



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 23.10.2001
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2001/0251 (COD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

**Concerning the European Community contribution to the "Global Fund to fight
HIV/AIDS, Tuberculosis and Malaria"**

(presented by the Commission)

EXPLANATORY MEMORANDUM

Introduction:

Concern is increasing over the devastating impact of the three major communicable diseases HIV/AIDS, Tuberculosis and Malaria on human suffering and on economic and social development, and hence on poverty reduction efforts in developing countries.

Proposal for the "EC contribution to the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria" :

The joint declaration of 31 May 2001 by the Council and the Commission welcomed the proposal of the UN Secretary General to establish a Global Fund to fight HIV/AIDS, Tuberculosis and Malaria, hereafter called "Global Fund".

The Commission publicly announced its intention to pledge € 120 million to the Global Fund. This contribution is to be composed of € 60 million to be financed from the 2001 budget of the EC and € 60 million to be financed from the EDF. The contribution from the budget covers the years 2001 and 2002. The contribution from EDF to be reserved for the African, Caribbean and Pacific (ACP) countries is not concerned by the present proposal.

The basic purpose of the Global Fund is to establish an innovative, effective public/private partnership and fund to tackle HIV/AIDS, Tuberculosis and Malaria in line with the Community "Programme for Action on communicable diseases in the context of poverty reduction".

Assessment of the proposal:

The Commission,

- having been involved in the preparatory work for the setting up of the Global Fund, in particular in the work of the Transitional Working Group for the finalisation of preparatory arrangements to bring the fund into operation;
- participating in the elaboration of the rules that are to govern management, governance, fiduciary, accountability and legal arrangements for the establishment of the fund to receive contributions;

has concluded that the initiative is appropriate and recommends that a contribution of € 120 million be made to the Global Fund, of which € 60 million from the European Community budget (of which € 50 million to be transferred from the Fisheries budgetline and € 10 million from the ALA budgetlines).

EC contribution to the "Global Fund"

It has been agreed within the Transitional Working Group that a Global Fund will be established and managed according to jointly agreed arrangements.

The Transitional Working Group is composed of designated donors, beneficiary countries, civil society and private sector representatives, UN agencies and the World Bank. The European Community and Member States are part of this Transitional Working Group.

The European Community's contribution to the fund will be drawn from budget-line B7-6211 (Poverty related diseases in particular tuberculosis and malaria). This will require a transfer within Heading 4 of the financial perspectives. To this effect, the Commission will present the necessary proposals to the budgetary authority.

The annexed proposal for the Decision of the European Parliament and of the Council constitutes the proposed legal base.

Timing:

The Global Fund is to be operational by mid-December 2001.

In order to ensure that the available credits are to be committed before the end of the year 2001, the legislative procedures on the part of the European Community must be completed sufficiently in time in order to allow for the adoption of the afore mentioned transfer.

Conclusion:

The Commission proposes to the European Parliament and to the Council to adopt the attached proposal for a decision concerning the European Community contribution to the "Global Fund to fight HIV/AIDS ,Tuberculosis and Malaria".

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Concerning the European Community contribution to the "Global Fund to fight HIV/AIDS, Tuberculosis and Malaria"

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 179 thereof,

Having regard to the proposal from the Commission,

Acting in accordance with the procedure referred to in Article 251 of the Treaty,

Whereas:

- (1) The concern increases over the devastating impact of the three major communicable diseases HIV/AIDS, Tuberculosis and Malaria on human suffering and on economic and social development, and hence on poverty reduction efforts, in particular on the most vulnerable sections of the population of developing countries;
- (2) The G8 Okinawa Summit of July 2000 pledged to contribute significantly to the fight against communicable diseases and to break the vicious circle between diseases and poverty;
- (3) The General Affairs Council adopted in May 2001 a Community Programme for Action on Communicable diseases in the context of poverty reduction;
- (4) The joint declaration of 31 May 2001 by the Council and the Commission welcomed the proposal of the UN Secretary General to establish a Global Fund to fight HIV/AIDS, Tuberculosis and Malaria, hereafter called "Global Fund";
- (5) At the G8 Genova Summit of July 2001, the Commission announced, with support of the Community and the Member states, its intention to pledge 120 million in response to the appeal of the UN General Assembly.
- (6) This fund is being established on behalf of the international donors community and beneficiary countries. It will be administered by the Trustee of the Global Fund in accordance with the purpose of the fund, as stated in its governance and management rules;
- (7) The objective of the fund shall be to address the communicable diseases HIV/AIDS, Tuberculosis and Malaria in developing countries, pursuing a balanced approach with a primary focus on prevention;

- (8) The Community agrees to make a contribution of € 60 million from the Community budget. This contribution will be managed alongside the other contributions to the Global Fund in accordance with the principles of sound and efficient management.

HAVE DECIDED AS FOLLOWS :

Article 1

1. The Community shall contribute to the Global Fund, an amount of 60 million Euro.
2. This contribution to the Global Fund will be made by means of a financing agreement to be concluded between the Commission and the Trustee on the Global Fund.
3. This contribution will be administered following the rules and procedures to be established for the Global Fund, agreed with the Commission and to be annexed to the financing agreement.

Article 2

The Commission will forward all relevant information to the Court of Auditors and will request from the Global Fund all supplementary information that the Court of Auditors may wish to receive as regards the financial operation of the Global Fund. The Commission and the Court of Auditors may carry out any necessary checks and inspections in order to protect the European Community financial interest against fraud and irregularities.

Article 3

The present decision shall enter into force on the day of its adoption. It shall be published in the Official Journal.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Development and Relations with ACP countries

Activities: Development co-operation policies and sectoral strategies

**TITLE OF ACTION: GLOBAL FUND TO FIGHT HIV/AIDS TUBERCULOSIS AND MALARIA
HEREAFTER CALLED GLOBAL FUND**

1. BUDGET LINE(S) + HEADING(S) :

B7-6211 – Aid for poverty related diseases (malaria, tuberculosis) in developing countries

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): 60 € million

2.2. Period of application:

2001-2002

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

	Year 2001						€ million
Commitments	60						60
Payments	60						60

(b) Technical and administrative assistance and support expenditure *(see point 6.1.2)*

Commitments	0						
Payments	0						

Subtotal a+b							
Commitments	60						60
Payments	60						60

(c) Overall financial impact of human resources and other administrative expenditure *(see points 7.2 and 7.3)*

Commitments/ payments							
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TOTAL a+b+c							
Commitments	60						60
Payments	60						60

2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming.

Proposal will entail reprogramming of the relevant heading in the financial perspective.

Proposal may require application of the provisions of the Interinstitutional Agreement.

2.5. Financial impact on revenue:

Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

(€ million)

		Prior to action	Situation following action					
Budget line	Revenue							
	<i>a) Revenue in absolute terms</i>							
	<i>b) Change in revenue</i>	Δ						

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Non-comp	Diff	YES	NO	NO	Heading 4

4. LEGAL BASIS

New legal basis proposed

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

Concern is increasing over the devastating impact of the three major communicable diseases HIV/AIDS, Tuberculosis and Malaria on human suffering and on economic and social development, and hence on poverty reduction efforts in developing countries.

The joint declaration of 31 May 2001 by the Council and the Commission welcomed the proposal of the UN Secretary General to establish a Global Fund

The Commission publicly announced its intention to pledge € 120 million to the Global Fund. This contribution is to be composed of € 60 million to be financed from the 2001 budget of the European Community and € 60 million to be financed from the EDF.

The basic purpose of the Global Fund is to establish an innovative, effective global public/private partnership fund to tackle HIV/AIDS, Tuberculosis and Malaria in line with the Community "Programme for Action on Communicable diseases in the context of poverty reduction" adopted in May 2001.

5.1.2. Measures taken in connection with ex ante evaluation

The Commission,

- having been involved in the preparatory work for the setting up of the Global Fund, in particular in the work of the Transitional Working Group for the finalisation of preparatory arrangements to bring the fund into operation;

- participating in the elaboration of the rules that are to govern management, governance, fiduciary, accountability and legal arrangements for the establishment of the fund to receive contributions;

has concluded that the initiative is appropriate and recommends that a contribution of € 60 million be made from the European Community budget to the Global Fund.

5.1.3. Measures taken following ex post evaluation

New action

5.2. Action envisaged and budget intervention arrangements

The purpose of the Fund is to mobilise, manage and disburse grant resources to enable developing countries to achieve more rapid progress in addressing the challenges created by HIV/AIDS, Tuberculosis, and Malaria and deliver better health outcomes in the context of poverty reduction. It is intended to achieve these objectives whilst lowering transaction costs for both donors and countries, maintaining high accountability for results, and building on existing development processes. Consensus has gradually emerged that a single fund, with an initial focus on these three diseases/conditions is the most appropriate model. Improving outcomes in relation to these three conditions will require a strong role for the fund in strengthening health systems. The Global Fund is to make non earmarked resources available

and support a balanced approach incorporating prevention, treatment and care. It is recognised that the financing of procurement of commodities will comprise part of the overall response.

5.3. Methods of implementation

The European Community contribution will be disbursed to the fund and administered by the Trustee as designated by the Transitional Working Group. Parties and stakeholders represented in an Executive Board will ensure the necessary programming, monitoring and follow up. This will be done in accordance with the rules concerning governance and management structure, fiduciary arrangements, eligibility criteria, country processes, implementation options, monitoring and evaluation, procurement, resource mobilisation and communication strategies.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

6.1.1. Financial intervention

Commitments (in € million)

Breakdown	2001						Total
Fight against communicable diseases (HIV/AIDS Tuberculosis Malaria,	60						60
TOTAL	60						60

6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)

	2001						Total
1) Technical and administrative assistance							
a) Technical assistance offices							
b) Other technical and administrative assistance: - intra muros: - extra muros: <i>of which for construction and maintenance of computerised management systems</i>	pm						pm
Subtotal 1	pm						pm
2) Support expenditure							
a) Studies	pm						pm
b) Meetings of experts	pm						pm

c) Information and publications	pm						pm
Subtotal 2	pm						pm
TOTAL	pm						pm

6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)

Commitments (in € million to three decimal places)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1...n)	Average unit cost	Total cost (total for years 1...n)
	1	2	3	4=(2X3)
<u>Action 1</u>				NOT APPLICABLE
- Measure 1				
- Measure 2				
<u>Action 2</u>				
- Measure 1				
- Measure 2				
- Measure 3				
etc.				
TOTAL COST				

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A	pm	Pm	pm	<i>Follow-up of Global Fund of governance, programme implementation and consultation o stakeholders</i>
	B	pm	Pm	pm	
	C	pm	Pm	pm	
Other human resources					
Total		pm	Pm	pm	

7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
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Officials	pm	
Temporary staff	pm	
Other human resources (specify budget line)	pm	
Total	pm	

The amounts are total expenditure for twelve months.

7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
Overall allocation (Title A7)		
A0701 – Missions	(pm)	
A07030 – Meetings	(pm)	
A07031 – Compulsory committees ¹	(pm)	
A07032 – Non-compulsory committees ¹	(pm)	
A07040 – Conferences	(pm)	
A0705 – Studies and consultations	(pm)	
Other expenditure (specify)	(pm)	
Information systems (A-5001/A-4300)	(pm)	
Other expenditure - Part A (specify)	(pm)	
Total	(pm)	

The amounts are total expenditure for twelve months.

¹ Specify the type of committee and the group to which it belongs.

I.	Annual total (7.2 + 7.3)	pm
II.	Duration of action	t.b.d
III.	Total cost of action (I x II)	pm

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

A follow up of the Global Fund will be secure of governance, programme implementation and consultation of stakeholders.

The Commission will forward all relevant information to the Court of Auditors and will request from the Global Fund all supplementary information that the Court of Auditors may wish to receive as regards the financial operation of the Global Fund

8.2. Arrangements and schedule for the planned evaluation

Joint evaluations and reviews will be carried out in agreement with the Community of donors and beneficiary countries according to the rules governing the Global Fund.

9. ANTI-FRAUD MEASURES

In addition, the Commission may carry out any necessary checks and inspections in order to protect the European Community financial interest against fraud and irregularities.