

**GF/B31/04**

**Board Decision**

## **AMENDED AND RESTATED COMPREHENSIVE FUNDING POLICY**

### **Purpose:**

1. This paper recommends to the Board for approval an Amended and Restated Comprehensive Funding Policy (the “Amended CFP”), which establishes the financial framework that will support the full implementation of the allocation-based funding model.
2. The Amended CFP sets standard principles and parameters that will apply across each replenishment and allocation period. Unique, specific measures required to transition from a rounds-based (i.e., Third Replenishment) to the allocation-based funding model (i.e., Fourth Replenishment) are discussed in GF/B31/05.

## **PART 1: INTRODUCTION**

- 1.1 The Comprehensive Funding Policy (CFP), as first adopted at the Sixth Board Meeting and subsequently amended, provided the financial framework for the rounds-based funding model. To facilitate the full implementation of the new allocation-based funding model (NFM), the Secretariat and the Finance and Operational Performance Committee (FOPC) have collaborated to develop and present the Amended and Restated Comprehensive Funding Policy (Amended CFP), as set forth in Annex 1 to this paper, to the Board for approval.
- 1.2 The Amended CFP reflects the existing body of NFM-related decisions already adopted by the Board, or its relevant committee. Furthermore, it introduces enhancements, where appropriate, to the financial framework of the Global Fund.

## **PART 2: DISCUSSION**

### **Need for CFP Revision**

- 2.1 Following a detailed review, the FOPC and the Secretariat concluded that the existing, rounds-based CFP required significant changes to align with the requirements of the NFM.
- 2.2 The following illustrative list identifies some areas of the existing, rounds-based CFP, which required alignment and revision:
  - i. **Insufficient asset definition.** For example, the type of asset that served as a basis for a grant commitment could have an encashment profile well beyond a one-year period where such funds would be needed for grant implementation. This created the risk that disbursements could be delayed until special measures accelerated the conversion of the asset into cash when needed.
  - ii. **Inefficient asset-liability matching requirement.** For example, large amounts of cash would need to be earmarked upfront, and therefore remain in the Trust Fund rather than grant programs. This was due to the fact that, coupled with the mechanism of grant commitments, the policy did not provide for a dedicated cash management approach.
  - iii. **Imbalance between assets and liabilities.** For example, the Board approved, in principle, grant proposals with five- or six-year terms, while donors pledged contributions that usually covered a fixed three-year period (Replenishment Period). Consequently, the Global Fund faced an inherent imbalance whereby potential financial liabilities would exceed donor contributions. The excess liabilities were funded by projected donor contributions from the next Replenishment Period(s).

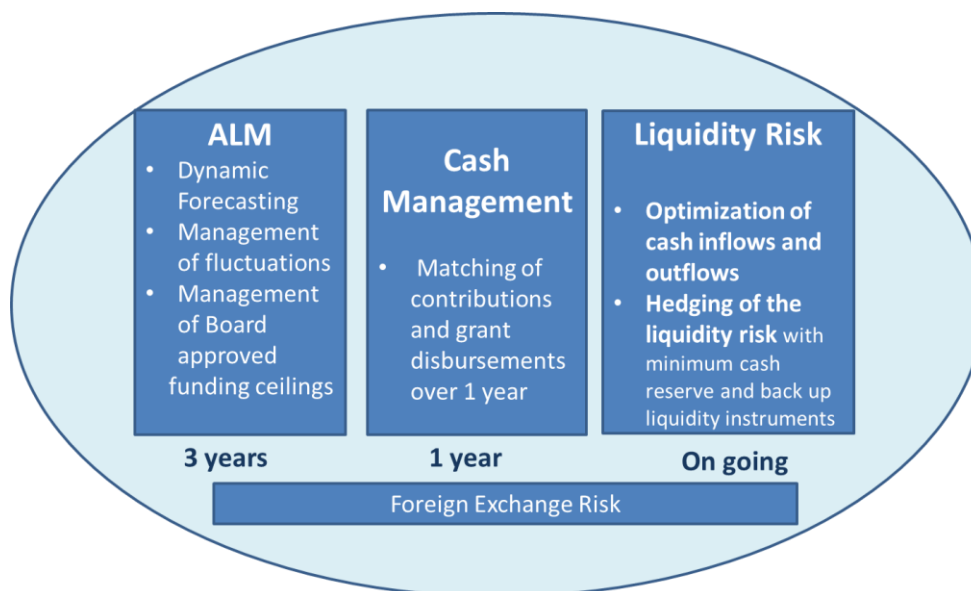
## Guiding Principles for CFP Revision

- 2.3 The development of the Amended CFP has been guided by the following principles:
- i. **Support implementation of the New Funding Model**, while allowing for potential changes to grant-making as the needs evolve.
  - ii. **Maximize the country/disease allocations**, while **minimizing variability** in the amount and timing of resources to fund them.
  - iii. **Address allocation of new resources against additional investment needs**, while providing for transitional provisions between replenishment periods.
  - iv. **Focus on financial management principles** rather than other operational considerations such as grant-making, which will be addressed separately.
  - v. **Ensure comprehensive coverage of/reference to** financial management principles in one document (e.g., asset and liability management, cash management, and liquidity-risk management) Additional areas such as foreign exchange and investment management, as standalone policy frameworks, will be incorporated by reference pending their development.
  - vi. **Ensure continuity of financial safeguards** at all times.
  - vii. **Align to International Financial Reporting Standards (IFRS)** where appropriate as per the Global Fund Secretariat's accounting framework.
  - viii. **Express CFP principles clearly and concisely** in an easy to understand manner.
  - ix. **Allow for universal applicability of the CFP across replenishment periods**, while providing for any transitional provisions of a recurring nature.
  - x. **Follow a technically comprehensive approach and ensure thorough input from key stakeholders** before final approval.

## Financial Safeguards in the Amended CFP

2.4 The Amended CFP relies on the following three fundamental financial measures or safeguards as depicted in Chart 1 below: (i) asset and liability management; (ii) cash management; and (iii) liquidity-risk management.

**Chart 1. Financial Framework and the Comprehensive Funding Policy (CFP) – An Overview**



2.5 These measures, showing a progressively ascending degree of financial control and oversight, are designed to ensure appropriate financial controls, both for implementers and donors, and to protect the interests of people who are being served or who will be served with Global Fund resources.

- i. **Tier 1 Safeguard:** Balanced forecast of Sources and Uses of Funds based on the notional asset/liability management approach, over a defined (fixed) three-year Allocation Period.
- ii. **Tier 2 Safeguard:** Balanced one-year rolling and cumulative cash flow forecast based on Eligible Assets (e.g., cash on hand, promissory notes and unconditional portions of Multi-Year Contribution Agreements) and Eligible Liabilities (e.g., formally approved annual funding or other financial decisions) with underlying cash movements (i.e., inflows and outflows) taking place within up to one year.
- iii. **Tier 3 Safeguard:** Day-to-day liquidity management supported by minimum liquidity reserve and back-up liquidity instruments.

### **PART 3: RECOMMENDATION**

- 3.1 Annex 1 to this paper contains the Amended CFP that is recommended by the FOPC and Secretariat to the Board for approval. Defined terms in the Amended CFP remain in an order that reflects relevant sequencing and categorization of the concepts and matters covered by the Amended CFP.
- 3.2 The Amended CFP does not address specific, unique measures required to transition from the rounds-based system (i.e., Third Replenishment) to the allocation-based funding model (i.e., Fourth Replenishment); instead, these matters are discussed in GF/B31/05.

### **PART 4: DECISION POINT**

- 4.1 Based on the discussion above, the Board is requested to approve the following decision point:

#### **Decision Point: GF/B31/DP05**

- 1. Based on the recommendation of the Finance and Operational Performance Committee, the Board approves the amended and restated Comprehensive Funding Policy, as set forth in GF/B31/04 – Annex 1 (the “Amended and Restated CFP”).***
- 2. The Amended and Restated CFP supersedes all prior versions of the Comprehensive Funding Policy, and any related decisions previously adopted by the Board or its Committees that are inconsistent with the Amended and Restated CFP.***

## **Amended and Restated Comprehensive Funding Policy**

### **A. Purpose**

1. To set the key financial framework and principles for the management and apportionment of resources provided by donors.
2. To maximize the amount, optimize the timing and increase the certainty of resources for recipients with a sufficient degree of advance visibility.
3. To ensure responsible financial stewardship of resources provided by donors for the achievement of programmatic results in implementing countries.

### **B. Scope**

1. Management of Sources and Uses of Funds among the Global Fund, its Trustee, and donors as appropriate.

### **C. Areas of Focus**

1. Asset and Liability Management (ALM). The mechanism for matching notional Sources and Uses of Funds on an aggregated portfolio basis for an Allocation Period.
2. Cash Management. The mechanism for matching actual and expected cash inflows and outflows, based on Eligible Assets and Eligible Liabilities, on an aggregated portfolio basis over a rolling forward-looking 12-month period.
3. Liquidity Risk Management. The approach of establishing a minimum liquidity reserve and the potential to utilize back-up liquidity instruments to further address short-term cash requirements.
4. Foreign Exchange Risk Management. A standalone framework that establishes measures to minimize the risks linked to fluctuations in foreign exchange rates, while ensuring that required amounts are available at the right time and in the required currency.
5. Investment Framework. A standalone framework that establishes investment strategies to preserve asset value and maximize investment returns in accordance with an agreed risk profile and over a pre-determined timeframe, which supports the implementation of the CFP, particularly liquidity management.

## D. Definitions

1. Replenishment Period: means each defined (fixed) three-year period unless otherwise defined in the relevant policy or Board authorization, over which donors pledge resources to the Global Fund.
2. Allocation Period: means the defined (fixed) three-year period, unless otherwise defined in the relevant policy or Board authorization, in which Sources of Funds are notionally allocated to Uses of Funds to finance funding initiatives authorized by the Board. Applicants must submit a funding request and receive Board authorization within this period to access their allocation of Sources of Funds for such period.
3. Replenishment Conference: means the periodic meeting in which donors convene to pledge resources to the Global Fund for a defined Replenishment Period.
4. Announced Replenishment Results: means the amount of donor pledges publicly announced, in the aggregate and on a per-donor basis, during or subsequent to a Replenishment Conference and related to the Replenishment Period.
5. Sources of Funds: The adjusted amount of Announced Replenishment Results and other authorized sources, on hand or expected to be received, that may be allocated to finance Uses of Funds during the Allocation Period. Sources of Funds shall be denominated in a freely convertible currency.
6. Uses of Funds: notional, unfunded liabilities, approved or to-be-approved by the Board and attributable to funding initiatives or categories authorized by the Board over an Allocation Period (e.g., Operating Expenses, Grants and other authorized activities). For ALM purposes, Uses of Funds exclude amounts on the register of Unfunded Quality Demand (*also see Unfunded Quality Demand definition*).
7. Operating Expenses: means the budget for day-to-day operational expenditures of the Global Fund, which is approved by the Board.
8. Special Initiatives: Amount of Sources of Funds that has been set aside by the Board at the start of the Allocation Period to fund Uses of Funds, which are not funded through allocations to Country Bands.<sup>1</sup>
9. Regional Programs: Amount of Sources of Funds that has been set aside by the Board at the start of the Allocation Period to fund Uses of Funds arising from an application from a group of countries within the same geographic region aimed at addressing common issues such as cross-border interventions, which are not funded through allocations to Country Bands.
10. Initial Allocation: Amount of Sources of Funds, net of qualifying deductions to finance Special Initiatives, Global Fund Operating Expenses and other Uses of Funds that has been allocated to Country Bands at the start of the Allocation Period. This amount, net of authorized Sources of Funds remaining from a prior Allocation Period, provides the basis for calculating the amount of Incentive Funding available to eligible Country Bands.<sup>2</sup>
11. Indicative Funding: means the category of funding allocated to Country Bands based on the Allocation Methodology.<sup>3</sup>

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<sup>1</sup> GF/B27/DP7.

<sup>2</sup> GF/B29/EDP10.

<sup>3</sup> GF/B28/DP4.

12. Incentive Funding: means the category of funding that represents a fixed percentage of the Initial Allocation, as determined by the Initial Allocation net of Sources of Funds remaining from a prior Allocation Period, which is apportioned to eligible Country Bands.<sup>4</sup>
13. Unfunded Quality Demand: means activities, services or other investments requested by applicants that remain on a register for a period of up to three years after an assessment and recommendation by the Technical Review Panel until additional Sources of Funds become available to finance such activities, services or other investments.<sup>5</sup>
14. Allocation Methodology: means the Board-approved method of allocating Sources of Funds, net of qualifying deductions, to Country Bands based on a formula with income (i.e., ability to pay) and disease-burden indicators approved by the SIIC, and other adjustments or factors.<sup>6</sup>
15. Country Bands: means groups of countries eligible for at least one disease component, organized based on a combination of income (i.e., ability to pay) and disease burden.<sup>7</sup>
16. Global Disease Split: means the distribution of the Initial Allocation across HIV/AIDS, tuberculosis and malaria at the global, aggregated portfolio level, as decided upon by the Board. For the 2014 – 2016 Allocation Period, this distribution shall be 50% for HIV/AIDS, 32% for malaria and 18% for tuberculosis.<sup>8</sup>
17. Eligible Assets: means available Sources of Funds in the form of unrestricted and unconditional cash and cash equivalents on hand as well as unconditional portions of short-term and long-term financial instruments, (e.g., promissory notes and contribution agreements) that are written and executed by duly authorized representatives of the parties, have a defined amount denominated in a freely convertible currency, and have a related encashment occurring within a defined rolling one-year period without loss of value.
18. Eligible Liabilities: means Uses of Funds resulting from duly approved financial decisions with a related cash outflow occurring during a defined rolling one-year period.
19. Grants: Uses of Funds under initiatives authorized by the Board that fund programs as implemented by funding recipients in accordance with a grant agreement with the Global Fund, which shall have a standard Implementation Period of three years, unless otherwise approved or authorized by the Board.
20. Implementation Period: means the term of an approved Grant, as determined by the start and end dates reflected in the grant agreement, with a standard length of three years unless otherwise specified in relevant policy or Board authorization.
21. Extension: an extension of the implementation period of a grant not exceeding 12 months and following an established procedure with the aim to address a temporary need and to allow for at least a minimum level of grant implementation to continue until such time that a sustainable and orderly solution is in place. An extension may or may not entail an increase in the funding amount.

<sup>4</sup> GF/B28/DP4 and GF/B29/EDP10.

<sup>5</sup> GF/B28/DP4 and GF/SIIC09/DP2.

<sup>6</sup> GF/B28/DP4 and GF/SIIC09/DP1.

<sup>7</sup> GF/B28/DP4.

<sup>8</sup> GF/B29/EDP11.



22. Annual Funding Decision (AFD): represents a funding decision by the Secretariat, in accordance with a grant agreement, which creates an accounting liability with related cash outflows over the period covered by such decision.
23. Minimum Liquidity Reserve: means the minimum amount of unrestricted and unconditional cash and cash equivalents on hand and representing a predetermined level of the Global Fund's estimated grant and operating cash transfers over a defined period. The reserve must be maintained and if at any time it is not maintained, it must be replenished to its minimum level as soon as practically possible. The reserve is to be used in case of unexpected changes in forecasted cash inflows and outflows, which may otherwise result in temporary cash shortfalls.
24. Back-up Liquidity Instrument: means a short-term financial facility that provides the Global Fund with an option to withdraw cash as needed and in accordance with the terms of the facility to meet short-term or temporary cash requirements. The resulting cash inflow cannot increase the Global Fund's ability to assume additional Uses of Funds under the ALM approach nor can these instruments be utilized to maintain the Minimum Liquidity Reserve. The facility must be repaid in accordance with its terms. Any costs associated with the operation of such a facility must be of limited amount and be met out of Operating Expenses.
25. FOPC: means the Finance and Operational Performance Committee.
26. SIIC: means the Strategy, Investment and Impact Committee.

## **E. Asset and Liability Management Framework**

### General Guidelines

1. Donors shall convene at least once every three years at a Replenishment Conference to replenish the Global Fund's resources for the subsequent Replenishment Period, and may provide additional pledges throughout such Replenishment Period.
2. Announced Replenishment Results, subject to certain adjustments to account for alignment of donor and Global Fund fiscal years, deductions for technical assistance and other donor-specified conditions, along with any other authorized sources, upon the endorsement of the FOPC, shall form the basis for establishing the Sources of Funds for a given Allocation Period.
3. Over the Allocation Period, the Board, based on the recommendations of the FOPC and SIIC, shall notionally apportion Sources of Funds to approved Uses of Funds and defined funding categories within such Uses of Funds as described in this policy.
4. When recommending the Initial Allocation over the Allocation Period to the Board, the FOPC shall endorse the following qualifying deductions from the Sources of Funds, as determined on an approved and/or forecasted basis over the Allocation Period:
  - a. Operating Expenses;
  - b. Special Initiatives
  - c. Regional Programs; and
  - d. Any other initiatives authorized by the Board.
5. The SIIC shall use the Initial Allocation recommended by the FOPC to formulate the composition of and the allocation to Country Bands, in accordance with the Allocation Methodology, for the Board to approve.

6. Prior to the allocation by the Board to Country Bands, the Initial Allocation will be apportioned among the three diseases according to the Global Disease Split.<sup>9</sup>
7. Country Bands will receive an allocation of Indicative Funding for the Allocation Period based on the Allocation Methodology as applicable.
8. Incentive Funding will be allocated to eligible Country Bands based on a fixed percentage determined by the Initial Allocation, and provided to country disease components in accordance with the methodology approved by the SIIC<sup>10</sup> and as described in this policy.
9. An eligible country component can access Sources of Funds, which are attributable to a given Allocation Period and which comprise its Initial Allocation, only once and only within the prescribed timeframe as approved by the Board. Sources of Funds that have not been accessed during a given Allocation Period and by a prescribed deadline or remain un-utilized at the end of the Implementation Period may be made available to fund other initiatives as approved by the Board.
10. The FOPC shall ensure that forecasted Uses of Funds shall not exceed forecasted Sources of Funds on an aggregated portfolio basis over the Allocation Period.
11. Restricted or earmarked donor pledges shall be excluded from the Sources of Funds and shall be managed on a separate basis in accordance with the relevant policy on restricted contributions.

#### Operational Financial Management

12. During the Allocation Period and on an aggregated portfolio basis, the Secretariat shall maintain a balanced ALM forecast and report to the FOPC on additional adjustments as required to ensure prudence of estimates and equivalency in risk profiles when matching forecasted Sources with forecasted Uses of Funds over the Allocation Period. The forecast shall be managed on a dynamic and regular basis to demonstrate to the FOPC that forecasted Uses of Funds do not exceed the Sources of Funds over the Allocation Period subject to provisions in paragraph E16.
13. At least twice a year, the FOPC shall present to the Board an ALM forecast for the Allocation Period accompanied by an updated one-year rolling cash forecast as defined in paragraph F2.
14. The Secretariat shall utilize the most recent ALM Forecast as the basis for the Global Fund to enter into a contractual agreement, to ensure the total value of the Uses of Funds comprised of already signed and to-be-signed grant agreements for the Allocation Period, when combined with all other Uses of Funds for the same Allocation Period, do not exceed, in the aggregate on a portfolio basis, the Sources of Funds for the same Allocation Period.
15. On an annual basis, upon FOPC review and approval, in case Sources of Funds are forecasted to exceed Uses of Funds over the Allocation Period, the surplus of funds may

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<sup>9</sup> GF/B29/EDP10.

<sup>10</sup> GF/SIIC09/DP2.

be allocated to Unfunded Quality Demand or other uses as established by the Board in accordance with the process adopted by the Board or its relevant Committee.<sup>11</sup>

16. In case Sources of Funds are forecasted to fall below Uses of Funds over the Allocation Period the following shall apply:
  - a. Total shortfall of less than 5% of the remaining Sources of Funds to be collected during the Allocation Period: the Secretariat shall continue its active management of the portfolio of Uses of Funds to preserve initial funding allocations to country disease components and report accordingly to the Board through the FOPC on measures taken to manage such forecasted shortfalls;
  - b. Total shortfall of 5% or more of the remaining Sources of Funds to be collected during the Allocation Period: the Secretariat shall continue its active management of the portfolio of Uses of Funds and may seek, with FOPC endorsement, Board authorization to manage the shortfall through additional measures as appropriate, along the principle and sequence of the allocation process; and
  - c. Upon FOPC review and approval, in case of failure to agree and/or implement in a timely manner the measures in E16(a) and E16(b), an automatic pro-rated reduction in the proportion of the forecasted shortfall shall be applied to all Uses of Funds for the Allocation Period.

## **F. Cash Management Framework**

### General Guidelines

1. A forecast of cumulative cash inflows and outflows, emanating from the ALM forecast, over a rolling one-year time horizon shall be the basis for assessing the overall liquidity position at a given point in time.
2. Over a rolling one-year horizon, the following should be fully matched with respect to timing and amount in the aggregate on a portfolio and cumulative basis:
  - a. Eligible Liabilities, representing the total forecasted cumulative cash outflows for Grants and other operating needs over such horizon; and
  - b. Eligible Assets, representing the total cash on hand (net of the Minimum Liquidity Reserve amount as set out in paragraph F6) and forecasted cumulative cash inflows over such horizon.
3. The Secretariat shall not create, assume or enter into any Eligible Liabilities unless the resultant and relevant cash outflow amounts can be fully matched, in the aggregate on a portfolio and cumulative basis, with Eligible Assets over a rolling one-year period as described in F2 above.
4. In case of the issuance of a guarantee to a third party or a similar instrument, subject to Board approval, the Secretariat shall account for the associated forecasted cash outflows, adjusted for probability of occurrence, in its matching of Eligible Assets with Eligible Liabilities.

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<sup>11</sup> GF/B29/EDP10 and GF/SIICo9/DP2.

## Operational Financial Management

5. The Secretariat shall balance actual and forecasted cumulative cash inflows and actual and forecasted cumulative cash outflows over a one-year rolling time horizon on a routine basis by employing financial management tools as defined in this policy.
6. At all times, the Secretariat shall maintain an actual Minimum Liquidity Reserve representing three months' worth of estimated cumulative cash transfers under forecasted Uses of Funds.
7. In the case of an actual shortfall in cash inflows versus cash outflows, the shortfall shall be funded first from the Minimum Liquidity Reserve and secondly by employing Back-up Liquidity Instruments, if necessary, as endorsed in advance by the FOPC. The diminished actual liquidity reserve on hand shall be replenished as soon as practically possible to reach the minimum established level as defined in this policy.
8. The Secretariat shall include in its one-year rolling cash outflow forecast estimated cash requirements for making advance payments to third-parties on behalf of its grantees, provided that such amounts are not already part of the estimated cash outflows stemming from Eligible Liabilities over a one-year rolling time horizon.
9. Back-up Liquidity Instruments and related encashments cannot increase the amount of Sources of Funds and/or Eligible Assets, unless otherwise agreed in writing by the counterpart providing the instrument of liquidity in question.
10. Sources of Funds specifically restricted or earmarked by donors, upon FOPC approval, shall be managed separately and shall not be included in the portfolio cash management and the Minimum Liquidity Reserve requirements as defined in this policy.
11. The FOPC shall monitor compliance with the above provisions of the Cash Management Framework as part of its regular financial management oversight responsibilities.

## **G. Funding Ceilings**

1. In the aggregate on a portfolio basis and, where relevant, by the Country Band, the Secretariat shall manage towards and shall not exceed the following Board-approved funding ceiling amounts, as amended by the Board from time to time:
  - a. Initial Allocation, prior to applying qualifying deductions (*paragraph E4*);
  - b. Indicative Funding by Country Band;
  - c. Incentive Funding by Country Band (in the aggregate on a portfolio basis and by band);
  - d. Special Initiatives;
  - e. Regional Programs;
  - f. Operating Expenses; and
  - g. Any other initiatives authorized by the Board
2. A periodically updated ALM forecast, as reviewed and endorsed by the FOPC, will be the basis for monitoring compliance with the overall Board-approved ceilings.

## **H. Foreign Exchange Management**

*Please refer to the Foreign Exchange Management Policy*

### **I. Transitional provisions**

1. The Secretariat shall manage the transition of Sources of Funds and Uses of Funds from one Allocation Period to the next on a notional, ALM basis, as specified in this policy unless otherwise authorized by the Board.
2. All transitional provisions, including changes thereof, and their financial implications shall be reviewed and approved by the FOPC and the Board as appropriate.
3. All provisions and definitions of this policy, specifically those related to Asset and Liability Management (Section E) and Cash Management (Section F), shall apply to transitional arrangements as stated unless modified herein.
4. When transitioning from a previous Allocation Period to the current Allocation Period:
  - a. Sources of Funds for the current Allocation Period shall be derived from:
    - i. The Announced Replenishment Results for the Replenishment Period to which the current Allocation Period is attributed, net of certain adjustments;
    - ii. Sources of Funds attributable to any prior Allocation Period that have not been utilized; and
    - iii. Sources of Funds that have not been pledged but have been received during the current Allocation.
  - b. Uses of Funds shall be attributed to the Allocation Period in which Board-approval for such Uses of Funds originated, subject to the following:
    - i. Unfunded Quality Demand will be attributed to the Allocation Period in which initial placement on the register for Unfunded Quality Demand took place;
    - ii. Notwithstanding paragraph I.4(b)(i) the remaining amounts on the register of Unfunded Quality Demand originating from the previous Allocation Period shall remain on the register in the current Allocation Period under the terms of its initial placement on the register that remain applicable; and
    - iii. Any extension to the Implementation Period of a Grant shall be attributed to the Allocation Period in which the Board approval of the Grant originated provided that such extension does not require funds in addition to the amounts already allocated. Where an extension to the Implementation Period of a Grant requires funding in addition to the amounts allocated in a given Allocation Period, such amount will be part

of, and not in addition to, the amount which is to be allocated to such Grant for the subsequent Allocation Period. In accordance with the Extensions Policy approved by the Board the Global Fund may grant extensions that may result in the modification in the terms and amount of the registered Unfunded Quality Demand as appropriate.

**J. Investment Framework**

*Please refer to the Global Fund's Investment Framework.*

**K. Responsibilities**

1. The Secretariat retains the responsibility to operationalize the matching requirement of the ALM and cash management provisions of this policy under FOPC oversight.
2. To exercise its Board-mandated oversight responsibilities, the FOPC shall monitor compliance with this policy.
3. The FOPC shall ensure the Board is appropriately informed about compliance with and implementation of this policy so that the Board may intervene as specifically described in this policy or as otherwise required.

**L. Effective date**

1. This policy becomes effective upon approval by the Board.

**M. Implementation**

1. The Secretariat shall implement the present policy, including related procedures and processes, with appropriate oversight by the Finance and Operational Performance Committee of the Global Fund Board.
2. The Secretariat shall develop a liquidity policy, strongly linked to its investment policy, for approval by the FOPC, where the level of target liquidity level may exceed the minimum level stated herewith to account for simulated liquidity shocks and other factors, as updated from time to time. The liquidity policy shall ensure that the multi-tiered approach to financial safeguards as already included in this policy is adequately implemented.

**N. Final Provisions**

This policy replaces the previous Comprehensive Funding Policy as adopted by the Board at its Sixth Meeting and as subsequently amended, including other relevant Board and Board committee decisions. If any prior versions of the Comprehensive Funding Policy or decisions of the Board and its standing Committees conflict with this amended and restated Comprehensive Funding Policy (Amended CFP), the provisions of the Amended CFP shall prevail.