

# 36<sup>th</sup> Board Meeting

## Report of the 36<sup>th</sup> Board Meeting

16-17 November 2016, Montreux, Switzerland

GF/B36/30 – Revision 1

16-17 November 2016, Montreux, Switzerland

**Board Decision**

## Purpose

This document presents the Report of the 36th Global Fund Board Meeting, held in Montreux, Switzerland, from 16-17 November 2016.

Agenda items. The Meeting comprised of eighteen (18) agenda items, including two executive sessions.

Decisions. The Report includes a full record of the ten Decision Points adopted by the Board (Annex 1).

Documents. A document list is attached to this Report (Annex 2). Documentation from the 36<sup>th</sup> Board Meeting is available [here](#).

Presentations. Presentation materials shown during the meeting are available to Board Members on the [OBA Portal](#).

Participants. The participant list for the 36<sup>th</sup> Board Meeting can be consulted [here](#).

Glossary: a glossary of acronyms can be found in Annex 4.

*The Report of the 36th Board Meeting was approved by the Board of the Global Fund via electronic vote on 8 February 2017 (GF/B36/EDP07).*

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## Agenda Item 1: Board Meeting Opening

1. The Board Leadership welcomed the new Members and Alternates of the Board, the invited guests, and other participants and thanked donors and implementers for the successful 5th Replenishment conference which was held in Montreal, Canada on 17 September 2016, with particular gratitude to the Prime Minister of Canada, Justin Trudeau. The Board Leadership referred to the recently adopted Global Fund Strategy 2017-2022 and called for vigilance over the resurgence of diseases in many countries, encouraging the Global Fund to take a more flexible and proactive approach.

## Agenda Item 2: Report of the Executive Director

2. The Board highlighted the impressive results achieved since the Global Fund's inception, which had translated into confidence as shown in recent contributions and pledges. The following comments were made:
  - a. 5<sup>th</sup> Replenishment Conference. The Board encouraged further efforts to find new partners and to engage in continuous fundraising.
  - b. Focus on tuberculosis (TB). The Board called for collective global and regional efforts in fighting TB and recognized the challenge that a large proportion of those affected by TB and anti-microbial resistance (AMR) live in countries which are not eligible for Global Fund support.
  - c. Change in mindset. To deliver even greater impact, the Board noted that a shift in thinking towards *how* to end the diseases is necessary. A dialogue with countries, technical partners, development partners, and implementers is a prerequisite of the change.
  - d. Health System Strengthening (HSS). The Board recognized HSS to be a responsibility of national governments with ownership and stewardship rooted in national institutions and national systems. Building resilient systems for health and to accelerate achievement of UHC with the principle of no one left behind, is critical for the Global Fund's success in delivery, to achieve broader health outcomes and to track broader global health challenges, such as emergency preparedness, resilience and addressing issues such as AMR. Partnership with others, also through CCMs, is essential for results, particularly for technical support, and in advocating for increased domestic financing.
  - e. Country-centric approach. The Board welcomed the increased focus on highest burden countries with least economic capacity, reiterating that achievement of goals is only possible if countries prioritize investments even more effectively, while assessing their needs, barriers to progress.
  - f. Human rights. The Board requested increased attention and a more comprehensive overview of how issues around key populations, human rights and transition underpin the work of the Secretariat. It called on the Secretariat for more synergies of the work through in-country partnerships, while remaining a financial institution and not an implementation agency.
  - g. Sustainability and transition. Some constituencies expressed concern regarding a lack of prioritization of transition planning, particularly regarding internal guidance and operational policies to implement the Sustainability, Transition and Co-financing (STC) Policy. A request was made for consistent inclusion in the ED report of thematic updates on malaria and tuberculosis, along with updates on the implementation of the Sustainability, Transition and Co-Financing policy. It was noted that transition remains a high-risk area and is a key concern of implementers particularly in the EECA region. Weak supply chains and procurement systems were mentioned as one of the key risk factors. As such, three constituencies called the Global Fund for continued strengthening of efforts in this area.
  - h. Supply Chain Management. The new supply chain strategy should focus attention and direct resources towards the countries with the largest challenges.
  - i. Risk Assurance. It was recognized that active management of risk requires coordination with partners and other stakeholders to leverage the collective responsibility. An increased focus on programmatic risk was also noted.
  - j. Data. Lack of disaggregated data at country level was a key concern. The Board called on technical partners to work closely with countries, and with the support of communities, to be able to report data according to age, gender and population group. Monitoring and the

availability of in-country data needs to be strengthened, while recognizing that few countries have strong data on the patient experience of care and reliable information on value for money.

3. **Secretariat response.** The Executive Director reiterated his gratitude to the Governments of Japan and Canada for enabling a successful 5<sup>th</sup> Replenishment Conference, given their respective hosting of the Preparatory Conference and Replenishment Conference. In response to the Board's comments, Dr Dybul emphasized the following key priorities ahead:
  - a. **focus on impact** and embedding this focus into the work on sustainability and transition, supply chain, program quality, and risk management;
  - b. **focus on resource mobilization**, and
  - c. **smooth transition.**

### **Agenda Item 3: Next Steps on Global Fund Strategy 2017-2022**

4. The Board:
  - a. Emphasized the importance of RSSH as an element of the strategy, acknowledging the importance of the role of partners, and the Secretariat in operationalizing this.
  - b. Called for granular data in reporting to the Strategy Committee and Board on the 2017 – 2022 Strategy and associated Strategic Key Performance Indicator (KPI) Framework, commenting that this data should be shared between partners and can be used by applicants to guide prioritization in-country.
  - c. Commented on the need to successfully support countries and their governments in transitioning, particularly as it relates to key populations.

### **Agenda Item 4: Resource Mobilization and Update on the Fifth Replenishment**

5. The Director of External Relations expressed his gratitude to all public sector donors, which saw several very significant increases. He also highlighted the private sector's role in doubling their contributions, as well as Private Foundations for their involvement in the events organized prior to the replenishment conference, as well as for the significant contributions. Furthermore, special thanks were conveyed to all of the advocates and the communities, as well as to the UN partners, champions from implementing countries and Germany for approving an additional 10 million Euros for the Global Fund after the replenishment conference. On broadening the donor base, there were new contributions by private and public entities, an increase in pledging from implementing countries (11 African countries), in addition to New Zealand as a returning donor, and Qatar as a new public donor.
6. The Board highlighted several issues, such as:
  - a. funding from the Global Fund only covers a proportion of the global need for TB and MDR TB, and big gaps are expected in 2030;
  - b. low share of Private Sector contributions, despite the doubling;
  - c. the Global Fund must remain a voluntary and un-earmarked financial mechanism.
7. Further comments focused on:
  - a. increasing contributions from Middle Income countries;
  - b. considering domestic financing as part of the resource mobilization effort, and calling for a decrease in the gap between domestic and donor financing, taking into consideration the importance of country ownership;
  - c. how to lever Global Fund resources to catalyse new domestic resources; and
  - d. innovative finance, especially in transition countries.
8. One constituency made a request to receive written reports on resource mobilization efforts at every Board Meeting. The proposal was seconded by two other constituencies.

9. Secretariat response. The Director of External Relations explained that the Global Fund has a very good track record (nearly 100%) in turning pledges into contributions. There are, nonetheless, risks, and continued parliamentary support is critical. The private sector contribution is more than just numbers, there is ongoing work on national Health Funds (e.g., Indonesia, Vietnam and India etc). Furthermore, work continues with High Net Worth Individuals, particularly in South East Asia. Innovative finance mechanisms that mobilize private sector resources for sustainable health investments beyond the Global Fund are important, and such initiatives are considered. Dr. Benn further acknowledged the request for reporting to the Board, which is in line with the proposed decision point.

## Agenda Item 5: Risk Management

10. The Board:
- Supported the emphasis on driving focus in prioritized countries;
  - Recognized the importance of a proactive approach towards understanding risk management requirements in countries; and
  - Stressed the importance of strengthening and leveraging new and existing partnerships.
11. Reflecting on the Risk Management Report, the Board also noted:
- Human Rights. *Strengthening intra-Secretariat links and collaboration is essential, as is the need to improve reporting in the Organisational Risk Register of key human rights risks.*
  - CCMs. There is a need to place stronger emphasis on increased CCM engagement understanding and managing risks related to grant management. The CCMs are a crucial part in the chain of the grant implementation process. In order to effectively manage risk, CCMs are essential towards achieving the long-term success of the Global Fund and should be integrated within the risk management framework. A further risk analysis on the role of CCMs in implementation was requested. This should include comments on risk mitigation measures.
  - Supply Chain. The Board welcomed the increased focus on the issue, and asked for *accelerated operationalization*.
  - Organizational Risk Register (ORR). *The Board asked for clarification on ownership of the key risks/mitigating actions and their relationship to the initiatives under the PAP.*
  - Sustainability and Transition. This must be considered as early as possible in the grant lifecycle, with a view towards establishing the foundations for relevant stakeholders (i.e. governments, CSOs) to be meaningfully engaged in the preparation of sustainable responses and planning for successful transitions. The consequences of unsuccessful planning and preparation will need to be considered, including the risk of reversing the gains already achieved.
12. Secretariat response: The CRO:
- Agreed that Human Rights is a strategic priority, which needs to be fully integrated across the grant lifecycle, and to inform risk management decisions.
  - Agreed that engaging on Sustainability and Transition at an early stage will foster the required enabling environment for preparedness. The Board was informed that a 'deep-dive' on Sustainability and Transition risks will be presented at the Strategy Committee's meeting in the first quarter of 2017.*
  - Confirmed that there is clear alignment between key risks/issues in the ORR with the initiatives under PAP. This is deliberate, as initiatives embedded in the PAP are designed to mitigate key enterprise risks.
13. *The Board requested regular updates to the Board, through the Coordinating Group, on key priority risks, including sustainability and transition, supply chain management, and program and data quality, in order to track progress and elevate concerns or identify emerging issues.*

## Agenda Item 6: Office of the Inspector General Matters

14. IG remarks. There were not any new trends identified by the OIG since its last Annual Opinion. In the future the OIG will have the opportunity to test the effectiveness of various initiatives launched by the Secretariat. The IG further noted the Secretariat's focus and good progress on closing outstanding Agreed Management Actions ("AMAs").
15. *The Board requested the OIG to share insights on progress observed in the area of partnerships and support provided to countries facing significant challenges while transitioning out of Global Fund support.*
16. Speak Out campaign. Additional information was requested on follow up activities to the Speak Out campaign rolled out by the OIG which, in general, the Board felt had a low uptake by the Secretariat and in countries. It was suggested to place more emphasis on the involvement of community-based organisations to aid with reporting from the ground, *and to expand the number of countries covered by the campaign.*
17. Recoveries and financial reporting. *There was a request to the Secretariat and IG to elaborate on the differences between amounts identified as recoverable and the actual recovered amounts, as well as the challenges for the significant number of grants pending closure.* Further, the Board noted the discrepancy in terms of reporting volume of wrongdoings by the LFA and the Secretariat, noting the latter seems to report on less items. There was an additional request to share information on the settlement agreement with UNDP for unresolved recovery cases. Also, it was recommended the involvement of civil society in country audit work to further strengthen control processes.
18. Compliance. The Board asked the IG to further elaborate on the observations captured in the OIG report GF/B36/11 with regards to gaps in or instances of non-compliance with certain policies and procedures.
19. Fiscal agents. In the context of country ownership and capacity building principles, concern was raised in relation to fiscal agents being put in place as a mitigation action in certain countries, as they sometimes get involved in –both– program management and implementation without getting held accountable for results. Where fiscal agents in country have the dual function of enhancing fiscal control and capacity building, there was concern about the little evidence of successful transitions out of this mitigation model and inherent potential conflict of interest. As an alternative option, it was suggested to use financial institutions in country for capacity building purposes.
20. AMAs. The Board acknowledged the positive trends in lowering the number of long overdue AMAs, and encouraged the OIG and Secretariat to maintain the focus in this area, particularly to resolve those related to systemic issues in a timely manner. *A comprehensive update on the AMAs related to Nigeria audit from 2015 is expected by the Board, in due course, including lessons learnt applicable across the portfolio.*
21. Quality of services delivery. It was stressed, with concern, the upward trend in reporting on issues related to quality service delivery and its direct link to, or as a symptom of weak health systems.
22. wambo.org. Additional discussion on the findings of the limited audit on wambo.org conducted by the OIG may be warranted ahead of making a decision on advancing its activity to allow for a limited set of transactions using domestic funding. The Board further stated the need for greater understanding of the potential implications for countries and the Global Fund ahead of approving wambo's phase 2 allowing access to the platform to non-Global Fund programs.
23. IG responses. The OIG audit on risk management is expected to be released in Q1 2017. Following the first year of the Speak Out campaign in a set of countries and at the Secretariat, the OIG is

developing the scope for the roll-out of a second phase endorsed by the Executive Director and the IG. The aim is to ensure the country teams feel comfortable to bring issues to the OIG as early as possible. On observations around gaps in or instances of non-compliance with policies and procedures, as cited in GF/B36/11, the IG's view is that most cases at the Secretariat, as well as in other organizations, are usually not related to deliberate oversight. Often, such cases may be the result of the desired level of compliance falling behind as staff deals with the day to day pressures to deliver results. Suitable policies and processes should enable the business and achievement of objectives. Since the Global Fund is not a regulated organization, having incentive structures to follow due procedure should be made a priority to offset the lack of an official regulator mechanism.

24. Moreover, regarding compliance with human rights procedures, the OIG has been closely monitoring this area since its introduction two years ago. The OIG, together with the Secretariat, partners and community rights groups is exploring mechanisms to ensure human rights violations are systematically reported and addressed. In addition to pursuing allegations, the OIG has undertaken a number of activities, for example, a series of workshops with key affected populations to help build awareness and to train individuals.
25. On longstanding AMAs, the IG underscored that time is required to address them in a sustained and systemic manner. Regarding AMAs related to programs in Nigeria, the IG confirmed the timeliness to address these thus far in the cooperation with the Secretariat. Responding to comments on fiscal agents, the OIG has been supportive of the Secretariat's decision to introduce this mitigation measure in many countries where financial management controls were deemed as weak. The IG acknowledged concerns raised by several Constituencies as legitimate ones, particularly around fiscal agents not being a sustainable response. There is a need to find better balance between risk mitigation and quality of financial management returns in the short term, and capacity building in the long term.
26. Engaging communities is part of the stakeholder engagement applied to every OIG audit. The annual OIG Work-plan is built on a risk-based approach. As high-risk countries are targeted on a regular basis, there are other programs with varying risk profiles that are also audited each year. In collaboration with the CRO, the IG advised to keep the focus on high-risk countries and monitor lower risk ones in order to oversee and understand how the risk environment is evolving across the Global Fund portfolio.
27. The Implementation Through Partnership ("ITP") initiative is an example of more systematic collaboration, with specific deliverables, between the Secretariat and Global Fund partners. Also, countries that take ownership in aligning and working with the different partners are experiencing better results.
28. Secretariat response. The Executive Director recalled that the OIG report on wambo.org was a limited scope review<sup>1</sup>. There are several countries which have been actively seeking access to wambo.org as part of their sustainability and transition roadmaps.
29. The Head of Grant Management underscored that country teams seek and elevate findings in a systematic and transparent manner, and that such findings are shared with the OIG. The Secretariat will stay focused on long overdue AMAs, of which systemic AMAs are the most challenging to implement because they require tough political decisions at the country level. In Nigeria, the PRs

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<sup>1</sup> Refer to OIG report (GF/OIG/16/016) available on the Global Fund public website.



will be changed by Q1 2017, and warehouse logistics has been outsourced. The remaining AMAs are expected to be closed in due time.

30. There are noteworthy trade-offs among grant management activities; on this basis signing a grant or making a disbursement will usually be prioritized against closing grants. Following the OIG findings on the matter, and without losing sight of pending cases, the Secretariat has made substantial efforts resulting in a decrease of long overdue grant closures.
31. There is value in allowing for more time to fiscal agents as a mitigation measure in certain high risk programs and where disbursement trends and processes have experienced positive improvements, and ineligible costs have been reduced. In parallel, and noting that the Board's tolerance for ineligible costs is near to zero and therefore this mitigation measure was put in place as a response to risk appetite, the scope of work and oversight of fiscal agents have been improved. Additional work is needed to ensure a better balance between financial management controls and capacity-building provided by fiscal agents and perhaps consider having two different entities.
32. The CRO agreed with the IG on the remaining work to enhance the internal control environment, particularly around compliance for key business processes which is expected to bolster after the full implementation of AIM. As to the upcoming OIG audit on risk management, the Secretariat expects it to result in a set of AMAs aiming at a more comprehensive implementation of the existing risk management framework. In June 2016 a settlement agreement was signed between UNDP and the Secretariat which led to improvements for legacy recovery cases in some of the most difficult environments.

## **Agenda Item 7: Update on Community, Rights and Gender (CRG)**

33. Board discussion. The Board expressed its appreciation of progress made in the areas of gender, human rights, key populations and community responses. It was noted that as these are cross-cutting issues, their integration at Secretariat and portfolio level is complex and challenging.
34. In addition the Board:
  - a. Noted that while significant progress has been made in ensuring that robust gender, rights and key population related analysis is part of funding requests, as well as the process to develop such requests, this does not always result in the desired change 'on the ground'. Change will require continued strengthening of partnerships with technical partners and governments. The Board called for a more efficient working collaboration with partners, with due consideration of value for money.
  - b. Stressed the importance of tailoring the CRG work stream to specific regional and sub-regional contexts. For example, in transition contexts, the focus might need to be on issues such as social contracting to ensure sustainability.
  - c. Recognized that gender, human rights, key populations and community responses must be operationalized collectively across the Secretariat, as they are critical for achieving several of the 2017 – 2022 strategic objectives.
  - d. Emphasized that work to strengthen community engagement in the Global Fund processes must continue and called for a tailored approach and specific investment for TB and Malaria communities – particularly, but not limited to, CCM representation.
  - e. Emphasized the need to look at gender holistically. For example, on TB to address the disproportionate vulnerability of men and boys, and for HIV to address the burden amongst Adolescent Girls and Young Women (“AGYW”).
  - f. Noted the importance for communities and civil society of a number of catalytic investment priorities, emphasizing that these must be accessible for local community and civil society organisations.

- g. Looks forward to the CRG Department commissioned independent assessment of community engagement in Global Fund grant making and implementation.
  - h. The Board needs to have up to date information on the progress of the CRG special initiatives, such as investing in networks, tailored technical assistance, the CRG communication platforms as well as analysis of results achieved and lessons learned.
35. The CRG Department Head emphasized that the approach to gender will focus on all gender identities and that there is ongoing work with technical partners to develop tailored strategies to address disparities in vulnerability that result from gender inequality and norms.

## Agenda Item 8: Sources and Uses of Funds

36. The Secretariat presented an update on the key financial figures including the forecasted and actual figures for pledges and contributions for the 4th Replenishment, grant expenditures and disbursements, and the asset and liability management (“ALM”) view with respect to the corresponding 2014 – 2016 allocation period.
37. The AFC Chair acknowledged the availability of reliable financial data supported by robust financial systems and process at the Secretariat which allows for strategic discussion on sources and uses of funds, and the overall AFC comfort with the underlying processes and principles of the forecast and ALM exercise.
38. The Board was requested to approve:
- a. the **Amended and Restated Comprehensive Funding Policy (“CFP”)** based on the recommendation of the AFC. The CFP was updated to incorporate lessons learned from the first period under the allocation-based funding model and to align it with the allocation methodology approved by the Board in April 2016. Specific revisions, as outlined in GF/B36/02 – Revision 1, include the incorporation of the portfolio optimization mechanism developed during the 2014 – 2016 allocation period, clarification that actual and forecasted unutilized funds from a previous allocation period could be included in the sources of funds for a subsequent allocation period and clarifying the roles and responsibilities of the Secretariat and AFC with respect to the methodology applied to announce replenishment results and determine sources of funds for allocation prior to the start of an allocation period.
  - b. the **sources of funds for allocation, catalytic investments and country allocations for the 2017 – 2019 allocation period** based on the joint recommendations by the AFC and SC.
39. The Sources of Funds for Allocation for the 2017–2019 Allocation Period, recommended to the Board by the AFC was USD 11.1 billion, which included the amount of forecasted unutilized sources of funds from the 2014–2016 allocation period, in the amount of USD 1.1 billion, and the amount derived from the 5<sup>th</sup> Replenishment, USD 10.0 billion. The announced replenishment results from the 5<sup>th</sup> Replenishment Conference, USD 12.9 billion, was calculated by applying a five-year simple moving average foreign exchange rate.
40. The following adjustments were then applied, in accordance with the CFP to calculate the actual amount for available Sources of Funds for Allocation derived from the 5<sup>th</sup> replenishment, USD 10 billion:
- a. applying the relevant foreign-exchange spot rates on 22 September 2016, resulting in a downward adjustment of the announced replenishment results in the amount of USD 0.89 billion,
  - b. further applying certain technical adjustments, as required by the current CFP and similarly done for the 2014–2016 allocation period, for technical assistance and other donor-specified

- conditions while taking into consideration historical conversion rates, resulting in a further reduction of USD 1.12 billion; and
- c. removing USD 0.9 billion to account for operating expenses over the 2017–2019 fiscal years
41. The inclusion of the forecasted unutilized sources of funds from the 2014 – 2016 allocation period was based on the AFC’s acceptance of the amount and the SC’s recommendation following discussions on the potential uses. This was based on an updated ALM forecast that showed a positive net ALM balance of USD 1.1 billion of sources and uses of funds from the 2014 – 2016 allocation period. The forecast factored the foreign-exchange impact on sources and uses of funds, changes in the risk assessment of pledge conversions, and updated forecasts of absorption rates.
  42. Based on the USD 11.1 billion sources of funds for allocation for the 2017 – 2019 allocation period, the following amounts were also recommended to the Board for approval in accordance with the allocation methodology approved by the Board in April 2016:
    - a. USD 800m for catalytic investments, without any portion required to be moved to further balance scale-up, impact and paced reductions in funding through country allocations; and
    - b. USD 10.3bn for country allocations resulting in robust funding levels, of which USD 800 million would be used for scale up, impact and paced reductions within the allocation formula itself.
  43. With regards to the remaining items on the Unfunded Quality Demand (UQD) register from the 2014 – 2016 allocation period, USD 36 million in priority funding needs were identified by the Secretariat’s review of the UQD register and application of the process prioritization approved by the Strategy, Investment and Impact Committee (SIIC) in October 2013. Of the USD 700 million validated by the Finance and Operational Performance Committee (FOPC) in March 2016 as available funds for portfolio optimization, approximately USD 40 million remained available after addressing the portfolio of country components with grants ending prior to 31 December 2017. Accordingly, the identified priority UQD components can be funded from the remainder of the USD 700 million previously validated by the FOPC.
  44. In recognition of questions regarding the continued existence of UQD, the Secretariat noted that the most recent ALM forecast will be the basis for the AFC to assess the availability of funds to finance priorities according to a prioritization to be approved by the Strategy Committee in Q1 2017.

#### Board discussion

45. Calculation of the Forecast. There was a request to provide disaggregated information and data on the USD 1.1 billion identified as forecasted unutilized funds from the 2014 – 2016 allocation period. There was concern and questions raised with regards to the reliability and level of prudence in the forecast exercise, and the impact of significant unutilized funding from the 2014-2016 period on future resource mobilization and the Global Fund’s strategic goals.
46. Unfunded Quality Demand (UQD). It was stated that having visibility of priority needs remain relevant. The Board emphasized the importance of identifying and addressing the root causes for unutilized funds to further maximize the strategic impact of resources raised for a given replenishment period.
47. Announced Replenishment Results. It was noted that the approach applied for the the announcement of the 5<sup>th</sup> Replenishment results (i.e., using a five-year simple moving average) created some confusion when factoring the subsequent application of the relevant spot rate for purposes of calculating sources of funds for allocation. The Developed Country NGOs Constituency introduced a friendly amendment to the Revised CFP to reflect that the proposed methodology by

the Secretariat to announce the replenishment results<sup>2</sup> for a given three-year replenishment period is approved by the AFC. There was a follow up comment noting that, given the need for a certain degree of flexibility as well as potential political implications arising from such type of decision, mainly for communication purposes and tracking of results against Replenishment targets, the Secretariat may be better positioned to approve this methodology rather than a Standing Committee of the Board. Nonetheless, the Board approved the proposed amendment and the Revised CFP with its inclusion.

48. Portfolio Optimization. The Board showed appreciation for the inclusion of provisions in the CFP to re-allocate funding across the grant portfolio (e.g., formalization of the portfolio optimization mechanism developed and applied during the 2014-2016 period). In this regard, there was a request for clarification on the type of Uses of Funds, to be approved by Board, for portfolio optimization as stated in the CFP. Given the concerns of several Board Constituencies around the amount of unutilized funds arising from the 4<sup>th</sup> Replenishment and ongoing efforts to increase impact and levels of absorption in country, *the Secretariat was encouraged to unpack in a transparent way the approach and outcomes of future quarterly forecasts of uses and sources of funds presented at AFC meetings*.
49. Level of sources and uses of funds. There was a statement made on behalf of several constituencies noting that the level of investment in the three diseases has a direct impact on the Global Fund's goal to bring them to an end as well as the Sustainable Development Goals. Recent TB surveillance shows noteworthy risks around drug resistance and prevalence. The preliminary allocation to malaria programs was perceived by certain stakeholders as being lower than expected. Available resources should be spent within a framework of public health evidence, human rights and sustainability. It further stated that existing financial systems and process that allow for close monitoring of income and expenditure levels, together with a strong replenishment mechanism at the Global Fund, should result in more flexible procedures within the CFP. *The AFC and SC are encouraged to continue exploring these issues, as well as bottlenecks to absorption levels, for further discussion at the next Board Meeting in May 2017*.
50. Secretariat response. The portfolio optimization mechanism included in the CFP can be applied throughout an allocation period to identify available funds based on the updated ALM forecast prepared by the Secretariat and presented to the AFC. This ALM-based method would identify potential available funds from (i) additional pledges and contributions by donors, (ii) actual unutilized funds remaining at the end of grants from a previous allocation period, and (iii) forecasted unutilized funds of grants arising from the current allocation period. This portfolio optimization mechanism using the ALM view will also be an input into determining the sources of funds for allocation when transitioning from one allocation period to the next.
51. The Secretariat clarified that when funds are forecasted to remain unutilized by the end of the relevant implementation period, they may be made available to fund the grant portfolio or other initiatives approved by the Board, following risk-based adjustments by the Secretariat and upon approval by the AFC. With respect to UQD from the 2014 – 2016 allocation period the Secretariat updated and evaluated the UQD register according to the prioritization adopted by the SIIC in 2013. Remaining items may have become outdated or less feasible for implementation at this stage in the allocation period, particularly with the over USD 900 million of items initially placed on the UQD

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<sup>2</sup>As stated in the Revised CFP, the “Announced Replenishment Results” refers to the amount of donor pledges publicly announced, in the aggregate and on a per-donor basis, during or subsequent to a Replenishment Conference and related to the Replenishment Period derived from a methodology, which may include reference foreign exchange rates applied.

register being funded through grant-making efficiencies. *The lessons learnt from registering, maintaining and prioritizing UQD over the 2014 – 2016 allocation period will inform the development and presentation of an updated prioritization framework for the SC to review and approve at its meeting in the first quarter of 2017.*

52. Providing further insight into the forecasted unutilized sources of funds from the 2014 – 2016 allocation period, the Secretariat explained that the ALM forecast evaluates the net balance between sources and uses of funds. In doing so, the Secretariat periodically re-evaluates its assumptions as well as confirmed information regarding the conversion of donor pledges into contributions. The adverse and positive impact on sources and uses of funds due to fluctuations in foreign-exchange rates are also factored, together with the latest estimates on the rate in which funds are utilized, or absorbed. On the latter, the financial data has identified where the largest absorption challenges exist and proactive measures have been initiated to address these challenges as programs move into the 2017 – 2019 allocation period. The Secretariat also noted that while foreign-exchange rate fluctuations over the 2014 – 2016 allocation period have had an adverse impact on sources of funds, this same effect has had a positive impact on many programs across the portfolio, with many able to purchase or conduct activities at lower equivalent levels of grant currency.
53. The latest ALM forecast has benefited from a longer period of data with respect to actual-versus-forecasted grant expenses and disbursements. It was a robust exercise derived from improved financial systems, using closely verified financial figures and a large degree of visibility into key financial risks such as foreign exchange volatility, overall pledge conversion rates and rates of funds utilization in specific grant programs. When balancing the positive impact of USD 0.1 billion due to changed contribution forecasts against the adverse foreign-exchange impact of USD 1.04 billion, forecasted sources of funds experienced a net reduction of USD 0.9 billion (5.4 %) in the updated ALM forecast. This was balanced against the overall reduction of USD 2.0 billion (11.5 %) to forecasted uses of funds, comprised of a reduction of USD 0.6 billion due to the foreign-exchange impact on uses of funds, for EUR grants and as well as program activities in local currencies, and further reduction of USD 1.36 billion (7.9 %) due to slower absorption. As such, the net ALM balance was USD 1.1 billion.
54. Across the portfolio, the implied rate of funds utilization, or absorption rate, in the updated forecast was 83 %, except for the portfolio of grants permitted to utilize their 2014 – 2016 total allocation over a period that ended prior to 31 December 2017 (the “Shortened Grants”). As such, when compared to the historical average of 71 %, the updated ALM forecast assumes greater funds utilization than in the past.
55. The Board approved the decision points GF/B36/DP05 on the Sources and Uses of Funds for Allocation for the 2017 – 2019 Allocation Period, as presented in GF/B36/03, and GF/B36/DP04 on the CFP including the amendment to require AFC approval of the methodology applied to announce replenishment results. The Communities Constituency abstained from approving the CFP attributing their position to the shift from the demand-driven model and its related principles.

## **Agenda Item 9: Catalytic Investments – Priorities and Associated Costs**

56. The Board supported greater investment in RSSH and strongly emphasized the importance of clarifying the means of operationalization for applicants. The Board further noted:
  - a. Matching funds. Operationalization of matching funds must ensure that investments in essential services are not displaced by countries trying to meet the matching requirement but also cautioned that catalytic investments must not dis-incentivize countries from putting these interventions into their allocations.
  - b. Selection of countries. The Secretariat is encouraged to examine absorptive capacity when selecting countries that will be eligible for catalytic investments.

- c. Transition. The Board highlighted that it was important to support not only high burden environments, but also countries preparing to transition so that sustainable responses could be supported.
  - d. Emergency Fund. The Board was supportive of moving funds from the Emergency Fund Strategic Initiative to support areas under RSSH, noting that *the Secretariat would inform the Strategy Committee in advance if it anticipated a need to move funds from another approved catalytic investment priority to supplement the funds available for the Emergency Fund*.
  - e. Grant implementation and performance in Challenging Operating Environments (COEs) requires a high level of technical support and capacity building. In addition, appropriate performance frameworks for COEs may differ from non-COE contexts.
57. During the Board discussion, the France constituency proposed an amendment requesting that the Secretariat present the Strategy Committee with a scope of effort and expected outcomes for each Strategic Initiative before starting implementation and that any substantial changes during implementation would be presented to the Strategy Committee for approval.
58. The Board was assured by the Secretariat that operationalizing the catalytic funding would not displace investments in essential services, including commodities. The Secretariat also confirmed that there would be regular, clear and transparent reporting to the SC and Board. Regarding the Emergency Fund, the Secretariat may reassess the needs and exercise the flexibility to request reallocation of funds from another approved priority to the Emergency Fund.
59. The Board unanimously approved the decision point GF/B36/DP06 on catalytic investments for the 2017 – 2019 allocation period, with the inclusion of the amendment proposed by the France constituency.

## **Agenda Items 10 and 11: Executive Sessions of the Board**

60. The Board met in two Executive Sessions on day one and day two of the Board meeting. The proceedings of those sessions, and the record arising, were managed in line with Paragraph 22 of the Global Fund's Board and Committee Operating Procedures (GF/B34/EDP21).<sup>3</sup>

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<sup>3</sup> Operating Procedures of the Board and Committees of the Global Fund, as approved by the Board on 21 April 2016, section 22: 22.1. In its discretion, the Board may conduct its business in closed executive session where only the Board Members and Alternate Members of voting constituencies of the Board, or their official designates, may be present. The Board Chair and Vice-Chair may invite the Board Members and Alternate Members of the non-voting constituencies of the Board, Chairs and Vice-Chairs of the Standing Committees, or other participants to attend closed executive sessions based on the matters to be discussed. 22.2. Unless the Board decides otherwise, business conducted in closed executive sessions shall follow the same procedures, where relevant, as business conducted in open sessions, including the procedures related to decision making and voting in Article 20 of these Operating Procedures. 22.3. In accordance with Board policy, recordings of the closed sessions shall be kept confidential. However, the outcome of the deliberations, particularly if there are financial implications, shall be summarized in an open session of the Board meeting. Unless otherwise agreed by the Board, decisions taken by the Board in closed sessions shall be communicated by the Board Chair or Vice-Chair to the relevant parties in the Secretariat or Office of the Inspector General that may be charged with monitoring or executing such decisions. An official record of closed sessions must be maintained by the Board Chair and Vice-Chair and deposited with the Legal Counsel of the Global Fund.

## Agenda Item 12: Board Direct Report Selection Processes and Selection of the next Executive Director

61. During the Executive Session the membership of the Executive Director Nomination Committee was chosen. In order to ensure a representative and balanced committee, the Board agreed to increase the number of members on the Nominations from seven to nine for this selection. Accordingly, the Board approved the appointment of the following individuals to serve as members of the Executive Director Nomination Committee (EDNC):
- a. Jan Paehler, Chair of the Nomination Committee
  - b. Amy Baker, Member
  - c. Michèle Boccoz, Member
  - d. Sarah Boulton, Member
  - e. Hristijan Jankuloski, Member
  - f. Vinand Nantulya, Member
  - g. Filipe Da Costa, Member
  - h. Eric Paul Goosby, Independent Member
  - i. Mphu Ramalapeng, Independent Member
62. With Terms of Reference for the Executive Director finalized and adopted (Annex 1 to GF/B36/07) and the voting procedure adopted (Annex 2 to GF/B36/07), the Board officially launched the selection process of the next Executive Director of the Global Fund (GF/B36/DP07).

## Agenda Item 13: Business Model in High-Risk Countries

63. The Board supports the Secretariat's recommendation to continue with the current business model, while evolving through strategic adaptations and considering improvements, and reinforced the role of the Global Fund as a financing institution rather than a development agency. The Board further noted the following:
- a. Support for in-country actors. The Board suggested that the Secretariat focus on strengthening the capacity of in-country actors, including CCMs, as it related to programmatic as well as financial issues, commenting on the potential of civil society to scale up its role. In-country partners are better positioned both technically and geographically to guide investments on the ground. In this regard, continuation of ITP was suggested.
  - b. Benefits of not maintaining in-country offices. Some mentioned the benefits of an infrequent presence in-country, noting that this can give Global Fund staff greater leverage when negotiating with governments.
  - c. Local Fund Agents (LFAs). The Board noted the opportunity to differentiate the role of LFAs per country.
  - d. Piloting in-country support. Two constituencies asked in-country support to be piloted in a few countries based on an assessment of risk, with a view to building the evidence base on what works, where and why, to ensure continuous improvement and maximum impact.
64. *The Secretariat confirmed that it would come back to committees and the Board within implementation plan outlining how the current business model will be strengthened and adapted, with a focus on managing and mitigating both financial and program risk.*

## Agenda Item 14: Country Coordinating Mechanisms

65. The Chair asked the French, German, Canadian, Swiss and Australian constituencies to outline the paper that they had co-authored (see Annex 5). It highlighted the need for a shift in thinking about CCMs, and new ways of supporting them, alongside the changes to the Global Fund Strategy. The paper argued for additional Secretariat support and focused technical assistance.

66. The Board discussion focused on:
- a. The gaps identified in the OIG audit report on CCMs and the need to follow-up on the recommendations that were made in the report.
  - b. The need for greater collaboration and sharing of lessons learned between CCMs, as well as harmonizing partner investments which support in-country governance mechanisms.
  - c. Support for measures to increase the sustainability of CCMs beyond Global Fund financing in transition countries.
  - d. Encouraging differentiated relationships with CCMs based on specific strengths and weaknesses of a given country's CCM, taking into account need for country ownership rather than a 'one-size-fits-all' approach of support.
  - e. Highlighted the opportunity for communities, key populations and RSSH experts to play a more substantive role on CCMs.
  - f. How to reinforce the inclusiveness and capacity to civil society and communities in the CCM functioning.
  - g. Highlighting the value and the role of the oversight committees in terms of looking at the broader health systems issues and their collaboration with technical and development partners.
67. Certain constituencies expressed the desire to pursue the discussion on CCM issues through the committees (lead to be clarified). Constituencies expressed the need to refine and strengthen the role of CCM in a differentiated approach and that it needs to be discussed among Board and Committee members in a rather urgent fashion.
68. *The Secretariat will update the committees at their next meetings on CCM performance.* By then, all Eligibility and Performance Assessments (EPAs) will be in and data-based progress updates can be provided. The Secretariat emphasized that the CCM model would then be folded into the business plan, in accordance with guidance from the Board, and taking account of the OIG report. Finally, the Executive Director reminded the Board that the Global Fund's business model relies heavily on the commitment of the constituencies and partners represented around the table, many of whom are directly represented on CCMs.

### **Agenda Item 15: Technical Evaluation Reference Group Multi-Year Work-plan**

69. The Board:
- a. Recognized the importance of evidence-based TERG recommendations on, among others: simplification of funding access and support for program implementation; the key role of robust National Strategic Plans and longer-term needs for technical assistance;
  - b. Acknowledged the importance of Prospective Country Evaluations (PCE) to better understand country level investments and the importance of robust evaluation to improve operating models; and
  - c. Requested more formal processes to follow up management actions by the Secretariat.
70. Reflecting on the Evaluation Plan 2017 - 2022 and in particular PCE, the Board further noted the need for coordinating closely with other key stakeholders and first using already available data, to share early findings and ensure that evaluations are used by countries to improve their programs.
71. The TERG Chair noted that:
- a. The TERG feels its core independent evaluation budget is minimal. The TERG would welcome suggestions of topics for thematic reviews, especially as the reduced TERG budget calls for clear prioritization of the three reviews that are planned.
  - b. Regarding PCEs, the TERG aims to build in-country capacity for evaluation, partnering with global and in-country institutions with appropriate capacity, e.g., statistics office, universities. PCE will avoid duplications by working closely with other partners. PCE aim to enable real time program improvement, with on-going feedback to programs and the Global



Fund. The TERG hopes to initiate the PCE rapidly, to take align with country components submitting funding requests in early 2017.

- c. On the need to follow-up on evaluation recommendations, this would be the major focus of the Strategic Review 2017, as part of a more formal process of tracking agreed management responses.

## **Agenda Item 16: Corporate Work-plan and Operating Expenses Budget 2017**

72. The Secretariat presented a brief update of the 2016 operating expenses (“OPEX”) totalling USD 302 million, resulting in a 0.8% decrease against the approved budget. The Board then discussed the proposed 2017 OPEX budget, in the amount of USD 300 million, and the accompanying Corporate Work-plan and Budget Narrative, as presented in GF/B36/05A and GF/B36/05B, respectively.
73. Catalytic Investments. There was a request for clarification with regards to OPEX costs associated to the implementation of the initiatives under the catalytic investments approved by the Board (GF/B36/DP06).
74. Grant applications under the 5<sup>th</sup> Replenishment. There was a request for information about the allocation of resources in 2017, particularly in terms of staff, to cope with the upcoming wave of grant applications to access allocations during the 2017-2019 period.
75. 2017 Corporate Work-plan. The Board supported the key initiatives included in the 2017 Work-plan, noting that some - including ITP – should be integrated into day to day operations in the near future. Investments on risk and assurance initiatives should be analysed for their effectiveness and value for money. One constituency voiced concern about the levels of resources to develop work for human rights protection and gender equality and requested clarification around the mechanisms to enhance key population engagement and transition readiness assessments. It was also emphasised the need to further increase partner collaboration as well as the amount of resources to improve CCM performance.
76. wambo.org. There was a request for clarification with regards to the likelihood of receiving external co-funding for Wambo.org, and flexibilities to re-allocate resources within the USD 300 million envelop should the need arise.
77. The Secretariat confirmed that activities related to implementation of the catalytic investments for the 2017-2019 allocation period should not result in additional OPEX costs. There is a plan to allocate the necessary resources and staff to cope with the next wave of funding requests, including for peak times. UNITAID’s support to the Phase 1 of wambo.org accounts for potential contributions of up to USD 5.7 million included in its 2016 and 2017 budgets subject to signature of an agreement with the Global Fund. Overall expenditure on risk and assurance, around 25% of the budget including the OIG, reflects the needs of the business model of the Global Fund. To conclude, the Secretariat clarified that the annual CCM budget remains stable<sup>4</sup>.
78. The Board unanimously approved the 2017 OPEX and its accompanying Corporate Work-plan and Budget Narrative under the decision point GF/B36/DP08.

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<sup>4</sup> Refer to section 14. in this report for further detail and discussion on CCM matters.

## **Agenda Item 17: Key Performance Indicators**

### Performance against KPIs – 2016 mid-year update

79. The Chief Financial Officer (“CFO”) gave an overview on the 14 Corporate KPIs, noting that strong performance can be seen on 10 indicators, while four indicators are at risk or did not achieve 2016 performance targets. Specifically:
- a. KPI 2 ‘Quality and Coverage of Services’: issues with PMTCT, HIV/TB, and ARV retention data are being discussed with technical partners and will be reported further;
  - b. KPI 5 ‘Health Systems Strengthening’ (HSS): there are still challenges in obtaining data, however Q3 saw improvements;
  - c. KPI 7 ‘Grant making’ and ‘Board approval to disbursement’: some of the access to funding processes are taking longer than expected, but actions are being put in place to address this; and
  - d. KPI 12 ‘Human Rights Protection’ - few Human Rights related complaints have been made, so the Secretariat has commissioned work to look into the underlying reasons.
80. Board Discussion.
- a. KPI 5 (RSSH): more detail was requested on where indicators are falling short, particularly on human resource constraints. The TERG was asked to focus on local data and performance issues. One constituency asked that catalytic investments be used to drive data collection efforts. One of the partners highlighted the importance of taking a holistic approach between the Global Fund and its partners in countries, particularly on issues of quality and service coverage. Too much aggregation can risk losing sight of positive performance, and the need for the Global Fund to interrogate more granular data was highlighted.
  - b. KPI 7: The Secretariat was asked what plans there are to get back on track. Additionally, one constituency enquired about progress in size estimations for key populations, in addition to requesting an ‘end of cycle’ report on KPI performance.
81. Secretariat response.
- a. KPI 2: the Secretariat noted that there is a need to make significant effort on data improvements. The Global Fund is working with technical partners on the issues and the results will be reported to the Board in the near future.
  - b. KPI 7: the Secretariat assured the Board that a tight timeline was put in place and is being monitored closely.
82. On providing an end of cycle report on KPIs, the Secretariat noted that there is regular reporting to committees and the Board on progress achieved against agreed targets. Under the new Strategy more granular data will be provided in the thematic reports on KPIs, which will aim to balance focus and depth of information shared with the Board. Upon the production of the first batch of thematic reports the Board will have the opportunity provide guidance on the desired type of reporting and engagement for KPI matters.

### Performance Targets for the 2017-2022 Strategic Key Performance Indicator Framework

83. The Vice-Chair of the Strategy Committee (SC) opened the session by advising that the original decision point intended for Board to approve the targets to the 2017 – 2022 Strategic Key Performance Indicator (KPI) Framework would be withdrawn. This was following discussion among members of the SC and Audit and Finance Committee (AFC) due to several constituencies raising questions regarding the proposed targets and expressing they would not be in a position to approve the targets that the Committees had recommended to the Board.

84. The Private Sector constituency suggested that an additional round of input be sought from constituencies and that an Advisory Group (AG) comprised of individuals from donor and implementer constituencies as well as technical partners be established to advise the Secretariat as it further develops proposed targets for the SC and AFC to re-review and recommend to the Board for approval by the first week of March 2017. The Board approved the setup of the proposed Advisory Group.
85. Throughout the discussion, several constituencies reminded the Board of the importance of having fit for purpose' KPIs, which can appropriately measure the Global Fund's performance and contribution to global targets over the next six years. Indicators and associated targets must also be grounded in the realities of country contexts. It was highlighted that the indicators have already been approved by the Board in June 2016. As such, they are not for discussion as what is relevant for further deliberation relates only to the targets for the Strategic KPIs.
86. Some of the principal points that arose during the discussion, were:
- a. Additional layer in governance structure. Several constituencies expressed concern that the creation of an Advisory Group was an unnecessary addition to the current governance structure, as it essentially creates a fourth committee, thus circumventing existing processes.
  - b. Advisory Group Members. Technical partners would be represented on the AG as opposed to having a consultative role like the TRP and TERG. Discussion also focused on the role of the AFC and SC leadership in comprising the AG, and the degree of involvement of committees.
  - c. Expediency. There was consensus on the urgency of completing the KPI framework with appropriate targets, as the new strategy is set to start in January 2017.
  - d. Functioning of the AG. A clear distinction between the role of the AG and that of the Secretariat was highlighted as critical, whereby the Secretariat would continue to evaluate input, conduct analysis and develop proposals while the AG would be supporting and advising based on its expertise. The Secretariat would lead the process and present the final recommendations to the committees.
  - e. Data. Partners commended the Secretariat on the inclusive process thus far in developing the targets to the approved 2017 – 2022 Strategic KPI Framework. Several constituencies expressed the need for countries to own their data and targets, as the stewards of national strategic plans. Most acknowledged the need for target setting to be informed by a bottom-up approach, using country-level estimates where possible and available.
87. During the discussion, constituencies were invited to provide comments and feedback, but it was also noted where there were specific points for clarification or understanding, they could be incorporated in the meeting record as opposed to inserted into the text of the decision point.
88. Suggested clarifications by the Point 7 constituency were noted on the record, but not presented in the revised decision point text. These requests included:
- a. Ensuring that Secretariat responses would be made available to all constituencies;
  - b. Reference to the role and involvement of the full AFC and SC in the composition of the AG;
  - c. Emphasis that the AG should be composed of technical experts;
  - d. Clarifying that the AG's work with the Secretariat would be to provide input and advice to the Secretariat.
  - e. A distinction should be clearly made between nominations from constituencies, against nominations by Implementer or Donor Groups, with the former preferred.
89. Subsequently revised text proposed by the Germany constituency that included reframing the introductory statement to the Board's request to establish the AG in the context of delivering on the 2017 – 2022 Strategy as well as reference to alignment with the principle of country ownership in the context of target development were incorporated.

90. After agreeing to include the proposed text from the Germany constituency, and by request of some constituencies, the Board deliberated further on the amendments proposed by the Point 7 constituency. In doing so, the decision point was amended to confirm Secretariat responses would be available to all Board constituencies and refer to AG members being comprised of individuals selected from implementer and donor constituencies, rather than referring to the respective groups. Other proposals such as explicit reference to “technical experts”, explicit reference to the full AFC and SC in selection process of AG members, and added editorial suggestions were not adopted.
91. Decision Point. The Board then approved the amended decision point (GF/B36/DP09) with one abstention from the Point 7 constituency.

### **Agenda Item 18: Close**

92. The Eastern and Southern Africa (ESA) constituency asked for a decision point to be considered on the invitation from the Government of Rwanda to host the Global Fund’s 37<sup>th</sup> Board meeting, on 3 - 4 May 2017 in Kigali. The Chair welcomed the invitation and the decision point on the location was unanimously approved (GF/B36/DP10). In response to a question raised by the Communities constituency, the Chair of the Board confirmed there were no travel restrictions in Rwanda. Annex 3. to this report provides further details on the internal assessment conducted for the location of the 37<sup>th</sup> Board meeting.
93. In his closing remarks, the Chair of the Board thanked the participants for their constructive engagement; the leadership of the Committees, the Office of Board Affairs, the institutional legal team, the Office of the Inspector General, the events team, the Secretariat staff, the hotel staff and the interpreters.
94. The Board Chair presented an indicative overview of the Board Agenda for 2017, and the Board Retreat to select the new Executive Director on 27-28 February 2017 in Geneva, Switzerland.

## Annex 1. Decisions Taken at the 36<sup>th</sup> Board Meeting

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
GF/B36/DP01	<p><b>Appointment of Rapporteur</b> Carsten Staur from the Point Seven constituency is designated as Rapporteur for the 36th Board Meeting.</p>	Unanimous		
GF/B36/DP02	<p><b>Approval of Agenda</b> The agenda for the 36th Board Meeting (GF/B36/01) is approved.</p>	Unanimous		
GF/B36/DP03	<p><b>Continuing Resource Mobilization Efforts Throughout the Replenishment Cycle</b> The Board:</p> <ol style="list-style-type: none"> <li>Notes the successful launch of the Global Fund Fifth Replenishment (2017-2019) and the importance of continuing to actively engage to mobilize increased resources throughout the Replenishment cycle; and</li> <li>Requests that the Secretariat, under the oversight of the Audit and Finance Committee, develop an ambitious action plan for attracting additional resources which may include providing additional pledging opportunities for donors and maintains visibility of both unfunded quality demand and progress in achieving impact, to be shared with the Board at its 37th Meeting, and subsequently reported on by the Audit and Finance Committee to the Board on a regular basis.</li> </ol>	Unanimous		
GF/B36/DP04	<p><b>Approval of the Amended and Restated Comprehensive Funding Policy</b></p> <ol style="list-style-type: none"> <li>Based on the recommendation of the Audit and Finance Committee, the Board approves the Amended and Restated Comprehensive Funding Policy, as set forth in Annex 1 to GF/B36/02 – Revision 1.</li> </ol>	Canada Switzerland Australia, France, Germany, Japan, Private Foundations, Private Sector, UK, USA, EC, Developed NGOs, EMR, Point 7,		Communi- ties

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
		Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR		
<b>GF/B36/DP05</b>	<p><b>Sources and Uses of Funds for the 2017 – 2019 Allocation Period</b></p> <ol style="list-style-type: none"> <li>1. Based on the recommendation of the Audit and Finance Committee (the “AFC”), as presented in GF/B36/03, the Board decides the amount of sources of funds for allocation for the 2017 – 2019 allocation period is USD 11.1 billion and comprised of the following amounts: <ol style="list-style-type: none"> <li>a. USD 10.0 billion, derived from the announced replenishment results of the Fifth Replenishment (2017 – 2019) net of certain adjustments and qualifying deductions, in accordance with the Amended and Restated Comprehensive Funding Policy set forth in Annex 1 to GF/B36/02 – Revision 1; and</li> <li>b. USD 1.1 billion, the forecasted unutilized funds from the 2014 – 2016 allocation period presented by the AFC and the Strategy Committee (the “SC”) for inclusion in the sources of funds for allocation for the 2017 – 2019 allocation period following deliberations at the committees’ October 2016 meetings.</li> </ol> </li> <li>2. Based on the recommendation of the SC, as presented in GF/B36/03, the Board approves USD 0.8 billion for the 2017 – 2019 allocation period’s catalytic investments.</li> <li>3. Accordingly, the Board decides the amount of sources of funds for country allocations for the 2017 – 2019 allocation period is USD 10.3 billion, of which USD 0.8 billion is to ensure scale up, impact and paced reductions according to the allocation methodology approved by the Board in April 2016 under decision point GF/B35/DP10.</li> </ol>	Unanimous		
<b>GF/B36/DP06</b>	<p><b>Catalytic Investments for the 2017 – 2019 Allocation Period</b></p> <ol style="list-style-type: none"> <li>1. The Board notes that up to USD 800 million is available for catalytic investments, subject to the amount of sources of funds for allocation, in accordance with the allocation methodology approved in April 2016 under decision point GF/B35/DP10 and set forth in Annex 1 to GF/B35/05 – Revision 1.</li> </ol>	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>2. Based on the recommendation of the Strategy Committee (the “SC”) and the amount of sources of funds for allocation recommended by the Audit and Finance Committee (the “AFC”) in GF/B36/03, the Board decides USD 800 million will be available for catalytic investments over the 2017 – 2019 allocation period for the priorities and associated costs presented in Table 1 of GF/B36/04 – Revision 2, of which no portion will be moved to further balance scale up, impact and paced reductions through country allocations.</p> <p>3. The Board notes the Secretariat will have flexibility to operationalize catalytic investments, update the SC and Board on such operationalization, and present any reallocations of the associated costs among the approved priorities for the SC’s approval.</p> <p>4. The Board asks the Secretariat to provide the SC with a scope of effort and expected outcomes at the start of all strategic initiatives and to seek SC approval during implementation if there is a substantial change to the relevant strategic initiative’s scope.</p>			
<b>GF/B36/DP07</b>	<p><b>Executive Director Selection Process</b></p> <p>1. The Board notes:</p> <p>a. Its November 2016 approval (GF/B35/EDP19) of the terms of reference of the 2016 Executive Director Nomination Committee (the “Nomination Committee”), as set forth in Annex 1 to GF/B35/ER15; and</p> <p>b. Consultations between the Ethics and Governance Committee and the Chair and Vice-Chair of the Board with respect to the terms of reference of the Executive Director, voting procedures for the selection of the next Executive Director, and anticipated timelines for recruiting the next Executive Director, as outlined in GF/B36/07.</p> <p>2. Accordingly, the Board approves:</p> <p>a. The revised terms of reference of the Executive Director, as presented in Annex 1 to GF/B36/07, which shall supersede the terms of reference approved by the Board under decision point GF/B26/EDPo8 and set forth in Annex 1 to GF/B26/ER05; and</p> <p>b. The voting procedure for the selection of the Executive Director, as presented in Annex 2 to GF/B36/07, which shall supersede any prior versions of voting procedures adopted for the selection of any direct report of the Board.</p>	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
<b>GF/B36/DP08</b>	<p><b>Corporate Work-plan and Budget Narrative 2017 and the 2017 Operating Expenses Budget</b></p> <ol style="list-style-type: none"> <li>1. Based on the recommendation of the Audit and Finance Committee, the Board approves the following: <ol style="list-style-type: none"> <li>a. Corporate Work-plan and Budget Narrative 2017, as set forth in GF/B36/05B; and</li> <li>b. 2017 Operating Expenses Budget in the amount of USD 300.0 million, as set forth in GF/B36/05A, which includes USD 17.1 million for the Office of the Inspector General's 2017 operating expenses.</li> </ol> </li> </ol>	Unanimous		
<b>GF/B36/DP09</b>	<p><b>Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework</b></p> <ol style="list-style-type: none"> <li>1. The Board notes the additional analysis by the Secretariat to develop performance targets for the 2017-2022 Strategic Key Performance Indicator (the “KPI”) Framework approved by the Board in June 2016 under the decision point GF/B35/EDP05 and set forth in Annex 1 to GF/B35/ER05 (the “Strategic KPI Framework”).</li> <li>2. To support the efforts of the Global Fund and partners to implement the 2017-2022 Global Fund Strategy and achieve maximum impact, the Board requests: <ol style="list-style-type: none"> <li>a. Board constituencies to submit statements, questions, concerns or suggested revisions regarding the performance targets, including how country-level information or estimates will be considered, to the Secretariat by 30 November 2016 followed by the Secretariat's response by 9 December 2016 to be communicated to all constituencies;</li> <li>b. The Chairs and Vice-Chairs of the Audit and Finance Committee (the “AFC”) and the Strategy Committee (the “SC”) to determine, in accordance with the respective mandates of the AFC and SC, the performance targets to be addressed by each committee; and</li> <li>c. The Chairs and Vice-Chairs of the AFC and the SC to establish a joint-committee advisory group (the “Advisory Group”) by 9 December 2016 that will work with the Secretariat to present revised performance targets for the Strategic KPI Framework, based on country-level estimates where relevant and available in alignment with the principle of country ownership, to the AFC and SC for recommendation to the Board by the first week of March 2017.</li> </ol> </li> <li>3. The Advisory Group will: <ol style="list-style-type: none"> <li>a. Be comprised of four individuals selected from implementer constituencies and four individuals selected from donor constituencies and two representatives of the Technical Partners, in consultation with the Chairs and Vice-Chairs of the AFC and</li> </ol> </li> </ol>	Canada Switzerland Australia, Communities, France, Germany, Japan, Private Foundations, Private Sector, UK, USA, EC, Developed NGOs, EMR, Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR		Point 7



Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>SC, to work with the Secretariat to present revised performance targets for the Strategic KPI Framework;</p> <p>b. Consult with the Technical Review Panel and Technical Evaluation Reference Group;</p> <p>c. Consider statements, questions, concerns or suggested revisions by Board constituencies, as well as responses provided by the Secretariat, to advise the Secretariat on presenting the AFC and SC with revised performance targets for the Strategic KPI Framework; and</p> <p>d. Be dissolved upon the Board's approval of performance targets for the Strategic KPI Framework.</p>			
<b>GF/B36/DP10</b>	<p><b>Location of the 37th Board Meeting</b></p> <ol style="list-style-type: none"> <li>1. The Board welcomes the invitation of the Government of Rwanda to host the Global Fund's 37th Board Meeting on 03-04 May 2017.</li> <li>2. Accordingly, the Board agrees to convene the 37th Board Meeting in Kigali, Rwanda.</li> </ol>	Unanimous		

## Annex 2. 36<sup>th</sup> Board Meeting Documents List

Reference	Document Title
<b>For Decision</b>	
GF/B36/01	36 <sup>th</sup> Board Meeting Agenda
GF/B36/02 – Revision 1	Revisions to the Amended and Restated Comprehensive Funding Policy
GF/B36/03	Sources and Uses of Funds for the 2017-2019 Allocation Period
GF/B36/04 - Revision 2	Catalytic Investments
GF/B36/05A	2017 Operating Expenses Budget
GF/B36/05B	2017 Corporate Work-plan
GF/B36/06A – Revision 1	Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework
GF/B36/06B – Revision 1	Performance Targets for the 2017 – 2022 Strategic Key Performance Indicator Framework (slide deck)
GF/B36/07	Board Direct Reports Selection Process
GF/B36/08	Reference not in use.
GF/B36/09	Global Fund Grievance and Dispute Resolution System
<b>For Information</b>	
GF/B36/10	Report of the Executive Director
GF/B36/11	Office of the Inspector General Progress Update
GF/B36/12	2016 Progress Update on Status of Implementation of OIG Agreed Management Actions
GF/B36/12A	Secretariat AMA Update
<b>Strategy Development</b>	
GF/B36/13	Update from the Technical Review Panel
GF/B36/14	TERG Multi-Year Work-plan
GF/B36/15	Reference not in use
GF/B36/16	Update on Sourcing and Supply Chain

Reference	Document Title
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GF/B36/17	Next Steps on Global Fund Strategy 2017-2022
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**Governance**

GF/B36/18	Report of the Coordinating Group
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GF/B36/19	Governance Performance Assessment Framework – Results of Board and Board Leadership Performance Assessment 2016
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GF/B36/20	This reference not in use. An Electronic Report on the Board Leadership Selection Process will be issued following the Board Meeting
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GF/B36/21	Annual Report on Privileges and Immunities
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GF/B36/22	Annual Report on Status of Board Decisions
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GF/B35/28 Revision 1	Report of the 35 <sup>th</sup> Board Meeting
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**Commitment of Financial Resources**

GF/B36/23	Reference not in use
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GF/B36/24	Recoveries Report
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**Assessment of Organizational Performance**

GF/B36/25	Corporate KPIs: Performance against 2016 targets
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**Risk Management**

GF/B36/26	Risk Management Report
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GF/B36/27	Prioritized Action Plan Progress Update
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GF/B36/28	Business Model in High-Risk Countries
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**Resource Mobilization**

GF/B36/29	Update on Resource Mobilization and outcomes of the 5 <sup>th</sup> Replenishment
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## Annex 3. Information Note on Location of the 37<sup>th</sup> Board Meeting in Kigali, Rwanda

On 17 November 2016, the Board approved Kigali, Rwanda (GF/B36/DP10) as the location for the 37<sup>th</sup> Board meeting to be held from 3-4 May 2017. The Government of Rwanda offered to host the 37<sup>th</sup> Board Meeting in Kigali, in May 2016. Following the receipt of this offer, the internal procedure was initiated to assess the location based on Board-mandated criteria. These include, but are not limited to potential restrictions based on HIV status and other factors (e.g. legal, political etc.) that could inhibit open participation in governance meetings among relevant stakeholder groups.

### Entry, Stay or Residence Restrictions Based on HIV Status Assessment

As reflected in the Operating Procedures of the Board and Committees, “when deciding on the location of meetings, due consideration will be given to ensuring that Board constituencies are not faced with any difficulties in visiting the selected country, especially with visa requirements”.

The Operating Procedures Board also reflect the Board’s decision in November 2008 (GF/B18/DP22) that “no Board, Committee or Partnership Forum meeting would be held in a country with an HIV-specific restriction related to entry, stay or residence based on HIV status”.<sup>5</sup> According to UNAIDS,<sup>6</sup> Rwanda does not have HIV-specific restrictions on entry, stay or residence.

### Other considerations

With respect to the Sexual Orientation and Gender Identities (SOGI) Strategy<sup>7</sup>, approved by the Board in May 2009, a broader assessment of proposed meeting locations commenced with a review of whether sex between consenting adults of the same gender is criminalized. It is not in Rwanda.

Rwanda has been recognized for being progressive in promoting gender equality through government commitment. Gender equality has been enshrined in the constitution. Rwanda is the first country in the world with more than 50% female members of parliament.<sup>8</sup>

With respect to the sex worker community, sex work and other elements associated with sex work (e.g. solicitation, places of business), this is criminalized, as in many other countries.

On the political landscape, there will be a presidential election in Rwanda in 2017, but this should not affect the Board meeting.

### Safety and Security

The Security Team at the Secretariat assess Rwanda as LOW risk travel destination and Kigali as one of the safest African capitals.

As is standard practice for all meetings outside Geneva, the Board will be alerted to any changes that might be relevant.

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<sup>5</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B18/DP22/>

<sup>6</sup> [http://www.unaids.org/en/resources/infographics/20120514\\_travel](http://www.unaids.org/en/resources/infographics/20120514_travel) (Accessed 27 October 2016).

<sup>7</sup> “The Global Fund will commit to meeting with government and civil society representatives before it holds Board meetings in any country where sex between consenting adults of the same gender is criminalized. The Global Fund will use the occasion of a Board meeting to bring exposure and urgency to this issue through high-level meetings and public relations events, conducted within the scope and mandate of the work of the Global Fund.”

<sup>8</sup> <http://www.rw.one.un.org/mdg/mdg3> (Accessed 27 October 2016).

## **Annex 4. Glossary of Acronyms**

AFC Audit and Finance Committee

ALM Asset Liability Management

AMAs Agreed Management Actions

CCM Country Coordinating Mechanism

CFO Chief Financial Officer

CRG Community, Rights and Gender

CRO Chief Risk Officer

ED Executive Director

EGC Ethics and Governance Committee

HSS health systems strengthening

ITP Implementation through Partnership

KPI key performance indicator

LFA Local Fund Agent

STC Sustainability, Transition and Co-financing Policy

NGO nongovernmental organization

OIG Office of the Inspector General

OPEX operating expenses

PEPFAR President's Emergency Plan for AIDS Relief (USA)

PR Principal Recipient

RSSH Resilient and Sustainable Systems for Health

SDGs Sustainable Development Goals

SC Strategy Committee

TERG Technical Evaluation Reference Group

TRP Technical Review Panel

UNAIDS Joint United Nations Programme on HIV/AIDS

UQD Unfunded Quality Demand

WHO World Health Organization

## **Annex 5. Written Statements received from Constituencies**

In future, all Constituency Statements and Joint Position Papers received on the occasion of the Global Fund Board Meeting will be circulated to the Board at real time and further available on the [OBA Portal](#).

The following constituency statements and joint position papers are attached to this report:

- a. Canada/Switzerland/Australia, Germany and France Constituencies Joint Position Paper on County Coordinating Mechanism (CCM)
- b. Developed Country NGO Position Paper on Allocation Decisions
- c. Developing Country NGO Constituency Statement
- d. EECA and EMR Constituencies Joint Position Paper
- e. ESA and WCA Constituencies Joint Position Paper
- f. Germany Constituency Statement
- g. SEA Constituency Statement
- h. Joint Statement on Constituency Funding Policy (CFP)

# The Global Fund Country Coordinating Mechanism –fit for implementing the new strategy within the SDGs area?

Position Paper by Switzerland, Germany and France

**The world and the field of health look different today than fifteen years ago when the Global Fund (GF) was established. The Millennium Development Goals (MDG) have been advanced to the Sustainable Development Goals (SDG) with a clear commitment to shared responsibility, a broader health objective and a target to end AIDS, tuberculosis and malaria among many more health targets. The key will be to connect broader health with disease specific approaches while strengthening systems and moving towards universal health coverage. With the recently adopted Strategy 2017-22 the GF adjusted itself to the Agenda 2030 for sustainable development: supporting systems for health as well as promoting human rights and gender equality are now in the GF's focus.**

**These changes call for a review of the role and functions of the Country Coordinating Mechanisms (CCMs) – being the national coordinating structure of the GF. This review process can build on the findings of the OIG CCM audit as well as other studies on CCMs and should take experiences in health sector coordination of GF-transitioning countries into consideration. Within this context and as Global Fund stakeholders, we have a responsibility to ensure that adequate measures are taken to guarantee the highest possible level of performance and to reach the expected impact set in the new GF strategy. Reprioritising the scope, purpose and resources of CCMs effectively means focusing on their roles and responsibilities for attaining the new GF strategic goals.**

**Interventions supported by the GF should be clearly embedded in national efforts as a whole and government efforts in particular towards Universal Health Coverage (UHC). They should take into account the interface between communities and health systems. Engagement with key populations ensures leaving no one behind. Engagement with the broader civil society will be essential to ensure democratic governance and community ownership of health systems.**

*With this paper we want to explore two issues that we consider essential:*

- *How can the GF build on multi-stakeholder engagement toward the wider health sector?*
- *How can the composition, operation and functioning of country coordinating mechanisms be made fit to support the implementation of the GF strategy in the SDG era?*

## I. Background

When first defined in the Global Fund's Framework Document of 2002<sup>1</sup>, the model of Country Coordinating Mechanisms exemplified an innovative approach to engage all relevant actors at country-level in grant preparation and accountability. Stakeholders agreed that GF support should be aligned to national priorities and stated the need for a multi-sectoral structure to coordinate the response to HIV, tuberculosis and malaria, preferably by an existing body. Only when no appropriate body existed, should a CCM be established.

CCMs are meant to be multi-stakeholder partnerships<sup>2</sup> responsible for developing and submitting concept notes, based on needs identified in national strategic plans and an inclusive country dialogue. They should ensure consistency between GF grants and other national health programmes, nominate the best possible principal recipient (PR, public or private organisations) for each programme, and oversee the implementation of approved grants. With the revision of the funding model in 2014, CCMs are supposed to play an even stronger leadership role and meaningfully participate in the National Strategic Plan discussions at country level. They are to convene stakeholders to engage in inclusive country dialogue and agree on funding split between AIDS, tuberculosis, malaria, health and community systems strengthening.<sup>3</sup>

<sup>1</sup> See: <http://www.theglobalfund.org/en/governance>

<sup>2</sup> CCMs include actors from different sectors, e.g. government, civil society, people living with the diseases, key populations, private sector, academic institutions, bi- and multilateral agencies.

<sup>3</sup> See: <http://www.theglobalfund.org/en/ccm/>.

As a precondition to the submission of concept notes, CCMs have to comply with six eligibility requirements<sup>4</sup>, which embody principles of good governance:

1. Transparent and inclusive concept note development process
2. Open and transparent PR selection process
3. Oversight planning and implementation
4. CCM membership of affected communities, including and representing people living with diseases and of people from and representing *Key Populations*
5. Processes for electing non-government CCM members
6. Management of conflict of interest on CCMs

Compliance with these requirements is reviewed regularly in an Eligibility and Performance Assessment (EPA)<sup>5</sup>, taking into account a set of minimum standards for each requirement. If those standards are adhered to, CCMs can be a valuable structure to create local ownership, ensure participatory decision-making and effective grant management.

Given the unique context of each country, a diversity of CCM models, with varying degrees of independence from broader national health sector structures have emerged. Initial observations show, for example, that most countries have followed the principle of multi-stakeholder participation for the composition of CCM membership. The decision on whether to create a separate body to govern GF grants however, has often been closely linked to national decision-making structures for HIV responses.

## II. Analysis

The set of core principles that guide the GF (e.g. country ownership, partnership, performance-based financing, transparency, and respect for human rights) also apply to CCMs. They play a central role in implementing those principles, through coordinating and steering processes at national level. The GF Secretariat is tasked to guide and support the CCMs in their core functions. Following the introduction of the GF's funding model in 2014, regular reviews of compliance with the six eligibility requirements (see section 1) have been conducted.

These and other external reviews and studies<sup>6</sup> identified some weaknesses in CCM performance, particularly in coordinating and overseeing grants. Roles and responsibilities of CCM and committee members are sometimes unclear and standard operating procedures not followed. Additionally, the establishment of CCMs in several countries seems to have created parallel structures to already existing coordinating bodies of the respective health systems. This contrasts with the principles of the *Paris Declaration on Aid Effectiveness*, the *Accra Agenda for Action* and the *Busan Partnership agreement*.

While the reasons for weak CCM performance and sometimes lack of coordination with other health sector bodies are complex and context specific, they need to be assessed and addressed to ensure that GF programmes are aligned with national strategies and contribute to the SDGs<sup>7</sup>.

### Sustainable systems and transitioning

The SDGs emphasise the importance of shared responsibility and domestic financing. Unlike the MDGs, the health targets of the SDGs extend beyond specific diseases towards broader health systems for Universal Health Coverage (UHC). This calls for more systemic approaches and increased inter-sectoral collaboration, supported by broad multi-stakeholder platforms.

Broader population-based participation is required to achieve the strategic objectives of the new GF Strategy on human rights and gender as well as sustainable systems for health. In particular, women and adolescents as well as representatives from the wider health and broader community sectors should be represented and meaningfully engaged as CCM members.

The environment for the GF operations is evolving, in particular with regard to the changing socio-economic status of some countries and the increasing number of challenging operating environments. Additionally the safeguard measures of the GF such as the agreement on the status of privileges, immunities and exemptions, weakens the principle of partnership by having only one signatory party, the government.

<sup>4</sup> See: <http://theglobalfund.org/en/ccm/guidelines/#ccmguidelinesrequirements>.

<sup>5</sup> See: <http://www.theglobalfund.org/en/ccm/guidelines/eligibilityperformance/>

<sup>6</sup> See e.g.: GF-OIG-16-004 (02/2016): Audit of the Global Fund Country Coordinating Mechanisms, or BACKUP Health, GF CCM Hub (06/2016): CCM integration study.

<sup>7</sup> In particular SDG goal no. 3: health and well-being.



Acknowledgement of such influences seems crucial to successfully operationalise the GF strategy.

There is a clear need for differentiated and context specific approaches. This requires clarifications by the GF Board and Secretariat on the following aspects (not exhaustive) and prioritisation according to the country context:

#### **CCM functionality**

- What is required by CCMs to oversee GF resources and processes well?
- Are the CCMs able, equipped and empowered to meet those requirements?
- If not, what kind of support do CCMs need to increase their performance and ultimately ensure improved grant performance?

#### **Role of CCMs in health sector governance**

- What changes to the composition, role and functions of the CCMs should be introduced to make them fit for the purpose of implementing the new GF Strategy?
- Which CCM functions actually relate to the broader health agenda and consultation processes of a country? Which of those functions should be maintained even after countries transition from GF financing?
- Do minimum standards need to be revised to achieve a GF contribution to UHC and considering the country context especially in determining key populations?
- How can CCMs be empowered to become innovative drivers for strengthening systems for health?
- Which experiences from CCMs (success factors and challenges) as multi-stakeholder platforms can be conducive to drive such a process?

### **III. Preparing CCMs for the implementation of the new GF strategy within the SDG era**

In recent years, the focus of the GF's country engagement, exercised through the Secretariat, strongly focused on timely grant implementation and absorption capacity of GF recipients. This was necessary to support the reform process started in 2014. However, this approach may have neglected some of the core principles of the GF (e.g. country ownership, partnership). The constituencies of Germany, Switzerland (member of the Canada, Australia and Switzerland constituency) and France would like to see the GF refocusing on some of those principles, preparing CCMs and the GF more broadly for the new era of the SDGs. The GF should take advantage of the international momentum to initiate this internal reflection.

#### **1. Reviewing CCM role and functions**

Building resilient and sustainable systems for health (RSSH) is one of the objectives of the GF Strategy 2017-2022 and very much in line with the UHC agenda. While aligning to national health strategies, it is expected from CCMs to collaborate more with other health sector stakeholders to contribute to UHC, avoid duplication of roles, increase accountability and ownership. This will imply dealing with aspects outside the health sector itself like finance, good governance etc. CCM members also have to be able to actively engage in decision-making processes to ensure planning of integrated services for GF programmes. To meet those requirements, and taking into account the last reports on CCMs, there is a need to reconsider the CCM mandate. CCMs need to be consulted, supported, strengthened and most importantly, empowered to reach the objectives. Capacity development for CCM members needs to be provided fostering a joint understanding of the appropriate interventions required to comply with their mission while building resilient and sustainable health systems in their specific context.

#### **2. Safeguarding CCM principles in transitioning countries**

The CCM is built upon the core principles of equity and transparency amongst a "broad representation from governments, nongovernmental organisations, civil society, multilateral and bilateral agencies and the private sector."<sup>8</sup> This is a precondition for needs-based programming and equitable access to services. Reports of the OIG have shown that CCMs are the first collateral damage when "transitioning" out of GF funding. This puts at risk the inclusion of key populations in health decision processes, defying stigma and discrimination as one defining factor of CCMs – especially when compared with other (health) sector bodies. For the GF to have a sustainable impact at country level, it will be crucial to safeguard these principles during the transition phase and for post GF-funding regardless whether or not the CCM as an institution will continue to exist. Experiences and concrete examples from already transitioned or transitioning countries are

<sup>8</sup> See: GF Framework Document 2002 p. 94.

needed to show how CCMs can become inter-sectoral bodies, supporting long-term financial flow and ensuring access to services for all in a rights-based health system.

Therefore, in implementing its *Policy on Sustainability, Transition, and Co-Financing*, the GF needs to actively protect and promote the relevant principles (e.g. partnership, respect for human rights and transparency) and specific CCM functions (e.g. convening stakeholders to engage in inclusive country dialogue and to agree on programme split of the allocated funding). At the same time, it will require broader civil society (CS) participation beyond the key populations (KP) to ensure democratic governance and community ownership of health systems.

### 3. (Re)prioritising the engagement of civil society and key populations

CCMs, the key platform for participatory decision-making, hold high potential for participatory processes and the engagement of civil society organisations and KP.<sup>9</sup> However, challenges remain regarding the extent and meaningfulness of engagement as well as the quality of representation. This is partly reflected in the remaining weak fulfilment of CCM EPA criteria 4 (KP involvement)<sup>10</sup>. KP involvement may not be considered meaningful nor permitted for some groups<sup>11</sup>, and such groups are often not being considered for important positions (e.g. in CCM oversight committees).

Efforts supporting the participation of CS and KP in GF processes, especially in CCMs need to be intensified. The new GF Strategic Framework 2017–22 provides a crucial momentum for reprioritising the role of CS and KP<sup>12</sup>. CCMs provide the platform to translate KP needs into investment – this goes beyond KP engagement: To achieve impact against the three diseases, KP interventions must be systematically programmed and budgeted in national and regional grants and KP need to be systematically involved in grant oversight. We suggest emphasising governance of health systems in the larger setting, promoting the right of everyone – including the poor and the voiceless – to the highest attainable standard of health. In order to leave no one behind, we would like to see a broader definition of key populations including e.g. adolescent girls and women, people living with disabilities, migrants and displaced persons.

## IV. Recommendations

Translating the above mentioned aspects into action, we recommend both, the GF Board and Secretariat, to consider the following:

	<b>Board</b>	<b>Secretariat</b>
<b>Reviewing CCM role and functions</b>	<ul style="list-style-type: none"> <li>• The GF Board needs to <b>agree on the revised functionality</b> of CCMs and their place and role in the overall health sector governance, based on an inclusive consultation. The fundamental principles of the GF, such as country ownership, partnership, transparency, and respect for human rights should be safeguarded and promoted.</li> <li>• The Strategy Committee should address the issue of <b>defining core functions of CCMs</b>, as well as needs for <b>adaptation of their mandate</b> in certain contexts.</li> <li>• This and the <b>adaptation of the GF</b></li> </ul>	<ul style="list-style-type: none"> <li>• The CCM Hub and the operational and technical <b>resources</b> allocated to CCMs should be <b>strengthened</b>.</li> <li>• The GF Secretariat should <b>provide guidance and dedicate more resources</b> (financial and personnel) for CCMs to ensure that experts on Health and Community Systems Strengthening and on integrating disease-specific activities are represented in the CCMs<sup>13</sup>.</li> <li>• <b>Country dialogues should reach beyond disease-specific stakeholders</b>. Links with wider health sector coordination processes and bodies should proactively</li> </ul>

<sup>9</sup> Path-breaking was the approval of requirement 4 of the CCM Eligibility and Performance Assessment (EPA) in 2013. Since the roll-out of the NFM, significant work to ensure CS participation in country dialogues and KP participation in CCMs has been undertaken. Recently, the GF Secretariat e.g. introduced a new modular induction package for CCM members including four modules on community, rights, gender and KP.

<sup>10</sup> In 2016, 61 CCMs reported having at least one representative from KP groups on their CCM, and in 2015, only 17 CCMs had representatives from the transgender community (see: Gender Equality and Key Populations: Results, Gaps and Lessons – From the Implementation of Strategies and Action Plans. S. Middleton-Lee, 2016).

<sup>11</sup> E.g., men having sex with men, transgender people, young populations, communities affected by malaria.

<sup>12</sup> It recommits to focusing investments in KP (strategic sub-objective 3e) and to the meaningful engagement of these populations in GF-related processes.

<sup>13</sup> We acknowledge that the GF Secretariat has already identified needs to develop and update RSSH-related training modules and continues working on this issue.

**ethical framework** to the CCM context will have to be discussed in the Ethics and Governance Committee.

- The **Audit and Finance Committee** as well as the **GF Board** should carefully **assess the resources** (CCM budget and accompanying support) needed by CCMs to address their responsibilities.

### Safeguarding CCM principles in transitioning countries

- The Board should give guidance on **how to secure participation of civil society and key populations in decision-making and oversight** in the health sector while harmonising CCM functions with those of other health sector coordination bodies. This should be addressed in the **Policy for Sustainability, Transition and Co-financing**.
- Furthermore, the **CCM integration and broad multi-stakeholder participation** should become a key issue for the Secretariat's reporting to the Board on transition matters.
- Relevant expertise and staffing levels need to be ensured by the GF Secretariat in units advising on transition and Country Teams to **support countries in writing and implementing transition work-plans**.
- A specific focus should be on **safeguarding** key CCM comparative advantages and principles particularly pertaining to **values of inclusive governance**.
- Respective teams should **support** countries and civil society stakeholders proactively in **setting up sustainable partnerships** which build on mutual trust and respect.

### (Re)prioritising the engagement of civil society and key populations

- Strong commitment to the central role of CS and KP in the GF's business model is required by the Board. For example, by making the **report on Community, Rights and Gender a standard reporting item to the Board** and by routinely dedicating a session to this topic.
- Develop and agree on a **broader definition of key populations** to ensure leaving no one behind.
- **Provide guidance on how to ensure adequate and meaningful participation** of women, youth and representatives from the wider community sector in CCMs.
- The **results of the on-going community engagement study** need to be **translated** into recommendations and action by GF Secretariat and partners **towards better engagement of CS and KP**.
- Together with the Office of the Inspector General it should be explored, how **CS and KP engagement in CCM oversight can be enhanced** beyond concept note development but throughout the GF grant cycle. This should also include assessing the integration of GF-related finances to the operations budget of the national health accounts.

## V. Role of Donors, bi- and multilateral Development Partners

The GF, being a partnership organisation, relies on strong relationships with national, bi- and multilateral partners and aims at achieving coherent approaches. In light of the SDG targets for health and wellbeing as well as countries transitioning from GF support, this becomes particularly important. Concerning transitioning countries, the GF should sustain inclusive and participatory decision-making. However, ultimately the operationalisation thereof depends on political willingness of the national authorities. Where bi- and multilateral development partners are part of the national health sector discussions they should support inclusive and participatory decision-making through multi-stakeholder engagement. Germany, Switzerland and France will promote health systems strengthening through their bilateral programmes in-country, their direct involvement as CCM members in certain countries and as Board members of multilateral institutions.

## **GF/B36/03: 2017 – 2019 Allocation: Sources and Uses of Funds and GF/B36/02: Comprehensive Funding Policy**

*This document (1) summarizes the main elements of the allocation decision and (2) lists a number of concerns that are linked to this decision as well as the its implementation through the grant application and grant making processes.*

### **BACKGROUND**

Following the 5<sup>th</sup> Replenishment Conference in Montreal, the Global Fund (GF) announced that it has raised US\$12.9 billion for the 2017 – 2019 allocation period — just shy of its US\$13 billion goal. This represents a successful replenishment. Below is a short explanation of how the announced US\$12.9 billion replenishment outcome becomes US\$10.3 billion for country allocations.

#### **1. SMA vs. Spot Rate**

$$\text{US\$12.9 billion} - \text{US\$0.89 billion} = \text{US\$12.02 billion}$$

Pledges are made in a variety of currencies, but the replenishment outcome is announced in U.S dollars. To change pledges into a common currency, the replenishment outcome is calculated using a 5-year simple moving average (SMA). The SMA is only used to calculate the announced amount.

To determine what amount the GF can use for country allocations, the Secretariat is required by the Comprehensive Funding Policy to use a “spot rate.” Funds are also hedged against the spot rate to secure their value. When replenishment pledges are converted using the spot rate, the total amount of resources available becomes **US\$12.02 billion**. The US\$0.89 billion lost is the difference in the exchange between the SMA (the figure announced at replenishment) and the spot rate.

#### **2. Adjustments and Deductions**

$$\text{US\$12.02 billion} - \text{US\$1.12 billion} = \text{US\$10.9 billion}$$

**US\$1.12 billion** is deducted to account for:

- Cost of technical assistance (US\$0.35 billion)
- Debt-to-Health agreements and private sector earmarking (US\$0.16 billion)
- Donor specific conditionalities, including matching rules (the U.S. 2:1 match), performance conditions (the UK performance contract), and pledge conversion risks based on past history (US\$0.61 billion)

#### **3. Operating Expenses (OPEX)**

$$\text{US\$10.9 billion} - \text{US\$0.9 billion} = \text{US\$10 billion}$$

The GF’s operational costs of **US\$0.9 billion** are deducted from the sources of funds (US\$10.9 billion), resulting in a final **US\$10 billion** for country allocations.

#### 4. Unused Funds

**US\$10 billion + US\$1.1 billion = US\$11.1 billion**

To these sources of funds for countries, **US\$1.1 billion** of unspent funds from the 2014-2016 allocation is *added*.

#### 5. Catalytic Investments

**US\$11.1 billion – US\$0.8 billion = US\$10.3 billion**

From these sources of funds available for countries, US\$0.8 billion is deducted for catalytic funding, resulting in a **final outcome of US\$10.3 billion available for country allocations**.

### PROPOSED DECISION

The Audit and Finance Committee (the “AFC”) recommends the Board approve **US\$11.1 billion as “sources of funds”** for the 2017 – 2019 allocation period, comprised of:

1. US\$10.0 billion from the 5<sup>th</sup> Replenishment (2017 – 2019), net of certain Board approved adjustments/deductions, and
2. US\$1.1 billion from unutilized funds from the 2014 – 2016 allocation period.

The Board is also asked to approve **US\$0.8 billion for catalytic investments** for the 2017 – 2019 allocation period.

Accordingly, the Board decides **US\$10.3 billion of sources of funds is for country allocations** for 2017 – 2019, of which another **US\$0.8 billion** is to ensure scale up, impact and paced reductions (according to the allocation methodology approved by the Board in April 2016).

### CONCERNS

The Developed Country NGO Delegation has a number of concerns regarding the available sources of funds:

#### 1. Short Term: The Need to Fully Leverage the U.S. Pledge

The United States Government pledged US\$4.33 billion under the condition that it is matched by contributions from other donors. The U.S. commitment has been calculated, at the moment, using the US\$12.02 billion “spot rate” amount (not the US\$12.9 billion SMA). This currently results in a U.S. contribution of US\$3.86 billion rather than the maximum US\$4.33 billion. At this stage, access to the full US\$4.33 billion will rely on the GF raising additional funds to reach the target of US\$13 billion by September 2017.

Currently, **US\$470 million of potential U.S. funds have not been leveraged** and could not be added to the country allocations.

#### 2. Replenishment: Success, But Just the Floor

The US\$13 billion replenishment target was estimated as the minimum amount needed to keep the global fight against the three diseases “at the right side of the tipping point.” It is by no means the amount countries need to end these epidemics.

UNAIDS, Stop TB Partnership, and Roll Back Malaria all have well-calculated and analyzed global plans. These plans demonstrate that even with a US\$13 billion Global Fund contribution, **there is a gap of US\$20 billion between available resources and global need.** It may be possible to demonstrate that we are still on the right side of the tipping point towards ending the three diseases, but it is not possible to say that we can accelerate or “sprint towards the finish line” with current resources.<sup>1</sup>

With a yearly amount available for allocation in 2017-2018 that is below the equivalent amount in the last allocation period (approximately US\$3.7 billion compared to the US\$4 billion previously), the current trend does not provide for the increase in funding that is needed to “do more with more.”<sup>2</sup>

Here are some of the perspectives that the technical partners have shared with us and that point to the need for intensified, scaled up and enhanced responses:

**UNAIDS** confirmed that the current level of global resources available is clearly insufficient to meet need. Greater effort from all partners and countries will be needed to achieve the goals and targets agreed upon at the UN High Level Meeting this past June.

UNAIDS conveyed that in order to meet the commitments made at the UN High Level Meeting on AIDS in June 2016, all opportunities to mobilize additional funding to front load investments over the next four years should be explored.<sup>3</sup>

The **STOP TB Partnership** points to a much higher TB burden than known in 2015. In recent TB prevalence survey (e.g. Nigeria and Indonesia), the numbers are a multiple of previous estimates – demonstrating a severe underestimation of global TB prevalence. Despite the increase in burden, the numbers of people on treatment and cured are growing very slowly. As the ED report highlights, drug-resistant TB has become a public health crisis that must be addressed urgently. Out of the estimated annual new cases, less than 20% are currently put on treatment and only half of those on treatment are treated successfully. Scaling up access to new diagnostic tools and shorter and less toxic regimens are urgently needed in order to prevent a global antimicrobial resistance crisis.<sup>4</sup>

The **Roll Back Malaria Partnership** highlighted the significant overall resource gap remaining to achieve the 2020 and 2030 malaria targets. These additional resources are urgently needed both to accelerate progress and address the increasing challenges of drug and insecticide resistance. With malaria allocations to several high burden countries currently projected to be substantially less than was assumed in the investment case, there is concern that the Fund’s original impact targets may not be met. Reiterating the critical importance of the Global Fund as a cornerstone of the malaria response, they highlighted the need to compliment robust ongoing resource mobilization with efforts to maximize funds available to countries now and at regular intervals through the allocation/implementation period.

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<sup>1</sup> GF/B36/10 – Report of the Executive Director

<sup>2</sup> Ibid.

<sup>3</sup> Correspondence with UNAIDS. November 2016.

<sup>4</sup> Correspondence with STOP TB Partnership. November 2016

### **3. The Allocation Shows Few Wins and Big Losses**

Now that we know what the funding available for allocations is, we can also estimate country allocations by region and other categories (see Annex 1). Though our analysis notably does not account for qualitative factors and adjustments, the projected allocations for 2017-2019 reveal three problematic trends:

1. Most countries face a level of financial support that is flat-lined compared to previous allocations, obstructing scale and ambition in national responses.
2. Sub-Saharan Africa as a single region is projected to receive a flatlined allocation – stagnating scale up and hampering impact. This plateau is in spite of the need for additional resources that ensure optimal implementation of evidence-based programs.
3. Dramatic funding reductions are expected in three regions: Eastern Europe and Central Asia (EECA), Latin America and Caribbean (LAC) and Middle East and North Africa (MENA). This is in spite of the fact that the EECA region has the fastest-growing HIV epidemic and highest prevalence of MDR-TB with 8 of the 16 MDR-TB high-burden countries.

### **4. Is the Comprehensive Funding Policy Becoming an Obstacle?**

With increasingly sophisticated financial management systems that closely monitor donor contributions and country-level expenditure (including mechanisms for managing FOREX risk management), we believe there are reasons for exploring more flexibility within the CFP.

The current system requires that all grants approved in a certain replenishment term are funded from that term. This means, for example, that part of the funds raised for the 2017-2019 replenishment term will be spent in the following replenishment term (starting from 2020) when a grant is approved at the end of 2019.

In order to address the urgent need for scale up as proposed in the global plans and in clear alignment with one of four core objectives of the Global Fund's 2017-2022 strategy "to maximize impact against the three diseases", the Global Fund should explore flexibilities for pulling the actual investment of funds raised for a certain replenishment term as closely as possible to that replenishment term. A substantial part (if not all) of the funding of grants that are mainly implemented in a subsequent replenishment term could be funded from resources mobilized in that new replenishment term.

#### **Proposed Amendment and Decision Point for GF/B36/02 – Annex 1 Amended and Restated CFP:**

##### **Draft Amendment:**

**On the proposed amendment: Under D.4., removal of "that the Secretariat decides is appropriate and shares in advance with the AFC for clarification prior to its application by the Secretariat." We propose: "that the Secretariat decides is appropriate and shares in advance with the AFC for approval prior to its application by the Secretariat."**

##### **Draft Decision Point:**

**With the aim to support program scale-up to maximize impact, the Board requests the AFC and SC to review the Global Fund Comprehensive Funding Policy and operational procedures, to identify opportunities for investing the full source of funds from a replenishment term as closely as possible to that term.**

## 5. The Need for Ongoing, Ambitious Resource Mobilization

Each of the concerns listed above require Board discussion and action. They also point to one clear conclusion: in order to meet the targets of its strategy and meaningfully contribute to achieving the HIV/AIDS, TB and Malaria global plans, the GF Board needs to adopt an ambitious resource mobilization plan that is not limited by the current three year replenishment cycle, but that actively and continuously works to attract additional resources, maintain visibility of critical unmet needs, and seeks to optimize implementing and donor government contributions to the three diseases and RSSH programming on an ongoing basis.

So far our resource mobilization effort is based on a three years replenishment cycle with a pledging opportunity at the end of the replenishment term. We have seen however that political realities in countries change over time and have an impact on the GF's resource mobilization. Such changes can be expected in the next replenishment period in which elections will take place in some of our major donor countries. This requires the GF to develop a replenishment strategy that is more flexible and allows for it to respond to changing political realities and optimize opportunities for pledging on an ongoing basis.

### **Proposes Decision Point for GF/B36/03:**

#### **Draft Decision Point:**

**The Board requests that the Secretariat develop an ambitious strategy to mobilize additional resources for the 2017-2019 Replenishment cycle. This will include delivering for the 37<sup>th</sup> Board meeting a concrete Action Plan for implementation of proactive and ongoing resource mobilization aimed at attracting additional resources, maintaining visibility of unmet quality demand, and preparing a Mid-Term Replenishment meeting in 2018 that includes a pledging session.**

## 6. Allocation Letter

When the Board approves the country allocations, the GF Secretariat will start its formal communications on the country level preparations of new proposals. In this context the Allocation Letter is a critical communications tool.

We have noted with great concern that the draft Allocation Letter recently circulated does not include any reference to "full expression of demand" or "dual track financing." Furthermore, we noticed that recent Access to Funding webinars communicated that full expression of demand is no longer required. Rather, it has been replaced by "prioritized above allocation requests," which are expected to be around 30%-50% of the allocation. Full expression of demand however is a critical tool in ongoing resource mobilization which cannot simple be replaced by (capped) above allocation requests.

We also noted the strong push on joint applications (joint programming of two or more disease components with health systems interventions) and the differentiated approach, which may leave little room for encouraging civil society and key population organizations and groups to take a leading role in country dialogue and application processes.



## Annex 1: Analysis of allocations and disbursements

### Projected shifts in allocations from previous (2014-16) to next (2017-19) by region, based on 3-year equivalent funding periods

Million USD	Allocation 2017-2019 per region, Nov 2016 estimates	Allocations in 2014-2016 allocation (3 year average, for comparison)	Estimated change actual amounts	% change, projected allocations with 2014-2016 three year equivalents
Above allocations	799.20	862.50		
East Asia and the Pacific	976.80	1014.72	-37.92	-4%
Eastern Europe Central Asia	266.40	493.76	-227.36	-46%
Latin America and the Caribbean	210.90	438.26	-227.36	-52%
South Asia	1,165.50	1108.58	56.92	5%
Middle East and North Africa	643.80	872.05	-228.25	-26%
Sub-Saharan Africa	7,037.40	7078.69	-41.29	-1%
SSA: East Africa	2,508.60			
SSA: Southern Africa	2,353.20			
SSA: West and Central Africa	2,175.60			
Total:	11,100.00	11868.55		

#### Notes:

1. The calculation is based on the proposed US\$11.1 billion in Available funds for 2017-2019 allocation and Oct 2016 forecast distribution of funds by region, figure below.<sup>5</sup>
2. Allocations by region in 2014-2016 are adjusted for a three-year average allocation period, based on initial allocation amounts (i.e. not final signed amounts). A breakdown for the Africa region is missing due to uncertainty of regional divide.<sup>6</sup>
3. Qualitative factors and adjustments are not accounted for.

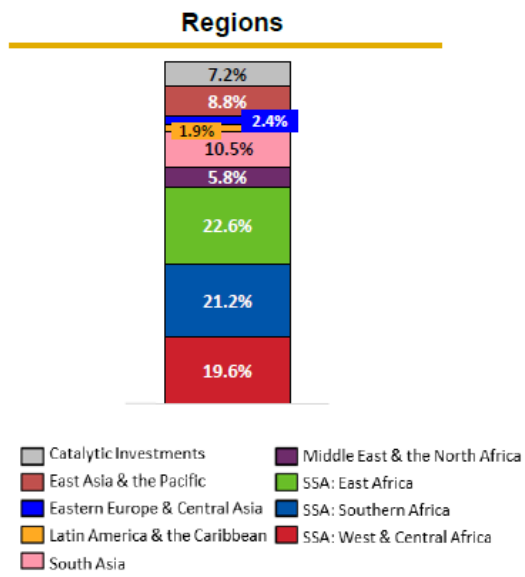
#### Comments:

- The table shows dramatic funding reductions expected in three regions: EECA, LAC and MENA, not just in terms of shares/percentage of total funds available, as shown in previous board documents, but also in actual amounts, compared to initial allocations in the 2014-16 allocation period.
- When taken as a single region, sub-Saharan Africa's allocation is projected to be flat-lined.
- The three-year average of "above allocation" funds remains at a similar level when accounting for the three-year allocation period.
- The overall funds available in 2017-19 represent a reduction of approximately US\$0.8 billion. However, if US\$1.1 billion is projected to be unspent during the full 2014-17 four-year period, the total three-year equivalent for this period should be reduced downwards ( $1100/4*3=US\$ 825$  million) and the total estimated "spent" over a three year period 2014-2017 would be just under US\$11.1 billion. This means a flat-lining between the two periods when using a three year average.
- A key question that needs clarification is whether, there will be funds remaining in some countries that are implementing beyond 2017 (such as South Africa, whose grant is ending March 2018), but are schedule to absorb this amount (i.e. not included in the US\$ 1.1 billion for portfolio optimisation). Will it be available and disbursed in parallel to those receiving their next allocation, and put aside for later implementation? If so, it would bring the total funds available to countries to an amount *above* the US\$ 11.1 billion available for (new) allocations.

<sup>5</sup> GF/B36/03

<sup>6</sup> Aidspan (2014). NFM allocations. Available: [http://www.aidspan.org/gfo\\_article/nfm-allocations-aidspan-analysis](http://www.aidspan.org/gfo_article/nfm-allocations-aidspan-analysis)

**2017-2019 Allocation distributed by region**



Developing Country NGO Constituency  
36<sup>th</sup> Board Meeting Montreux  
November 2016

Statement on the Report of the Executive Director (GF/B36/10)

The Developing Country NGO Delegation thanks Executive Director, Mark Dybul for this comprehensive report on the status of activities within his reporting portfolio.

We wish to flag the following observations or request clarity where indicated:

First, we are concerned, as highlighted in the report, that the response to TB in comparison to the two other diseases has been significantly underrepresented. We appreciate that the Director has acknowledged that this has resulted in inadequate impact on TB. While the report points to supporting new and evidence-based approaches for fighting TB, the strategic focus towards TB must be scaled up.

We would therefore request that a thematic update on TB and malaria be provided in each ED report.

Second, the vision and intention of the Global Fund to invest for impact should focus on quality of data that measure coverage and impact. Recent evidence and academic papers have cast doubt on the reliability of data and indicators from some technical partners. We share these concerns

Third, what are the strategic approaches necessary, and that should be taken by the Fund to mitigate against any negative consequences to our objective to **‘protect and promote human rights and gender equality.’** What, in your opinion, are the steps necessary to ensure sustainability of the gains we have made over the years particularly in countries transitioning or have transitioned?

Statement on Resource Mobilization and Update on the 5th Replenishment (GF/B36/29)

We commend the team at the Secretariat and all partners on a successful replenishment.

We publicly express our sincere gratitude to all donors and welcome the support of new ones. Kudos as well to the governments from implementing countries who have made a pledge totalling over \$73 million.

As a Delegation, and a Board, we commit to and stand ready to support the Secretariat in whatever way we can to ensure pledges are converted to contributions.

We wish as well to raise a few concerns regarding this update to the Board.

First, we request a breakdown of the contributions disaggregated per types of donors, including high-net-worth individuals, with the amounts and percentage increases (and decreases), if any, who supported the 5th replenishment.

Second, we request the Secretariat to strengthen its ongoing resource mobilization efforts between the Replenishment Conferences. We anticipate that there may be a funding shortfall in meeting the full Strategy period through 2022.

At the 35th Board Meeting, our delegation requested the Secretariat to present a full budget for the 2017-2022 Strategy, so that we will know the actual resources needed to be mobilized in order to achieve this strategy. This is still forthcoming. We request once again, that the Secretariat provides the Board with this forecasted budget by the 38th Board Meeting so that the Board is fully apprised and engaged in supporting ongoing resource mobilization and 6th replenishment.

Finally, in keeping with Gf/B34/DP06, kindly share how the Board has been utilized and engaged to achieve the replenishment goal. We request again that this decision point be fully operationalised and the Board be strategically engaged in setting and meeting the goals of the 6th replenishment.

### **Statement on Risk Management Report (GF/B36/26)**

The Delegation thanks the Chief Risk Officer for this report.

We welcome new initiatives like the inception of a supply chain department as well as other achievements which have contributed to positive changes in the Global Fund risk profile.

We wish to flag the following concerns and request that the Board be provided with an update at the Board table.

First, we would appreciate the mitigating actions being explored, or being actioned, for the risks identified in relation to supply chain management, sustainability and transition, program and data quality and the Strategy implementation.

Second, the role of country implementers like PRs, community SRs and CCMs, in mitigating these risks, is not explicitly explained. What is their role?

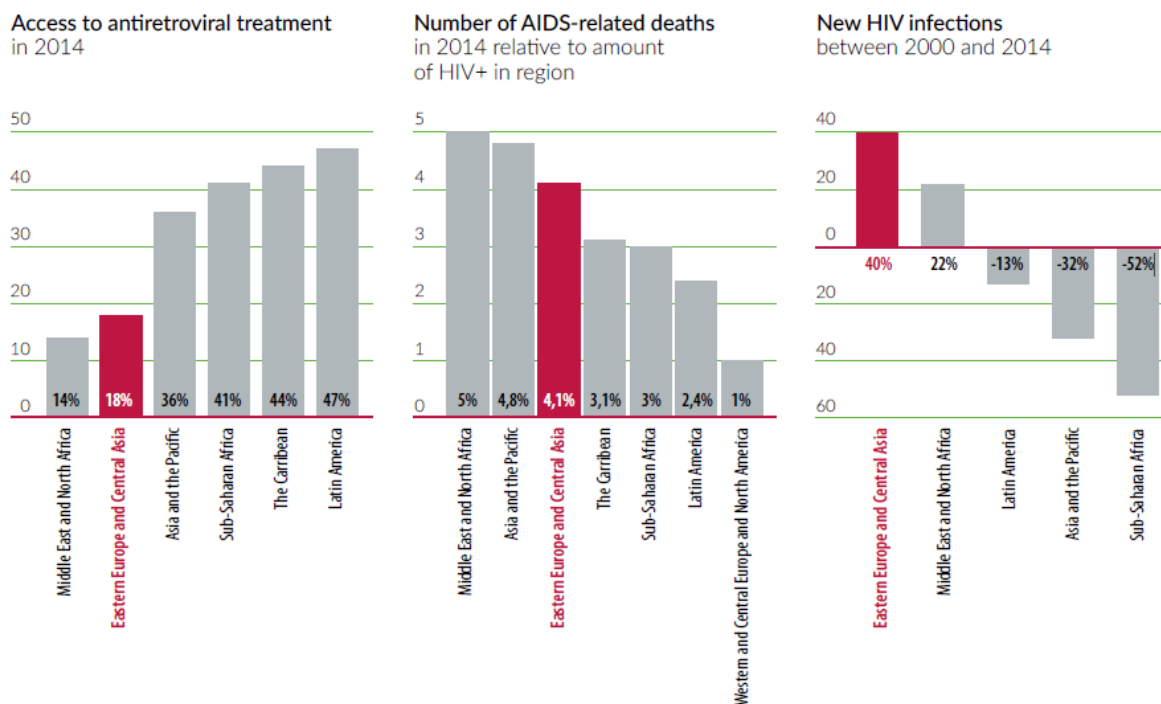
Third, the pace of operationalizing the comprehensive risk management framework across all areas of the organisation has been relatively slow since the adoption of the risk management policy in 2014. We note that several agreed management actions related to this portfolio are yet to be achieved. We would therefore appreciate the provision of proposed actions and a clear timeline to further indicate when these would be implemented.

Fourth, we wish the risk office to speak more to the rationale for delays – than what has been shared in the progress update on the status of Implementation of OIG Agreed Management Actions.

Finally, we remain deeply concerned that human rights risks are not being reported on despite the mandate that we have set for ourselves in this regard. We have seen in recent times dire situations with respect to key and vulnerable populations in Philippines, Tanzania, and Indonesia. These situations pose real risks to people as well as investment. It is therefore important that we do not downplay human rights as a critical area that we need to closely monitor and take actions.

## EECA and EMR Constituencies Common statement for the 36<sup>th</sup> Global Fund Board:

HIV Epidemics Data from UNAIDS fact sheet "How AIDS changed everything" (2014):



As we move from Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs), accelerating progress towards ending HIV, tuberculosis and malaria is critical. Although there was due cause for celebration after the HIV targets for MDG 6 were exceeded<sup>1</sup>, there was and is also necessary concern over the fragile nature of gains made to date. While the world celebrates declining rates of new HIV infections and deaths from AIDS, in Eastern Europe and Central Asia (EECA), the only region in the world that did not achieve the 6th Millennium Development Goal and new infections and AIDS-related deaths continue to grow. While in Middle East and North Africa and EECA region have lowest access to antiretroviral treatment. Middle East and North Africa have highest number of AIDS related deaths relative to amount of HIV in the regions. Faced with rapid transition to domestic funding, these two regions are not adequately financing programming for the HIV care continuum (including prevention, testing, linkage to care and retention) in particular for stigmatized and criminalized key populations.

Globally, between 2000 and 2014, the rate of new infections decreased by 35%<sup>2</sup> while in EECA it grew by 30%<sup>3</sup> over the same period. Between 2010 and 2015 new infections grew by 53% in EECA<sup>4</sup>. AIDS related deaths declined globally by 41% between 2004 and 2014<sup>5</sup> but increased by 27% in EECA between 2005

<sup>1</sup> UNAIDS (2015)

<sup>2</sup> UNAIDS (2015) How AIDS Changed Everything p32

<sup>3</sup> UNAIDS (2015) How AIDS Changed Everything p143

<sup>4</sup> UNAIDS (2016) Global AIDS Update 2016

<sup>5</sup> UNAIDS (2015) How AIDS Changed Everything p103

and 2014<sup>6</sup>. High rates of co-infection plague the region, with tuberculosis cases increasingly linked to HIV infection and opiate use<sup>7</sup> and hepatitis C virus approaching 80% prevalence amongst PWUD in many countries. The EECA region has the highest rates of multi-drug resistant tuberculosis (MDR-TB) in the world<sup>8</sup>.

While still far from reaching targets for access to prevention, testing, treatment, care and support, the countries of EECA, EMR, LAC and SEA regions (most of which are in middle income categories according to the World Bank classification) are faced with rapid transition to domestic funding as they lose eligibility for financial support from the Global Fund. The Global Fund's eligibility criteria still do not take into account of governments' limited willingness to pay for programming targeting stigmatized and criminalized populations.

Syria and Libya are examples of inappropriately-scheduled already-transitioned countries. As the conflict in the Syrian Arab Republic entered its sixth year, it continued to trigger massive levels of displacement, with 6.5 million internally displaced persons (IDPs), and over 4.8 million refugees in the neighboring countries (Egypt, Iraq, Jordan, Lebanon and Turkey). The conflict in Libya continued to have severe consequences for civilians, with approximately 350,000 IDPs, over 300,000 returnees and an estimated 100,000 refugees and asylum-seekers in need of protection and humanitarian assistance. The complex humanitarian situation in Yemen continues to be alarming, some 180,000 people have fled the country mostly to Djibouti, Ethiopia, Somalia and Sudan, and further afield. An estimated 82 per cent of the 27 million people residing in Yemen is in need of humanitarian assistance, including 2.2 million IDPs and almost 950,000 IDP returnees.<sup>9</sup>

As a country in transition, the sectarian violence that dramatically increased in much of Iraq since 2014 has displaced more than 2.5 million people. This, combined with the quarter of a million refugees fleeing to northern Iraq from the conflict in Syria, have put a great strain on a health system that had been making modest progress in its recovery from the prolonged crisis of the past decade. The frequent mobility and the cramped living conditions of those displaced are a particular challenge for the country's tuberculosis (TB) programme.<sup>10</sup>

Iraq is home to one of the highest TB rates in the region, with about 15,000 new cases annually. The Iraqi health system has been badly affected due to the long years of war and sanctions. The current TB crisis threatens to wipe out the progress made since 2008. Patients who fled their homes have stopped their treatment, case detection is disrupted, and the deteriorating conditions in which displaced communities survive have fueled the rapid spread of the disease. Interruption of TB treatments, which normally require over six months of close monitoring, is now likely to lead to an increase in multi-drug

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<sup>6</sup> UNAIDS (2015) How AIDS Changed Everything p145

<sup>7</sup> World Health Organization Europe (2016) Tuberculosis action

<sup>8</sup> TB Europe Coalition (2016) Transitioning From Donor Support HIV& TB Programmes In Eastern Europe & Central Asia: Challenges & Effective Solutions

<sup>9</sup> UN High Commissioner for Refugees (UNHCR), Overview on UNHCR's operations in the Middle East and North Africa (MENA), 23 September 2016, available at: <http://www.refworld.org/docid/57f25a284.html> [accessed 8 November 2016]

<sup>10</sup> [UNDP website](#)

resistant (MDR) strains of TB. It is much more difficult and longer to treat MDR patients and it implies a higher burden for the government. The cost of treating MDR-TB is about ten times the cost of regular TB. It is a regional issue as countries receiving refugees from Iraq are now exposed to the spread of TB. Domestic spending on the health sector has decreased dramatically as funds are re-directed to deal with the conflict in large parts of the country. According to the Ministry of Health, currently 75-85 percent of the health budget pays for salaries and recurring costs.<sup>10</sup>

Tunisia has also been struggling with refugee crisis from Libya and other North African countries while it is in process of transition out of Global Fund.

There is a need to continue increasing Global Fund investments in middle income countries as HIV prevalence is growing and high burden on MDR-TB exists. For example, Iraq, Iran, Chile, Venezuela, Algeria, Malaysia, Russian, Bulgaria, Serbia, Bosnia and Herzegovina, Macedonia, Montenegro, Romania and the Central African Republic all receive less than one fifth of expected development assistance for health. Many countries would benefit significantly from additional Global Fund investment in order to sustain low HIV and TB prevalence. External funding for some regions – such as Eastern Europe and Central Asia and Latin America and the Caribbean – has fallen, whilst it has increase in a smaller sub-set of countries in other parts of the world.

How transitions are currently being managed:

1. Transitions are implemented ad hoc. There is no consensus on the best model for guiding countries through a responsible transition. A variety of frameworks and criteria has been put forward by several different sources.
2. Transitions may threaten key populations. There is uncertainty about how to ensure key populations are not cut off from services through a transition. Key populations programming is often heavily donor-funded and not eagerly absorbed by governments.

Transitions need to be based on the following sets of principles: (1) transparency and predictability, (2) good practice and (3) human rights:

1. Transparency and predictability – discusses how we might better anticipate which countries will move to self-reliance and when.
2. Good practice – looks at the available literature on good practice for transitions, sharing models and frameworks which others have developed to guide countries and donors in this process.
3. Human rights – asks important questions about how transition impacts vital key populations and human rights interventions.

## Recommendations:

1. As Government Constituencies we need realistic time for country policy change and development of domestically-funded AIDS responses that are evidence-based, focused on key populations and are gender and age responsive.
2. The Global Fund should provide technical support for countries to develop realistic plans and mechanisms for sustainable transition over the next 5 to 10 years to ensure Health System Strengthening and enhancing National Programs to achieve Sustainable Development Goals by 2030.
3. A support mechanism should be available to countries which have become ineligible for Global Fund support and finished their last grants, but have not been able to undertake any sort of structured transition planning process. Global Fund should have mechanism to safeguard key populations in countries which fail to transition successfully.
4. Advocacy investment is needed for efforts to reduce stigma and sensitize law-makers, law enforcement and health care providers to legal protections of rights of key populations should be supported. Legal frameworks should be adjusted to enable social contracting of NGOs for low threshold prevention, testing and linkage to treatment and other services.
5. Global Fund should change eligibility that correspondence with the Strategy 2017-2022 for ending epidemics and leaving no one behind and allocation funding should be allocated according available information in national AIDS spending assessments<sup>11</sup>; HIV sub-accounts of national health accounts; public expenditure reviews, United Nations General Assembly Special Session (UNGASS) country progress reports; and other reports – to examine countries' levels of domestic effort, taking into consideration epidemic size, resource needs, fiscal capacity, and amount of external assistance for HIV.
6. Catalytic Investments for the 2017-2019 Allocation Period should be increased in particular the amount dedicated for priority area for HIV 1.1 Key Populations Sustainability and Continuity the amount of 50 million US\$ is not enough to address the challenges in countries that made exit out of the Global Fund without proper transition.
7. Together with the catalytic funding, the Global Fund should increase its support through regional initiatives. Establishing regional networks of technical groups and enhancing multicountry or inter-regional cooperation are highly recommended.
8. Emergency fund under Catalytic Investments for the 2017-2019 Allocation with total amount of 30 million US\$ also need to be increased as there are emerging countries in Middle East and North Africa suffering from conflict and refugee crisis's where TB and HIV prevalence is increasing : Syria, Iraq, Jordan, Lebanon, Libya etc.
9. Enhancing KPI's to reflect successful transition and ensuring achievement of SDGs by 2030 are recommended.
10. We need to slow-down the current rapid transition in middle income countries (a 'freeze' on rapid scale-down of support) and approach it carefully through practical interventions.

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<sup>11</sup> Resch, Ryckman and Hecht (2015)



11. There are specific countries where small funding would make a great difference in our regions. It would be good we say that instead of non-zero allocation we opt for some very focused/targeted grants (like up to 100K) and NGOs rule.
12. We acknowledge AFC recommendation on transferring 1.1 billion USD to the next programming cycle. In the meantime the Board shall request Secretariat to ensure flexible approach avoiding non-utilization in current allocation.



Africa Constituencies Bureau  
Bureau des délégations Africaines

## **Actions for Strategic Impact for the Africa Constituencies of East and Southern Africa & West and Central Africa November 2016**

At its joint constituencies meeting in Kigali, Rwanda, the two constituencies of sub-Saharan Africa – East and Southern Africa, and West and Central Africa—built consensus around issues of strategic importance to both maximize the effectiveness of Global Fund to Fight AIDS, Tuberculosis and Malaria investments in their countries, and to recommit themselves to best fulfill the promise of the Global Fund Strategy 2017-22, of which the constituencies are in full support.

The strategic priorities that follow are shared in a spirit of partnership and shared commitment to achieve the overarching goal of ending the three diseases that disproportionately affect our continent. The below priorities should be considered against the backdrop of ongoing discussions on the critical place of resilient and sustainable systems for health (RSSH) in the achievement of maximum and sustainable impact of the Global Fund’s disease-specific investments. Countries agree that we can improve performance by building country capacity including strengthening Country Coordinating Mechanisms (CCMs), increasing the efficiency of procurement and responsiveness of supply chain systems, getting smarter about risk management, continuing to improve absorption and taking advantage of catalytic funding.

### **1. Strengthening Country Coordinating Mechanisms (CCMs)**

Country Coordinating Mechanisms were envisioned to be the backbone of Global Fund investments in implementing countries. As such, they are meant to demonstrate strong leadership in coordinating across the diversity of stakeholder groups and convening inclusive country dialogues, developing quality funding requests based on epidemiological data and existing national strategic plans, nominating the best possible Principal Recipients (PR), and providing oversight in the implementation of grants.

We take note of the findings from the review of the business model for high-risk countries and the February 2016 Global Fund Office of the Inspector General Audit<sup>1</sup> report, both of which echo our own understanding of the challenges CCMs face in providing the needed oversight in their respective countries. Indeed findings from the OIG report document weak coordination and stakeholder engagement with other health forums or structures, particularly for strengthening health

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<sup>1</sup> [http://www.theglobalfund.org/en/oig/updates/2016-02-25\\_Audit\\_of\\_the\\_Global\\_Fund\\_s\\_Country\\_Coordinating\\_Mechanism/](http://www.theglobalfund.org/en/oig/updates/2016-02-25_Audit_of_the_Global_Fund_s_Country_Coordinating_Mechanism/)

systems; too often, CCMs were not integrated into the national systems; and a fraction (<10%) were fully compliant with basic eligibility criteria.

As the report notes and we have observed in our countries, the creation of the CCM Hub at the Secretariat in May 2012 brought improvements around policy and monitoring, there is still a lack of coordination and designated responsibility at the Global Fund Secretariat. The Africa constituencies believe that CCMs want to be held accountable, and they want to do better – their role is too important. All stakeholders working in tandem with the CCMs want to see them succeed.

Countries commit to work actively with the Global Fund to better link their Global Fund work to other national and global strategies and to reposition CCMs with a more meaningful and more visible government role.

While countries themselves must take actions to make CCMs more effective, we also:

- a) Call for a systematic assessment of the structure and fit of the CCMs in country governance structures for their envisaged oversight function, fit for purpose
- b) Request that there be support to facilitate joint action between countries and the Global Fund Secretariat to address the deficiencies identified in the OIG Audit of CCMs (2016) to strengthen the capacity of CCMs through implementation across the board of:
  - i. Regular new member onboarding
  - ii. Orientation on the Global Fund 2017-2022 Strategy to current and new members
  - iii. Needs-based capacity strengthening for CCM to perform their oversight functions, including of CCM secretariats
  - iv. Targeted capacity strengthening for specific members (e.g. community representative, women and adolescents) including but not limited to regional fora
  - v. Build CCM capacity for development of concept note/fund requests, especially around data use
  - vi. Better and continuous engagement between CCMs and Global Fund country teams at all stages of the funding cycle
- c) Support the October 2016 recommendations from Germany, Switzerland and France to meaningfully engage women and adolescents as CCM members, further reprioritize the engagement of civil society and key populations, and to operationalize a system of performance-based funding for CCMs.

An important element of improving CCM performance is better coordination among Global Fund actors, both in country and at the Secretariat. This will mean better coordination with Local Fund Agents, national health entities including the CCM, PR and sub-recipients, and country team visits that are more integrated with country program teams.

## **2. Improving procurement & supply chain management cycle**

Strengthening national procurement and supply chain systems is one of the operational objectives under the second strategic objective to build resilient and sustainable systems for health in the 2017-2022 Strategic Plan. Strengthening procurement and supply chain systems is also a critical ingredient in resolving implementation bottlenecks that result in

low absorption capacity in many countries. We welcome the development of systems like wambo.org that do not displace national procurement systems, but rather seek to bolster their efficiency. Even so, more needs to be done to accelerate and expand existing initiatives by the Global Fund and its partners to strengthen procurement and supply chain systems.

While appreciating the efforts that have gone into developing the wambo.org platform, the need to streamline and harmonize procurement systems used within countries remains. A systematic assessment of in-country systems and their adaptability to a common platform is needed to guide decisions on where investments are most needed and what needs to be strengthened. This assessment needs to extend beyond the health sector given that significant procurement capacity resides in other departments. Special attention should be given to:

- a) Setting up centralized procurement systems and providing one-to-one technical support to countries
- b) Improving in-country capacity for procurement and supply chain management through technical assistance and mentoring
- c) Supporting countries with poor infrastructure to build and strengthen their own procurement and supply chain systems
- d) Supporting countries in strengthening the implementation of programs through stronger partnerships in collaboration with other development partners

Given the needs to involve other sectors involved in procurement, countries agree to lead outreach and advocacy efforts with their respective line ministries towards the objective of harmonizing procurement systems and legislation in-country to make administrative procedures lighter and more efficient.

### **3. Improving performance in high-risk environments**

The Africa constituencies are home to several countries with challenging operating environments; inherent in such contexts are higher-than-typical risks. The Africa constituencies noted with concern recent analysis on risk management, specifically the *lack of synergies between risk actors* in countries. While we remain optimistic that as the implementation of the Global Fund's new Risk and Assurance Framework and Prioritized Action Plan will move us closer to institutional maturity in risk management, additional actions are needed, specifically:

- a) Harmonizing of the various in-country stakeholders already engaged in risk management,
- b) Addressing the deficiencies in CCMs will go a long way towards institutionalization of risk management practice in implementing countries.

As a result of the rigorous risk management framework countries are classified and risk mitigation measures put in place, where needed. We fully appreciate the need to have such measures in place but also acknowledge that unless regular assessments are being made, countries may continue operating under rather restrictive conditions even when the factors that put them in a high risk category are no longer in force. We request for more regular (annual) assessment and review of country risk profiles to ensure that stringent risk mitigation measures do not stand in the way of optimal grant implementation when circumstances have improved.

#### **4. Building local capacity for greater sustainability**

In a few countries, there has never been a local PR. Instead, UN agencies or international NGOs fill these gaps. In accordance with Global Fund founding principles of country ownership, there is a need to support adequate national capacity to assume the PR role eventually; these were meant to be temporary arrangements only. Such PRs must provide an exit plan that includes a responsibility to strengthen local capacity to assume the PR role. Even after many years of such arrangements, there is no discernible effort to build the capacity of local institutions to take over PR roles.

We request that in countries where UN agencies or INGOs act as long-term PRs, UN or INGO PRs be required to incorporate capacity strengthening of local entities within their grants with measurable outputs and outcomes. We expect to see efforts to progressively build local capacity and commensurate stepping-down of the role of these international organizations over time. This should include a distinct initiative for local institutions to become more effective Principal Recipients and, in some countries, pave the way for local institutions to assume the PR role from INGOs/UN agencies.

#### **5. Absorption Capacity**

Findings from an assessment of factors contributing to low absorption capacity show that strengthening the capacity of Principal Recipients (PR) and their systems could go a long way in improving absorption. A country's current or past absorption capacity should not factor into 2017-19 country allocations, especially considering that countries are actively working to improve this. We believe that increased investment for health systems that will in turn improve absorption.

#### **6. Catalytic Funding**

We appreciate that RSSH activities will be supported by the disease specific allocations. However, we would like to see the amount for RSSH increased in the catalytic funding split increased beyond the proposed \$156 million.

## Germany Constituency – Statement

### Resources and Replenishment

- The successful 5th Replenishment of the Global Fund marks a **milestone** on the global community's path towards the **Sustainable Development Goals**. Side by side with traditional and new private and public donors, eleven **African countries pledged** a financial contribution.
- We would like to reiterate again our **appreciation** for the **leadership** and the **hospitality** of the **Government of Canada**.
- For **Germany**, the Replenishment took place during a very challenging time with many competing priorities. Nevertheless, we made it possible to stand by the Global Fund with an **increased contribution**.
- No doubt, the 12.9 Billion US-Dollar result comes along with a **huge responsibility**: turning pledges into contributions, allocating and investing the money wisely, and frankly and realistically discussing remaining funding gaps.

### Next Steps on Global Fund Strategy 2017-2022

#### RSSH

- We **appreciate** that **RSSH** has been considered in the proposed **catalytic investments**, in particular with important issues such as human resources for health (HRH), integrated service delivery and integrated planning. The proposal should have emphasized these areas even stronger, with more funding allocated. Because these funds will be strategic! As they are meant to be a **lever for more substantial investments in systems through country allocations**, they are necessary in order to achieve the objective of our strategy.
- Of course this is **not only a matter of resources**. Both the reviews on HSS and the Partnership Forum showed an urgent need for action to further strengthen the GF's contribution to building RSSH. In order to mobilize the **technical and political support** that is needed for **strong RSSH components** in GF proposals and programs, we recommend close **collaboration with "IHP for UHC" (= International Health Partnership for Universal Health Coverage)**. This network and its country focal points aims to be the central platform, playing a catalytic role in connecting the wider health sector with all the relevant actors and processes such as the GF. Our constituency stands ready to engage in those discussions going forward.

#### Country Coordinating Mechanisms

- The **success of the Global Fund is decided at country level** where programme planning, proposal writing, grant implementation and oversight happen. Therefore, it is striking and irritating that the **Country Coordinating Mechanisms (CCMs) are not being referred to in some or even most of the key reports** presented for this meeting (e.g. Prioritized Action Plan [PAP] to Accelerate Management for Impact; Report of the ED; Risk Management Report).
- The operationalization of the GF's strategy requires a **debate about the readiness of Global Fund Country Coordinating Mechanisms** with regard to their function, roles and responsibilities in achieving the new GF strategic goals. We as a Board have the responsibility to ensure that adequate measures are taken to guarantee the **highest possible level of performance of CCMs** to reach the expected impact set in the new

GF strategy. Hence, we appreciate that the CCM matter has been taken up by the Board leadership and are looking forward to a fruitful exchange how they can be strengthened.

## Risk Management

- Functional **CCMs are also key to the identification of risks** at country level. Therefore, it is important that CCMs are addressed appropriately in the Global Fund's approach on Risk Management and its corresponding tools and documents. Besides, the recent review of the Global Fund's Business Model in High-Risk Countries calls for increased attention on CCMs.
- This all the more as we continue to see **risk management as key** to achieving the objectives of the Global Fund. We welcome and support the various **ongoing initiatives to identify, evaluate and respond to risks**. In his report, Mark Dybul used the term "madness" in relation to the different projects underway in the Secretariat towards risk management. It is certainly timely and useful for countries, partners and the Secretariat to combine these initiatives in an **overall approach**, as described by the Executive Director.

## Business Model in High-Risk Countries

- In our call with the Global Fund at the end of August 2016, we identified as top 3 challenges of the current business model: (1) **effective programmatic as well as fiduciary risk management**, (2) lack of **coordination with other stakeholders** also through CCMs, and (3) difficulties in **building local capacity** aiming at a more sustainable approach. As the review shows, most other stakeholders also see these areas as key challenges. In particular, we welcome that the review highlights challenges related to CCMs. In this context, the **position paper on CCMs** that Switzerland, France and Germany have shared may fulfil its purpose to enrich the discussion at Board level.
- While we agree with the recommendation to generally stay with the current modus operandi, we would like to address the role of the **Local Fund Agents** (LFAs) in the Global Fund model.
  - **Performance:** We acknowledge the result of the 2015 LFA Performance Evaluations where 96% of LFAs were rated as meeting or exceeding expectations (based on the volume of services). However, we recall that **earlier reviews** of LFA services as well as individual country experiences **have been rather mixed** with a diverse range in the quality of the LFA work between contractors and countries. Are low or under-performing LFAs a matter of the past? Or do high volume LFAs perform so well, that lower volume LFAs' low performance is not reflected well in the positive results of the Performance Evaluations?
  - **Immunity:** Organisations contracted for LFA-services in most cases are locally registered companies / branches of international companies. We expect of LFAs to **uncover** irregularities in Global Fund grants. This work naturally comes along with risks for the contractor. The GF cannot protect its local LFA-service providers, which may – understandably and naturally – limit the level of assurance and whistle-blowing. Therefore we would like to present the idea to insource LFA services – at least for some leading LFA team members - into the GFS and to operationalize this approach via regional hubs or LFA teams housed by partners (e.g. WHO or UNAIDS offices).

## KPIs: 2017-2022 Strategic KPI Framework

- At the last Board meeting in June and in the follow-up, we have noted that **not all Operational Objectives** of the GF Strategy **have a corresponding KPI**. Once again, we believe **it is important** that **all Operational Objectives** are **represented through either Strategic or Implementation KPIs**.
- In this context, the Secretariat has recently reinforced its pledge to “**strongly endeavor**” to **develop Implementation KPIs** for the Operational Objectives not yet covered by Strategic or Implementation KPIs. We highly appreciate the planned **update to the Strategy Committee** on how the GF performance will be tracked in the priority areas not yet covered by Strategic or Implementation KPIs (including differentiation, risk management, and aspects of RSSH).
- Furthermore, we would like to affirm the GF to take the **opportunity to coordinate its country-based assessments with evaluations and reviews planned by bi- and multilateral partners**. A stronger alignment and harmonization not only entails a smaller burden for individual countries but also generates shared information and greater insight.



## South East Asia Position Paper

South East Asia (SEA) Constituency would like to present this position paper for consideration.

The SEA during its constituency meeting in Maldives on 6-8 November 2016 have decided on the following position and have request it Board Member, Alternate Board Member and Communication focal point to submit to Board Leadership for further consideration:

### **Malaria Elimination and Prevention – SEA Requests revision to Catalytic Funding Allocation.**

SEA member countries are working very actively towards eliminating and eradicating Malaria. However, there are still challenges that need to be addressed. The SEA country member have largest population and there are big issues relevant to migrants and cross border issues. The SEA also have geographic challenges that includes countries that are border to each other would need regional and or multi country intervention to achieve the goal of eradicating malaria. Countries like India, Bangladesh, Bhutan, Myanmar, and Nepal are working hard towards eliminating Malaria but facing challenges relevant to the cross border area, therefore effort is being made to prepare regional concept note proposal for addressing cross border malaria programs. On the other side Indonesia and Timor-Leste are also need to put forward multi country program to eradicate malaria at the border area.

Greater Mekong and South Asia are two sub regions situated very close together, with potential cross border migration, incidence of Malaria is increasing in the borders, therefore, we accept the total amount allocated for malaria elimination, however calls for further review on distribution of allocation.

Therefore, SEA constituency recommend to increase flexibility with in catalytic funding allocations to consider easy access to address Malaria issues in cross border areas.

### **TB Control and HIV Control – SEA is plan for Regional program on migrant TB and HIV in cross border areas.**

TB prevalence is highest in the SEA constituency for example India and Indonesia are countries with large population with highest TB prevalence and these two countries are bordering with other SEA member countries. According to the country update at the recent SEA constituency meeting shows that mortality rate caused by TB is increasing exponentially. Therefore, SEA constituency would like to appeal for consideration windows for multi country and regional cross border programs for migrants.

Although HIV prevalence is low in this area but migration can result in spreading HIV in bordering areas in this region specially countries surrounded with India. Indonesia and Timor-Leste also have same issue in bordering areas for HIV, similarly smaller countries Maldives being a low prevalent country, but remains a receiving country for large number of migrants from high burden countries. Srilanka is low prevalent, sending country, which needs regional initiatives to respond to the needs of the returning migrants. Therefore, SEA Constituency decided to make regional program on TB and HIV to address the migrants TB and HIV in cross border areas.

We approve the overall allocation for RSSH, but as we focus on achieving the new strategy and the limited allocation for integration of service delivery and health workforce improvements, we look for flexibility in sub allocations.

**Recommendations**

- We propose investments for potential cross border initiatives.
- Flexible budget within RHHS
- Recommend for board approval of aggregated amount, and strategy committee to consider revision of associate cost of each priority area

Thank you very much for the consideration.

On behalf of SEA Constituency

Filipe da Costa, Board Member

Syed Monjurul Islam, Alternate Board Member

Elizabeth Falolo Belo, Communication Focal Point

## STATEMENT ON THE NEED FOR MORE AND SMARTER SPENDING OF RESOURCES

The following delegations would like to issue a joint statement on the Comprehensive Funding Policy and grant making procedures

- Latin America and the Caribbean
- Eastern Europe and Central Asia
- Eastern Mediterranean Region
- Developed Country NGOs
- Developing Country NGO
- Communities

We have the framework we need to end the three diseases. Each of the Global Plans established by the technical partners proposes a clear path to ending the diseases and the SDGs have prioritized this achievement as one of its targets. The speed of this investment is essential to its success. We need increased investment and we need it now.

In contrast to this we see that our new allocations result in only a few minor increases, some huge cuts and overall flat lining.

At the same time we know that the UNAIDS Fast Track initiatives requires higher investments and front loading. We know that recent TB prevalence surveys demonstrate a severe underestimation of global TB prevalence, and - as the ED report rightfully highlights - drug-resistant TB has become a public health crisis that must be addressed urgently. And finally we see that malaria allocations to several high burden countries currently projected will be substantially less than was assumed.

This means that current resources will not get us to accelerating or “sprint towards the finish line!” So we may soon be off-track to reaching the global targets despite a successful replenishment?

There are two strategies to prevent this from happening: First to raise more money *and* second to invest the money we have more ambitiously to save lives now! We spoke about resource mobilization earlier, so we will focus on “ambitious investing” now.

We believe that we should explore flexibilities in our operational grant making procedures and in the comprehensive funding policy with the aim to ensure that funds available are spent more ambitiously and expediently to save lives now, and done so within a framework of public health evidence, human rights and with the aim of securing sustainability beyond transition.

We believe that from a governance perspective, engaging in such a review is the right thing to do: the current CFP was established three years ago and we are now in a very different set of circumstances. We have established sophisticated financial management systems that allow us to closely monitor income (contributions) and expenditure (country-level expenditure) levels.

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With these systems and a well-developed Replenishment mechanism in place, the GF has matured and should benefit from more flexible procedures and a CFP that can help to optimize our investments in saving lives. We do not want to spend money we don't have, but to spend the money that we have better.

We wanted to put a decision point forward to this end, with support of a substantial number of colleagues around this table. But we also noted that this is a very technical subject that, if rushed, could create a level of confusion and resistance that might not help us making the right decision at this time. We therefore call on the AFC and SC leadership to begin a process with delegations that are interested that explores a way forward and helps develop a concrete work plan around this that we can discuss at the upcoming Board Meeting.