

RELEASE IN PART B6

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Monday, February 27, 2012 11:10 AM
To: H
Subject: FW: Global Fund Issue avec France

Importance: High

From: Goosby, Eric
Sent: Monday, February 27, 2012 10:51 AM
To: Mills, Cheryl D; gayle smith (); Nides, Thomas R; Quam, Lois E; 'Daulaire, Nils (HHS/OS/OGA)'; Ziemer, Tim (GH/AA)
Cc: Monahan, John T; 'Lorrie McHugh-Wytkind'; Von Zinkernagel, Deborah J; Gavaghan, Ann; Carson, Tracy L; Yilla, Mamadi
Subject: Global Fund Issue avec France
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Colleagues --

We want to alert you to a potential Global Fund issue that emerged over the weekend regarding France's support for the Global Fund. We do not believe any further action is required now, but we want you to be aware of this matter:

On Friday, Ambassador Mireille Guigaz, France's new representative to the Global Fund Board, called Gabriel Jaramillo, the Fund's new General Manager, to indicate France is planning some kind of a "suspension" of its contribution to the Fund because of concerns about "governance" of the Fund. She was not specific about the terms or nature of such a "suspension". According to Jaramillo, she raised a range of issues, including France's role in Board leadership, France's desire to enter into an MOU with the Global Fund to provide various conditions on its funding, France's continuing concern about the way in which the Board Chair handled the departure of Michel Kazatchkine, and the need to better engage country leadership in the Fund governance. Jaramillo urged the French representative to reconsider and informed her that he would prepare for a crisis communications response to such an action.

Jaramillo contacted USG and the Global Fund Board Chair. We have reached out directly to the new French board representative over the weekend - although we have not connected yet. We also reached out to other Board representatives who have strong ties to France and to French NGOs to check out this potential action (so far, none have heard of the threatened "suspension"). In addition, we understand that the UN SG and perhaps several African countries have contacted France directly on this matter, but we do not have readouts of those calls. We also spoke with the French embassy in Washington, which had not heard about any new concerns regarding the Global Fund, but the Embassy will reach out to the French board representative today.

On Saturday, Jaramillo spoke again with the French representative to the Global Fund board, and she was less "hawkish" (to use his phrase) and indicated that France remains deeply concerned about the Fund. However, she also stated that a decision to suspend would require further levels of review within the French government. Simon Bland, the Global Fund's Board Chair, also reached the French representative over the weekend and confirmed that a "suspension" is not imminent, and he will be traveling to Paris later this week to discuss this matter further with French officials.

We believe a French decision to suspend or alter their funding for the Global Fund would hurt the Fund and, frankly, rebound poorly for France. Such an action would not be helpful to our FY13 budget request. Our direct and indirect contacts with France also suggest that at least some parts of the French government are not aware of a suspension decision so there remains considerable ambiguity as to France's specific plans.

In the near term, we are hoping to get a clearer reading on the exact nature of France's concerns and the status of any plans for a "suspension". We will make the case that this is not the time for France to back away from the Global Fund, that France should bring any concerns about the Fund's governance to the Board leadership so that these concerns can be addressed forthrightly, and that USG wants to work collaboratively with France to address any substantive issues. John Monahan met with the French Board representative two weeks ago, and both agreed we want to work together for the future of the Fund.

We also intend to continue to work closely with the Board Chair, as well as Board constituencies who are influential with France, to understand and address their substantive issues. As you know, the Board Chair will be in Washington this week.

Please let me know if you have any questions. John, Brian or I can field any issues/questions

Best,

Eric

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This email is UNCLASSIFIED.