



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Eleventh Board Meeting
Geneva, 28-30 September 2005**

GF/B11/5

REPORT OF THE REPLENISHMENT

Outline: This document contains the report of the Replenishment of The Global Fund to Fight AIDS, Tuberculosis and Malaria prepared by the Vice Chair of Replenishment.

Decision Point:

1. The Board takes note of the Report of the Replenishment (GF/B11/5) and requests the Policy and Strategy Committee to review its contents and make recommendations resulting from such review to the Board as appropriate. The Board also invites the Portfolio Committee and the Finance and Administration Committee to review the same Report and provide any recommendations or other input resulting from such review to the Policy and Strategy Committee.



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The Global Fund

To Fight AIDS, Tuberculosis and Malaria

16 September 2005

The Global Fund's First Replenishment 2006 - 2007

Chair's Report

1. The first replenishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) was undertaken during 2005. It covered the Fund's estimated resource needs in 2006 and 2007. Some 35 delegations participated in three meetings, in Stockholm (March 2005), Rome (June 2005) and London (September 2005). Participants included representatives for public and private sector donors, recipient countries, civil society and collaborating international institutions. Mr. Kofi Annan, Secretary General of the United Nations, served as chair of the replenishment and Sven Sandström as vice-chair. Attached are summary reports on the Stockholm and Rome meetings, the Communiqué from the London meeting and a list of documents prepared for the Replenishment (Annexes 1-4, respectively).
2. The replenishment process addressed the following subjects, which are briefly discussed in this report:
 - Context
 - The Global Fund's Long-Term Strategy
 - Harmonization and Country-Level Coordination
 - Performance Measurement and Performance-Based Funding
 - Resource Requirements and Resource Mobilization
 - Financial Management
 - Mid-Term Review Meeting
 - Next Replenishment

Context

3. Participants welcomed the replenishment process initiated by the Global Fund, noting the importance of providing the Fund with long term and predictable funding on a scale sufficient to respond effectively to the spread of the three diseases and to help achieve internationally agreed development goals. They discussed the continuing spread of the three diseases and stressed the need for the Global Fund and its partners to focus on the implementation of the Fund's grants in line with aid effectiveness principles already agreed in other fora and to strengthen results on the ground.
4. Participants acknowledged important milestones in advance of the replenishment process, including the meeting on Making the Money Work held on 9 March 2005 in London; the Paris Declaration on Aid Effectiveness of 3 March 2005; the Oslo Consultation on Human Resources for Health; the High Level Fora on Health MDGs; and the existing Stop TB and Roll Back Malaria Global Plans. In this context, agreements relevant to the replenishment of the Global Fund have already been reached, including support for the Three Ones principle, improved coordination among multilateral institutions and international donors, and preliminary financial frameworks for 2005-2007 for AIDS, TB and malaria outlining global resource needs and gaps. Participants also emphasized that the Global Fund replenishment process is an important part of the international agenda in 2005, including the preparation for the Fifth Anniversary of the United Nations Millennium Summit in September 2005, and should be seen in that broader context.

The Global Fund's Long-Term Strategy

5. Participants welcomed the independent assessment of the Global Fund that had been undertaken for the first meeting in Stockholm. They took note of the principal conclusions, including the need to prepare a long-term strategy for the Fund with a particular emphasis on further scaling up of the Fund's programs. Participants noted that the preparation of the strategy should consider the Fund's comparative advantages, its business model, its approach to procurement, and sources of financing (including the role of the private sector and innovative financing mechanisms). Participants also requested that the recommendations of the Global Task Team be taken into account, that the principle of the Global Fund as a financing mechanism and not an implementing agency be respected, and that partner agencies be engaged and consulted in the preparation of the strategy. They noted the central role of the Board of the Global Fund in developing and approving the strategy. They asked for an update at the mid-term meeting in June 2006.

Harmonization and Country-Level Coordination

6. Considering that the Fund is a financing mechanism and not an implementing agency, participants noted that it depends on support from its partners at the country level. The Fund was urged to work with its partners to ensure an appropriate division of labor. Progress in specific countries was reviewed during the replenishment and the Fund was asked for a full progress report at the mid-term meeting. It was emphasized that country reviews and allocation of responsibilities among partner

agencies should fully respect the country-driven character of the Fund and should be undertaken within the framework of the Three Ones principle and similar harmonization principles used in TB and malaria control.

7. Participants further emphasized that effective implementation of programs financed by the Global Fund depends on the strengthening of the capacity of national health sectors, including the private sector, civil society and community structures. They highlighted the particular importance of human resources.
8. Participants welcomed the June 2005 report of the UNAIDS-led Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors. Many noted that the recommendations, if endorsed and implemented, would help improve the effectiveness of all participating organizations in the fight against AIDS. Certain recommendations would enable the Global Fund to sharpen the focus on its principal role as a financing mechanism, with its partners focusing on supporting activities and particularly on implementation and capacity building. Participants welcomed the action plan set out in the report, reviewed early progress at their meeting in London in September 2005 and asked for a progress report at the mid-term meeting.
9. Participants also welcomed the progress to date and the ongoing efforts of the WHO and the Stop TB and Roll Back Malaria Partnerships to coordinate, expand and deliver technical support to countries for scaling up the fight against TB and malaria. They expressed particular interest in the effective way in which the Stop TB approach was supporting the implementation of Global Fund grants and asked for further details and lessons.
10. Participants acknowledged the need to support other agencies as part of the overall investment in the fight against the three diseases and noted the resource needs presented by UNAIDS and WHO at the September 2005 London meeting. They requested an update on funding for supporting agencies at the mid-term meeting.

Performance Measurement and Performance Based Funding

11. Participants discussed the Global Fund's performance measurement system and performance-based funding. They welcomed the progress made by the Fund and expressed satisfaction with these systems. At the same time, they noted the need for more work in these areas and asked that further attention be given to some aspects, including the need to avoid overly complex processes, the need for good prevention indicators and the need for more clarity on the level of ambition of performance targets. They noted the distinction between performance measurement related directly to Fund programs (specifically operational and grant performance) and measurement of broader system effects and impact.
12. Participants expressed interest in the effects of performance-based funding on weak systems and fragile states and discussed a report on this subject at the London meeting. They were pleased with the early results and requested additional analyses, including more information on the contextual factors for success. They asked that more attention be given to definitions and, hence, to the list of countries included in the analysis.

13. With regard to the review of grants, participants expressed satisfaction with the progress achieved to date and the monitoring and evaluation systems currently in place and looked forward to progress in implementation. They noted inter alia that higher-level analyses of the expanding portfolio can now be done, allowing lessons to be identified.
14. Participants discussed the use of soft performance measures with the objective of helping them assess the performance of the Global Fund during the 2006-2007 and future replenishment periods. Participants noted that the Global Fund has introduced a performance measurement system and agreed that they would use elements of this system to assess the performance of the Fund, avoiding parallel or duplicative systems and measures. A working group of participants and the chair of the Technical Evaluation Reference Group prepared a proposal that was discussed at the London meeting -- "Outcome of the Working Group: Soft Performance Measures". The proposal will be discussed by the Global Fund Board taking into account comments made at the London meeting, including the need to use existing Global Fund indicators, to ensure that the indicators provide strategic guidance, to include broader harmonization and health system indicators and to review further the indicator on private sector contributions. The Fund will prepare a report for the mid-term meeting that sets out progress against the selected indicators and proposes baseline data and targets for the remainder of the 2006-2007 replenishment period and beyond.

Resource Requirements and Resource Mobilization

15. Participants discussed global estimates of annual resource needs for the fight against AIDS, TB and malaria that had been prepared by UNAIDS and WHO. While welcoming the work that had been done, they asked for further improvement and clarification of the methodology and for further updates of the global resource needs.
16. Participants reviewed estimates of Global Fund resource needs for 2006 and 2007. They focused on estimates that would enable funding of Phase 2 (i.e., years three to five) of ongoing programs and allow the Fund to consider new rounds in 2006 and 2007. This would fully fund ongoing operations of the Global Fund and provide a basis for further scaling up.
17. An overall resource estimate of about USD 7 billion for the 2006 and 2007 replenishment period was discussed. It comprised two components: (1) USD 3.3 billion to fund the extension to a second phase of all eligible grant programs through the end of 2007, and (2) USD 3.7 billion to fund potential new rounds of grants in 2006 and 2007. Not all participants endorsed the latter estimate on the grounds that it assumes new rounds of grants not yet approved by the Fund.
18. At the London meeting, donors pledged contributions in 2006 and 2007 of about US\$ 3.7 billion, which therefore, already at this early stage, ensures that the Fund will have the resources required to cover the first component above. Participants were, however, concerned that the resources raised in London were not sufficient fully to finance new rounds of programs and they therefore encouraged additional pledges

to be made as soon as possible. They asked the Global Fund to update the estimate of 2006-2007 resource needs.

19. Resource needs for 2008 and beyond will be reviewed later in the context of the capacities of the Global Fund to handle larger volumes of funding, also taking into account the long-term strategy for the Fund now under preparation.
20. Financing for 2005 was reviewed. Recent contributions, including contributions announced during the replenishment, enable the Global Fund to approve up to USD 387 million of Round 5 grants in 2005. However, the two-year budgets of all Round 5 proposals recommended for approval by the Technical Review Panel total USD 726 million. Participants therefore agreed urgently to consider additional contributions, and to encourage new donors to contribute, in order to enable the Fund to approve and fully finance the recommended Round 5 proposals.
21. Participants highlighted the importance of stronger engagement with the private sector and welcomed the private sector strategy note submitted to the London meeting by the Global Business Coalition on HIV/AIDS and the Private Sector Delegation to the Board of the Fund: "Mobilizing Additional Resources for the Global Fund: A Planning Guide for the Private Sector". The note highlights a renewed private sector commitment and the potential for increased contributions of three kinds: cash contributions, pro bono services and product contributions, and in-country co-investments and operational contributions. Specific action plans have been developed in each of these areas. Progress in implementing the strategy, including an update on private sector contributions, will be presented and discussed at the mid-term meeting.
22. Participants emphasized that several countries with the potential to contribute significantly to the Fund do not yet do so. The Fund was asked to work with these countries to mobilize additional contributions and to report on progress at the mid-term meeting.

Financial Management

23. Participants discussed the Global Fund's financial management policies and the character of the Fund's emerging replenishment process. They agreed that the replenishment process should be tailor-made for the Fund, while ensuring that the objective of mobilizing significant and predictable financing is achieved. They welcomed the review of the Comprehensive Funding Policy that had been undertaken by the Global Fund. They agreed to consider increased use of promissory notes.

Mid-Term Review Meeting

24. Participants agreed to hold a mid-term meeting in June 2006 to review the performance of the Global Fund and to mobilize any additional funding required for 2006 and 2007 on the basis of an updated estimate by the Global Fund of the need for new programs. At this meeting participants will also take stock of overall progress in making a coordinated response to technical support needs, including

funding. In addition, they will further review the Global Fund's performance indicators and targets. They provide a basis for existing and new donors to contribute additional funding as the Global Fund demonstrates its effectiveness.

25. Participants agreed on the following preliminary list of information to be presented at the mid-term meeting:

- Update on the Fund's Long-Term Strategy (para 5)
- Progress on harmonization in individual countries (para 6)
- Progress on implementation of the Global Task Team's recommendations (para 8); lessons from the Stop TB approach to support Global Fund grants (para 9)
- Update on funding for supporting agencies (para 10)
- Update on the study on weak systems and fragile states (para 12)
- Update on progress against selected performance indicators; proposals for baseline data and targets for the remainder of the 2006-2007 replenishment period and beyond (para 14)
- Update of the estimate of resource needs for 2006 and 2007 (para 18)
- Progress in implementing the private sector engagement strategy, including an update on private sector contributions (para 21),
- Progress in mobilizing additional financing from countries who do not yet provide significant contributions to the Fund (para 22)

Participants emphasized that the Fund should avoid excessive documentation for the mid-term meeting and suggested that the above information be consolidated as appropriate and that progress reports prepared for other purposes be used to the extent possible.

Next Replenishment

26. Participants agreed to consider plans for the second replenishment of the Global Fund, for 2008 and beyond, at their mid-term meeting. They asked the Global Fund to review the experience of the first replenishment and to take into account lessons learned when making decisions about future steps.

The Global Fund Replenishment First Meeting

Stockholm, 15 – 16 March 2005

Chair's Summary

1. The first meeting on the Replenishment of The Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) took place in Stockholm on 15-16 March 2005. Ms. Carin Jämtin, Sweden's Minister for International Development Cooperation, welcomed the participants and opened the meeting. Ms. Louise Fréchette, Deputy Secretary General of the United Nations, represented the Chair of the Replenishment process, Mr. Kofi Annan, Secretary General of the United Nations. Thirty-five delegations participated. Sven Sandström chaired the meeting.
2. Participants acknowledged important milestones in advance of the Stockholm meeting, including a meeting (Making the Money Work) held on 9 March 2005 in London; the Paris Declaration on Aid Effectiveness (ownership, harmonization, alignment and mutual accountability) on 3 March 2005; the Oslo Consultation on Human Resources for Health; the High Level Forums on Health MDGs; and the preparation of the Stop TB and Roll Back Malaria Global Plans. These meetings reached agreements relevant to the replenishment of the Global Fund, including support for the Three Ones principle, improved coordination among multilateral institutions and international donors, and financial frameworks for 2005-2007 for AIDS, TB and malaria funding. Of particular relevance to the replenishment process are the Global Task Teams led by UNAIDS on roles and responsibilities of various partners and actors ("the institutional architecture") and financing to be presented by June 2005. Participants emphasized that the Global Fund replenishment process is an important part of the international agenda in 2005, including the preparation for the UN Summit to review the MDGs and other global issues in September 2005, and should be seen in that broader context.
3. Participants welcomed the replenishment process initiated by the Board of the Global Fund, noting the importance of providing the Fund with long term and predictable funding on a scale sufficient to respond effectively to the spread of the three diseases and to achieve the Millennium Development Goals. They discussed the continuing spread of the three diseases and stressed the need for the Global Fund and its partners to focus on the implementation of the declarations and principles already agreed and to strengthen results on the ground. In this context, they noted that the Fund is a financing mechanism, not an implementing agency, and that it therefore depends on support from its partners at the country level. The Fund was urged to work with partners at the country level to ensure the implementation of this basic principle of division of labor in specific countries and to report on progress at future replenishment meetings. It was emphasized that these country reviews should fully respect the country-driven character of the Fund and that it should be undertaken within the framework of the Three Ones and other harmonization principles.
4. Participants emphasized that effective implementation of programs financed by the Global Fund depends on the strengthening of the capacity of national health sectors, including the private sector and community structures. They highlighted the particular

importance of human resources. They urged partners to review how health sector capacity can be strengthened more rapidly.

5. Participants discussed the Global Fund's performance measurement system and performance-based funding. They welcomed the progress made by the Fund and expressed general satisfaction with these systems. They asked that further attention be given to several aspects, including the need to avoid overly complex processes, a review of prevention indicators, and the measurement of the performance of Country Coordinating Mechanisms, Principal Recipients and Local Fund Agents. Participants noted the distinction between performance measurement related directly to Fund programs (specifically operational and grant performance) and measurement of system effects and impact. They asked for further review of the level of ambition of performance targets and their comparability across grants and countries. In this context, they expressed particular interest in the effects of performance-based funding on weak systems and fragile states and asked for a report on this at the next meeting. Some participants emphasized the need for soft performance targets for 2006-2007 as part of the move to a replenishment model.

6. Participants welcomed the independent assessment of the Global Fund that had been undertaken for the meeting. They took note of the principal conclusions, including the need to prepare a long-term strategy for the Fund with a particular emphasis on further scaling up of the Fund's programs. Some participants noted that the preparation of this strategy should consider the Fund's comparative advantage, its business model (including the project vs. program approach and the use of "rounds"), its approach to procurement, and sources of financing (including the role of the private sector and innovative financing mechanisms). They welcomed the fact that the Global Fund had already taken up many of these subjects for review and asked for a report on progress at the next replenishment meeting.

7. Participants reviewed the estimates of Global Fund resource needs for 2006 and 2007 that had been prepared for the meeting – USD 3.5 billion and 3.6 billion, respectively. These amounts would allow the funding of years three to five of ongoing programs and fund at least one new round in both 2006 and 2007, consolidating the operations of the Global Fund for the two years 2006 and 2007 while working on facing greater challenges in funding and operations from 2008. They agreed to consider the 2006 and 2007 targets in the context of the further review of the implementation of the Fund's current programs. Targets for 2008 and beyond will have to be reviewed later in the context of the capacities of the Global Fund to handle larger volumes of funding and in the context of a long-term strategy for the Fund.

8. The financing gap for 2005 and early performance of the Global Fund were also reviewed. Recent contributions, including contributions announced during the meeting itself, have reduced the gap. Nevertheless, the gap remains at a high level of about US\$ 700 million. Participants agreed to urgently consider additional contributions in order to close this gap and to encourage contributions from new donors.

9. Participants discussed the Global Fund's financial management policies and the character of the Global Fund's emerging replenishment process. They agreed that the replenishment process should be tailor-made for the Fund, while ensuring that the objective of mobilizing significant and predictable financing is achieved. They welcomed the review of the Comprehensive Funding Policy by the Global Fund and asked to be

informed about the outcome at the next replenishment meeting. Participants requested that technical notes be prepared for the next replenishment meeting to provide further information on subjects such as the use of promissory notes, encashment schedules, etc.

10. Participants agreed to meet again on 20-22 June 2005 in order to review progress. The Annex lists the main subjects on which participants requested reports from various sources at the June and September meetings.

11. Participants thanked Sweden for the excellent arrangements for the meeting and for the warm hospitality.

**List of subjects on which to report at replenishment meetings
in June and September, 2005**

June meeting:

1. Results of further Phase 2 review of grants and lessons learned. (Para 7 of the Chair's summary)
2. Progress on the implementation of performance measurement and performance-based funding systems and how identified issues are being addressed. Technical note on the application of performance-based funding in weak systems and fragile states. (Para 5)
3. Scenarios for meeting the 2006 and 2007 replenishment targets, keeping in mind the objective of improving funding predictability. (Para 7)
4. Progress on implementation of harmonization and the Three Ones principle at the country level in specific countries, respecting the country-driven character of the Fund. (Para 3)
5. Institutional responsibilities for the strengthening of health sectors, and progress made to ensure more effective capacity building programs. (Para 4)
6. Progress on Global Fund long-term strategy. (Para 6)
7. Progress on closing the 2005 financing gap. (Para 8)
8. Board review of the Comprehensive Funding Policy. (Para 9)
9. Financial management aspects of the replenishment process, including the use of promissory notes and encashment schedules. (Para 9)
10. Reports of the Global Task Teams led by UNAIDS on institutional architecture and financing, which are due by June 2005, and reports on similar efforts for TB and malaria led by WHO. (Para 2)

September meeting (preliminary):

1. Results of further Phase 2 review of grants and lessons learned. (Para 7)
2. Further progress on the implementation of the performance measurement and performance-based funding systems. (Para 5)
3. Further progress on implementation of harmonization and the Three Ones principle at the country level in specific countries, respecting the country-driven character of the Fund. (Para 3)
4. Further progress on strengthening the capacity of health sectors. (Para 4)
5. Progress on Global Fund long-term strategy. (Para 6)

The Global Fund Replenishment Second Meeting

Rome, 20-21 June 2005

Chair's Summary

1. The second meeting on the Replenishment of The Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) took place in Rome on 20-21 June 2005. Mr. Giuseppe Drago, Italy's Deputy Minister of Foreign Affairs, welcomed the participants and opened the meeting. Dr. Peter Piot, Executive Director of UNAIDS, represented the Chair of the Replenishment process, Mr. Kofi Annan, Secretary General of the United Nations. Thirty-one delegations participated. Sven Sandström chaired the meeting.
2. Participants welcomed the progress made by the Global Fund and its partners since the first replenishment meeting in Stockholm in March, particularly with regard to the subjects that had been identified for review and follow-up. Among these, they highlighted several that require further attention prior to their next meeting in London on 5-6 September, including the following:
 - a. With regard to the ongoing review of grants and the implementation of performance measurement and performance-based funding, participants expressed satisfaction with the progress achieved to date and the monitoring and evaluation systems currently in place. They noted inter alia that higher level analyses of the expanding portfolio can now be done, allowing lessons to be identified. Participants asked for more clarity with regard to the level of ambition of performance targets. A further progress report will be provided for the September meeting;
 - b. With regard to harmonization and implementation of the Three Ones principle at the country level in specific countries, participants noted the progress and the challenges in the seven countries represented by the case studies. A further progress report on harmonization and implementation in specific countries will be presented to the September meeting;
 - c. With regard to the development of the Global Fund strategy, participants requested that the recommendations of the Global Task Team be taken into account, that the principle of the Global Fund as a financing mechanism and not an implementing agency be respected, and that partner agencies be engaged and consulted in the preparation of the strategy. They noted the central role of the Board of the Global Fund in developing and approving the strategy. They asked for an update at the September meeting;
 - d. With regard to the application of performance-based funding in weak systems and fragile states, participants stressed the importance of this review and noted that they will receive the full paper for the September meeting.

3. Participants also welcomed the report of the Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors. They noted that the recommendations, if implemented, would help improve the effectiveness of all participating organizations in the fight against the three diseases. The recommendations would enable the Global Fund to sharpen the focus on its principal role as a financing mechanism, with its partners focusing on supporting activities and particularly on implementation and capacity building. They welcomed the action plan set out in the report and asked for a full progress report for their September meeting. Participants noted that estimates of funding needs for the UN agencies supporting the implementation of Global Fund programs will be provided by July 15 and presented at the September meeting.

4. WHO reported on prospects for improving coordination with regard to tuberculosis and malaria and indicated that a paper on institutional architecture and financing needs for the provision of technical support related to the two diseases will be provided by the end of July, for discussion at the September meeting. The paper would also indicate how the Three Ones principle could be applied to the two diseases.

5. The financial situation of the Global Fund for 2005 was reviewed. Participants noted that a significant gap of about USD 650 million still remains. Donors agreed urgently to consider additional contributions and to ensure that pledges are paid as early as possible.

6. With regard to funding for the 2006-2007 replenishment period, participants welcomed the announcement by France of a significant increase in its contribution to the Global Fund. Several donors indicated that they were also considering significant increases while others emphasized that budgetary constraints would only allow more limited increases at this time. Participants stressed, however, that considerably stronger efforts would be required before September in order to achieve a successful conclusion of the replenishment. Participants also highlighted the importance of stronger engagement with the private sector and welcomed the preparation of a private sector strategy note for the September meeting that would outline how this objective, including the need for increased private sector contributions, would be achieved over time. Participants agreed to consider increased use of promissory notes to the extent possible.

7. Participants welcomed and discussed the proposed use of soft performance measures with the objective of helping them assess the performance of the Global Fund during the 2006-2007 replenishment period, in preparation for the next replenishment cycle. Participants noted that the Global Fund has introduced a performance measurement system and suggested that this be used to assess the performance of the Fund and that parallel or duplicative systems and measures be avoided. It was also suggested that participants rely on Board monitoring of performance, with participants being kept informed. It was agreed that a working group of participants and the chair of the TERG in July would prepare a proposal that would achieve the above objective, taking into account the views expressed. The proposal would be circulated to all participants for comments before being submitted for discussion at the September meeting.

8. Participants reviewed plans for the third and final meeting of this replenishment cycle in London on 5-6 September. They agreed that a communiqué and a short report on the agreements reached during the replenishment should be drafted for approval at the

September meeting. The Annex lists subjects on which participants would receive information and review progress at the September meeting.

9. Looking beyond the September meeting, participants agreed to consider holding a mid-term meeting in 2006 to review progress on funding and implementation, and also to discuss plans for a second replenishment cycle for 2008 and beyond.

10. Participants thanked Italy for the excellent arrangements for the meeting and for the warm hospitality.

**List of subjects on which to report at the replenishment meeting
in London on 5-6 September 2005**

1. Results of further Phase 2 review of grants and lessons learned. (Para 2a)
2. Further progress on the implementation of the performance measurement and performance-based funding systems. (Para 2a)
3. Further progress on implementation of harmonization and the Three Ones principle at the country level in specific countries, respecting the country-driven character of the Fund. (Para 2b)
4. Progress on Global Fund long-term strategy. (Para 2c)
5. Review of the application of performance-based funding in weak systems and fragile states. (Para 2d)
6. Progress on the implementation of the recommendations of the Global Task Team and estimates of funding needs of supporting UN agencies. (Para 3)
7. Review of institutional architecture and financing needs for technical support for TB and Malaria. (Para 4)
8. Strategy for stronger engagement with the private sector. (Para 6)
9. Proposal for the use of soft performance measures to help assess the performance of the Global Fund during the 2006-2007 replenishment period, in preparation for the next replenishment cycle. (Para 7)
10. A draft communiqué and a draft report on the agreements reached during the replenishment. (Para 8)

The Global Fund's First Replenishment for 2006-2007

London, 6 September 2005

Communiqué

1. Each year, six million people die from AIDS, tuberculosis and malaria. These three pandemics also hamper development, perpetuate poverty and undermine stability in developing countries. The world community has undertaken to combat these diseases and has set clear targets for this fight through the UN General Assembly's Special Session on HIV/AIDS and in other international fora. These targets include a 25 percent reduction in new HIV infections and a halving of deaths from TB and malaria by 2010. Any estimate of the annual resource levels needed to succeed in this effort far outstrips currently available resources¹. Hence, the first Global Fund Replenishment takes place against the background of what we all recognize are substantial needs and it forms an important part of turning commitments into action.
2. At the final meeting of the Global Fund's First Replenishment in London, we, the participating stakeholders, have completed a process to assess the performance of the Global Fund and ensure its resources for the biennium 2006 - 2007. This process began at a meeting in Stockholm on 15-16 March, 2005, hosted by the Swedish Government, and was continued at a meeting hosted by the Italian Government in Rome on 20-21 June.
3. We are pleased with the results achieved by the Global Fund so far. Our objective is to make the Global Fund an even more effective financing instrument in scaling up the international response to tackle AIDS, tuberculosis and malaria, building on its achievements to date. The move to a replenishment mechanism is essential in achieving longer-term predictability of funding. It provides a significant opportunity for donors to reaffirm their commitment in the fight against the three diseases and to recognize the significant role of the Global Fund in support of strong national and regional responses, alongside other international institutions. The replenishment also sharpens the focus on the resources required to achieve internationally agreed development goals, including those contained in the UN Millennium Declaration and restated in the Monterrey Consensus and other international agreements.
4. We emphasize the need to maximize the effectiveness of aid and welcome the alignment of the Global Fund with the principles of the February 2003 Rome Declaration on Donor Harmonization² and the March 2005 Paris Declaration on Aid Effectiveness³. We stress the need for the Global Fund and collaborating institutions to further strengthen country-level harmonization and alignment, ensuring that investments support broader health system capacities – national capacities as a whole, including civil society engagement. They should also work for stronger

¹ UNAIDS and WHO currently estimate the resource needs to be US\$18 billion for HIV/AIDS, US\$4.2 billion for tuberculosis and US\$3.1 billion for malaria for 2007.

² www.oecd.org/dataoecd/54/50/31451637.pdf

³ www.aidharmonization.org

integration with existing country-based planning and coordination mechanisms in line with the Three Ones principle⁴ as well as the country-driven principles for cooperation laid out for TB and malaria by WHO and the Stop TB and Roll Back Malaria Partnerships.

5. We therefore welcome and support the recommendations made by the UNAIDS-led *Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors*.⁵ The Global Task Team has identified concrete steps for the Global Fund and other institutions to ensure their increasing effectiveness. Similarly, we welcome the progress to date and the ongoing efforts of WHO and the Stop TB and Roll Back Malaria Partnerships to coordinate, expand and deliver technical support to countries for scaling up the fight against TB and malaria.
6. The effectiveness of the Global Fund as a financing mechanism depends on strong national programs and country ownership, which in turn benefit from quality technical support for capacity building and implementation provided by other partners, multilateral and bilateral donors and civil society. We acknowledge that such support should be made available as part of an overall investment in the fight against the three diseases and note the urgent resource needs presented by UNAIDS and WHO.
7. We welcome the progress made by the Global Fund in performance measurement and affirm performance-based funding as a core principle of the Global Fund. We also note the progress made in establishing indicators for the performance of the Global Fund, and welcome their application throughout the replenishment period and beyond.
8. At our meeting today, we have pledged a total of about US\$ 3.7 billion for the Global Fund in 2006 and 2007. We welcome this increase in resources provided to the Global Fund, rising from a total of US\$1.9 billion in the two-year period 2002 and 2003 and US\$2.9 billion in the two-year period 2004 and 2005. We note with satisfaction that this ensures, already at this early stage, that the Global Fund will have the resources required to approve in 2006 and 2007 the continuation of all ongoing programs, at a total cost estimated at US\$ 3.3 billion, and also have resources to launch some new programs. However, we are concerned that the resources raised today are not sufficient to finance fully new programs estimated to cost about US\$3.7 billion. We therefore encourage additional pledges to be made as soon as possible.
9. Many donors have significantly increased their annual contributions compared to previous levels and in several cases doubled or even trebled them. Many have increased their contribution commensurate with expectations of growing overall financing needs of the Global Fund. Furthermore, many recipient countries are allocating significant additional domestic resources to the fight against the three diseases while also contributing to the Global Fund. We encourage recipient countries to continue increasing domestic resources for these purposes.

⁴ **One** agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners, **One** National AIDS Coordinating Authority, with a multi-sectoral mandate, and **One** agreed country-level Monitoring and Evaluation System.

⁵ www.unaids.org/images/gtt/GTT_Brochure.pdf

10. Today we made progress towards meeting the total 2006 and 2007 resource needs of the Global Fund, which have been estimated at about US\$ 7 billion, including resources for new programs. We emphasize that additional pledges are required, particularly from new donors and from existing donors who have the potential to make further contributions. We welcome the strategy presented by the private sector and the practical steps they are taking to mobilize additional resources.
11. We have agreed to hold a mid-term meeting in June 2006 to review the performance of the Global Fund and to mobilize the additional funding required for 2006 and 2007 on the basis of an updated estimate by the Global Fund of the need for new programs. At this meeting we will also take stock of overall progress in making a coordinated response to technical support needs, including funding. In addition, we will further review the Global Fund's performance indicators and targets. They provide a basis for existing and new donors to contribute additional funding as the Global Fund demonstrates its effectiveness. At the mid-term meeting, we will plan for the second replenishment of the Global Fund, for 2008 and beyond.
12. We thank the Government of the United Kingdom for hosting this final meeting and for excellent arrangements and hospitality. We also thank His Excellency, Mr Kofi Annan, Secretary General of the United Nations, for his role as Chair of the Global Fund Replenishment, and Sven Sandström for his consistent guidance and leadership as Vice-Chair of the Replenishment. We also thank the Secretariat of the Global Fund for its excellent work in preparing for and facilitating the Replenishment, and the UNAIDS and WHO teams for their effective assistance.

Documents prepared for the Global Fund Replenishment - 2005**Stockholm, 14 – 16 March 2005****1. Investing in The Future: The Global Fund at Three Years**

A review of the Global Fund's challenges, progress and achievements to date, with focus on the first Phase 2-eligible grants.

2. Addressing HIV/AIDS, Malaria and Tuberculosis: The Resource Needs of the Global Fund, 2005-2007

A calculation of resource needs based on current operational projections for The Global Fund, complemented by calculations of the total global resource needs for AIDS, TB and malaria.

3. A Technical Note on Financial Management of the Global Fund

An overview of fiduciary arrangements including fiscal management, funding policy, and financing options.

4. Replenishing the Global Fund: *An independent Assessment*

This paper was commissioned by the Vice-Chair of the replenishment Sven Sandström and written by Dr. Keith Bezanson. It is reproduced here with the permission of the author.

5. HIV/AIDS, Tuberculosis and Malaria: The Status and Impact of the Three Diseases

Contains essential background information such as disease burdens, impact on societies and economies, global response and interventions.

Rome, 20 – 21 June 2005**1. Making Performance-based Funding Work: Mid-Year Progress 2005**

This mid-year progress report provides an update on the implementation and further development of the Global Fund's measurement framework, and analysis and lessons learned from the 51 grants evaluated for Phase 2 funding through June 2005.

2. Technical Note 2 : Contribution Scenarios

This note considers a variety of illustrative scenarios for fulfilling the resource needs of the Global Fund in 2006 and 2007.

3. Technical Note 3: Promissory Notes and Encashment Schedules

This note discusses the scope for greater use of promissory notes as a means of contributing to the Global Fund.

4. Closing the 2005 Funding Gap

This note provides an update on the magnitude of the funding gap for 2005 as background to considering how the shortfall could be eliminated prior to the approval of Round 5 proposals in September 2005.

5. Note on the Development of the Global Fund's Strategy

This note addresses the purpose, planned stages and timing of the Global Fund's strategy development effort and highlights the big strategic issues to be covered.

6. Development Aid in Fragile States: Is the Global Fund Model Working?

This short note gives an overview of a proposed study on the functioning of the Global Fund model in fragile states. The final report will be available in September 2005.

London, 5 – 6 September 2005

1. Sustaining Performance, Scaling Up Results: Third Progress Report 2005

This report builds on the two previous progress reports released in March 2005 and June 2005. It describes progress made on the implementation of 74 grants evaluated for Phase 2 funding to August 1, 2005.

2. Harmonization of Global Fund Programs and Donor Coordination: Four Case Studies with a Focus on HIV/AIDS

This paper focuses on mechanisms for donor harmonization in four funded countries and the ways in which Global Fund grants fit into national structures for fighting HIV/AIDS.

3. Global Fund Investments in Fragile States: Early Results

This report presents initial results from an ongoing study on the performance of grants in fragile states based on a comparative analysis of the performance of the 19 grants from fragile states and 55 grants from stable states that were evaluated for Phase 2 funding through August 1, 2005.

4. Mobilizing Additional Resources for the Global Fund: A Planning Guide for the Private Sector

This paper outlines a strategy for private sector mobilization with a focus on three areas: cash contributions; pro bono services and product contributions; and in-country co-investments and operational contributions.

5. Outcomes of the Working Group: Soft Performance Measures

This working paper outlines a subset of indicators that could help assess the performance of the Global Fund during the period 2006-2007 and for future replenishment cycles.

6. Resource Needs for an Expanded Response to AIDS in Low- and Middle-Income Countries (UNAIDS)

An assessment of the global resource needs to combat HIV/AIDS in 2006 – 2008.

7. Making the Money Work Through Greater UN Support for AIDS Responses (UNAIDS)

The report of the Global Task Team which provides a unified framework to address implementation bottlenecks and anticipates the technical support required by 45

high priority countries during 2006 – 2007 within UNAIDS areas of comparative advantage.

8. Implementation of the Global Task Team Recommendations: Update Paper and Summary

An update on the progress in implementing the Global Task Team recommendations.

9. UNAIDS Technical Support Division of Labour (UNAIDS)

This paper provides an analysis on the division of labour between UNAIDS and its Cosponsors at country level.

10. Converting Funding into Concrete Results: Global Cooperation to Support National Scale Up of Tuberculosis and Malaria Control (WHO)

An explanation and assessment of the resource need of the WHO in scaling up technical support.