



FRIENDS
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AGAINST AIDS, TUBERCULOSIS AND MALARIA

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Written Testimony for Public and Outside Witness Hearing on the FY 2016 Budget

Submitted to the United States House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs

Chairwoman Granger, Ranking Member Lowey, and Members of the Subcommittee:

Thank you for the opportunity to testify today on the Obama Administration's budget request for the State Department and related agencies for FY 2016. As President of Friends of the Global Fight Against AIDS, Tuberculosis and Malaria ("Friends"), an organization dedicated to sustaining and expanding U.S. support for the Global Fund to Fight AIDS, Tuberculosis and Malaria ("Global Fund"), I am grateful for this opportunity to highlight the lifesaving work of the Global Fund and discuss ways in which the United States can remain the global leader in the fight against these three diseases. I am also deeply grateful for the support that this Subcommittee has lent to this fight. You have literally saved millions of lives around the globe through your investments.

As you know, the Global Fund was created in 2002 and is now the world's largest public health financier, directing the world's money to programs providing treatment and care for people with HIV/AIDS, tuberculosis and malaria. By partnering with other governments, civil society, the private sector and people affected by the diseases, the Global Fund raises and invests nearly \$4 billion a year to support programs run in over 140 countries. Because of these investments and this Subcommittee's strong support for U.S. contributions to global health, as of December 2014, Global Fund-financed programs had achieved the following: 7.3 million people were receiving antiretroviral therapy for HIV/AIDS; 2.7 million HIV-positive mothers were provided with treatment and care to prevent transmission of the disease to their children; 12.3 million cases of tuberculosis were detected and treated; and more than 450 million insecticide-treated bed nets were distributed to protect vulnerable men, women and children against malaria.

As the Subcommittee begins its work on the FY 2016 appropriations bill for the State Department, foreign operations and related programs, Friends requests \$1.35 billion for the Global Fund, an amount that we understand is consistent with the extant Congressional 33 percent matching requirement from other donors. We also call for continued robust funding for the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative (PMI), and USAID-implemented tuberculosis programs. The Global Fund and these U.S. bilateral programs depend on each other for mutual success. Robust funding for all is critical to combatting and reining in these three diseases, and will enable the United States to continue to

lead by example and show the rest of the world that we remain committed to fighting these three diseases.

As this Subcommittee is well aware, the Global Fund has gone through transformative changes in recent years. It continues building off of past successes by implementing new policies and innovative procedures to further enhance its transparency and efficiency. The recent creation of a new and innovative funding model has been central to these efforts. This funding model allows the Global Fund to invest more strategically in areas of high potential for impact, while engaging implementers and partners more effectively. It also takes into account current international funding realities by incentivizing increased domestic financing for health programs. Specifically, the new model requires mandatory counterpart financing for all Global Fund grants, thereby encouraging implementing countries to take increased ownership in their health systems. To date, implementing countries have made commitments of \$3.4 billion in domestic financing for the 2015-2017 grant period, a more than 60 percent increase from the 2012-2014 grant period.

Another area of recent focus is procurement reform. This is perhaps the single most effective way to achieve long-term savings and stretch critical Global Fund and U.S. dollars. Called Procurement for Impact (P4i), this major new initiative of the Global Fund is working to reduce costs through more efficient and effective purchasing and supply chain management. The P4i initiative has resulted in \$272 million in savings on the purchase of commodities over the past two years, and the Global Fund projects additional procurement savings of about 8 percent per year. Furthermore, centralized or pooled procurement has increased from \$300 million to \$1.2 billion, which not only lowers costs but also reduces institutional risk. The P4i initiative has also resulted in improved monthly on-time delivery of commodities from 38 to 68 percent.

Still more efforts have focused on strengthening the Office of the Inspector General (OIG). The OIG recently increased its staff to more than 40 investigators, auditors and other professionals, while also creating a new Intelligence and Operational Excellence Team to enhance its oversight. It has codified programmatic expectations for Global Fund implementers to improve interactions between and among the OIG, grant implementers and the Global Fund Secretariat. Finally, the Global Fund Board of Directors recently selected an exceptional professional, Mouhamadou Diagne, to succeed Martin O'Malley as the next Inspector General. A distinguished auditor and financial supervisor, Diagne most recently served as Director of Strategy and Operations in the World Bank Group's Internal Audit, where he led the implementation of a risk-based approach that has proven extremely effective in maximizing strategic impact.

Finally, I'd like to note the exciting new work being done on the creation of an innovative e-marketplace for health commodities, a system being developed in conjunction with PEPFAR and the United Kingdom's Department for International Development. Although still in the initial stages, this open-source, cloud-based system has the potential to revolutionize the procurement of health commodities, not just for the Global Fund but for all global health providers. It would allow countries to independently input global health product specifications and delivery dates,

and then have a centralized data base offer up commodity and price options in just the same way that you and I can order and compare prices online for books or plane tickets. This would provide countries with procurement autonomy in their ordering without sacrificing cost and quality controls – and without requiring sophisticated and costly in-country procurement expertise.

Recent scientific advances and a wealth of implementing experience from the past decade offer us a chance to fully rein in HIV/AIDS, tuberculosis and malaria as pandemic threats. The U.S. government and Congress have been leading the world by example in the fights against these diseases. Robust U.S. contributions to the Global Fund and global health bilateral programs send a message to the rest of the world. They are a statement of our values, our beliefs, and our commitment to seeing the end of these three diseases as epidemics. Toward that end, Friends requests that Congress maintain existing funding levels by appropriating \$1.35 billion to the Global Fund in FY 2016.

Once again, on behalf of Friends and the Global Fund, I thank you for the opportunity to testify. It is our sincere hope that Congress will continue to position the United States as the global leader in the fight against HIV/AIDS, tuberculosis and malaria, and we stand ready to work with this Subcommittee and the Congress in making that request a reality.