



Independent observer  
of the Global Fund

## GLOBAL FUND ADOPTS POLICY ON COMPULSORY TREATMENT FACILITIES

Under a new policy adopted by Strategy, Investment and Impact Committee (SIIC), the Global Fund shall not, as a general rule, finance any activities in, or related to, compulsory treatment programs or facilities where individuals are detained without due process; where torture or cruel, inhumane or degrading treatment is practiced; or where medicines and treatment regimens are not scientifically sound or approved.

However, the SIIC decided that in exceptional circumstances the Fund may provide services – such as life-saving treatment provided by voluntary, community-based treatment programs – to detainees of compulsory treatment facilities as long as the services are provided outside of the facilities.

The information on the new policy regarding compulsory treatment facilities was contained in the report of the SIIC prepared for the Board meeting on 20-21 November. The Audit and Ethics Committee (AEC) and the Finance and Operational Performance Committee (FOPC) also provided reports for that meeting.

In January 2014, the Global Fund announced that it was ending funding for HIV treatment services operating in compulsory drug treatment centers in Viet Nam (see [GFO article](#)).

### Audit and Ethics Committee

The AEC approved the 2015 key performance indicators (KPIs) for the Office of the Inspector General (OIG). There are 10 KPIs, including the following:

- audit and investigation workplans are at least 90% achieved;
- the stakeholder engagement models (described in the OIG's [Communications Strategy](#)) are adhered to; and
- staff turnover does not exceed 10%.

The AEC endorsed a revised 2014 budget for the OIG in the amount of \$17.2 million, down from the \$20.5 million which was originally approved. For the 2015 OIG budget, the AEC endorsed an amount of \$16.4 million.

The AEC reported that it has approved (a) an amended Procedure for Retention and Dissemination of Confidential Information; (b) the external audit plan for 2014; and (c) the 2014 interim financial report, including the interim condensed consolidated financial statements. The AEC said that the preparation of interim financial statements is a noteworthy improvement in financial reporting and transparency.

#### Finance and Operational Performance Committee

The FOPC approved amendments to the human resources policy framework modifying the grading and salary structure of the Fund; and modifying how termination indemnities are calculated when positions become redundant.

The FOPC established a Remuneration Group and appointed four FOPC members to the group. The group will evaluate proposals for salaries that exceed the Fund's salary threshold of CHF 245,000 (roughly US\$ 270,00) per annum.

The FOPC made several changes to the Fund's investment framework, including permitting the inclusion of equity securities in the long-term portion of the Fund's portfolio (up to a maximum of 10% of the value of the portfolio).

The FOPC also adopted a set of principles for liquidity management, including endorsing the use of cash advances to facilitate day-to-day operational needs and authorizing the potential use of bank overdrafts and credit.

Also approved was the use of hedging instruments to manage foreign exchange risk including: forward or option contracts, SPOT transactions, and swap contracts. Unlike forward or option contracts, SPOT transactions are settled the same day or within a few days. A foreign exchange swap allows sums of a certain currency to be used to fund charges designated in another currency without acquiring foreign exchange risk.

Finally, the Secretariat provided the FOPC with some information on a new innovative financing mechanism that could assist resource mobilization: development impact bonds. According to the [Center for Global Development](#), DIBs provide up-front funding for development programs by private investors, who are remunerated by donors or host-country governments and who earn a return if evidence shows that programs achieve pre-agreed outcomes.

The SIIC Report to the Board (GF-B32-27), the AEC report to the Board (GF-B32-25) and the FOPC Report to the Board (GF-B32-26) are available at [www.theglobalfund.org/en/board/meetings/thirtysecond](http://www.theglobalfund.org/en/board/meetings/thirtysecond)

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