

36th Board Meeting

Report of the Executive Director

GF/B36/10

16-17 November 2016, Montreux, Switzerland

Board Information

SPRINTING TO THE FINISH LINE

Dear Board members, colleagues, friends:

It is a privilege to report on progress we have made this year and to reflect on the challenges and opportunities that lie ahead as our partnership strives to end HIV, tuberculosis and malaria as epidemics while contributing in a significant way to building resilient and sustainable systems for health and promoting and protecting human rights. As in previous years, the intent in this report is to highlight major developments and trends, rather than to cover everything. In particular, there is an effort not to duplicate perspectives and updates on topics that the Board has been considering in papers and discussions.

On behalf of the Secretariat, deep thanks to all of you for the tremendous support and continuous engagement that makes our partnership so vibrant and resilient.

It is an exciting time in global health and in the world in which we engage. The Sustainable Development Goals call on us to focus on the needs of a person, a family, a community, nations and the world. We see great progress in some areas, but we also see many challenges that must be faced boldly, and with compassion, humility and courage. One very telling signal of progress is that the World Health Organization reported dramatic gains in life expectancy, registering a global increase of five years between 2000 and 2015, the fastest increase since the 1960s. The numbers were even more outstanding in Africa, where life expectancy increased by close to ten years. These impressive gains have largely been associated with breathtaking progress against infectious diseases such as HIV, TB and malaria, and improvements in reproductive, maternal, newborn and child health including progress on vaccines with significant contributions by Gavi and others. What seemed impossible 16 years ago at the dawn of the Millennium Development Goal era has been achieved. Investments by global health partners and bigger commitments by national governments combined to create a formidable solidarity that has saved millions of lives and transformed the lives and livelihoods of millions more.

In September this year, we reported that our partnership has supported programs that have now saved 20 million lives. That is an incredible number, and we are all part of the collective work that made it possible. No matter how we accumulate numbers, it is the impact on people that counts. A life saved is the mother who can raise her daughter and teach her to stay safe from HIV, or the father who can provide for his family without fear of TB, or the drug user, sex worker or a man who has sex with a man, who is able to access services in safety, without fear of stigma and discrimination. It is the girl who thrives beyond her fifth birthday because she was protected from malaria and becomes a doctor, or perhaps the next leader of her country. Each life that is saved and lifted up has the opportunity to contribute to thriving, prosperous and hopeful communities and countries.

Poor health is both a cause and a consequence of poverty. As health indicators have improved, global poverty has been halved in the last two decades – registering the fastest decline in human history. As economies grow, many countries become better equipped to prevent and respond to diseases and health challenges.

For example, our investments have supported the work of the Government and people Ethiopia which has created more than 38,000 health extension workers – the vast majority of whom are women – doing transformative work for the health of the people in that country. This element of primary health care has led to remarkable health outcomes in the country. Since the program was launched by the Government in 2003, life expectancy has jumped by ten years – from 54 to

64 years. The program has also enabled thousands of women to enter the workforce, contributing to improved incomes and transforming gender roles in their communities.

The collective partnership to fight AIDS, TB, and malaria began as a response to so many lives that the world was losing. Today, it thrives through the transformative cycle that comes from preserving life and promoting well-being.

Overall, the Global Fund partnership is investing vigorously to build resilient and sustainable systems for health that can support the world in responding not only to AIDS, TB and malaria, but to and many other diseases and emerging health threats as well. We have a reorientation to flexible and innovative approaches to challenging operating environments and playing a role in responding to crisis situations. We are keeping a strong focus on reaching marginalized people in society and will continue to invest strongly in universal health coverage. Working with partners, governments and civil society, we strive to see that no one is left behind. In essence, we are evolving to embrace the vision of the Sustainable Development Goals.

However, this far-reaching progress should not obscure the fact that inequalities exist. Progress against diseases has not reached everyone in equal measure. Women and girls remain disproportionately affected by diseases, in particular HIV and, therefore, TB as the leading cause of death among people with HIV. So do other vulnerable populations, especially those that remain stigmatized by the society. Sex workers, people who inject drugs, men who have sex with men, transgender people, migrants and prisoners, among others, continue to bear the brunt of many infectious diseases. The cause of these inequalities is not in the nature of infectious diseases; rather, they are symptoms of societal diseases. To end the epidemics, we must look beyond scientific and medical solutions – in fact, we must look within ourselves and become better people. We must embrace those who are different from us – who are “other” – and create the inclusive human family we are meant to be.

Similar to previous reports, in one section we focus on a thematic area related to a specific disease. Here, we concentrate on the growing challenges of TB and its alarming proportions that need urgent action, and in particular, the antimicrobial resistance that is creating a global threat. In part because of disproportionate gains in malaria and HIV, TB is now the leading cause of death among individual infectious diseases. As of now, TB is not getting the domestic and global attention that it desperately needs and deserves. Where health systems do not provide the TB care and treatment needed, it leads to drug-resistant TB. If multi-drug resistant TB is allowed to grow, it will make it impossible to control the epidemic and will create a threat to global health security. Now is the time for a rapid and urgent response on TB.

We need to sprint to the finish line that the Sustainable Development Goals and our mission calls on us to achieve. We are on the right side of the tipping point and can now see the path to achieve what has seemed impossible since recorded medical history – the elimination, and ultimately eradication, of malaria and TB – and to control the modern plague of HIV and AIDS. But tipping points can go either way. The data are clear – if we do not stick with it until the end, the epidemics will come roaring back. And when they do, as we are seeing already, they will be in drug- and multidrug-resistant forms, posing threats to global health security and increasing the specter of antimicrobial resistance. We have neither the science nor the financial resources to manage such epidemics. The next three to six years will determine if we are the generation to achieve those bold and historic goals, or if we are the generation to pass on these epidemics for generations to come. The decision is ours.

As the Sustainable Development Goals teach us, health does not exist in isolation. We are in a time of massive flux – in socioeconomic and political power, and in terms of a massive growth in the youth population. People and ideas are on the move on an unprecedented scale. At such times in the past, there has been a choice between looking inward, backward and with fear or

looking outward, forward with great hope. The highly successful 5th Replenishment, hosted by Prime Minister Trudeau, squarely placing the remarkable partnership that is our Global Fund on the side of solidarity and hope, giving flight to the better angels of our nature. What a wonderful place to be.

Thank you all,

Mark

Evolving to be Better Fit for Purpose: Achieving Impact

For years, our partnership has been steadfastly working to improve the impact we achieve with the investments we make. We know that our success will be judged on the tangible changes we bring to individuals, communities and nations in which we invest.

Over 14 years since we began, we have refined how we measure impact and also how we invest to achieve the best possible impact. We have to evolve to do more. We seek to continuously learn and improve on what we do. We know that at the center of the Global Fund partnership are the people we serve, and therefore our collective effort to support the communities and countries in which they live to achieve maximum impact. Achieving impact means measuring it, and using the data to drive better investments to achieve even greater impact.

The new 6-year Strategy demands that we accelerate impact and to measure it better. While the changes of the new funding model set a foundation, we all knew we would need to learn from the experience to lay a stronger foundation for greater impact. We need to modify and build systems to ensure the resources from the 5th Replenishment put us on the path to achieve the goals of the new Strategy, and, more broadly, the SDGs.

Key to our learning on how to ensure greater impact has been the collective assessment of in-country and global partners gathered by the Implementation through Partnership (ITP) initiative, the Secretariat's strengthened approach to risk assessment, mitigation and assurance and important finding of Technical Evaluation Reference Group and the Office of the Inspector General reports and the annual maturity assessment. The findings have been remarkably aligned. They point to obstacles that lie in broad systems issues – both in country systems and also in Secretariat systems – that needed upgrading and improvement. There has been an intensive effort, in particular in the past two years, to create the foundations that would provide the enabling environment for a leap towards greater impact. The following few sections of the report focus on several key issues of risk and how we have been working to mitigate them for that great leap forward for greater impact. To be clear, this is not simply about how the Secretariat works, it is about how the Global Fund partnership can better support communities and countries to achieve impact.

A Method to the “Madness”

Appropriately, concerns have been raised about the number and coherence of initiatives underway. With humility, I must admit we have not provided the clearest picture of where we were heading and why. Among many factors, in part that was because, as our own internal assessment and the first OIG maturity report made clear, there were many areas of systemic weakness. In part it was because we were “building the ship while sailing it,” and in part it was because I failed to do as well as I could and should have done at pulling things together. We have named this section, with a bit of tongue-in-cheek, in the hope that we can more successfully explain what could look like a touch of madness.

As has been stated on several occasions across the years, we knew we needed to refocus all of our work – internally and externally – on impact. The new funding model called on the Secretariat to be more proactive. We were aware that the Secretariat had weakness in key systems that inhibited our ability to most effectively engage across the partnership to support a drive towards impact.

This awareness – again, gathered from partners, the OIG, the Board, the TERG and others – led to a series of initiatives created in the Secretariat prioritization plan approved by the Board. These initiatives were interlinked, with some serving as foundational pieces to move to portfolio management across the partnership from countries, to regions, to global, for the Global Fund to play its role in achieving the MDGs, and now the SDGs.

The overall approach is schematically depicted in the following pyramid:



At the foundation level, we are working on generating the data needed for portfolio management and dedicating staff and how they spend their time to maximize impact. Those foundational pieces included Step-up (completed) to provide a state-of-the art financial management system; Differentiation for Impact (completed), to have systems and personnel differentiated by country and portfolio to improve the Secretariat’s ability to engage with partners to maximize impact within a risk framework; and Project AIM, which creates an online grant management system with standardization across the portfolio that has portals to the financial management system to allow real-time access to, and use of, data to maximize impact. We have completed Phase 2 of AIM, with 149 grants loaded and will be fully operational for all new grants signed under the 5th Replenishment.

Strengthening risk management has received intense focus as a key foundation for impact. Step-up, Differentiation for Impact and AIM all contribute to providing information and focus that contribute in a significant ways to better risk management. As risk management is further strengthened, it provides a more solid basis for portfolio management and impact. The Prioritized Action Plan (PAP) is a key part of risk management. Because there is a report from the Chief Risk Officer, representing the Secretariat’s view on risk, this report will not go into greater detail on them. However, since the PAP is new since the last ED report, an overview of its important role in driving for impact is provided below.

Building on the foundational pieces of Step-up, Differentiation for Impact, AIM and strengthened risk management, key initiatives were developed and are in various stages of progress to build the capacity of countries to achieving greater impact. In this report, we focus on two that have not been addressed in depth previously, and have taken on greater priority in the past year. These are both areas with new leadership and intensive cross-Secretariat projects for which I am receiving monthly updates:

- Promoting and improving program quality, including evolving ITP and the Secretariat's technical staff and support to Impact through Partnership, and;
- Improved supply chain management.

However, it is important to note that all of the initiatives and projects were created with a unifying objective: to provide partners and the Secretariat with better tools for portfolio management from sub-national programs, to countries, regions and globally.

For nearly three years, we have been planning to shift the entire focus of the organization to impact, but the building blocks needed to be in place. Because of the intensive work that has been done, we now have sufficient tools to act. Within the coming months, by the second quarter of 2017, we aim to cascade the programmatic targets and corporate KPI throughout the entire staff of the Secretariat, in objective-setting, performance management and expected competencies. That way, the singular focus of each person working at the Secretariat is to achieve impact – to achieve the new Strategy. Mark Edington provided a vivid description of what this all really means: “Imagine if a regional manager who is responsible for many of the countries with the highest burden of TB wakes up every day thinking about how to reduce new infections, rather than which grants have been signed or how much money has been disbursed?”

Of course, that regional manager and team are a piece of a much bigger puzzle. The greatest strength of the Global Fund, and its greatest value-add in global health architecture, is our partnership model. No individual, and no team within the Secretariat, can achieve the Strategic Objectives. It is only through collaboration, and a strong and accountable culture of collaboration within the Secretariat and across our vibrant partnership, that impact can be maximized. And so by aligning our staff culture with the broader work of the Global Fund partnership, we will collectively drive to achieving the Strategic Objectives, the greatest impact and the SDGs.

A Roadmap for Impact: the PAP ('Prioritized Action Plan')

In May 2016, with helpful input of the Board, we launched an extensive plan – the PAP - to help the Secretariat and the Board monitor, assess and oversee the implementation of our strategy to achieve the best possible impact with the investments we make. The PAP helps the entire Global Fund family deeply embed risk and an impact-oriented culture throughout our work. The plan is driving our strategy by powering a set of indicators that show vividly the progress we are making towards the delivery of our strategy and giving early warnings to areas that are off track so we can adjust, monitor and get back on track.

That single-minded plan is helping us to improve our governance and our risk management. It is giving us a holistic view of interconnected initiatives at the Global Fund and supports implementation of our strategy. As we sprint to the finish line in our mission and the SDGs by implementing our 2017-2022 strategy, operational excellence is something we must continue to pursue. By providing clear guidelines for strategy implementation, the PAP helps us draw a proactive vision of what we strive to achieve. It helps in institutionalizing a culture of using deliverables to gauge our progress. It guides us in adopting coordinated and cross-cutting approaches to our work so that the impact we aim to achieve as an organization can be bigger and far-reaching.

Key components of the PAP are:

Leadership: Our management is using the PAP to guide different divisions of the Global Fund work well to achieve shared goals. The PAP is a framework that the management is using to monitor the strategy as we put it in action to maximize impact. It is also a key tool for Board oversight.

Focus: With the PAP, we are focusing on certain key and crosscutting drivers of success to accelerate impact, to end HIV, tuberculosis and malaria as epidemics including supporting countries to build resilient and sustainable systems for health and address key human rights issues.

Proactive: The PAP is helping the Global Fund management to anticipate hurdles that face our work as well as anticipate impact from our programs.

Deliverables-oriented: The PAP will institutionalize a results-oriented culture across the organization. It will guide us in monitoring deliverables and achievements and reporting on them on regular basis. That will encourage rigor and guarantee higher quality performance from our investments.

Coordination & Governance: The PAP encourages consistency and coordination in performance of our work. It creates clear structures of responsibility and accountability. It lays out the need for a vibrant partnership, key organizations and approaches for mutual accountability.

We have formed a new office called the Project Management Office, to occupy a central role in monitoring and oversight of ongoing initiatives across the organization. We are in the process of designing many of the deliverables for this plan before launching full scale into execution.

Focus on Impact: Improving Program Quality and Efficiency

The investments made by the Global Fund partnership have contributed greatly to breathtaking gains and are a result of collective work by governments, civil society, the private sector and people affected by HIV, TB and malaria. Since the peak of the crisis in 2005, the number of deaths caused by AIDS has declined by 45 percent in countries where the Global Fund invests. Additionally, between 2000 and 2015, the number of new HIV infections declined by 37 percent in countries supported by the Global Fund. On TB, the number of deaths from TB declined 31 percent between 2000 and 2015 in countries where the Global Fund invests. (Deaths from co-infection of HIV and TB are not included in that number.) The number of TB cases in countries where the Global Fund invests went down by 6.1 percent between 2005 and 2015. Regarding malaria, which is especially lethal among children under 5, the rate of death for this group – children under 5 years – in 81 malaria-endemic countries supported by Global Fund grants, went down by more than one-third between 2003 and 2015. The decline was faster in countries where the malaria-related share of deaths in children under 5 was higher.

Nonetheless, progress across the three diseases remains highly variable in different countries and communities where the Global Fund invests. In many cases, this is attributable to difference in the quality of program design and implementation. It is vital for us to invest in improving program quality and efficiency as a way of maximizing impact across portfolios. The diagram below shows varied results in different countries where the Global Fund invests. It points to the need to focus on improving program quality and efficiency as a way to achieve greater impact in all our investments.

		HIV (2000-2015)		TUBERCULOSIS (2000-2014)		MALARIA (2000-2015)	
		incidence	deaths	incidence	deaths	incidence	deaths
HIGH IMPACT AFRICA - 1	Congo (Democratic Republic)	84%	59%	1%	3%	49%	75%
	Côte d'Ivoire	65%	47%	55%	73%	31%	67%
	Ghana	70%	54%	23%	36%	45%	54%
	Nigeria	48%	20%	1%	0%	24%	64%
	South Africa	61%	22%	-42%	35%	65%	74%
	Sudan	-44%	-100%	27%	24%	60%	62%
HIGH IMPACT AFRICA - 2	Ethiopia	79%	79%	51%	67%	75%	76%
	Kenya	35%	80%	14%	-37%	40%	49%
	Mozambique	55%	11%	-7%	37%	40%	76%
	Tanzania (United Republic)	74%	75%	35%	23%	71%	64%
	Uganda	29%	81%	62%	74%	58%	86%
	Zambia	56%	80%	46%	28%	53%	69%
	Zimbabwe	56%	80%	54%	9%	29%	29%
HIGH IMPACT ASIA	Bangladesh	-100%	-100%	-1%	30%	89%	88%
	India	72%	33%	23%	55%	51%	51%
	Indonesia	-100%	-100%	11%	24%	-4%	-39%
	Myanmar	72%	-5%	10%	61%	40%	46%
	Pakistan	-100%	-100%	2%	62%	75%	76%
	Philippines	-100%	-100%	22%	75%	95%	95%
	Thailand	79%	74%	29%	54%	50%	97%
	Viet Nam	53%	-100%	29%	47%	88%	89%

■ Increased (capped at -100%)
 ■ < 25% decline
 ■ 25-50% decline
 ■ >50% decline

The declines shown in this table are based on incidence and deaths expressed per unit of population and not in absolute numbers. Source: AIDSinfoOnline July 2016, WHO Global TB 2015 Report, WHO Global Malaria Program.

However, we know that within countries, even between sites or programs in the same area, results and the cost per outcome can be highly variable. And so our efforts on program and data quality must also rapidly move from national to various sub-national levels.

The Global Fund's engagement in program quality and efficiency is not new. In 2015, we developed a Program Quality and Efficiency project that aims to improve health outcomes by strengthening the quality and efficiency of implementation within programs. The project identified innovative practices within countries that contributed to improved health outcomes with a view toward replicating them across the portfolio.

As we strive to sprint to the finish line of the epidemics, we will embed program quality and efficiency within all Global Fund processes in order to strengthen our ability to contribute to maximizing impact at the country level. The plan will strengthen the Global Fund's overall approach to risk management and assurance of programs. The new Risk Assurance Policy calls for active management of risk in a way that leverages partnership and key stakeholders. It calls for increased attention to programmatic risks as a way of achieving greater outcomes and impact. Sub-optimal program quality is a risk that affects the achievements that our investments can make. Inefficient allocation of resources as well as inadequate processes and models of service delivery are another major risk, which if not addressed can lead to insufficient value for the money we invest.

To maximize impact at country level, we must explore ways to improve quality and efficiency at each step of the business process -- from the design of programs to implementation.

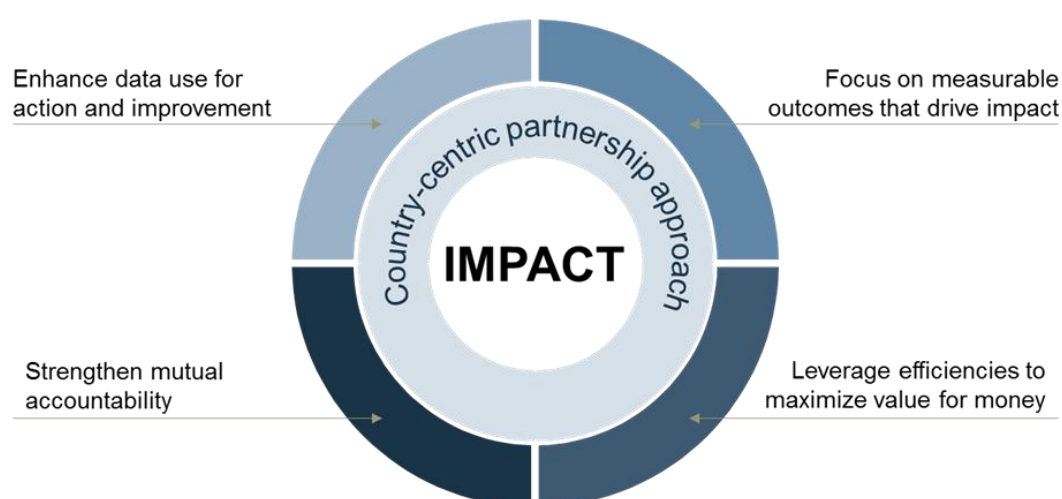
In our strategy, the mainstreaming of program quality is a key component. We will take a program-quality approach in our determination to fulfill the strategic objectives of the new strategy. Among other things, mainstreaming program quality will encompass:

- A data-driven prioritization of investments to maximize program outcomes
- Improvement of management capacity in national and sub-national programs.
- Use of data at community level to drive improvements.

To mainstream program quality requires all partners to focus on supporting countries and sub-national areas, from individual sites to regions, to identify major gaps in program quality and to act in unison and with accountability. The Implementation through Partnership (ITP) project provides a solid foundation on which to build. ITP helps partners support countries more rapidly invest available resources in effective and efficient health programs. The success of ITP will have a direct bearing on how much impact can be achieved, as well as on how much future funding can be raised and invested. Therefore, the effort has been renamed from *Implementation* through Partnership to *Impact* through Partnership. The reoriented ITP will focus on mobilizing appropriate partners in cooperation with countries for increased focus and action. There are numerous and varied challenges in implementation of programs we support. ITP is a proactive, problem-solving approach to those challenges. Better tools that have been developed by key bilateral and multilateral partners as well as AIM for the Global Fund Secretariat help provide the data that are needed to focus on program quality at the national, program and site level. Therefore, partners have agreed that we will shift ITP from being a project focused on disbursement of fund to being a vehicle for driving forward our collective effort to maximize impact through a country-centric partnership approach.

Moving from **Implementation** to **Impact**

Country-centric approach based on program quality, outcomes and impact



The overall aim is to maximize impact at country level through a country-centric partnership approach. We will work through existing partnership mechanisms so that the best-placed partners in each country maximally leverage their strengths for an impact that is greater together than a sum of each part, including their political advocacy with leadership and key decision makers to improve program quality and outcomes. The approach is not one-size-fits-all or top down; rather it is grounded in country-level realities and tailored to country circumstances. Country dialogue that is inclusive and informed by evidence is the starting point for mobilizing technical and financial resources from within the partnership to support improvements in program quality and outcomes.

- *Enhancing data use for action and improvement:* A fundamental driver of quality improvement is the use of data for learning and action. As a partnership, we will use data for continuous improvement in the design and implementation of the programs we support and the results that those programs achieve. The right data at the right level of disaggregation need to be available at the right time and used by actors at different levels of the system to drive improvements. This approach necessitates collective engagement and investment to improve the availability, quality, timeliness and use of data at all levels from the community healthcare worker to the Ministers, to regional and global organizations.
- *Focusing on measurable outcomes that drive impact:* The partnership focuses on assuring quality in every step of the results chain in order to maximize measurable improvements in key outcomes that drive impact. We will work with partners to design and roll out performance metrics to strengthen focus on measurable changes in quality and outcomes, and prioritize our collective efforts on issues that are most critical to maximizing impact.
- *Leveraging efficiencies to maximize value for money:* In all we do, we strive to make optimal use of available resources to maximize impact. To achieve better results, we need to continue to improve on efficiency in the allocation of resources by investing in programs that deliver the greatest impact, taking cost and resource availability into account. That requires finding ways to lower unit costs for service with sound quality. We will need to continue to prioritize our investments carefully in order to improve quality and efficiency, where needed most and where action is likely to lead to the greatest returns.
- *Strengthening mutual accountability:* ITP has helped strengthen mutual accountability through the regular sharing of information and systematic follow through on committed actions. As we shift collectively to a focus on maximizing impact, we will work together to further strengthen mutual accountability through development of a transparent online platform that brings together needs and opportunities identified, committed actions, metrics that link actions with measurable outcomes and feedback on support being provided to countries.

Over time, an important component of the work on program quality will be to work with partners to develop online, open-source tools that countries, programs and sites can use to promote program quality.

Strengthening Data, Efficiency and Integrated Programs

Accurate and timely information is critical to improving program quality. The Global Fund will be strengthening data systems through a close partnership with the Global Health Data Collaborative, involving forty plus international organizations, donors and partner countries as well as implementing health facility assessments and routine monitoring systems. Also, we are contributing to the roll-out and/or strengthening of District Health Information Software-based national health reporting systems in almost 50 countries. This includes integration of disease reporting and community-based reporting as well as monitoring costs of service delivery using indicators that monitor system efficiency such as drug delivery, out-patient visits and waiting time.

To maximize value-for-money of its investments, the Global Fund will be integrating the concepts of allocative and technical efficiency throughout its grant cycle and working with partners such as WHO, the World Bank, UNAIDS, UNITAID, and the Bill and Melinda Gates Foundation, among others. For instance, we have been supporting countries on intervention prioritization to maximize impact while developing national strategic plans and funding requests. This is done by supporting countries applying various costing and epidemiological impact models (e.g. OneHealth and Optima-HIV). These models assess the expected costs and impacts.

Global Fund's investments in resilient and sustainable systems for health maximize the impact on HIV, TB and malaria, and improve integrated sexual, reproductive, maternal, newborn, child, and adolescent health services. This is done through active partnership engagement with WHO, UNICEF, the Bill & Melinda Gates Foundation, USAID, the Global Financing Facility, UNFPA, France, Germany (GIZ), and the U.S. government. The Global Fund is also actively engaged in Maternal, Newborn and Child Health Quality of Care Network, which aims to improve the quality of care delivered to mothers, newborns, and children through antenatal, delivery, and postnatal periods.

Country examples

As we mainstream program quality across the grant cycle, one key aspect focuses on the improvements in implementation and service delivery as we aim to see that we reach more people with tailored services. This will lead to an increase in impact and efficiency. A number of countries are already doing great work in this regard:

Tanzania: After planning with the Ministry of Health, the National TB and Leprosy Program, WHO, Stop TB, and USAID on development of a toolkit for improving quality of TB care and prevention, Tanzania has launched regional training in 16 regions, spanning 200 health facilities, thus training over 1000 health workers. The toolkit focuses on improving TB case detection practices. After data collection and costing analysis, the change in efficiency of TB service delivery can be determined -- based on the interventions -- and expanded to guide other countries in increasing rates of TB diagnosis.

Democratic Republic of Congo: The innovative partnership and alignment between the Global Fund and key partners to expand an integrated package of reproductive, maternal, newborn and child health services in DRC aims at strengthening service delivery, utilization, quality of care and stewardship. The Global Fund is working with partners on mutual complementarity and action based on comparative advantage to maximize effectiveness and avoid duplication of efforts. For example, the Global Fund has been working closely with UNICEF to rapidly increase the work of community health workers, who are trained to prevent and treat common childhood diseases, to 133 health zones. They are equipped with rapid diagnostic tools, and low-cost life-

saving medicines, such as ACT drugs for malaria, amoxicillin for pneumonia and oral rehydration salts and zinc tablets for diarrhea. The Global Fund is also working with the World Bank on a performance-based funding project, under which the Global Fund is contributing US\$20 million for the Partnership for Health Systems Strengthening for Better Child and Maternal Health Results.

Uganda: The AIDS Support Organization (TASO) has been providing different models of delivering antiretroviral therapy, through facility-based, community client-led ART, and through community drug distribution points at 11 centers across the country. The analyses made by TASO indicate that, compared to facility-based settings, the community ART delivery models resulted in improved treatment retention of people living with HIV, and reported comparable adherence rate. At the same time, TASO community models estimated more potential of reducing cost for caring of HIV infected patients throughout TASO Uganda centers.

Zimbabwe: Data-driven malaria programming and surveillance enabled by funding from Government of Zimbabwe, the U.S. President's Malaria Initiative and the Global Fund has led to increase of number of pre-elimination districts from 7 to 22 during the current grant period. The Ministry of Health is implementing an integrated National Quality Assurance program, with support from the Southern Africa Development Community. For HIV and TB, partnership demonstrated through the Center for Disease Control/PEPFAR, WHO and in-country supported development of the Operational Serviced Delivery Manual, to guide implementation of differentiated models of service delivery and subnational level cascade and treatment outcome analysis. Partners including the International Union against TB and Lung Disease, USAID, WHO and the Global Fund are scaling up targeted active case finding, holding and data-driven optimization of diagnostics tools.

Togo: In order to improve health outcomes for HIV, TB, and malaria, Togo is implementing a program to improve the quality of integrated services in antenatal and postnatal care facilities level in the Plateaux and Savannes regions. This project will use WHO tools adapted to assess integrated care of mothers and newborns in health care facilities.

Ethiopia: Investments in community health information systems are addressing a challenge in Ethiopia's fragmented development of an electronic health management information platform. In partnership with the University of Oslo, the Global Fund is supporting the piloting of an health information system platform. Ethiopia is expanding use of a single platform, to align data systems and digitize family folders to include vital data on individuals and families such as vaccination, reproductive, maternal, child and adolescent health services. Health information technologists are being trained, so they can collate, analyze and transmit information as needed in local health centers, district hospitals and regional centers for improved health care. Overall, Ethiopia is leading efforts to use data in real time for greater impact at every level of the country's health system and in portfolio management.

All of this relies on extensive work with many partners, including UNDP, which provides services in 23 countries. In addition to core work of managing Global Fund investments as Principal Recipient, often in particularly challenging operating environments, UNDP adds significant value in building resilient health systems.

Internal Alignment for Greater Impact

Within the Secretariat, we are in the process of making significant changes to ensure we can more optimally support a country-centric, partnership-based approach to maximizing impact.

In the Strategy, Investment and Impact Divisions, we have a strong group that supports country teams, and also has public health and monitoring and evaluation officers embedded in country teams. The work that has been done so far on program quality has been led by this group working closely with Grant Management. The teams have focused largely on technical support, monitoring and evaluation, and epidemiology. These are all important components of program quality, but in many ways they are the beginning, not the end, of program quality. Therefore, we are shifting the Technical Advice and Partnerships Department within the division to become Impact through Partnership and are refocusing all of its work on maximizing impact, based on the four pillars and country-centric partnership approach described in this report. This refocusing on maximizing impact through partnership is not the remit of one team alone, but is part of a broader reorientation of the Secretariat and the broader partnership to improve our collective ability to provide the best service we can to countries, communities and key populations. For example, Linden Morrison, who heads the High Impact Africa II Department in Grant Management, will lead the change management within his division to fully align it with the new approach of maximizing impact through partnership. Other teams within the Secretariat will similarly be re-orienting their way of work in order to maximize their contribution to country-level impact.

Focus on Impact: Improving Supply Chain Management and Procurement

It is crystal clear that in many countries, achieving greater impact and reaching the “last mile” requires that we invest in supporting countries to build better procurement systems and supply chains – not just for HIV, TB and malaria, but for health – and not just for known health challenges, but as an essential element of an effective response to emerging threats. This area poses one of the biggest risks to achieving our Strategic Objectives and the health SDGs. More than half of Global Fund spending goes to drugs and other medical supplies. Therefore, as the Board has recognized, in the field of supporting countries to build resilient and sustainable systems for health and achieving universal health coverage, the Global Fund partnership has a particular responsibility and role in procurement and supply chain systems. We have discussed procurement at length in the past, and there is a brief update on *wambo.org* at the end of this section. But we are behind in supply chain, and need to catch-up, fast.

Supply Chain

There has been good progress in the supply chain in terms of getting commodities to central warehouses on time. As has been noted, On Time and In Full (OTIF) deliveries have increased from 36 percent in 2013 to 80 percent in 2016 for the Pooled Procurement Mechanism (PPM), which now covers 60 percent of procurement supported by the Global Fund. In many countries, it is when commodities arrive in a country that the problems can begin.

The Global Fund needs to start by offering more support to high-risk, high-impact countries, which do not have sufficient supply chain capacity. That goal can be achieved by creating systems where higher frequency deliveries are driven by demand. Delivering these commodities through networks of warehouses, suppliers, pharmacies in diverse countries is without a doubt a big challenge. To achieve greater impact, we must continue to improve our supply chain mechanisms. That is why we are developing a new supply chain strategy.

The strategy design and development started last month. It will take nine months to complete. It will define the Global Fund's growing and changing role in supply chain and health product management globally. We will work with diverse partners, including the private sector, seeking to strengthen whole health systems and supply chains, rather than just certain parts and for

certain commodities. That way we can contribute to a stronger and more resilient system for health and universal health coverage, influencing when and how many health products reach those who need them.

Current Supply Chain Transformation Programs

As noted in the PAP, to initiate major engagement in supply chain, building on a partnership effort in Nigeria, we are seeking to implement and learn key lessons from three pioneer countries to inform an accelerated approach across the portfolio, in particular in high-risk, high-impact environments.

Nigeria: Through joint planning, co-investment and collaboration with the national Government and development-partners such as USAID, the Bill & Melinda Gates Foundation, the UK's Department for International Development and UNFPA, the Global Fund is investing about US \$20 million to support supply chain integration for otherwise multiple vertical programs. The goal of the supply chain integration project is to address structural problems, reduce cost and improve customer service by improving the efficiency/performance of the public-sector health product supply-chain.

Supply chain integration and harmonization of associated processes under this project is critical, as service delivery points in Nigeria require a wide range of products to provide integrated health care packages for HIV, TB, malaria and reproductive health. The project combines the management of key logistics functions and establishes a shared distribution network and improved management strategies implemented through Government owned, private sector operated hubs established with funding from the Global Fund and USAID.

Among others, strengthening of the Logistic Management Information System is already facilitating the sharing of information and improved coordination of supply-chain management decisions for HIV, TB, malaria and reproductive health program commodities at State level.

Ghana: After a fire at Central Medical Stores facilities destroyed US\$27.4 million worth of Global Fund commodities, the Global Fund initiated a supply-chain transformation project by exchanging the loss into a supply chain transformation investment. Through this arrangement, the Global Fund in collaboration with USAID agreed with Government of Ghana to build an efficient and sustainable supply-chain focusing on Last Mile Distribution, Logistic Management Information System, and warehousing and distribution optimization. It is also working toward establishing framework contracts for essential medicines financed through National Health Insurance System and a transition from the current and temporary central warehousing arrangement to one that is owned and operated by the Ministry of Health.

Malawi: The Global Fund is developing a supply chain transformation program through a multi-program and multi-stakeholders partnership which was launched in September. The combined team generated a range of supply chain improvement priorities with an emphasis on holistic solutions to supply chain processes from quantification, procurement, reporting, ordering, inventory, warehousing and regulatory systems improvement. A key next step is to conduct a supply chain assessment involving mapping including network analysis, inventory and route optimization and options for warehousing and distribution.

Learning to be Transformative

Based on extensive input from assessments of best practice – including from the private sector, country experiences, challenges and opportunities, OIG reports and lessons learned from the pioneer country efforts, a strategic approach is emerging to fulfill commitments made in the PAP. These include:

In Country Supply Chain Diagnostics (Mapping, Modelling & Measurement)

To accelerate the path to success, we are conducting in-depth diagnostics on at least 17 high-risk, high-impact countries. We plan to complete this by the end of 2017. We are mapping out details of how products move from procurement to the people in need, including: time spent at a port or with customs, the number of warehouses visited, land transportation used, and how pharmacy information is recorded and shared at local, regional and national level.

In Country Supply Chain Strategy

The strategy design and development started in October 2016. It will take nine months to complete the strategy and to have an implementation plan in place. It will define the Global Fund's increasingly influential role in supply chain and health product management globally. We will work with diverse partners, seeking to strengthen whole health systems and supply chains. That supports the delivery of the strongest possible and most resilient system for health and universal health coverage, to maximize impact on 'when' and 'how' many health products reach patients.

Our measure of a successful strategy will be delivered through three pillars:

- The ability to increase our measurement on 'medicine patient availability' (wherever & whenever).
- The ability to measure and reduce working capital held up in inventory across the supply chain, making more cash available for other work and reducing inventory holding costs.
- The ability to map the End-to-End Information (Plan), Physical and financial flows from Pill (Factory) to Patient (P2P), and reduce leadtimes.

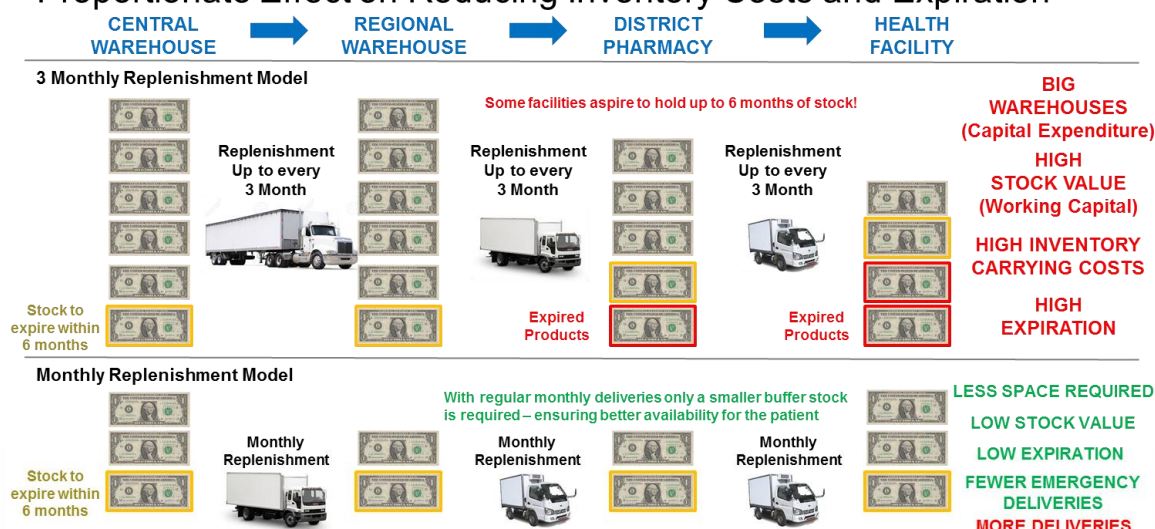
These in-country assessments will provide key data, informing the overall Supply Chain Strategy. They will also help in identifying the right approach to strengthen specific countries' supply chain. We are using Supply Chain Tactical Transformations as an approach to support countries to develop needed technical capacities in supply chain management. That approach will identify and fix specific problems obstructing delivery of health commodities in specific countries to the last mile.

Strategic and Diagnostic efforts will allow us to support countries to identify key challenges and solutions based on their unique supply chain situation. That allows us to work as a partnership to use those data to support efficient supply chains for health that cost less to run and to deliver savings across portfolios where we invest. Ultimately, we aim to support countries to implement Process, People and Systems that move health products faster to local pharmacies and the people affected by the diseases.

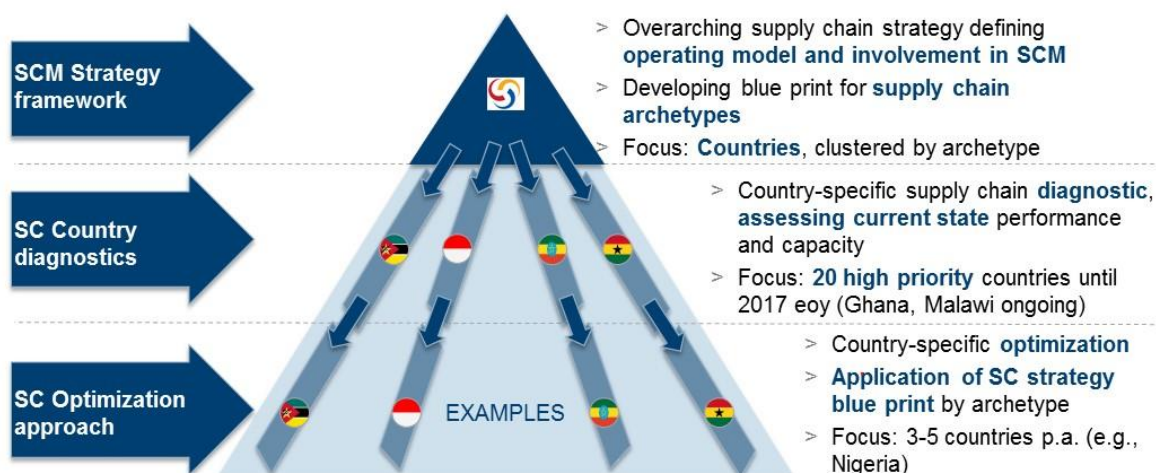
Additional benefits will be a reduction of drugs expiring or stock outs. It will also mean smaller out-of-pocket payments and with fewer emergency requests. Even when there might be some increased costs in ordering and more frequent transportation, they are outweighed by savings.

Our collective work can be pictured as follows:

Increasing the Frequency of Deliveries has a Direct and Proportionate Effect on Reducing Inventory Costs and Expiration



Supply chain strategy will help align and focus in-country diagnostics and optimization of selected countries



With these reforms, we expect that people affected by diseases will get supplies to prevent themselves from diseases and get the treatment they need to defeat diseases. That way, we can achieve more impact and save more lives.

As with our work on program quality, over time, an important component of the work on program quality will be to work with partners to develop online, open-source tools that countries, programs and sites can use to promote program quality.

At the Secretariat, we established a new department within the Grant Management Division and are staffing it to simultaneously manage complex strategies and implement pragmatic solutions. The department will include three specialized teams: strategy design; tactical team; and metrics, analysis and performance. Managers with deep experience in the public and private sectors are enabling us to engage more effectively across the partnership to improve the overall efficiency of

end-to-end supply chain activities and operations, reduce stock-outs, increase value for money and maximize impact.

Procurement: wambo.org Update

Weak national procurement systems are a high risk to achieving global health. We have discussed in depth the significant and rapid progress made in the Global Fund's PPM. However, PPM is not a national, country-owned system. We have to plan for a time when countries transition to local procurement. To develop an efficient, effective, transparent, locally-owned procurement system, in January 2016, we launched *wambo.org* – an online procurement platform where buyers are able to search, compare and purchase a broad range of products to support their health programs. *wambo.org* is pivotal to Global Fund's market shaping strategy – an effort to maximize global access to health products by providing quality products at affordable prices in a sustainable way. *wambo.org* is projected to save implementers of Global Fund-supported programs an additional US\$250 million over the next four years. Ultimately, we aim to offer this product beyond Global Fund Principal Recipients, making it a public good that will be available to serve countries and partners in global health across the world.

This year, we have focused on on-boarding Principal Recipients to *wambo.org* as we work to launch operations in all countries where we invest. We have hosted regional workshops across three continents to introduce, train, and sign up Principal Recipients on the platform.

As of October 2016, 22 Principal Recipients have been fully on-boarded, 55 Principal Recipients are in the process of on-boarding. Transactions worth US\$217 million have been channeled through the platform for products such as mosquito nets, malaria drugs and antiretroviral treatment for HIV, worth about three-quarters of PPM spending. Other products are scheduled to be launched on the platform in the coming months, including viral load diagnostics, HIV and malaria rapid diagnostic tests and condoms, as well as other health products such as drugs for opportunistic infections. *wambo.org* has already begun to attract interest beyond the Global Fund PRs, with UNFPA indicating that it is working on integrating *wambo.org* with its own system.

We have received backing from partners to support *wambo.org*'s operations. The Government of Canada is contributing CAD19 million (US\$14.5 million) to help build and expand *wambo.org*. The UNITAID Executive Board recently provided its approval for a grant to co-fund *wambo.org* activities over a two-year period up to US\$5.76 million, matching the Global Fund's own investment.

Focus on Impact: Accelerating the Fight against TB and MDR-TB

The latest WHO figures show that TB is now the leading cause of death from an infectious agent, killing 5000 people a day. Global action and investment on TB fall far short of the targets set in the Global Plan to End TB 2016-2020, the End TB Strategy milestones and the 2030 SDG target of ending TB.

If there is one area of our work that deserves more attention, it is TB and drug-resistant tuberculosis. The disease has become a public health crisis that must be addressed urgently. More people die from drug-resistant TB than any other antimicrobial resistant agent. If the global community is going to tackle antimicrobial resistance and global health security, it must tackle drug resistant TB.

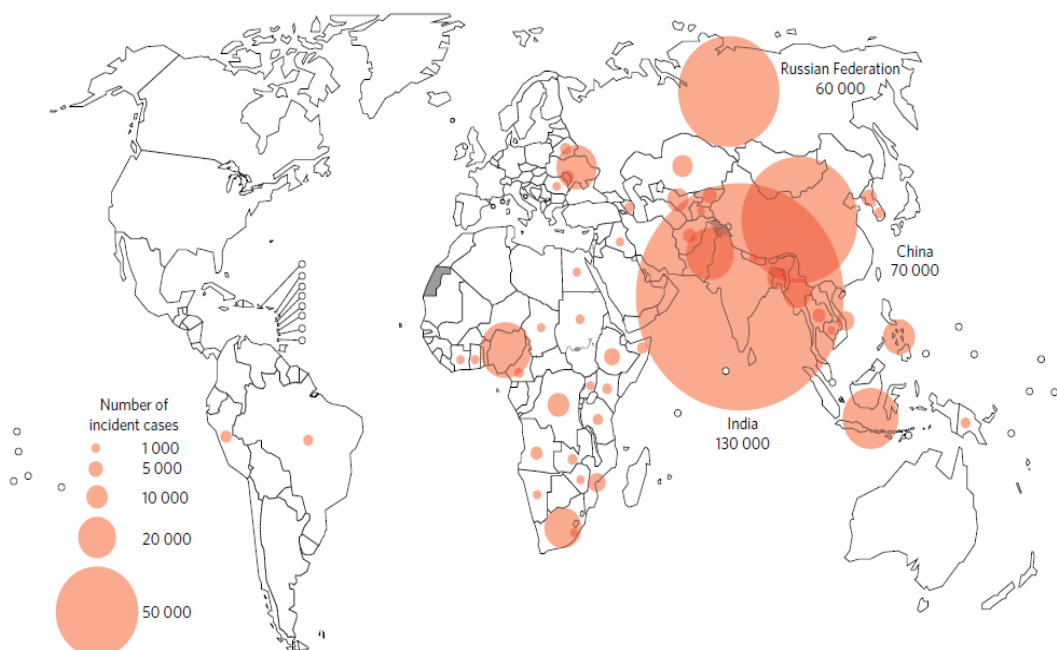
The underlying cause of drug-resistant TB is frequently the inadequate management of people with drug-susceptible TB, resulting in the development of drug resistance and/or amplification of resistance patterns, as well as ongoing person-to-person transmission. With so many missed cases of drug-resistant TB, it becomes a vicious circle of transmission that is not being broken fast enough to end TB as an epidemic. In other words, drug resistant TB is a symptom of not investing enough resources to prevent, find and treat people from a curable disease fast enough to make the necessary progress. It is unfortunate that drug-resistant TB, and drug-resistant malaria and HIV, are not receiving sufficient attention as part of the important global dialogue and action on antimicrobial resistance. Each is a threat to global health security that can no longer be ignored.

WHO reports that in 2015, an estimated 580,000 people developed drug resistant TB, but that only 20 percent of them went on treatment. That is a recipe for disaster. Globally, about 4 percent of all new TB cases and 21 percent of previously treated cases have MDR-TB yet the majority of drug-resistant TB cases are among new cases. The disease now poses a very serious threat to communities around the world, especially the most populated ones and the poorest populations within them.

Tuberculosis is at the center of the global antimicrobial resistance crisis. While very few people with MDR-TB are found through the health systems, even fewer are beating the disease. Treatment outcomes remain unacceptable; only half of those who start treatment are successfully treated. Too many people are dying or are lost to follow up. People who are not detected or are lost to follow up will continue to transmit, making the vicious cycle even worse with the creation of Extensively Drug-Resistant TB (XDR-TB).

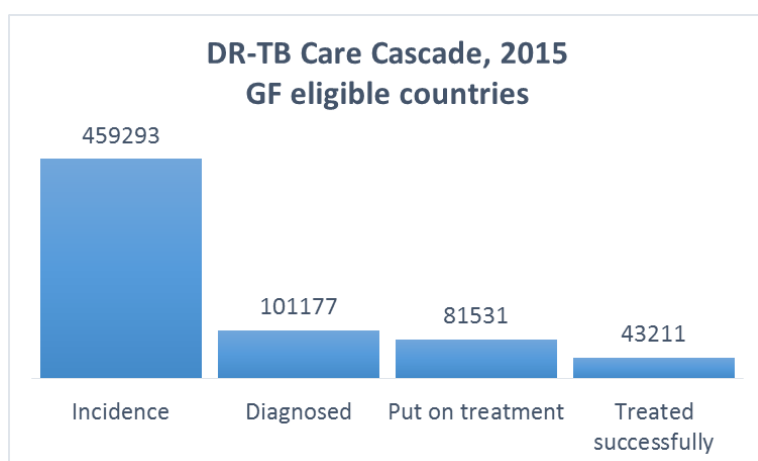
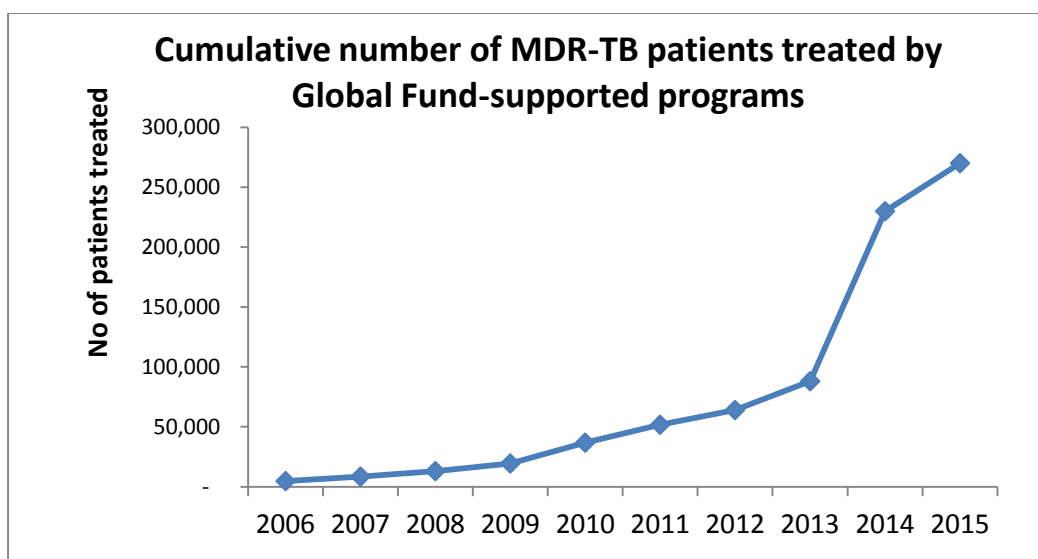
Among Global Fund eligible countries, India, Indonesia, Nigeria and Ukraine have the largest number of estimated cases of MDR-TB. The Eastern European region has been extremely hard hit by MDR-TB, devastating the public health system. The region has some of the highest rates of drug-resistant TB in the world. In Belarus, for example, about half of the individuals diagnosed with TB have drug-resistant TB.

Estimated incidence of MDR/RR-TB in 2015, for countries with at least 1000 incident cases. Areas that are not applicable are in grey.



After almost 50 years, we finally have some new tools to address this terrible disease. In the past few years, there have been new diagnostics, drugs and now finally new regimens. The Global Fund will aggressively support the introduction of new drugs and novel, shorter regimens for treatment of the disease in over 35 countries. In addition to country grants, we will provide special funding to address MDR-TB among migrant workers across borders with a focus on Syrian refugees. We support the more cost-effective ambulatory treatment of MDR-TB cases in Eastern Europe and Central Asia, TB among mining communities in southern Africa region, and strengthening laboratory networks in east and southern Africa.

The amount of MDR-TB funding available through the Global Fund is growing, and has more than tripled over the last 6 years through reprogramming of existing grants, but it is not nearly enough. Our first phase of support for MDR-TB has been building the diagnostic and treatment networks from scratch in many countries. When the GF began funding MDR-TB programs, many countries didn't even have one internationally quality assured lab and treatment center to diagnose or treat these individuals.



We need to use scientific advances to defeat tuberculosis in its ordinary and resistant forms:

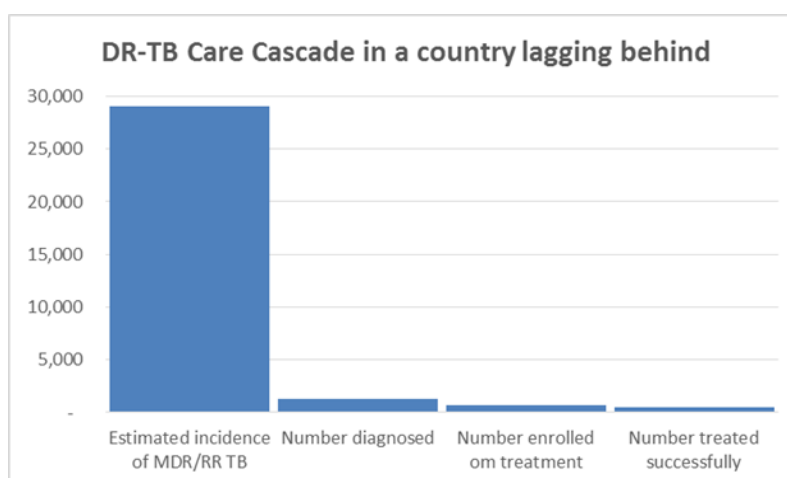
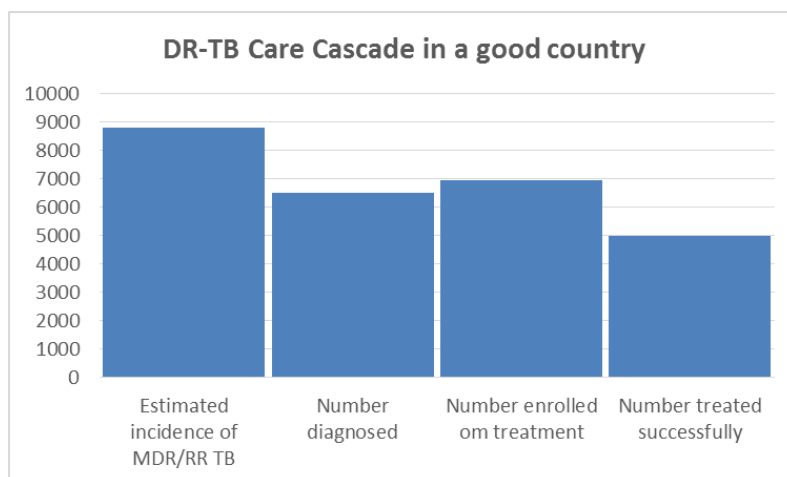
New drugs: Bedaquiline and Delamanid—drugs to treat drug resistant tuberculosis are a noteworthy example. In a world where we have continued to use drugs that are many decades old, the development of Bedaquiline and Delamanid are exciting news. These are new and great “add-on” drugs used for treatment of specific groups of patients with drug-resistant TB. While we have been ready to support countries to procure Bedaquiline, the drug is now available to countries free with the donation of the 30,000 doses by Janssen Therapeutics. Most countries have incorporated funding requests to Global Fund to introduce Bedaquiline containing treatment regimens and the GF funds x percent of doses that have been provided around the world. Delamanid is now available in the market and countries are accessing Global Fund funding to support introduction of this new drug.

New regimens: The WHO recently endorsed a shorter treatment regimen for MDR-TB cases, including pediatric patients. This is a major step in both expanding the treatment coverage and in improving the treatment results. The shorter treatment regimen is cheaper and has better treatment outcomes. It will play an important role in accelerating DR-TB treatment.

Lab tools: GeneXpert technology has really shaped the way we diagnose drug resistant cases of tuberculosis. It allowed us to screen thousands of TB cases around the world quickly and efficiently. The global health community must do more to make this technology more accessible across the world. The Global Fund is investing heavily in expansion of this technology but the need continues to be

bigger than the resources available. We will continue to explore ways to do more. We also need to expand testing for resistance to second line medications. This is important in helping identify patients with drug resistant TB who are eligible for short treatment regimens so we can put them on this quicker and efficient treatment, saving more lives and resources. The resources saved can be used to reach more needy patients.

Countries vary in performance as demonstrated in these two graphs: One is of a country with good expansion for treatment while the second is of a country where the response is seriously falling short.

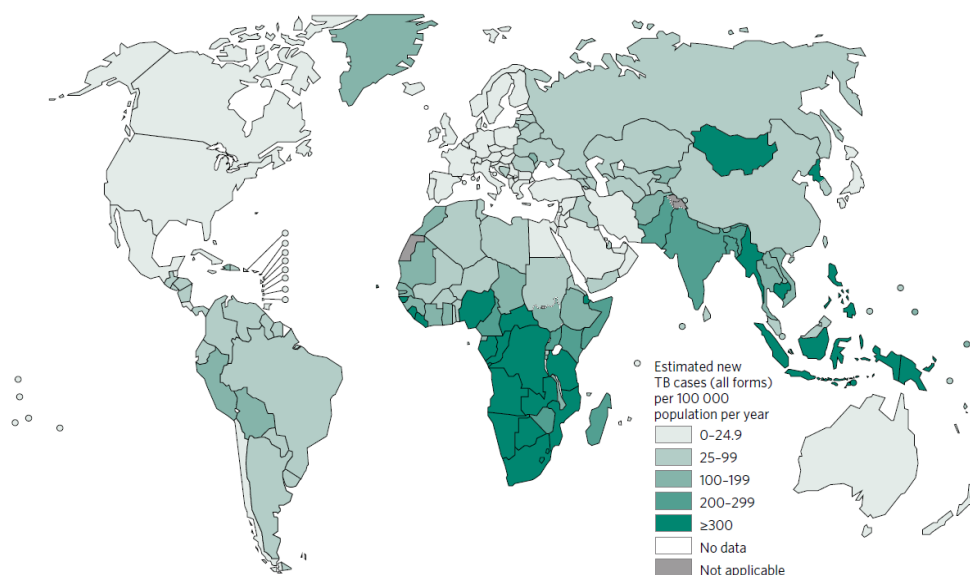


The Global Fund will not be able to do this alone. The high burden MDR-TB countries need to invest more domestic resources to the cause. According to the Global Tuberculosis Report 2016, US\$6.6 billion was available for TB care and prevention in low and middle-income countries in 2015, of which 84 percent was from domestic sources. Nonetheless, national TB programs in low-income countries continue to rely on international support for almost 90 percent of their financing. Investments in low and middle-income countries are almost US\$2 billion short of the US\$8.3 billion needed in 2016 for the basic response package and far below the Global Plan's budget to accelerate the response to end TB. The report estimated that this annual gap will widen to US\$6 billion in 2020 if current funding levels do not increase. Below are maps showing the burden of TB and MDR-TB as captured in the Global Tuberculosis Report 2016.

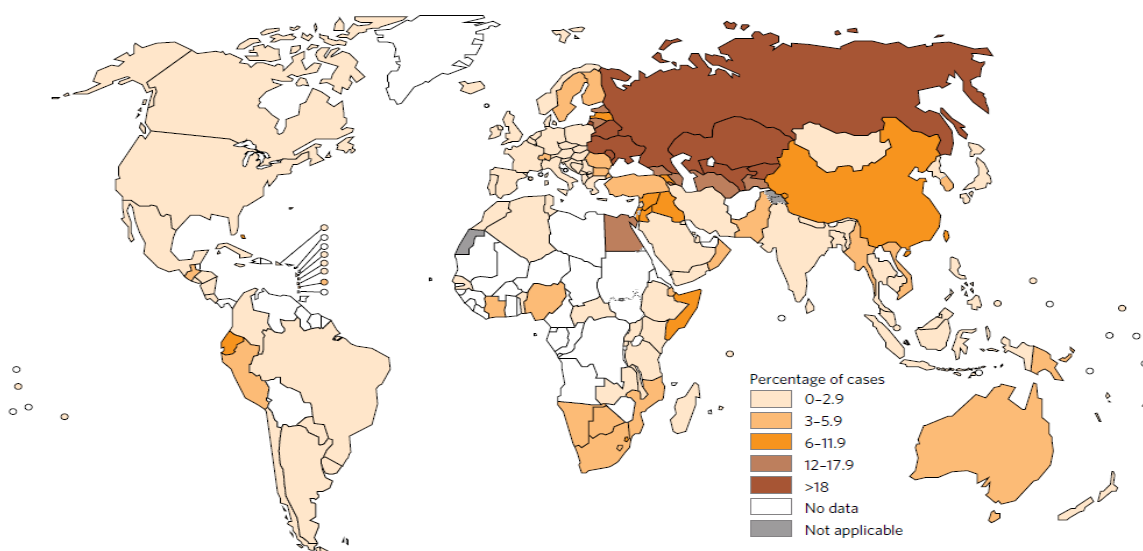
While the Global Fund is the minority investor in some of the high burden TB countries, it has an opportunity to partner with these countries in different ways. It is critical for the Global Fund to

support these countries to strategically address their epidemics before transitioning out of the countries. It is a global public health responsibility that we take seriously. While countries with high incidence are in parts of the world with significant Global Fund investments (see the green map, below), the greatest burden of disease, in part due to population size, is in areas with more limited investment – 50 percent of the TB burden is in BRICS countries. As you know, the Global Fund has no programmatic investments in three of those five countries. Those facts require us to consider innovative approaches to partnership to play a role in driving greater domestic investments and impact.

Estimated TB incidence rates, 2015



Percentage of new TB cases with MDR/RR-TB^a



^a Figures are based on the most recent year for which data have been reported, which varies among countries. Data reported before the year 2001 are not shown.

We all must do more. It is simply unacceptable that tuberculosis – a disease that has a cure – continues to kill almost 5,000 people every day. We must get better data to guide our work. We must address the issue of quality of care urgently. We must continue to invest strongly in community health systems to address issues of patients lost by inadequate health systems. Progress against the disease has been far too slow and calls for radical expansion. TB and MDR-TB will be key priorities for our catalytic investments over the 2017 – 2019 allocation period. TB remains one of the best ‘value for money’ interventions in global development. Every dollar spent on TB results in an economic benefit of US\$43. TB treatment coverage is a proxy measure of Universal Health Coverage. We need to ensure the prevention of MDR-TB and treat those already suffering to reap these cost-efficiencies.

It is critically important to find the 4.3 million people with TB who remain “missing” – undetected and untreated or not reported to national programs - every year. The missing people with TB constitute a major global health challenge and an important reason for the slow decline in TB incidence. Partners continue to work to find the missing people using innovative tools and approaches such as Stop TB Partnership’s TB REACH initiative. Reaching these missing people is a key priority for our technical partners and guided the investment priorities they have identified for catalytic funding, including:

- Systematic screening for active TB/Active case finding
- Engaging private sector health care providers to improve notification and treatment
- Accelerating investments to address TB-HIV co-infections
- Active case-finding among high-risk and under-served groups
- Strengthening country and regional capacity in DR-TB care delivery
- Building resilient and sustainable systems for health, essential for an effective and efficient response to drug-resistant TB.

Bottom line: the response to TB and DR-TB, from data, to investments to implementation and impact requires urgent and better coordinated action. It is only through a strong partnership we will be able to reach our targets and save the lives of all those affected by TB.

THANKS A BILLION(S)

We are very grateful for the support from the Board we received during the launch of our Fifth Replenishment in September. Its success was a great team effort, an example of what can be done when we all work together. Each Board constituency contributed in a significant way. Ultimately, our success was driven by the remarkable impact that has been achieved, supported by the strong new Strategy and the Investment Case.

We are particularly grateful to the Government of Japan for hosting the Preparatory Meeting in Tokyo in December 2015. It was a great start, and linked Replenishment to the SDGs and universal health coverage. We are also extremely grateful to Canada for the tremendous personal engagement and leadership of Prime Minister Justin Trudeau. Because of that energetic leadership, the Replenishment drew an unprecedented array of the best and brightest, including several heads of state and governments; UN Secretary General Ban Ki-moon; Mrs. Michaëlle Jean, the Secretary General of the Organisation Internationale de la Francophonie; many ministers; leading global figures including Bill Gates and Bono; civil society; the private sector; and most important, the people we are all privileged to serve – those infected with and affected by HIV, TB and malaria. All came together to capture our sense of mission and the realization that young people will drive our work forward in the years to come. That will be achieved by making societies more just and by making communities more engaged and compassionate.

We are very grateful to all partners who worked hard to make that Replenishment our most successful yet – achieving 99 percent of the US\$13 billion goal. Our Replenishment re-emphasized the fact that the world still considers investing in health a top priority, and was also remarkably successful in bringing in new contributors from the private sector, as well as many new contributions from implementing countries. However, as with all Replenishments, the Conference is the beginning, not the end, of the cycle. We will continue to press every avenue to increase the resources available because as the Investment Case states: “we can do more with more.” The challenge of significant fluctuations in foreign exchange rates adds heightened importance to our collective efforts to keep pressing forward.

With the resources we have and will collectively raise, we will invest in consolidating and accelerating the gains made against HIV, tuberculosis and malaria while building resilient and sustainable systems for health. The success of the Replenishment Conference renewed our commitment to these causes and reenergized our faith in being the generation that can end these diseases as epidemics for good. It made us believe that if we worked together, we can finish the fight against these devastating diseases. As the investment case states, the funds we have secured are insufficient to meet the global need. As with all replenishment cycles, the conference is the beginning of a three-year process to raise resources, and we will continue to seek more. However, we must do the best we can with what is available. We will continue to strive to stretch those funds to reach further by improving our programming and by investing where we can achieve the highest impact.

The donors who have entrusted us with their money can be assured of our commitment to invest their money well to achieve the best possible results, as we work unflinchingly to send these diseases into retreat. We owe that to them, we owe that to ourselves and most importantly, we owe that to the people affected by these diseases across the world.

Our global movement to end these diseases as epidemics is on the march. With these resources, we will continue to expand access to health services to more people affected by HIV, tuberculosis and malaria, with the aim of leaving no one behind. As a strong partnership, the Global Fund will invest these resources to sprint to the finish line.