



Highlights of [GAO-03-601](#), a report to the Chairman, Subcommittee on Foreign Operations, Export Financing, and Related Programs, House Committee on Appropriations

Why GAO Did This Study

By the end of 2002, more than 40 million people worldwide were living with human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), with 5 million newly infected that year. HIV/AIDS, along with tuberculosis (TB) and malaria, causes nearly 6 million deaths per year and untold human suffering. Established in January 2002, the Global Fund (the Fund) aims to rapidly disburse grants to augment existing spending on the prevention and treatment of these three diseases while maintaining sufficient oversight of financial transactions and program effectiveness. As of April 1, 2003, the United States had pledged \$1.65 billion to the Fund and is expected to remain its single largest donor. In this study, GAO was asked to assess (1) the Fund's progress in developing governance structures; (2) the systems that the Fund has developed for ensuring financial accountability, monitoring and evaluating grant projects, and procuring goods and services; (3) the Fund's efforts to raise money; and (4) its grant-making process.

In responding to our draft report, the Fund, the Department of Health and Human Services, the Department of State, and the U.S. Agency for International Development agreed with our findings.

www.gao.gov/cgi-bin/getrpt?GAO-03-601.

To view the full report, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

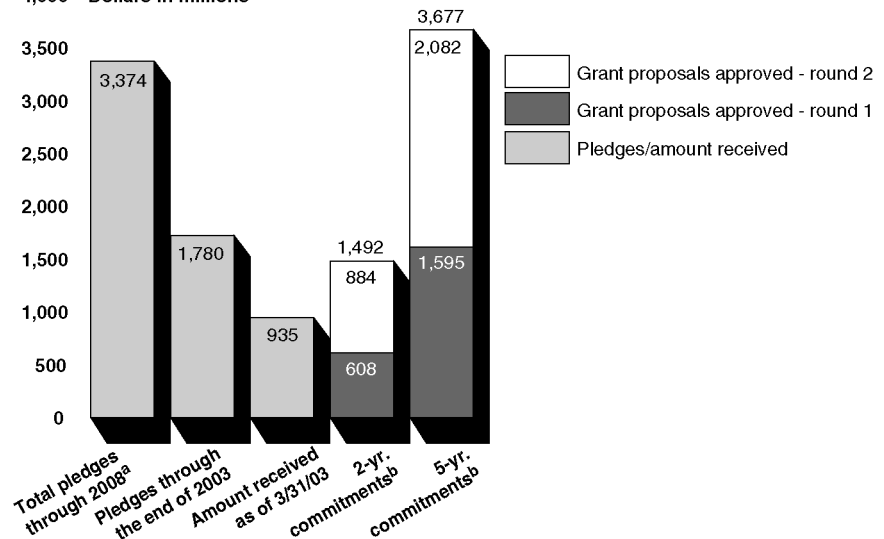
GLOBAL HEALTH

Global Fund to Fight AIDS, TB and Malaria Has Advanced in Key Areas, but Difficult Challenges Remain

What GAO Found

- The Fund has made noteworthy progress in establishing essential governance and other supporting structures and is responding to challenges that have impeded its ability to quickly disburse grants. A key challenge involves locally based governance structures, many of which are not currently performing in a manner envisioned by the Fund.
- The Fund has developed comprehensive oversight systems for monitoring and evaluating grant performance and ensuring financial accountability and has issued guidance for procurement; however, the oversight systems face challenges at the country level and some procurement issues have not been finalized.
- The Fund's ability to approve and finance additional grants is threatened by a lack of sufficient resources. Pledges made through the end of 2003 are insufficient to cover more than a small number of additional grants and without significant new pledges, the Fund will be unable to support all of the already approved grants beyond their initial 2-year agreements.

Pledges Made, Amount Received, and Grant Proposals Approved
4,000 Dollars in millions



Source: GAO analysis of Fund documents.

^aThe pledges expected through 2008 include \$173 million that has no specified arrival date.

^bThese numbers represent the maximum amount approved by the board. Final budgets may be reduced during grant negotiations. Five-year figures are potential, rather than guaranteed, commitments.

Note: A shortfall in the funding of already approved grants is evident when 5-year commitments are compared with total pledges over this time frame. The small amount of resources available for funding new grants is evident when comparing 2-year commitments with pledges through 2003.

- Improvements in the Fund's grant-making processes have enhanced its ability to achieve its key objectives, but challenges remain. These challenges include ensuring that grants add to and complement existing spending on HIV/AIDS, TB, and malaria and that recipients have the capacity to effectively use grants.