>28'235</u>
Total INCOME		<u>1'288'507</u>	<u>1'444'885</u>
EXPENDITURE			
Grants	2,7, 3,7	854'368	1'063'304
Operating expenses	3,8	<u>50'747</u>	<u>32'555</u>
Total EXPENDITURE		<u>905'115</u>	<u>1'095'859</u>
INCREASE IN FUNDS for the year		<u>383'392</u>	<u>349'026</u>

The notes represent an integral part of the Statement of Activities

Statement of Cash Flows

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements**Statement of Cash Flows
for the year ended 31 December 2004**

In thousands of US dollars	<u>Notes</u>	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	3.5	1'101'008	1'330'862
Bank and trust fund income		34'329	28'930
		<u>1'135'337</u>	<u>1'359'792</u>
Grants disbursed	3.7	(627'506)	(231,200)
Payments to suppliers and personnel		(43'065)	(36,889)
		<u>(670'571)</u>	<u>(268,089)</u>
CASH FLOWS FROM OPERATING ACTIVITIES being the net increase in cash and cash equivalents		464'766	1'091'703
CASH AND CASH EQUIVALENTS at beginning of the year	2.4, 3.1	<u>1'742'193</u>	<u>650'490</u>
CASH AND CASH EQUIVALENTS at end of the year	2.4, 3.1	<u>2'206'959</u>	<u>1'742'193</u>

The notes represent an integral part of the Statement of Cash Flows

Statement of Changes in Funds

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements**Statement of Changes in Funds
at 31 December 2004**

In thousands of US dollars	<u>Notes</u>	<u>2004</u>	<u>Restated 2003</u>
FUNDS at the beginning of the year as previously reported			<u>727'108</u>
Prior periods' effect of change in accounting policy	2.2, 2.6, 3.5		<u>98'709</u>
FUNDS at the beginning of the year, restated		<u>1'174'843</u>	<u>825'817</u>
INCREASE IN FUNDS for the year as previously reported		383'392	300'898
Change in accounting policy	2.2, 2.6, 3.5	<u>-</u>	<u>48'128</u>
INCREASE IN FUNDS for the year		383'392	349'026
FUNDS at the end of the year		<u>1'558'235</u>	<u>1'174'843</u>
Attributed as follows:			
Foundation capital		50	50
General Funds		1'558'185	1'174'793
		<u>1'558'235</u>	<u>1'174'843</u>

The notes represent an integral part of the Statement of Changes in Funds

Notes to the Financial Statements

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

1. Activities and Organization

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund") is an independent, non-profit foundation that was incorporated in Geneva, Switzerland 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 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 Board on 22 April 2005.

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

2. Significant Accounting Policies**2.1 Statement of Compliance**

The financial statements have been prepared in accordance with and comply with the International Financial Reporting 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 non-profit organizations concerning the accounting treatment and presentation of the financial statements. Consequently Statement of Financial Accounting Standard ("SFAS") 116: "Accounting for Contributions Received and Contributions Made" has been applied in respect of the recognition of contributions and grants.

2.2 Basis of Presentation

The financial statements are presented in US dollars, the Global Fund's operating currency, rounded to the nearest thousand. Management elected not to operate and report in Swiss Francs, the domestic currency, as its cash flows are primarily in US dollars.

The financial statements are prepared under the historical cost convention. The fair value of non-current contributions receivable, promissory notes and undisbursed grants has been determined as indicated in Notes 2.6 and 2.7.

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 income 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 statement of activities as appropriate in the year in which the circumstances change.

In 2004, the Global Fund has changed its accounting policy for the recognition of contributions receivable, as further described in Note 2.6. This change in accounting policy has been accounted for retrospectively. Comparative information in these financial statements has been updated to reflect this change. The cumulative impact of this change is an increase on prior years' Funds of USD 147 million (2002 : 99 million) as detailed in the Statement of Changes in Funds.

2.3 Foreign Currency

All transactions in other currencies are translated into US dollars at the exchange 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.

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

2. Significant Accounting Policies (continued)**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 a commingled 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.

The returns on funds held in trust are accounted for on an accruals basis.

2.6 Contributions

In accordance with SFAS 116 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 or cash equivalents, at the amount received.

Contributions are considered received when remitted in cash or cash equivalent, or deposited by a sovereign state as a promissory note, letter of credit or similar financial instrument.

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 and as income. Contributions and promissory notes receivable later than one year after the date of the statement of financial position are discounted to estimate their present value at this same date. In previous years, contributions receivable later than one year after the date of the statement of financial position were not recorded as an asset or income; in the light of favourable collection experience and to better reflect the Global Fund's financial position, such contributions are recorded as an asset and as income in 2004, as mentioned in Note 2.2.

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.

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

2. Significant Accounting Policies (continued)**2.6 Contributions (continued)**

Non-cash contributions donated in the form of goods or services (in-kind contributions) are recognized at the time of receipt and reported as equal contributions and expenses in the Statement of Activities, at their estimated economic value to the Global Fund.

2.7 Grants

All grants are governed by a written grant agreement and, in accordance with SFAS 116, 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, discounted to estimate its present value at this same date.

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, apart from insignificant incidental costs borne directly by the Global Fund. There are no unfulfilled obligations for employee benefits outside of the Global Fund's obligations to the WHO.

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

3. Details relating to the financial statements

In thousands of US dollars

3.1 Cash and Cash Equivalents

	2004	2003
Cash and bank balances	1'881	225
Funds held in Trust	2'205'078	1'741'968
	<u>2'206'959</u>	<u>1'742'193</u>

3.2 Funds held in Trust

	2004	2003
World Bank	2'192'288	1'729'149
World Health Organization	12'154	12'567
United Nations Foundation	636	252
	<u>2'205'078</u>	<u>1'741'968</u>

3.3 Promissory Notes

	2004	2003
Promissory notes to be encashed	216'201	52'773
Unrealized gains on foreign currency promissory notes to be encashed	21'248	9'687
	<u>237'449</u>	<u>62'460</u>
Maturing in 2004	-	62'460
Maturing in 2005	237'449	-
	<u>237'449</u>	<u>62'460</u>

3.4 Contributions receivable

	2004	Restated 2003
Contributions receivable*	201'516	236'420
Unrealized gains on foreign currency contributions receivable	20'927	14'599
Total contributions receivable	<u>222'443</u>	<u>251'019</u>
Receivable within one year	93'239	104'182
Receivable after one year	129'204	146'837
	<u>222'443</u>	<u>251'019</u>

* Comprises amounts receivable under written contribution agreements executed on or before 31 December 2004 and 2003 respectively that had not been received at that date.

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements**3. Details relating to the financial statements (continued)**

In thousands of US dollars

3.5 Contributions

	2004	Restated 2003
Governments	1'195'170	1'314'795
Private sector	59'518	101'855
Total contributions	1'254'688	1'416'650
Cash received including encashed promissory notes	1'101'008	1'330'862
Increase in promissory notes to be encashed	174'989	10'620
Increase / (decrease) in contributions receivable	(28'575)	75'168
Contributions in kind	7'266	-
Total contributions	1'254'688	1'416'650

The effect of the change in accounting policy for contributions, as referred to in notes 2.2 and 2.6, is an increase in contributions of USD 48 million for the year ended 31 December 2003 (2002: USD 99 million).

3.6 Undisbursed grants payable

	2004	2003
Payable within one year	919'047	610'885
Payable after one year	191'040	272'340
	1'110'087	883'225

3.7 Grants

	2004	2003
Disbursed in the year	627'506	231'200
Movement in undisbursed grants	226'862	832'104
Grant expense	854'368	1'063'304

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

3. Details relating to the financial statements (continued)

In thousands of US dollars

3.8 Operating expenses

	2004	2003
Secretariat expenses		
Personnel	16'854	9'793
Trustee fee	2'150	1'870
Administrative services fee	982	900
Other professional services	3'521	2'078
Travel and meetings	4'673	3'750
Communication materials	7'728	966
Office rental	754	509
Office infrastructure costs	1'376	998
Other	533	1'572
	<u>38'571</u>	<u>22'436</u>
Local Fund Agent fees	<u>12'176</u>	<u>10'119</u>
	<u>50'747</u>	<u>32'555</u>

Included in Operating expenses above are contributions in kind amounting to USD 7.3 million which have been attributed to Other professional services for USD 0.7 million and to Communication materials for USD 6.6 million. In 2003, contributions in kind were not included in the financial statements as they were not material.

3.9 Personnel

As described in Note 1, personnel to support the operations of the Global Fund are provided by the WHO under an agreement between the WHO and the Global Fund. At 31 December 2004 there were 127 personnel assigned to the Global Fund (2003: 96). Of these, 74 (2003: 55) are assigned under fixed-term contracts, typically of two years duration. All other personnel are assigned under contracts of shorter duration.

3.10 Taxation

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

3.11 Commitments

At 31 December 2004, the Global Fund has the following outstanding operating lease commitments:

<u>Year</u>	<u>Office space</u>	<u>Office equipment</u>	<u>Vehicle</u>
2005	988	19	1
2006	677	19	-
2007	677	19	-
2008	677	15	-
2009	677	7	-
Beyond 2009	1'635	-	-
	<u>5'331</u>	<u>79</u>	<u>1</u>

Notes to the Financial Statements (continued)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Financial Statements

4. Financial Instruments

As described in Note 2.5, those funds held in trust by the World Bank, acting as Trustee for the Global Fund, are actively managed and invested in a commingled investment portfolio in accordance with the investment strategy established for all trust funds administered by the World Bank.

Other than those funds held in trust by the World Bank, as mentioned above, the Global Fund employs the following risk management policies to financial instruments:

Currency risk: The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Global Fund does not hedge its exposure risk on foreign exchange as it operates primarily in US dollars.

Interest rate risk: The risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Global Fund does not use derivative financial instruments to reduce its exposure risk on interest from variable rate bank balances and funds held in trust.

Market risk: The risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Global Fund has assigned the management of market risk primarily to the Trustee, and does not use derivative financial instruments to reduce its market risk exposure on other financial instruments.

Credit risk exposures: Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. The Global Fund does not use derivative financial instruments to reduce its credit risk exposure.

The Global Fund's maximum exposure to credit risk in relation to cash and bank balances, funds held in trust, promissory notes and contributions receivable is the carrying amount of those assets as indicated in the statement of financial position. The Global Fund places its available funds with high quality financial institutions to mitigate the risk of material loss in this regard. With respect to the Global Fund's contributions receivable, management believes these will be collected as they result from mutually signed contribution agreements primarily with governments.

5. Comparative financial information

Certain comparative balances have been itemized for compliance with the current year presentation. Except for the effect of change in accounting policy as identified under Notes 2.2 and 2.6, there is no other impact on the Statement of Changes in Funds.



Credits

Cover: © Didier Ruef, www.pixsil.com. P2 Gideon Mendel. P4 Gary Hampton. P6 John Rae. P13 Yoshi Shimizu. PP14/15 Gideon Mendel. P17 Jan Van der Hombergh, WHO. P18 Pierre Virof, WHO. P20 John Rae. P23 John Rae. P29 Credit Yoshi Shimizu. P30 John Rae. P39 Virginia Arnold, WHO. P42 Yoshi Shimizu. P53 Gideon Mendel. P61 John Rae. P62 John Rae. P77 John Rae.

This Page

A Global Fund grant finances testing and treatment of sexually transmitted diseases and HIV at Hospital Dermatovenerologic outside Chisinau, Moldova.

Design

Giampietro+Smith, New York

**THE GLOBAL FUND
TO FIGHT AIDS, TUBERCULOSIS & MALARIA**

53 Avenue Louis Casā
1216 Cointrin
Geneva, Switzerland

+ 41 22 791 1700 (phone)
+ 41 22 791 1701 (fax)

www.theglobalfund.org
info@theglobalfund.org