

Amended and Restated Policy on Restricted Financial Contributions

May 2019¹

01 Guiding Principles

The Board acknowledges the need to accommodate restricted financial contributions in order to fully realize the Global Fund's mission of mobilizing significant additional resources for the fight against AIDS, tuberculosis and malaria, and authorizes the Secretariat to mobilize and accept such contributions which represent additional new funding in accordance with the following guiding principles:

- a. Restricted financial contributions to the Global Fund shall be limited to those from private donors and a limited number of public mechanisms approved in advance by the Board for this purpose (the "Eligible Donors"); The Global Fund shall not accommodate restrictions on contributions through Official Development Assistance, thereby ensuring that the majority of contributions to the Global Fund remain unrestricted.
- b. Restricted financial contributions shall be used solely for the purpose of supporting grants or other priorities approved by the Board and activities of the Secretariat in line with the recipient-driven, Board-determined priorities of the Global Fund; and
- c. Restricted financial contributions shall not result in unreasonable transaction costs for the Global Fund, substantial changes to Global Fund systems and processes, or the responsibilities of the Trustee, or any deviation from Global Fund rules and procedures. The Secretariat shall maintain the accounting records necessary to record restrictions attached to contributions and to identify the expenditure that satisfies such restrictions.

For these purposes "restricted financial contributions" (sometimes referred to as "targeted funding" or "earmarked funding") has the meaning assigned by accounting standards applicable to contribution income, i.e. contributions which have been provided by a donor with specific restrictions on how they may be used by a recipient.

02 Restricted Financial Contributions for Grant Activities

The Board authorizes the Secretariat to mobilize and accept contributions which are restricted to broad categories of expenses such as by disease and region (e.g. AIDS grants in Africa), to specific grants and/or to the procurement of specific goods and services, provided that:

- a. such restricted financial contributions comply with the Guiding Principles outlined in paragraph 1 above; and
- b. such restricted financial contributions are made through the Global Fund and support only the activities and priorities within a grant approved by the Board.

¹ Approved by the Global Fund Board in May 2019 under decision point GF/B41/DP05 and set forth in Annex 1 to GF/B41/06.

03 Complementary Restricted Financial Contributions for Unfunded Quality Demand (UQD)²

The Board authorizes the Secretariat to mobilize and accept contributions that provide additional and complementary funding to a grant program approved by the Board or the resultant grant program of a country or multi-country component's concept note (the "Complementary Restricted Financial Contribution"), provided that:

- a. Complementary Restricted Financial Contributions comply with the Guiding Principles outlined in paragraph 1 above;
- b. Complementary Restricted Financial Contributions may only be restricted to support the unfunded quality demand of a country, multi-country or country disease component;
- c. Although Complementary Restricted Financial Contributions may be excepted from parts of the process adopted by the Strategy Committee for prioritizing and awarding resources available to unfunded quality demand, particularly with respect to annual assessments of additional resources that may be available for unfunded quality demand and the prioritization of items on the unfunded quality demand register, such contributions are subject to the Amended and Restated Comprehensive Funding Policy (the "CFP") and standard financial and operational processes;
- d. Complementary Restricted Financial Contributions are made through the Global Fund and subject to funding approval by the Board, based on the Secretariat's matching of sources and uses of funds arising from such contributions, prior to inclusion in a grant program; and
- e. Unutilized portions of Complementary Restricted Financial Contributions are expected to become unrestricted sources of funds available for the Global Fund grant portfolio and any alternative treatment must also comply with the Guiding Principles outlined in paragraph 1 above.

04 Restricted Contributions to Other Board Approved Priorities

The Board authorizes the Secretariat to mobilize and accept contributions which are restricted to, and may provide additional and complementary funding for Board approved catalytic investment priorities or other Board approved initiatives not otherwise covered under this Policy (the "Complementary Restricted Funding Initiatives"), provided that:

- a. Complementary Restricted Funding Initiatives comply with the Guiding Principles outlined in paragraph 1 above and are made through the Global Fund;
- b. Unutilized portions of Complementary Restricted Funding Initiatives are expected to become unrestricted sources of funds available for the Global Fund grant portfolio and any alternative treatment must also comply with the Guiding Principles outlined in paragraph 1 above;
- c. Complementary Restricted Funding Initiatives are subject to the CFP and standard financial and operational processes; and
- d. Complementary Restricted Funding Initiatives will be allocated to Board approved priorities or initiatives subject to the applicable Global Fund rules and regulations (including Board approval, if allocated to grant programs), based on the Secretariat's matching of sources and uses of funds arising from such contributions.

² As defined in GF/B28/DP4 and further described in GF/SIIC09/DP02.

05 Restricted Financial Contributions for Secretariat Activities

The Board authorizes the Secretariat to mobilize and accept restricted financial contributions for use to pay for Secretariat activities. Such restricted financial contributions may be made either directly to the Global Fund or to third parties in payment for liabilities of the Global Fund, provided that such contributions comply with the Guiding Principles outlined in paragraph 1 above.

06 Oversight

The Board requests the Secretariat to provide the Audit and Finance Committee (the “AFC”) with progress updates on the implementation of this Amended and Restated Global Fund Policy for Restricted Financial Contributions (the “Policy”), including:

- a. A report on the results of mobilizing contributions under this Policy, which outlines the programs and priorities receiving such contributions and will be presented to the relevant Committee of the Board with oversight of such matters for consideration of any associated strategic investment matters; and
- b. Identification of new public mechanisms for inclusion in the Policy.

The Board delegates to the AFC the authority to approve new public mechanisms proposed by the Secretariat for inclusion in the Policy, and acknowledges UNITAID and Debt2Health as approved public mechanisms.

The Board further requests the AFC to consider new developments as they arise and to propose any changes to the Policy deemed appropriate by the AFC for adoption by the Board.