ACRONYMS

<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>Definition</th>
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<tbody>
<tr>
<td>ACTs</td>
<td>Artemisinin-based combination therapies</td>
</tr>
<tr>
<td>AEC</td>
<td>Audit and Ethics Committee</td>
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<tr>
<td>AHNC</td>
<td>Ad-hoc Nominations Committee</td>
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<tr>
<td>AMFm</td>
<td>Affordable Medicines for Malaria Facility</td>
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<td>ARV</td>
<td>Antiretroviral drug</td>
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<td>AEC</td>
<td>Audit and Ethics Committee</td>
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<tr>
<td>BD</td>
<td>Becton, Dickinson and Company</td>
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<tr>
<td>CTP</td>
<td>Consolidated Transformation Plan</td>
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<tr>
<td>CCM</td>
<td>Country Coordinating Mechanism</td>
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<tr>
<td>ED</td>
<td>Executive Director</td>
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<tr>
<td>FOPC</td>
<td>Finance and Operational Performance Committee</td>
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<tr>
<td>G-20</td>
<td>Group of 20 nations</td>
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<tr>
<td>LLIN</td>
<td>Long Lasting Insecticidal Net</td>
</tr>
<tr>
<td>MARP</td>
<td>Most at Risk Populations</td>
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<tr>
<td>MDAG</td>
<td>Market Dynamics Advisory Group</td>
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<td>MDR-TB</td>
<td>Multi-Drug Resistant Tuberculosis</td>
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<td>NBCs</td>
<td>National Business Coalitions</td>
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<tr>
<td>NSP</td>
<td>National Strategic Plans</td>
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<td>OIG</td>
<td>Office of the Inspector General</td>
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<tr>
<td>PEPFAR</td>
<td>President’s Emergency Plan for AIDS Relief</td>
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<td>PSC</td>
<td>Private Sector Constituency</td>
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<td>PSD</td>
<td>Private Sector Delegation</td>
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<td>QAACT</td>
<td>Quality Assured ACTs</td>
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<td>RBM</td>
<td>Roll-back Malaria</td>
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<td>SIIC</td>
<td>Strategy, Investment and Impact Committee</td>
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<td>TERG</td>
<td>Technical Evaluation and Reference Group</td>
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<td>TRP</td>
<td>Technical Review Panel</td>
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<tr>
<td>UNAIDS</td>
<td>United Nations Joint Program on HIV/AIDS</td>
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<td>WHO</td>
<td>World Health Organization</td>
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GLOBAL FUND PRIVATE SECTOR DELEGATION COMPANIES AND REPRESENTATIVES

Board Member: Dr. Brian Brink, Chief Medical Officer, Anglo American plc
Alternate Board Member: Ms. Renuka Gadde, VP Global Health, BD (Becton, Dickinson and Company)

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<th>COMPANY</th>
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<tr>
<td>ABBOTT</td>
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Robert Dintruff, Director, Commercial Development

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<th>ABBOTT</th>
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<td>ABT ASSOCIATES</td>
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Dr. Ann Lion, Project Director, Health Systems 20/20

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<th>ACCESS BANK PLC</th>
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Omobola Obutadun, Head, Corporate Communications

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<th>BAYER S.A.S</th>
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Dr. Gerhard Hesse, Head Vector Control

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<th>CHEVRON</th>
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Matt Lonner, Manager, Global Partnerships & Programs

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<th>ELI LILLY</th>
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Dr. Evan Lee, Vice President, Global Health Programs & Access

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<th>GILEAD SCIENCES</th>
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Graeme Robertson, Director International Access Operations

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<th>HEINEKEN</th>
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Dr. Stefaan Van Der Borght, Medical Director
Dr. Herbert Schilthuis, Director Global Health Affairs

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<th>MERCK &amp; CO.</th>
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Paul Schaper, Senior Director, Global Public Policy

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<th>MYLAN</th>
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Scott Evertz, Consultant

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<th>NOVARTIS</th>
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</table>
Rebecca Stevens, Director of Public Affairs, Novartis Malaria Initiative

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Ashley Hickey, Project Manager

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<th>SABMILLER</th>
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Jenni Gillies, Group HIV/AIDS Manager

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<th>SANOFI</th>
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René Cazetien, Associate VP Operations
Access to medicines

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<th>SUMITOMO CHEMICAL</th>
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Adam Flynn, Sales & Marketing Manager
Global Vector Control

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<th>VESTERGAARD FRANSDEN</th>
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Sanne Fournier-Wendes, Global Partnership Manager
Jean M. Quinot, Managing Director-Public Health

Focal Point: GBCHealth
In 2012, the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) entered its second decade of life-saving work with renewed energy and a comprehensive plan to accelerate gains in the fight against the three epidemics. The 2012-2016 strategy, *Investing for Impact*, aims to save 10 million lives and prevent 140-180 million new HIV, TB and malaria infections over the next 5 years by investing more strategically and prioritizing the highest-impact interventions and areas of greatest need. The new strategy is supported by a Consolidated Transformation Plan (CTP) adopted in November 2011 to strengthen the Fund’s organizational structure and governance operations.

After a year of transition and rigorous self-assessment, in 2012 the Board and the Secretariat made significant strides towards implementing the new strategy and the CTP. The year began with the appointment of a new General Manager and the introduction of a streamlined Board Committee structure; by year’s end, the Global Fund had approved a new grant-making model focused on enhanced country ownership and sustainability and had selected former U.S. Global AIDS Coordinator Mark Dybul as its next Executive Director. From inception till the end of 2012, Global Fund grants supported 4.2 million people on ARVs, treated 9.7 million people for TB, and provided 310 million insecticide-treated bed nets to protect families at risk of malaria.

**THE 2012 PSD ANNUAL REPORT HIGHLIGHTS THE FOLLOWING TOPICS:**

- **SECTION 1:** Global Fund in Transition: The 2012-2016 Strategy ...........................................2
- **SECTION 2:** Private Sector Delegation Policy Updates and Key Achievements..........................................................10
- **SECTION 3:** Private Sector Delegation Management and Governance ..........................................18
- **SECTION 4:** Global Fund Corporate Partnerships and Engagement in 2012 .................................................................20
- **SECTION 5:** 2013 Private Sector Delegation Priority Areas of Focus ................................................. 23
- **ANNEX 1:** Global Fund Strategy 2012-16 ..................................................................................25
- **ANNEX 2:** Summary of Consolidated Transformation Plan and Results .......................... 26
- **ANNEX 3:** Private Sector Conflict of Interest Assessment Form ........................................28
Throughout 2012, the Global Fund took important steps to revitalize the organization and accelerate the implementation of the Board’s ambitious 2012-2016 strategy. The newly-appointed General Manager oversaw the implementation of an estimated 93 percent of the Consolidated Transformation Plan, including a comprehensive reorganization of the Secretariat. The Board adopted streamlined Committee structures to facilitate faster, more efficient strategic decision-making. The newly formed Strategy, Investment and Impact Committee undertook extensive stakeholder consultations and partnered with the Secretariat to develop a new approach to grant-making with implementation beginning in 2013. In November 2012, the Board announced the selection of Mark Dybul as the Global Fund’s next Executive Director.
2012 KEY CHANGES AND MILESTONES

In late 2011, the Board announced the creation of a General Manager position to oversee the wide-reaching internal reforms of the Consolidated Transformation Plan (CTP) and support the new 2012-2016 strategy, Investing for Impact (see Annex 1). Though the GM was intended to work alongside the Executive Director, in early 2012, Michel Kazatchkine resigned after five years as Executive Director and a decade of service to the Global Fund. The same month, Gabriel Jaramillo, a former banking executive and member of the high-level independent panel that recommended the CTP’s extensive reforms, was appointed as General Manager for a one-year term beginning in February 2012. In that role, Jaramillo assumed responsibility for the implementation of the CTP and executive management of the Secretariat.

The CTP proposed six main transformation areas, and considerable progress was made in each in 2012:
(1) Resource Allocation, Investment, Results Measurement and Evaluation;
(2) Risk Management;
(3) Grant Management;
(4) Secretariat, Management and Culture;
(5) Board Governance; and
(6) Resource Mobilization. (See Annex 2 for a summary of CTP progress by the end of 2012.) In March, the Board convened for a special retreat in Geneva to meet with Jaramillo and his senior team, review progress to date and discuss strategic direction for the remainder of the year.

New Committees Formed; Secretariat Restructured

In the first half of the year, the Global Fund implemented major changes to the Board Committee and Secretariat organizational structures. The Board implemented three streamlined committees: Finance and Operational Performance (FOPC), Strategy, Investment and Impact (SIIC) and Audit and Ethics (AEC). In addition, two further sub-committees, the Affordable Medicines Facility-malaria Working Group and the Market Dynamics Advisory Group, reported to the SIIC. A Board Coordinating Group, consisting of the leadership of each Board Committee, meets regularly to share information and discuss key Board-wide strategy issues.

Simultaneously, the General Manager led a restructuring of the Secretariat, creating four broad divisions and refocusing staff resources on grant management. Seventy-five percent of Secretariat staff will work on grant management, and the remaining 25 percent on other support functions. The newly defined Committee structure and divisions of the Secretariat are outlined in Figure 2 (next page).

FIGURE 1: Timeline of Key 2012 Decisions and Milestones

<table>
<thead>
<tr>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>MAY</th>
<th>JUNE</th>
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<tr>
<td>General Manager, Gabriel Jaramillo appointed</td>
<td>First meetings of Finance and Operational Performance and Strategy Investment and Impact Committees</td>
<td>Board Retreat to introduce GM and discuss CTP updates</td>
<td>Committee formed to select new ED</td>
<td>First meetings of Audit and Ethics Committee, Market Dynamics Advisory Group and AMFm Working Group held</td>
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<td>Preliminary findings of the independent evaluation of AMFm released</td>
<td>USD 419.2 million in Transitional Funding Mechanism grants approved</td>
<td>USD 1.6 billion in available funds for 2012-2014 announced</td>
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<td>Second Annual PSD Retreat to discuss PSD strategy, resource mobilization and priorities</td>
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<td>New Funding Model approved</td>
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<td>AMFm integrated into Global Fund grant architecture</td>
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<td>Mark Dybul appointed as new ED</td>
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Grant Management Division: The largest division in the Secretariat comprises 75 percent of staff. The focus of this division will be on simplifying, streamlining and strengthening grant processes.

Strategy, Investment and Impact Division: This division will work closely with and support the Grant Management Division. It will also provide direction to the organization’s overall funding strategy by channeling funding to high-impact areas and making the grant process more dialogue-based.

Resource Mobilization and Donor Relations: This division will be tasked with securing financial resources for the Global Fund. It will do so by assuring implementing countries of funding while maintaining donor confidence and seeking contributions from new donors and partners.

Finance Division: The Finance Division replaces the former Finance Department, underscoring the importance of sound monitoring and forecasting of the Fund’s financial resources.

A High-Level Investment Committee will oversee the role of three new disease-focused committees. These committees will be advisory bodies to the Secretariat focused on ensuring that the expertise of relevant partners is best used to direct funds where they are needed most. Key senior positions within the Secretariat were also filled.
The Private Sector Delegation (PSD), represented by Board Member Dr. Brian Brink and Alternate Board Member Renuka Gadde, welcomed the addition of strong professionals to key roles, the heightened focus on grant management and the strengthened Finance Division, while emphasizing the need to carefully monitor the impact of the staff reorganization on Country Teams and program implementation.

Selection of the next Executive Director
At the May Board meeting, the Board approved the creation of an Ad-hoc Nominations Committee (AHNC) to oversee the selection process for the new Executive Director for appointment by the end of 2012. The AHNC, comprising six constituency members and three independent members, selected executive search firm Russell Reynolds Associates to facilitate the search. Under the adopted work plan, the AHNC conducted a robust process to develop a shortlist of up to four candidates for Board consideration.

AD-HOC NOMINATIONS COMMITTEE MEMBERS

Chair:
Masaki Noke – Deputy Director General, International Cooperation Bureau; Board Member, Japan

Vice Chair:
Karlo Boras – Executive Director of Youth of JAZAS; Board Member, Developing Country NGO

Other Members:
• Don Baxter – Executive Director of the Australian Federation of AIDS Organisations (AFAO)
Alternate Board Member, Developed Country NGO
• Agnes Binagwaho – Minister of Health of Rwanda; Eastern and Southern Africa
• Nils Daulaire – Director, Office of Global Affairs, U.S. Department of Health and Human Services; Alternate Board Member, U.S.
• Mireille Guigaz – Ambassador for the Fight Against HIV and Communicable Diseases; Board Member, France

Independent Members:
Dr. George Alleyne (Barbados), Dr. Milly Katana (Uganda), and Dr. Ursula Eid (Germany)
NEW ERA, NEW LEADERSHIP

In November 2012, the Global Fund Board appointed former U.S. Global AIDS Coordinator Mark Dybul as the next Executive Director for a four-year term beginning in early February 2013. Dybul is well-known for his success in running the President’s Emergency Plan for AIDS Relief (PEPFAR) from 2006-2009. The PSD supported the appointment of Ambassador Dybul, noting his strong track record in global health financing, resource mobilization, multi-sector partnerships, and achieving results. Dybul is a member of GBCHealth’s Corporate Advisory Board and is a longtime supporter of GBCHealth.

MARK DYBUL, Executive Director, 2013-2017

As the new Executive Director, Mark Dybul brings extensive public health and multi-stakeholder experience to the position. Dr. Dybul served as the United States Global AIDS Coordinator from 2006 to 2009. In that role, he led the implementation of the President’s Emergency Plan for AIDS Relief (PEPFAR), the largest international health initiative for a single disease in history. He oversaw U.S. government engagement in the Global Fund and was Chair of the Finance and Audit Committee. Dr. Dybul was a member of the Planning Task Force that created PEPFAR and the principal architect of its initial plan and implementation. He joined PEPFAR’s staff in 2004, and served as Assistant, then Deputy, then Acting U.S. Global AIDS Coordinator. In 2006, he was appointed to head the organization as U.S. Global AIDS Coordinator, which was the equivalent of an Assistant Secretary of State.

Most recently, Dr. Dybul co-directed the Global Health Law Program at the O’Neill Institute for National and Global Health Law at Georgetown University, where he is also a Distinguished Scholar. He is also the Global Health Fellow at the George W. Bush Institute.

Prior to this, Dr. Dybul also worked with the Joint United Nations Programme on AIDS’ coordinating board, the Woodrow Wilson International Center for Scholars and the US Department of Health and Human Services.

Ambassador Dybul has published extensively in scientific and policy literature. He has received several Honorary Degrees, including an Honorary Doctorate from Georgetown University as well as other significant awards, and serves on numerous national and international Boards.

Dr. Dybul received his A.B. in philosophy and his M.D. from Georgetown University before completing a residency in Internal Medicine at the University of Chicago Hospitals. He completed a fellowship in Infectious Diseases from the National Institute of Allergy and Infectious Diseases in 1995.

GABRIEL JARAMILLO, General Manager, 2012-2013

The position of General Manager was created in January 2012 to oversee the transformation process of the Global Fund. The General Manager reports to the Board and took on full executive responsibilities for the Global Fund. Gabriel Jaramillo, a native of Colombia and a Brazilian citizen, was appointed to the role on February 1, 2012 for a 12 month term.

Mr. Jaramillo previously served as Special Advisor to the Office of the Special Envoy for Malaria of the Secretary General of the UN, and was a member of an independent panel that looked at the Global Fund’s financial control mechanisms. Mr. Jaramillo also brings 35 years of executive experience in the finance sector. He has held senior positions at highly-renowned institutions such as Marine Midland Bank, Citibank, Banco Santander and Sovereign Bank where he became Chairman and CEO in 2009.

Mr. Jaramillo attended California State University where he received a Bachelor’s degree in marketing and an MBA.
New Funding Model
Adopted: Better Grants for Increased Impact

As part of the Board strategy and CTP focus on better grant management and investment practices, the Global Fund announced a Better Grants for Increased Impact project to focus on reforming grant renewals and reprogramming processes and developing a new funding model to replace the previous Rounds-based model. The Strategy Investment and Impact Committee (SIIC) led the development of the new funding model in collaboration with the Secretariat’s Strategy Division.

The new model will adhere to the following guiding principles: alignment with country strategies; proactive dialogue with applicants; prioritization of countries with greatest disease burden and least ability to pay; and increased funding predictability.

The Board approved elements of the new approach at the September and November Board meetings.

Figure 3 illustrates the main elements of the new model.

- **Country Bands:** Countries will be grouped into four bands of 25-30 countries each, based on their ability to pay and their disease burden.
  1. **Band 1:** Lower income, higher disease burden
  2. **Band 2:** Lower income, low disease burden
  3. **Band 3:** Higher income, higher disease burden
  4. **Band 4:** Higher income, low disease burden (includes proposals focused on MARPs or concentrated epidemics)

Composition of country bands will be determined by September 2013, and will be revised at the beginning of each allocation period.

- **Country dialogue and concept notes:** The new model places greater emphasis on an inclusive country dialogue and on alignment with a country’s National Strategic Plan. The dialogue will include stakeholders such as national governments, private sector, civil society and the Global Fund Secretariat and will culminate in the development of a concept note (simplified grant proposal). A country will have the option to submit a single, integrated concept note for the 3 diseases and health/community systems strengthening, or multiple concept notes depending on country needs. CCMs will continue to be the primary vehicle for grant proposals, but non-CCM, multi-country and regional proposals will still be accepted.

- **Access to Funding and Allocation Formulas:**
  - Available funds will be split between the three diseases and health/community systems strengthening; this split will be initially based on the Global Fund's historical funding levels while a more nuanced formula is developed.
  - Allocation to country bands will be based on various quantitative and qualitative criteria. Individual countries within a band will be evaluated and their aggregate scores will determine the band’s overall allocation. Quantitative criteria include a country’s ability to pay, measured by Gross National Income, and disease burden. Qualitative criteria include sources of external funding and ethical obligations.
  - Within each band, funding will be split between an indicative funding range for each country and an incentive stream for each band. The indicative range is intended to cover a country’s unmet prioritized need, while the incentive stream will be competition-based and encourage ambitious proposals and strategic investment cases.
  - When determining each country’s recommended funding amount, the Secretariat will apply the following criteria: sources of external funding, ethical obligations, willingness to pay, past performance and risk.

- **Allocation Period and Grant Lengths:** The allocation period for all grants will be a fixed 3-year period aligned with the Global Fund’s replenishment cycles. Grant lengths will be 3 years on average, with flexibility to shorten or...
extend grants based on an individual country’s situation and national plans.

- **TRP Review**: Concept notes will be referred to the Technical Review Panel (TRP) for review and recommendation to the Board for approval. Additional reforms to the TRP’s role, make-up and relationship to the Secretariat may be required under the new approach.

**New Funding Model to Start in 2013 November in Select Countries**

In November 2012, the Board approved a transition plan to roll out the model in select countries in 2013. Participation will be voluntary and will prioritize countries that are underfunded, at risk of service interruption, have strong potential for rapid impact, and represent diverse country settings. Full implementation of the model is expected in 2014.

The new model also allows for greater participation from the private sector and other in-country stakeholders. Through a more inclusive dialogue, the process aims to expedite disbursements and simplify the grant-making process.

To ensure continuity of services after the cancelation of Round 11 and while the new funding approach was under development, the Fund instituted a Transitional Funding Mechanism to provide essential treatment, care and prevention services to those affected by the three diseases. Under this mechanism, 45 new two-year grants worth USD 419.2 million were approved based on recommendations from the TRP.

**New Funding Model to Incorporate Affordable Malaria Medicines Program and Improved Grant Renewals Process**

During the Board meeting in November, the Board approved the integration of the Affordable Medicines Facility-malaria (AMFm) into the Fund’s new funding architecture. Under the proposed arrangement, countries will be able to direct their malaria grants towards co-payments for discounted quality-assured ACTs (QAACTs) to combat malaria. The Secretariat will retain the ability to negotiate price reductions of QAACTs with manufacturers.

---

**FIGURE 3: Elements of the New Funding Model**

2 GF/B28/02 Evolving the Funding Model (Revision 1) http://www.theglobalfund.org/documents/board/28/BM28_02-EvolvingTheFundingModel_Report_en/
The Better Grants project also addressed grant renewals and reprogramming processes to institute less time-consuming and lengthy reviews, strengthen principles of performance-based funding and provide CCMs with greater flexibility and assurance.

Risk Management and the Office of the Inspector General
The Global Fund strengthened risk management practices by applying a risk-based methodology to improve focus on countries with the highest risk, and appointing a new Chief Risk Officer, Cees Klumper. The Secretariat continues to address over 1,000 recommendations from the Office of the Inspector General (OIG). An Operational Risk Management process was created by the Secretariat’s Grant Management Division, identifying the 20 most important risk areas for individual grants, and will be applied to the Fund’s entire portfolio.

During 2012, the OIG focused on quality assurance and sought closer alignment with the Global Fund’s strategic objectives. The Inspector General identified key risks to Global Fund grants in 2012, including:

- Lack of governance oversight and management of Principal Recipients and Sub-Recipients by Country Coordinating Mechanisms and Local Fund Agents
- Poor programmatic performance, low compliance with treatment protocols and unmet targets
- Financial and fiduciary shortcomings including mismanagement of funds, fraud and ineligible or unsupported expenses
- Procurement fraud in health products and medicines leading to stock-outs and delays

After a detailed performance review, including findings of an external assessment by the Institute of Internal Auditors, the Board took the decision in November 2012 to terminate the employment of the Inspector General, John Parsons, citing unsatisfactory performance. Norbert Hauser, former Vice President of Germany’s Supreme Audit Institution was appointed as the Interim Inspector General, while an Ad-hoc Nominations Committee conducts a search for a successor.

Donors Show Increased Confidence; Replenishment Structure Reviewed
In conjunction with the changes to improve risk management, organizational and governance practices, Global Fund donors demonstrated increased confidence in the past year, with commitments and pledges from Germany (EUR 200 million commitment), Saudi Arabia (USD 25 million), Japan (USD 340 million installment of a USD 800 million 2010 pledge), Spain (USD 10 million) and the Gates Foundation (promissory note of USD 750 million). In preparation for the launch of the Fourth Replenishment in September 2013, the Global Fund undertook a review of its multi-year replenishment structure, including a third-party evaluation comparing it to similar institutions.

The review endorsed the Global Fund’s multi-year replenishment model and recommended actions to increase the predictability of donor commitments as a means of providing assurance to recipients and keeping reserves at a minimum. At a replenishment meeting in November 2012, donors expressed support for potential methods of increasing donor predictability – including the introduction of standardized, written commitment instruments, multi-year agreements, and limitations to individual conditions.

Drive to Increase Private Sector Contributions Planned
The private sector will play an important role in a successful Fourth Replenishment. Throughout 2012, the PSD collaborated with the Secretariat on resource mobilization strategies. In November, the Global Fund, the Swiss Government and the PSD convened a side meeting with representatives from Swiss companies to open up dialogue on increasing contributions from the Swiss private sector. The meeting was attended by Dr. Brian Brink (Chief Medical Officer, Anglo American plc and PSD Board Member), Christoph Benn and Stefan Emblad of the Secretariat’s Donor Relations and Resource Mobilization Team and representatives from major Swiss corporations, Swiss Life and SGS S.A. Efforts to partner with the Global Fund and donor governments to increase private sector contributions will be on-going throughout 2013 and the Fourth Replenishment.
The Private Sector Delegation Advisory Group and its representatives to Board Committees and Working Groups made major contributions to Global Fund policies and priorities, bringing the technical expertise and insights of the corporate sector to areas of grant management, financial controls, risk mitigation, governance reform, market dynamics, resource mobilization and strategic planning. Among other accomplishments, the PSD provided key inputs to Board consultations on the new approach to grant-making, advocated for the integration of a successful malaria pilot into core grant architecture and proposed increased public-private collaboration to mobilize corporate donations to the Global Fund.
The Private Sector Delegation (PSD) includes private sector companies with a strong interest in the Global Fund’s activities. The PSD Advisory Group is a smaller group of companies who are deeply engaged in the Global Fund’s policy and governance and provide financial support for PSD activities. Advisory Group members provide technical input and engagement on key Global Fund policy and governance issues and represent the private sector on the Global Fund’s Committees and Working Groups. Representatives from the Advisory Group form the official delegation to the Board, led by the private sector Board Member and Alternate Board Member.

**Finance and Operational Performance Committee (FOPC)**

The new FOPC held five meetings in 2012, with the first taking place in February. Dr. Ann Lion (Abt Associates) is the PSD member on the FOPC. In 2012, the FOPC approved a number of decisions related to its mandate, including the Operating Expenses Budget, salary thresholds, and amendments to its charter.

- In order to strengthen the resource forecasting model, the Secretariat provided monthly reports to a sub-committee of the FOPC between April and July analyzing the model’s efficacy. At its fourth meeting, the FOPC expressed overall satisfaction with the assumptions and accuracy of the revised forecasting methodology; ongoing monitoring and evaluation to improve the forecast will continue.
- A Remuneration Group, comprising the FOPC Chair and Vice Chair and one FOPC member each from the Donor and Implementing blocs, was established to evaluate Global Fund salaries above the CHF 245,000 annual threshold.
- The FOPC Charter was revised to reallocate authority from the FOPC to the Audit and Ethics Committee for the preparation of the Global Fund’s financial statements, oversight of the external audit, follow-up to audit findings and for making associated recommendations to the Board.
- The FOPC authorized the Secretariat to approve changes to the annual operating expenses budget that do not exceed 10 percent of the budget line or USD 2.5 million in total. The Committee also endorsed the combined Secretariat and Office of the Inspector General 2013 Operating Expenses Budget, which amounts to USD 301.2 million, including a budget of USD 21.1 million for the OIG. Of the combined total, recurring costs amount to USD 297.2 million, with USD 4 million in non-recurring costs.

Dr. Lion was an active contributor to the FOPC in committee meetings, teleconferences and electronic feedback requests. The PSD Advisory Group’s FOPC Taskforce also provided key inputs to committee agenda items. In particular, the PSD stressed that the operational performance aspects of the FOPC’s charter were not given due emphasis and advocated for increased committee attention to grant management, which currently lacks clear Board oversight under the new committee structures.

**Strategy, Investment and Impact Committee (SIIC)**

The SIIC held its first meeting in February 2012 and four further meetings throughout the year, as well as hosting extensive Board consultations on the development of the new funding approach. The PSD was an active participant on these consultations, providing feedback on critical elements of the new model. In addition to the new model for grant-making, which was the SIIC’s landmark 2012 achievement, the Committee also oversaw the Board’s advisory bodies, including the AMFm Working Group and the Market Dynamics Advisory Group (MDAG). Ian Boulton (TropMed-Pharma) is the PSD member serving on these bodies. The SIIC also undertook a number of strategic decisions:

- Approval of AMFm Working Group and MDAG-appointed members and charters
• Approval of 2013 work plans for the MDAG and the Technical Evaluation Reference Group (TERG)

• Delegated authority to the Secretariat to modify deadlines for signing grant agreements, grant start dates, length of grants and timelines associated with performance reviews.

• Authorized the Technical Review Panel (TRP) to develop recommended categories for applications received under the Transitional Funding Mechanism.

• Recommended to the Board a strategic investment of up to USD 10 million to strengthen national monitoring and evaluation systems in 20 priority countries. The investment was based on reviews and recommendations by the High-Level Independent Review Panel, the Five-Year Evaluation and the TRP, all noting a need for improved country data capacity.

• Endorsed the AMFm Working Group’s recommendation to integrate AMFm activities into core Global Fund grant-making and to undertake a fully-funded transition to the integrated approach in 2013. See below for further information on AMFm.

See Section One for further details on the new funding approach approved by the Board.

Audit and Ethics Committee (AEC)

The Audit and Ethics Committee, established to oversee the internal and external audit functions of the Global Fund, also oversees the work of the Office of the Inspector General. In this capacity, the AEC plays an important role in conducting performance evaluations of the OIG and in reporting to the Board. PSD Board Member Dr. Brian Brink serves as the Vice Chair of the AEC.

Following the Board’s decision to terminate the employment of Inspector General John Parsons in November 2012, the AEC recommended the appointment of Norbert Hauser as the Interim Inspector General in December 2012. Norbert Hauser is a highly-respected lawyer and international auditor, having worked most recently as Vice President of Germany’s Supreme Audit Institution. Mr. Hauser also served as a member of the High-Level Panel. The AEC will additionally be responsible for constituting an Ad-hoc Nominations Committee to identify a full-time successor for the Inspector General.

Affordable Medicines Facility-Malaria (AMFm)

Following the completion of Phase 1 of the AMFm pilot in December 2012, the Board approved in November 2012 a major modification of AMFm, fully integrating it into the Global Fund’s grant architecture and allowing countries to apply grant funds towards co-payments to subsidize the price of Quality-Assured ACTs (QA-ACTs). The Secretariat will continue to carry out ex-factory price negotiations with manufacturers and process co-payments with manufacturers. The Board urged the Secretariat to carry out urgent resource mobilization efforts to raise and fully fund the estimated USD 114-154 million in 2013 transition costs. In the absence of such funding, pilot countries would risk sudden disruptions to QA-ACT supplies and an ensuing influx of inefficient or counterfeit drugs, severely increasing the risk of malaria deaths and a reversal of AMFm progress to date.

AMFm was an innovative financing mechanism aimed at increasing affordable access to QA-ACTs. It has been hosted by the Global Fund as a separate business line from country grants since 2008. Phase 1 was launched in 2010 with pilots in Cambodia, Ghana, Kenya, Madagascar, Niger, Nigeria and Tanzania (mainland and Zanzibar) and focused on increasing the affordability, availability,
market share and use of QAACTs, relative to less-effective antimalarials. The program was based around three pillars: Secretariat negotiations with manufacturers to reduce QAACTs ex-manufacturer prices; further first-line price reductions through co-payment directly to manufacturers; and in-country supporting interventions to facilitate safe and effective scale-up. Co-payments were financed by contributions from UNITAID, Bill and Melinda Gates Foundation, and the governments of the UK and Canada, while supporting interventions were financed through reprogramming of existing malaria grants.

The Global Fund Board commissioned an Independent Evaluation of AMFm to determine the success of the pilot program and inform recommendations on whether to continue, modify, expand or terminate the program. Due to significant implementation and procurement delays and challenges sourcing QAACTs, evaluation periods for most pilots were truncated and Cambodia was unable to launch AMFm activities at all. The TERG had already recommended that the evaluation focus only on the upstream objectives of availability, price, and market share, as usage data would not be available over a long enough period for meaningful conclusions to be made.

The final evaluation was published in September 2012 and found that AMFm largely met its success benchmarks, calling it a “game-changer” for the private sector.

- Out of 8 pilots included in the evaluation, 5 met benchmarks for affordability, 5 for availability and 4 for market share. Benchmarks were reached but did not achieve statistical significance in 1 additional pilot for price/availability and 3 for market share.
- 70 percent of QAACTs were delivered through the private sector, 26 percent through the public sector and 4 percent through the non-profit sector. Pre-existing private sector distribution channels facilitated wide distribution, including to rural and remote areas.
- The evaluation noted that benchmarks were met even in pilots with severely shortened implementation periods, with pilots achieving greatest success in contexts with strong local governance structures, strong involvement from the private sector and longer implementation of full program activities.
- The pilot phase also demonstrated positive evidence of cooperation between private for-profit and public sector distributors.

The AMFm Working Group of the SIIC was established in early 2012 to review the findings of the independent evaluation and recommend options for the future of AMFm. PSD Consultant Ian Boulton (TropMed Pharma Consulting) is a member of the Working Group. He was also asked by the Chair of the Working Group to play a major role in designing and coordinating the work of the Working Group and to write the various reports for the Global Fund Board and the SIIC. Due to complementary mandates and rapidly approaching deadlines, the Working Group collaborated closely with the AMFm Taskforce of Roll Back Malaria to ensure that recommendations for the future were in line with the needs and best practices of the changing malaria landscape. Examples of new developments affecting future planning for AMFm include falling malaria endemicity in many countries, declining international funding, emergence of artemisinin resistance in Southeast Asia, and new WHO recommendations on diagnostics. Due to the success of the pilot in meeting its objectives and the risks to continuity of QAACT supplies posed by termination, the AMFm Working Group recommended modification to ensure the Global Fund sustained the results achieved by AMFm and incorporated the valuable lessons of the pilot phase, including the importance of public-private cooperation.
The PSD fully supported the Board’s decision to modify the initiative by integrating AMFm into core grant-making practices, refining the scope to target the private for-profit sector only, and assessing the feasibility of including rapid diagnostic tests in co-payment systems. After the Board’s decision, the UK pledged GBP 36 million towards 2013 co-payment costs. The private sector will continue to be an active voice and key stakeholder on AMFm, although the role of the Board’s Working Group in 2013 and beyond is unclear.

Market Dynamics Advisory Group (MDAG)
The Market Dynamics Advisory Group, which replaced the former Market Dynamics Committee, held its first meeting in June 2012 and one additional teleconference in October. The MDAG was established to implement the Market Shaping Strategy approved by the Global Fund Board in May 2011 and aimed at implementing efficient policies to expand affordable access to quality-assured health products and achieve value for money. PSD Consultant Ian Boulton (TropMed Pharma Consulting) is a member of the MDAG.

Progress in 2012 was slow due to the reorganization of the Committee as an advisory body, the need to orient new members, and the prioritized focus on other elements of the CTP and new strategy, including the new funding approach and Secretariat reforms. Throughout 2012, the PSD emphasized the need to reprioritize progress on the Market Shaping Strategy both through Board-level interventions and through Mr. Boulton’s participation in MDAG meetings. In particular, the private sector drew attention to the following key areas:

- **Procurement strategy:** There has been a lack of progress in implementing Voluntary Pooled Procurement (VPP). Operationalizing Voluntary Pooled Procurement through partnership with the Secretariat is a central part of the 2013 MDAG workplan. MDAG’s relationship to the Secretariat’s new Procurement Unit should be clearly defined.
- **Other markets for intervention:** MDAG’s initial interventions were aimed at the market for ARVs; however, these were never fully implemented. The PSD supported the MDAG Working Group’s recommendation to fully carry out the Market Shaping Strategy’s recommendations on ARVs and to explore expanding interventions to include LLINs and other major health products, such as malaria and TB diagnostics and treatments.
- **Collaboration with partners:** The PSD supports the Working Group’s recommendation that strong collaboration be fostered with partners such as UNITAID to facilitate joint interventions, particularly with regards to TB products.
- **Clearly defined role:** MDAG’s role in relation to the Secretariat’s three disease committees, formed as part of the Secretariat’s reorganization, should be clarified.

**Donor Bloc Private Sector Representation**
In March 2012, PSD Board Member Dr. Brian Brink was elected as Chair of the Donor Bloc Board constituencies. In this role, Dr. Brink led Donor Bloc discussions on issues including the Executive Director selection process, donor seat allocations, Global Fund organizational and governance reforms, resource mobilization and other Board policy issues. The GBHealth Focal Point Team, led by Anna Thompson-Quaye and subsequently Whitney White, supported Dr. Brink in this capacity.

In-person meetings of the Donor Bloc took place prior to the Global Fund Board meetings in May, September and November 2012. Teleconference calls were also held for in-depth discussion of priority Committee and policy issues in the interim. Key areas of focus included:
• Donor Seat Allocation: Based on a review of current calculations of donor shares, several changes to Donor seats on the Board took effect at the September Board meetings. Germany, formerly a member of a joint constituency with Canada and Switzerland, qualified for an independent Board seat. Canada and Switzerland jointly qualified for a separate Board seat, and Italy and Spain, formerly a joint constituency, no longer qualified for a Board seat. Italy and Spain joined the European Commission-led constituency alongside Belgium, Finland and Portugal. Despite the private sector’s donor share of 1.7 percent, below the recommended threshold of 2 percent of all donor contributions, the Private Sector maintained its seat as a core sector in the Global Fund’s multi-stakeholder Board design.

• Resource Mobilization: The Mid-Term Review of the Third Global Fund Replenishment Cycle took place in November 2012 and included preparations for the launch of the Fourth Replenishment in mid-2013. A successful replenishment will be critical to the Global Fund’s ability to execute against its ambitious four-year strategy. The donor bloc discussed a number of approaches to diversify and strengthen the Fund’s donor base.

• Christoph Benn (Director, Resource Mobilization and Donor Relations) joined the September meeting to discuss engaging current donors in the Secretariat’s efforts to mobilize contributions from additional countries. Initial targets include emerging economies and G-20 countries such as Saudi Arabia, Republic of Korea, Kuwait and Brunei.

• Dr. Brink emphasized the Private Sector’s aspiration to be a top 10 donor to the Global Fund and meet proposed donor thresholds. Donor constituencies were invited to partner with the Private Sector to explore innovative fundraising partnerships such as matching funds. The governments of Switzerland, the United Kingdom and Canada expressed initial interest.

• Committee Knowledge-Sharing: A key priority for Phase 2 Governance Reform was the establishment of strong communications protocols for sharing Committee information and soliciting feedback, especially from constituencies that lack Committee representation. Dr. Brink and the PSD Focal Point convened multiple teleconference calls between donor constituencies and FOPC and SIIC leadership to facilitate greater dialogue during 2012.

• Executive Director Selection Processes: Donor Bloc representatives to the AHNC on the next Executive Director included AHNC Chair Masaki Noke (Board Member, Japan), Dr. Nils Daulaire (Alternate Board Member, United States) and Mireille Guigaz (Board Member, France). The Donor Bloc also designated Kristian Schmidt (Board Member, European Commission) to participate in the four-member panel that conducted interviews with the shortlisted Executive Director candidates during the Executive Session of the November Board meeting.

• Next Vice Chair of the Board: Board Chair and Vice Chair positions rotate between the Donor and Implementing Blocs each term and the Donor Bloc will identify the next Board Vice Chair for a term beginning in May 2013. Dr. Brink opened nominations for the Vice Chair position at the September donor meeting. Nominations will be accepted through January 31, 2013.
PRIVATE SECTOR REPRESENTED AT BOARD RETREAT  
(March 29, 2012, Geneva, Switzerland)

The Board Chair and Vice Chair held a Board retreat providing an opportunity for Board Members to meet the newly-appointed General Manager and to discuss strategic objectives for the year. The private sector was represented at the retreat by Dr. Brian Brink, Anglo American plc (Board Member), Ms. Renuka Gadde, BD (Alternate Board Member) and Ms. Anna Thompson-Quaye (PSD Focal Point at the time). Priority agenda items included:

- Review of progress to date on the Consolidated Transformation Plan
- Strategy for the upcoming Fourth Replenishment
- Launching the selection process for the new Executive Director and the creation of an Ad-hoc Nominations Committee to lead the search
- Priorities for Phase 2 Governance Reform, including increasing implementer engagement, a review of the Global Fund’s advisory bodies (including the OIG), evaluating the new Board Committee structure and effective communication strategies

26th BOARD MEETING  
(May 10-11, 2012, Geneva, Switzerland)

At the 26th Board Meeting, the private sector contributed to deliberations and facilitated decision-making on key reform and committee-related issues. In addition, Dr. Brian Brink assumed the role of Donor Bloc Chair. The PSD provided valuable recommendations on the following issues:

- Ensuring Secretariat reforms achieve real in-country impact and minimize disbursement delays and suspensions
- Reprioritizing the work of the MDAG, given that a significant portion of funds are spent on health commodities
- The future of AMFm, including the need for greater executive oversight, consideration of the political and reputational risks should the initiative fail, and action to address the shortages and communication issues that led to ACT price-variance across countries.

The PSD also met with the Global Fund’s private sector team to review updates that have taken place in the private sector unit and explore possibilities for greater alignment between the two groups. The PSD also voiced interest in the recently-proposed Executive Secondment program, under which private sector executives would bring their expertise to the Global Fund through temporary assignments.

27th BOARD MEETING  
(September 13-14, 2012, Geneva, Switzerland)

The Global Fund held an extraordinary Board meeting in September 2012 to facilitate greater coordination and alignment on the Fund’s ongoing transformation and organization changes. The focus of this meeting was to consider options for the new funding model and other priority issues under the 2012 to 2016 strategy. The Board approved several changes to the existing Rounds-based model to adopt an approach that emphasizes funding predictability, constructive dialogue with implementing countries, and flexibility and simplicity in the application process. For more details on the New Funding Model, see Section 1. The private sector raised the following key points with regard to the new funding approach and other items under deliberation:

- Importance of timely and effective processes as part of the new model to expedite disbursements and implementation
• Need to monitor the impact of reforms to Secretariat structures – especially the reorganization of Country Teams in the Grant Management Division – on program implementation and country relations
• Questioned whether the large 2012 pipeline for grant renewals and disbursements was indicative of unnecessary delays earlier in the year
• Critical need to address the dysfunctional Voluntary Pooled Procurement mechanism and to accelerate the implementation of the Market Shaping Strategy

28TH BOARD MEETING

The main items for deliberation at the Global Fund’s 28th Board meeting were the selection of the new Executive Director, approval of a transitional plan for the new funding model and a final decision on the future of the AMFm initiative. The PSD held its bi-annual meeting prior to the Global Fund’s 28th Board meeting to discuss these issues and priorities for the PSD in 2013. During the Board meeting, the PSD fully supported the following major decisions:

• Appointment of Mark Dybul as the next Executive Director
• Integration of AMFm into the Global Fund’s core grant architecture. The PSD also emphasized the urgent need to mobilize resources to fully fund the 2013 transition and prevent sudden disruption in the supply of quality-assured ACTs in pilot countries
• Additional proposed elements of the New Funding Model and the plan to begin transitioning to the new model in select countries in 2013

PSD ANNUAL RETREAT
(September 10-11, 2012, Bayer SAS Offices, Lyon, France)

The second annual PSD Retreat was graciously hosted in Lyon, France by PSD member Bayer. The meeting was attended by Advisory Group members and included discussions of strategic importance to the group. Christoph Benn (Director, External Relations & Partnerships) and Heike Allendorf (Head, Fundraising Strategy & Innovation Department & Private Sector Resource Mobilization) from the Global Fund’s Resource Mobilization Team joined the meeting for a discussion on private sector resource mobilization strategy and other partnership opportunities. The main discussion items and conclusions from the meeting included:

• Recognizing the full extent of contributions made by the private sector to support the Global Fund, through cash donations, co-investment, pro-bono services, drug discounts and in-kind contributions. The PSD committed to undertake a third-party evaluation of non-cash donations in 2013
• Feedback to the Global Fund team recommending private sector strategies based on smaller, recurring contributions, and the establishment of matching funds or other public-private partnerships to leverage private sector investments
• Launch of the selection process for the next PSD Board and Alternate Board members and the formation of a sub-committee to lead a request for proposals for the next Focal Point term
Private sector engagement with the Global Fund is led by a core group of committed companies known as the Advisory Group that helps steer Global Fund policy and participate in the Private Sector Delegation to the Global Fund Board. As Focal Point, GBCHealth manages Advisory Group activities and communications, supports strong governance, and works closely with the Secretariat, Fund recipients and other key partners to advocate for increased private sector engagement in the Global Fund’s work. In 2012, the Advisory Group added new members, strengthened governance guidelines to broaden participation, and launched a process to identify the next Board and Alternate Board Members.
PSD Management and Representation

In 2012, the PSD continued to be ably represented on the Global Fund Board by Board Member Dr. Brian Brink (Anglo American plc) and Alternate Board Member Renuka Gadde (BD). Both Dr. Brink and Ms. Gadde were appointed to their current terms in 2011.

During 2012, Anna Thompson-Quaye and Aisha Taylor transitioned out of their roles in the Private Sector Delegation Focal Point Team. Anna assembled and trained a transition team to ensure the continuity of the Focal Point’s Role. Whitney White assumed the role of Acting Focal Point and Michael Schreiber, Managing Director and Co-President of GBCHealth, assumed increased oversight over the Focal Point role as part of the transition.

Whitney White assumed the role of Acting Focal Point after Anna Thompson-Quaye’s departure. In this capacity, Whitney leads and ensures the effective coordination of PSD activities, communications and priorities and partners with PSD leadership, the Advisory Group and the Global Fund Secretariat to broaden and deepen private sector engagement across the board.

Whitney holds a M.St. from the University of Oxford and a B.A. from New York University (NYU).

Fareeda Ehtesham assumed the role of PSD Coordinator in October. Fareeda supports GBCHealth’s role as Focal Point by managing PSD and Global Fund related communications, global convenings, partnership activities and operations such as such as Board meetings, PSD Retreats, and teleconferences.

Fareeda holds an M.A. in International Relations from the City College of New York and a Bachelor in Commerce (Honours) from Osmania University, India.

Pallavi Rai was appointed as Consultant to the PSD from August to November 2012. In this capacity, Pallavi worked closely with the Swiss government to drive private sector donations from Swiss companies through public-private collaborations and provided technical support on Global Fund policy issues. Pallavi brought her experience working for the Global Fund as Senior Co-investment Officer in the Private Sector Team, to inform the in-kind contribution valuation project taken on by the PSD in September 2012.

PSD Governance

In July, Advisory Group members approved an amendment to the Governance Guidelines, expanding PSD membership. The amendment provides complimentary membership in the PSD Advisory Group to companies making financial contributions to the Global Fund of USD 1 million per year and higher.

PSD governance guidelines and conflict of interest statements, revised in 2011 were successfully implemented. Advisory Group compliance level to the conflict of interest guidelines increased from 89 percent in 2011 to 100 percent in 2012.

Terms for the Private Sector Board Member, Alternate Board Member and Focal Point will end at the 29th Board meeting in mid-2013. Advisory Group members launched a review and revision of their respective terms of reference to inform the upcoming selections. A sub-committee of Advisory Group members was formed in September 2012 to conduct a request for proposals for the next Focal Point and GBCHealth issued an initial call of interest for the next Board leadership in October.

Membership

The PSD Advisory Group welcomed new members Gilead Sciences Inc. and Eli Lilly during summer and autumn of 2012, respectively.

- Gilead is a US-based biotechnology company with a strong portfolio of HIV/AIDS, respiratory, cardiovascular and liver disease drugs. Gilead Sciences will be represented on the Advisory Group by Graeme Robertson, Director of International Access Operations.
- Eli Lilly, a major global pharmaceutical company, is a researcher and manufacturer of drugs for TB and diabetes. Eli Lilly is represented on the Advisory Group by Dr. Evan Lee, and Ms. Maria Paola Lia, Vice President and Program Manager, respectively.

Global Health Programs and Access.

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<th>2012 PRIVATE SECTOR ADVISORY GROUP MEMBERS*</th>
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* All PSD Advisory Group members agreed to and signed an annual conflict of interest declaration

Forums and events in Thailand, China and the United States targeted broader and deeper private sector engagement in the Global Fund’s activities and explored innovative approaches to partnership. Global Fund corporate partners announced new projects and major achievements, including a critical scale-up of a supply chain initiative in East Africa and new partners to Product (RED), the Fund’s largest private sector donor with over USD 200 million contributed to date.
BANGKOK BUSINESS FORUM
(July 11-12, 2012, Bangkok, Thailand)

The Global Fund, in partnership with GBCHealth, Friends of the Global Fund Japan, Pacific Friends of the Global Fund and the Thailand Business Coalition, convened a two-day business forum in Bangkok, bringing together regional business and government leaders. The forum aimed at raising regional private sector interest in the Global Fund, showcasing the Global Fund’s interventions in the Asia-Pacific region and successful examples of corporate partnerships. Speakers shared examples from their respective companies:

• **BD:** Through its innovative partnership approach, BD has increased access to TB diagnostics to combat drug-resistant TB. The company brings technical know-how to countries in capacity-building projects to address pressing health challenges.

• **Takeda:** Through the Takeda Initiative, Takeda has committed to contribute USD 1 million to the Global Fund annually from 2010-2019. These funds will be directed toward health systems strengthening and human capacity development in Africa, initially focusing on Nigeria, Senegal and Tanzania.

• **Sumitomo Chemical:** The Olyset™ Net produced by Sumitomo Chemical, an LLIN which lasts for 5-years, has been used for malaria prevention in Tanzania for several years. In 2003, Sumitomo Chemical transferred the technology to a local producer in Tanzania, creating up to 7,000 jobs while producing 30 million nets to protect against malaria. The program has since been expanded to Malawi and Ethiopia.

Several prominent speakers emphasized the value of corporate partnerships with the Global Fund and the different types of partnership models available to companies:

• **Anita Wei,** Director PR & Communications, BD

• **Dr. Christoph Benn,** Director, Donor Relations and Resource Mobilization, Global Fund

• **Koichi Kaneda,** Senior Director, Corporate Communication, Takeda Pharmaceutical

• **Lyn Kok,** President & CEO, Standard Chartered Bank Thailand

• **Michael Schreiber,** Co-President, GBCHealth

• **Dr. Paijit Warachit,** Permanent Secretary, Thailand Ministry of Public Health

• **Peter Botten,** Managing Director, Oil Search and Global Fund Principal Recipient, Papua New Guinea

Attendees networked at a reception honoring Takeda Pharmaceuticals for its contributions to the Global Fund. Attendees also participated in a site visit to Veloil and the Raks Thai Foundation, both implementing Global Fund HIV/TB programs in Bangkok. Participants noted the value of such events in promoting best-practice sharing and increasing the role of the private sector in public health. The Global Fund will take advantage of the momentum behind this event and pursue the formation of a Friends network for ASEAN countries.

PRIVATE STOR CONSULTATION WITH GENERAL MANAGER AT GBCHEALTH’S ANNUAL CONFERENCE
(May 15, 2012, New York City)

GBCHealth facilitated a meeting of several private sector representatives with the Global Fund’s General Manager, Gabriel Jaramillo, during GBCHealth’s Annual Conference. Jaramillo addressed senior representatives of major companies, calling for greater private sector participation at the Global Fund through initiatives such as an Executive Secondment program. Jaramillo’s proposal that executives lend skills and expertise to the Fund’s work in-country or at Geneva’s headquarters for terms of six months to one year was met with strong interest. Attendees included representatives from Access Bank, Anglo American plc, Bayer, BD, Chevron, The Coca-Cola Company, Edelman, HP, Hub One International, International SOS, Merck, Novartis, Royal Dutch Shell, SABMiller, Sumitomo Chemical and Unilever.

SPOTLIGHT ON THE GLOBAL FUND AT GBCHEALTH’S ANNUAL CONFERENCE
(May 15, 2012, New York)

Dr. Brian Brink and Renuka Gadde, the Global Fund’s PSD Board and Alternate Board Members, represented the PSD at the GBCHealth Annual Conference and Awards Dinner in a session spotlighting the Global Fund. Addressing a large audience of private sector, non-profit and government representatives, Dr. Brink and Ms. Gadde brought visibility to the PSD and the Global Fund’s work. They spoke of the activities of the PSD at the Global Fund Board and recognized contributions from the wider private sector constituency such as financial donations, grant implementation, in-kind support, and other partnerships. Dr. Brink also called for a renewed effort in contributing resources to the Fund. Ms. Gadde spoke about Gabriel Jaramillo’s priorities for the Global Fund’s transformation and important progress made till date.
WORLD AIDS DAY PRIVATE SECTOR RECEPTION AND DINNER  
(December 4, 2012, Shanghai)

On the occasion of Global Fund General Manager Gabriel Jaramillo’s World AIDS Day visit to China, GBCHealth, BD and the China Country Coordination Mechanism hosted a private sector reception and dinner in Shanghai. The event was attended by Mr. Jaramillo, Dr. Ren Minghui (Director-General of the China Ministry of Health’s Department of International Cooperation) and senior executives from a number of Chinese and multi-national companies, including Access Bank, The Coca-Cola Company, Desano Pharmaceutical Co., Edelman, GE, Nike, Northeast Pharmaceutical Group, Rongheng International Trading Co., and Standard Chartered Bank. The intimate gathering offered a unique opportunity to dialogue with Mr. Jaramillo on the Global Fund’s mission, China’s global health engagement and opportunities for the private sector.

NEW (RED) PARTNERSHIPS

During 2012, (RED) contributions to the Global Fund hit a landmark USD 200 million in funds raised for the Global Fund since 2006, making it the largest private sector financial contributor to the Fund. Innovative partnerships were launched with companies to engage younger generations through social media campaigns and to market special (RED) branded versions of their products. The following companies announced partnerships with (RED) to raise funds for the Global Fund:

• Tourneau, America’s leading watch retailer, agreed to contribute 15 percent of the retail price of special TOURNEAU (RED).

• Mophie, the California based designer of cell phone accessories and portable batteries, will donate 5 percent of profits from specially-marked MOPHIE (RED) battery packs.

• The Spanish jewelry maker Tous, designed a (RED) bracelet priced at USD 119 and will contribute 5 percent of profits from sales of this bracelet.

• The accessories company BOTTLETOP will donate 10 percent of profits from a range of special edition accessories including a key ring, handbag, belt, and other commodities.

• Claro and Telcel, mobile phone manufacturers in Latin America, in collaboration with the Carlos Slim Foundation will make an annual USD 1 million commitment for the next four years.

• The (RED) RUSH campaign was launched to raise funds and promote awareness for an AIDS-free generation by 2015. Retailers such as Starbucks committed to donating a set amount to (RED) for every person checking in to designated stores using the website Four Square. Other popular social media campaigns were also used, in collaboration with film and music artists.

EXPANSION OF GLOBAL FUND PARTNERSHIPS

The Coca-Cola Company, a major private sector partner to the Global Fund, supports the Global Fund through knowledge and skills transfer to improve drug delivery and logistics. Beginning in 2010, the partnership facilitates distribution of medical supplies in Tanzania. In September, the Global Fund and The Coca-Cola Company announced the expansion of the program to Ghana and Mozambique. Since 2010, the project has provided 20 million Africans with better access to critical medication and reduced delivery times by as much as 25 days. Vast improvements were made in distribution systems, improving availability of critical medicines in remote areas. The collaboration between The Coca-Cola Company and the Global Fund has allowed for the use of global business expertise to help solve vital logistical issues, facilitating medicine delivery to the most remote areas of Africa.
In 2013, the PSD will explore greater alignment with key technical partners, such as the Stop TB Partnership and Roll Back Malaria, and in-country representatives, including Country Coordinating Mechanisms (CCMs). The PSD will be a key player in the upcoming Fourth Replenishment, advocating for increased private sector contributions, and will appoint new constituency leadership for terms beginning mid-year.

I. STRENGTHEN PRIVATE SECTOR POSITION ON GLOBAL FUND POLICY

Global Fund Policy
The PSD will maintain its strong voice at the Global Fund Board and Committee levels to help guide the implementation of the Global Fund’s 2012-2016 strategy, Phase 2 Governance Reform, and the transitional periods for the new funding model and AMFm initiative. Participation on the FOPC, AEC, MDAG, AMFm Working Group and Donor Bloc will continue to provide avenues for the expertise and core competencies of the private sector to strengthen Global Fund operations and strategic planning. The Private Sector has also committed to closer working relationships with the Private Foundations and Civil Societies delegations to ensure cross-stakeholder dialogue on key policy issues.

Evaluation of Private Sector Contributions
The Private Sector Delegation has agreed to undertake a third-party evaluation of the full extent of private sector contributions to the Global Fund. This includes quantifying in-kind or non-cash donations, pro-bono services, co-investment partnerships, manufacturing subsidies and other contributions not currently included in the private sector’s donor calculations. The PSD will also work closely with the Global Fund’s private sector team to advocate for increased visibility and public recognition of the extent and value of these contributions to raise the profile of private sector contributions and build a platform for increased engagement from new corporate partners.

Resource Mobilization
The PSD will explore partnerships with government donors to increase contributions to the Global Fund from private sector entities through matching funds and other innovative models with the goal of making the private sector one of the top ten donors to the Global Fund. Such strategies return to the Global Fund’s foundational public-private partnership models and help leverage government support to mobilize resources from countries’ private sectors. The PSD will also continue working closely with the Global Fund’s private sector team on its corporate engagement and private sector fundraising strategies.

II. INCREASE ENGAGEMENT WITH KEY PARTNERS

Alignment with Stop TB Partnership, Roll Back Malaria and other Technical Partners
The Global Fund PSD recently instituted an agreement for closer coordination and regular coordination with the private sector bodies of the Stop TB Partnership and Roll Back Malaria (RBM) to deepen technical engagement on the three diseases, further explore mutual priorities and broaden the private sector’s influence within global health policy. The Focal Points for each private sector body will regularly share updates and feedback on key activities and policy issues and explore the possibility of bringing other technical partners, such as UNAIDS to the dialogue, as well.

Partnership with the Global Fund’s Private Sector Team
The PSD will continue to work closely with the Global Fund’s private sector team to strengthen alignment, provide key input into corporate engagement and resource mobilization strategies and advocate for deepened and diversified collaboration with the private sector. Key areas of activity include:

- Private sector-focused partnership forums or co-investment meetings to share best practices and mobilize stronger private sector engagement in key regions.
• Resource mobilization to increase private sector donations in the next replenishment and shape the private sector into a top donor to the Global Fund

• Leveraging Global Fund visibility platforms to raise the profile of private sector partners and provide entry points for new partnerships

• Advocating for increased recognition of private sector non-cash, in-kind or co-investment contributions

Engagement with Private Sector In-country Partners
The private sector is an important player in Country Coordinating Mechanisms (CCMs), the multi-stakeholder governing bodies that play a central role in proposal development and grant implementation. The PSD will continue to work to deepen engagement with private sector in-country partners, to elicit feedback on key Board issues and strengthen relationships. Teleconference calls held in April, June and October included participants from Thailand, Ghana, Nigeria, Lesotho, India and South Africa and fostered dialogue on issues such as OIG audits, the new funding model, co-investment opportunities, and outcomes of Board meetings.

In 2013, the Secretariat’s newly reconstituted CCM team will develop a CCM strategy to reflect changes to the funding model, including a sub-strategy on the private sector. The PSD will seek increased dialogue and partnership during the development process to enhance the private sector strategy. The Focal Point will continue to host semi-annual teleconference calls and will seek to encourage broadened participation in the calls and in attendance at PSD pre-Board meetings and/or partnership forums.

III. PSD MANAGEMENT

Election of Next Board Member, Alternate Board Member and Focal Point
In mid-2013, the terms for the current Board Member, Alternate Board Member and Focal Point will expire. The Private Sector Advisory Group will undertake robust selection processes to identify the next PSD representatives by the end of Q1, ensuring a coordinated transition period and strong continuity of PSD priorities. Selection processes will include revisions of the Terms of Reference for each role to reflect current needs and expectations of the delegation. The Focal Point launched an initial call of interest for the Board Member and Alternate Board Member elections in autumn 2012 and a sub-Committee led by Renuka Gadde (BD) will conduct a targeted request for proposals for the next Focal Point.

Advisory Group Activities
The Focal Point will orchestrate a number of activities to maintain the Advisory Group’s active engagement on Global Fund governance, policy and strategy, ensuring full representation of PSD priorities. Activities will include:

a. Taskforces: Advisory Group members will continue to participate in taskforces as a mechanism to draw on members’ specific expertise and interest areas within Global Fund governance and policy. The taskforces will support the private sector’s representation within the AMFm, MDAG and FOPC by providing feedback and in-depth reviews of committee issues, as needed.

b. Quarterly Calls: The Focal Point will host four quarterly calls for the Advisory Group in January, April, July and October to discuss and provide feedback on key Global Fund developments, committee updates, policy issues and PSD strategy. The Global Fund’s private sector team and other partners, such as Stop TB or RBM, will be invited to participate on specific calls, as relevant.

c. Third Annual PSD Retreat (September 2013, TBD): The third annual PSD retreat will provide an opportunity for in-depth discussion of the private sector’s role, positions and strategy in relation to the Global Fund Board and related opportunities for private sector action to address the three diseases and/or health systems strengthening.

d. Private Sector Constituency Meetings (June 16 and December 2 2013): The Focal Point will coordinate and host constituency meetings ahead of the Board meetings to review policy decisions and position statements on key Board matters. The PSD will also meet with other Board constituencies to exchange views on major Board issues and broader Global Fund strategy.
## Vision
A world free of the burden of HIV/AIDS, tuberculosis and malaria with better health for all

## Mission
To attract, manage and disburse additional resources to make a sustainable and significant contribution in the fight against AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the MDGs

## Guiding principles
- Being a financing instrument
- Additionality
- Sustainability
- Country ownership
- Multi-sectoral engagement
- Partnership
- Integrated, balanced approach
- Promoting human right to health
- Performance-based funding
- Good value for money
- Effectiveness and efficiency
- Transparency and accountability

## Goals
- 10 million lives saved\(^1\) over 2012-2016
- 140-180 million new infections prevented over 2012-2016

### Targets\(^2\) (2016)

<table>
<thead>
<tr>
<th>HIV / AIDS</th>
<th>Global plan</th>
<th>Global Fund leading targets for 2016</th>
<th>Indicators for other selected services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>HIV testing and counseling(^3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Prevention services for MARPs(^3)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Male circumcision</td>
</tr>
<tr>
<td>TB</td>
<td>Global Plan to Stop TB 2011-2015</td>
<td>4.6 million DOTS treatments (annual)</td>
<td>HIV co-infected TB patients enrolled on ARTs(^3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21 million DOTS treatments over 2012-2016</td>
<td>MDR-TB treatments</td>
</tr>
<tr>
<td>Malaria</td>
<td>RBM Global Malaria Action Plan 2008 and May 2011 updated goals and targets</td>
<td>90 million LLINs distributed (annual)</td>
<td>Houses sprayed with IRS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>390 million LLINs distributed over 2012-2016</td>
<td>Diagnoses with RDTs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Courses of ACT administered to confirmed malaria cases</td>
</tr>
</tbody>
</table>

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1 Based on impact of provision of ART, DOTS and LLINs using methodology agreed with partners.
2 Targets refer to service levels to be achieved in low- and middle-income countries.

Note: Goals and targets are based on results from Global Fund-supported programs which may also be funded by other sources; targets are dependent on resource levels

### Strategic Objectives

1. **Invest more strategically**
   - **Focus on the highest-impact countries, interventions and populations while keeping the Global Fund global**
   - **Fund based on quality national strategies and through national systems**
   - **Maximize the impact of Global Fund investments on strengthening health systems**
   - **Maximize the impact of Global Fund investments on improving the health of mothers and children**

2. **Evolve the funding model**
   - **Replace the rounds system with a more flexible and effective model**
     - Iterative, dialogue-based application
     - Early preparation of implementation
     - More flexible, predictable funding opportunities
   - **Facilitate the strategic refocusing of existing investments**

3. **Actively support grant implementation success**
   - **Actively manage grants based on impact, value for money and risk**
   - **Enhance the quality and efficiency of grant implementation**
   - **Make partnerships work to improve grant implementation**

4. **Promote and protect human rights**
   - **Ensure that the Global Fund does not support programs that infringe human rights**
   - **Increase investments in programs that address human rights-related barriers to access**
   - **Integrate human rights considerations throughout the grant cycle**

5. **Sustain the gains, mobilize resources**
   - **Increase the sustainability of Global Fund-supported programs**
   - **Attract additional funding from current and new sources**

### Strategic Enablers
- Enhance partnerships to deliver results
- Transform to improve Global Fund governance, operations and fiduciary controls

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## Resource Allocation, Investment, Results Measurement and Evaluation

### Key CTP Goals
- Evolve the funding model to increase flexibility, effectiveness and predictability of funding
- Design and roll out an inclusive, dialogue-based grant application process
- Improve results reporting, strengthen data management systems, and focus on quality
- Focus Performance-Based Funding on outcomes and impact to improve strategic investments
- Improve value for money 3 in strategic investment decisions

### Major Progress and Deliverables 2012
- Transitional Funding Mechanism implemented
- New funding model approved to institute a simplified grant-making process based on country dialogue and alignment with national plans
- High-impact countries prioritized to ensure value for money
- Simplified reprogramming and renewals processes, emphasizing performance based funding and instituting periodic reviews

## Risk Management

### Key CTP Goals
- Adopt a new risk management framework and apply it to existing portfolio
- Clarify roles and responsibilities of external auditors
- Establish a Chief Risk Officer

### Major Progress and Deliverables 2012
- Cees Klumper appointed new Chief Risk Officer
- Norbert Hauser appointed interim Inspector General
- Operational Risk Management Process developed to identify the 20 most important risk areas; will be expanded to all High Impact countries in 2013
- OIG conducted in-country capacity-building workshops to create a collaborative work environment, and promote country ownership of risk management

## Secretariat, Management and Culture

### Key CTP Goals
- Align staffing pattern to enhance grant management
- Streamline and expand Country Teams
- Conduct a full HR Review of strategy and policy frameworks, procedures, performance model and training programs
- Reinforce the Executive Management Team
- Implement the Global Fund CTP
- Develop implementation plan for the Global Fund 2012-2016 Strategy
- Create a cohesive corporate culture
- Reorganize IT Unit

### Major Progress and Deliverables 2012
- Core senior management team appointed to oversee implementation of CTP
- Secretariat restructured to focus on grant management, institute simpler processes, mitigate risk and fully engage partners
- 75% of Secretariat staff allocated to grant management functions, Country Teams expanded and reformed
- Internal governance structure established through an Executive Management Team to ensure accountability and collective decision-making
- New Global Human Resources Strategy adopted
- IT Unit reorganized to maintain a smaller staff and outsource most functions to an external organization, saving approx. USD 6 million annually
- Estimated 93% of CTP completed by December 2012
- Better Grants Project and Phase 2 Governance Reform launched to execute against 2012-2016 strategy

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3 Value for money is the best use of available funds to ensure desired results are achieved. Funds are carefully allocated to ensure that costs are balanced with the most effective use of funds to achieve maximum sustainable health outcomes and the greatest impact.
## Grant Management

### Key CTP Goals
- Develop codes of conduct for Global Fund stakeholders
- Strengthen relationship between the Secretariat and OIG
- Refine the scope and improve the timeliness of OIG reports
- Strengthen information provisions to the Board on audit and investigations
- Redefine relationship with UNDP
- Redefine country ownership
- Improve grant management processes and mitigate risk
- Improve effectiveness of CCMs, Principal Recipients and Sub-Recipients
- Align staffing pattern to enhance grant management
- Streamline and expand Country Teams and empower portfolio managers
- Streamline grant renewals through Periodic Reviews
- Leverage investments in Local Fund Agents

### Major Progress and Deliverables 2012
- New funding model approved to institute a simplified grant-making process based on country dialogue and alignment with national plans
- Implemented periodic holistic portfolio reviews focused on impact and increasing flexibility for resubmissions
- Rolled out simplified grant scorecard documentation
- Disbursements simplified to reduce administrative costs, align with national strategies and incorporate long term improvements
- Reprogramming processes simplified to improve speed and proactively engage technical partners
- OIG/Secretariat relations improved through regular meetings and communications
- MoU signed with UNDP to improve coordination of audits
- Average time from audit investigation to report publication reduced by 114 days
- OIG adopted workplan to increase reliance on expertise of LFAs, CCMs and other assurance providers, and focus audits on high-impact countries and key Global Fund business practices
- Country Teams empowered to make budget adjustments and risk assessments, and are working together to address grant challenges and conditions of grant agreements
- Increased coordination between portfolio managers and Country Teams to provide consistent communication to implementers

## Board Governance

### Key CTP Goals
- Focus the Global Fund Board on management, strategy and risk-mitigation
- Redefine the role and structure of advisory bodies (Technical Review Panel, Partnership Forum, etc.)
- Strengthen implementer engagement
- Adopt a strengthened committee structure to improve participation and performance
- Improve Board and committee self-governance, strategy and leadership
- Establish a Board ‘Coordinating Group’

### Major Progress and Deliverables 2012
- Implementation of new Board Committee structure replacing committee-of-the-whole with smaller expert committees
- Board Coordinating Group established
- Board Vice Chair led Phase 2 Governance Reform dialogue, including development of Committee communications protocols and review of leadership Terms of Reference
- Independent consultant selected to conduct survey and recommend improvements to increase implementer engagement

## Resource Mobilization

### Key CTP Goals
- Review the Global Fund’s replenishment mechanism and performance to date

### Major Progress and Deliverables 2012
- Third-party evaluation of replenishment mechanisms endorsed the Global Fund’s basic model and recommended increasing predictability of donor funds
- Mid-term Review of Third Replenishment held in November 2012
- FOPC to recommend Board Decision Point on strengthening replenishment mechanisms and strategy for implementation in 2013
**ANNEX 3**

**PRIVATE SECTOR CONFLICT OF INTEREST ASSESSMENT FORM**

Advisory Group members are required to sign this COI form to ensure the group is acting in the interest of the Global Fund and broader private sector constituency.

<table>
<thead>
<tr>
<th><strong>Company:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Representative’s Name(s):</strong></td>
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<tr>
<td><strong>Formal responsibilities with the Global Fund</strong></td>
<td></td>
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<tr>
<td><strong>Current engagement with the GF Secretariat</strong></td>
<td>(LFA contracts, any other contractual arrangements, pro-bono arrangements and other.)</td>
</tr>
<tr>
<td><strong>Current engagement with any principal recipient</strong></td>
<td></td>
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<tr>
<td><strong>Current engagement with procurement agent for GF grants</strong></td>
<td></td>
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<tr>
<td><strong>Other forms of engagement with current GF system</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Investments in a commercial entity with an interest related to the subject of PSD activities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current intellectual property rights that might be enhanced or diminished by the outcome of PSD activities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Relationships (substantial common personal, financial or professional interests) that would benefit or be adversely affected by the outcome of PSD activities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Employment or consulting engagement with commercial entities that have an interest related to the subject of PSD activities</strong></td>
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</tr>
</tbody>
</table>

**Other Comments**  
(please include other company representatives who may occasionally represent your company within the Advisory Group)

**Declaration:**

I hereby declare that the disclosed information is true and complete to the best of my knowledge. Should there be any change to the above information, I will promptly notify the Focal Point.

**Signature**  
**Date**  
**No:**

**Private Sector Constituency Annual Compliance Statement**

By signing and dating below, the Private Sector Constituent member has read, understood, and agreed to comply with the “Governance Guidelines for the Private Sector Constituency to the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria” and its Annexes.

**Signed:**  
**Company:**
JANUARY 8
Advisory Group Quarterly Teleconference

MARCH TBD
Preparatory Meeting for Fourth Replenishment (Location TBD)

WEEK OF APRIL 1
Advisory Group Quarterly Teleconference

MAY 15-17
GBCHealth Annual Conference and Reception (New York, USA)

JUNE 16
PSD Pre-Board Meeting (Colombo, Sri Lanka)

JUNE 17
Global Fund Pre-Briefings (Colombo, Sri Lanka)

JUNE 18-19
Global Fund 29th Board Meeting (Colombo, Sri Lanka)

WEEK OF JULY 8
Advisory Group Quarterly Teleconference

WEEK OF SEPTEMBER 9
Annual PSD Retreat (Location TBD)

SEPTEMBER TBD
Launch of Fourth Replenishment (Location TBD)

WEEK OF OCTOBER 28
Advisory Group Quarterly Teleconference

DECEMBER 2
PSD Pre-Board Meeting (Geneva, Switzerland)

DECEMBER 3
Global Fund Pre-Briefings (Geneva, Switzerland)

DECEMBER 4-5
Global Fund 30th Board Meeting (Geneva, Switzerland)