

**Statement of Dr. Christoph Benn, Director for External Relations of the Global Fund,
to the Subcommittee on the Dept. of State, Foreign Operations, and Related Programs
April 2011**

I would like to thank the Chair, the Honorable Kay Granger, the Ranking Member, the Honorable Nita Lowey, and the entire Subcommittee for the honor of testifying before you today. On behalf of the Global Fund, I want to express our thanks and appreciation for the Subcommittee's ongoing support and leadership on global health, and for your important contribution to the growing bipartisan consensus that innovative and accountable international health programs not only save lives, but contribute directly to stability, economic growth, and security throughout the world. In light of the Global Fund's direct role in saving more than 6.5 million lives to date, its effective partnership with PEPFAR and PMI, its innovative principles and proven emphasis on value for money, and its firm commitment to transparency and accountability, I ask for your strong support of President Obama's request of \$1.3 billion for the Global Fund in FY2012. As you know, the President's request is comprised of \$1 billion in the International Affairs budget in the Department of State's Global Health and Child Survival Account, and \$300 million in the National Institutes of Health's National Institute for Allergy and Infectious Diseases (NIAID) in the Labor, Health and Human Services budget.

Bipartisan Commitment to Outstanding Results: Ten years ago the world was confronted with an unprecedented crisis — 6 million people were dying every year from AIDS, tuberculosis and malaria. Not only did these diseases cause unimaginable human suffering but they also destabilized regions around the world, with severe consequences for economic development.

In the face of these threats, the U.S. government, led by President George W. Bush and a strong bipartisan coalition in Congress, demonstrated exemplary leadership, which inspired the

rest of the world. In 2002, the U.S. helped create the Global Fund. In 2003, it launched PEPFAR, and in 2005, the President's Malaria Initiative (PMI) provided additional high-level support.

Together, these programs have dramatically changed the trajectory of these deadly diseases and have contributed greatly to a favorable reputation for the U.S. and other generous nations. The bipartisan coalition that created these programs recognized that the benefits for the U.S. go well beyond humanitarian concerns. As President Bush himself said recently, "No national security strategy is complete in the long run without promoting global health...."

This unique partnership has achieved important successes against the three diseases during the past decade. Since 2002, with the support of the U.S. and other donors, the Global Fund alone has approved \$21.7 billion for programs in 145 countries. A full 7.7 million people have been treated for tuberculosis; most African families are now protected from malaria through 160 million insecticide-treated nets; and 3 million people are receiving AIDS treatment.

Together with PEPFAR, PMI and other aid programs, these services are achieving real and measurable impact. AIDS deaths have decreased worldwide from 2.1 million per year in 2001 to 1.8 million in 2009; HIV incidence has dropped by more than 25 percent in 33 countries since 2001; tuberculosis incidence has fallen in 5 out of the 6 WHO regions; and malaria infections have declined by 50% or more in a dozen African countries. We are now within striking distance of wiping out mother-to-child transmission of HIV and ending all deaths from malaria by 2015, goals that were unthinkable even a few years ago.

Innovative Principles: The United States has been much more than an impetus for the Global Fund's creation and its largest donor. As an active member of the Global Fund's board, the U.S. has been instrumental in formulating the key principles of the Global Fund — principles

designed to make the Global Fund one of the most transparent, accountable, and results-driven multilateral organizations in the world. For example, the Global Fund:

- Maximizes country ownership by letting nations design their own programs, while holding them accountable for effective implementation;
- Partners effectively with a wide range of private sector organizations that provide valuable resources and increase awareness (like Chevron and the Bill & Melinda Gates Foundation), and provide invaluable expertise on implementing programs (like Coca-Cola, which provides unique skills in supply-chain management in remote areas);
- Involves civil society in all aspects of Global Fund operations, including local NGOs and faith-based organizations (FBOs). Since its creation the Global Fund has channeled more than \$500 million to churches and other FBOs, including the United Methodist Church, Lutheran World Relief, Catholic Relief Services, and others;
- Enhances sustainability and impact by leveraging at least \$2 from other donors for every \$1 the U.S. contributes;
- Maintains a small secretariat to keep overhead costs as low as possible;
- Insists on performance-based funding to make sure that taxpayers' dollars are only invested in well performing grants that achieve concrete results; and
- Operates with an unprecedented level of transparency and accountability.

Comprehensive Improvements: In spite of its fundamental commitment to good governance, the Global Fund understands that it must continue to improve. With strong input from the U.S. delegation and the board, it has launched an improvements agenda aimed at increasing efficiency. Key actions include reducing transaction costs, accelerating disbursements, enhancing transparency in procurement, and strengthening external auditors at the country level.

The most important element of the improvements agenda is a strong push to strengthen financial controls. From the beginning, the Global Fund has taken an uncompromising stance toward misuse of funds. This led to a structure that includes six layers of programmatic and fiduciary controls, including a strong and independent Inspector General. The Global Fund voluntarily places full audit report findings on our public Web site — an unprecedented level of transparency. And when fraud is suspected or confirmed, as recently was the case in four African nations, we act swiftly to suspend or terminate grants, refer suspects for prosecution, impose additional safeguards, and work to recover misspent funds. We also doubled the Inspector General’s budget to ensure that he has all the tools available to get his job done.

Independent Panel of Experts: We are confident that the steps taken thus far on financial management are forceful and effective, but we want to be absolutely certain that we have the strongest controls possible. In that spirit, we recently announced the appointment of an independent panel of experts who will conduct an exhaustive assessment of Global Fund systems and propose improvements to ensure they are of the highest standard. The panel will be co-chaired by Former Secretary Mike Leavitt, United States Department of Health and Human Services, and His Excellency Festus Mogae, former President of Botswana. Both of these outstanding and respected leaders have a wealth of experience on accountability, auditing and fraud prevention. They will appoint other panel members with similar expertise, and a report will be issued by this fall that will inform the Global Fund and its partners on how we can further improve our oversight.

Value for Money: The Global Fund fully understands that these are difficult economic times and that hard choices have to be made. Understandably, taxpayers demand that the U.S.

Congress makes wise decisions about the use of precious limited resources. However, the resources allocated to the Global Fund, PEPFAR and PMI represent excellent value for money. In fact, the Conservative government in the U.K., which is implementing strong austerity measures, recently conducted a rigorous review of 43 international organizations to which their country contributes. They found that: the Global Fund is one of only 9 organizations providing “very good value to the...taxpayer;” the Global Fund’s “standards for financial management and audit are very high;” and it “has been a major driver for a range of innovations in transparency.” The U.K. will now increase its contribution to the Global Fund despite sizeable overall budget reductions.

The Global Fund has quickly become the world’s most powerful weapon against the killer diseases, AIDS, tuberculosis and malaria, and reduced funding will be directly counted in lives lost. But the stakes are actually much higher. We now stand at a true crossroads as we face the future. If the U.S. maintains its leadership, it will continue to leverage the support of other donors, and we can turn the corner on the three diseases and increase stability, growth and security around the globe — outcomes which unquestionably advance U.S. national interests. But if we pull back at this especially critical moment, not only will human suffering increase, but U.S. leadership — maintained in a bipartisan fashion through two Administrations — will be abandoned, and long-term growth and stability will be impaired. Once we have lost this momentum, it will require even more costly investments in the future to get back on track. For these urgent reasons, I strongly urge you to approve the President’s request for the Global Fund in FY2012.