

38th Board Meeting

Report of the 38th Board Meeting

14 - 15 November 2017, Geneva, Switzerland

GF/B38/25 – Revision 1

14 – 15 November 2017, Geneva, Switzerland

Board Decision

Purpose

This document presents the Report of the 38th Global Fund Board Meeting, held in Geneva, Switzerland from 14-15 November 2017.

Agenda items. The Meeting comprised of fourteen (14) agenda items, including one executive session.

Decisions. The Report includes a full record of the nine (9) Decision Points adopted by the Board (Annex 1).

Documents. A document list is attached to this Report (Annex 2). Documentation from the 38th 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 38th Board Meeting can be consulted [here](#).

Glossary: a glossary of acronyms can be found in Annex 3.

The Report of the 38th Board Meeting was approved by the Board of the Global Fund via electronic vote on 12 January 2018 (GF/B38/EDPO7).

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Agenda Item 1: Board Meeting Opening

1. The Chair of the Board, Aida Kurtovic, welcomed participants and recognized the work of the three standing committees. The Chair expressed her special thanks to the leadership of the Executive Director Nominations Committee, Amb. Michèle Boccoz and Professor Vinand Nantulya. The Chair also acknowledged and appreciated the Secretariat's work under the leadership of the Interim Executive Director, Dr Marijke Wijnroks, and highlighted the decisions for Board's approval, including the appointment of the new Executive Director.
2. The traditional candle of remembrance was lit by the Board member for the Western Pacific Region (WPR) constituency, who spoke in memory of those who had lost their fight against HIV/AIDS, tuberculosis and malaria. Ms Bulu recognized the strides the Global Fund has made in combatting the epidemics and called for recommitment. The Board Member for the Private Foundations constituency, Mr Kieran Daly paid tribute to a dear colleague of many, Jacqueline Wittebrood, and recognized her invaluable commitment and contribution to the work of the Global Fund over many years. A moment of silence was observed.
3. The Board unanimously appointed Mr Rico Gustav from the Communities constituency to serve as a rapporteur of the Board meeting ([GF/B38/DPo1](#)), followed by unanimous approval of the Board meeting agenda ([GF/B38/DPo2](#)).

Agenda Item 2: Appointment of the Executive Director - Discussion

4. The Chair of the Board reminded the Board about the selection process. A detailed overview of the selection process was presented at the Board Retreat by the leadership of the 2017 Executive Director Nomination Committee (EDNC). The Chair further noted the oversight role of the Ethics and Governance Committee (EGC) and the role of Board Leadership in guiding the process. The Board Chair then invited the Chair and Vice-Chair of the EDNC to provide an update.
5. The Chair of the EDNC, Michèle Boccoz, briefly outlined the various steps of the selection process from the launch at the 37th Board Meeting in Kigali on 4 May 2017. Global advertising and the broad outreach campaign began at the beginning of June 2017 and closed on 21 July 2017. This was supplemented by extensive outreach undertaken by Russell Reynolds Associates, which continued until the end of August 2017. The advertisement and outreach campaign had resulted in a pool of 109 candidates of which 23 candidates were women and 21 candidates came from the global south.
6. At the beginning of September 2017, the EDNC had convened to define the long-list of candidates after which it conducted two rounds of interviews. This resulted in four final short-listed candidates being presented to the Board at the Board Retreat on 24-25 October 2017. Comprehensive due diligence on the candidates was undertaken by the executive search firm together with the Ethics Officer. The Vice-Chair of the EDNC, Vinand Nantulya, confirmed that the due diligence process had continued during the constituency engagement phase and that an update on the due diligence would be provided in executive session.
7. The Ethics Officer summarized the due diligence process noting that it included:
 - a. Open source reports, contracted through a specialist business intelligence company;
 - b. Social media tracking, carried out throughout by Russell Reynolds Associates;
 - c. Referencing, which included both references provided by the candidates and those from non-solicited trusted open sources (to cross-check information);
 - d. Constituency engagement calls;
 - e. Conflict of interests assessments. These covered both personal and professional interests and financial disclosures. The Ethics Officer confirmed that mitigation measures had been agreed individually with each of the final candidates and that these were incorporated as an annex of their employment contract.

8. The Chair of the Board briefly mentioned the constituency engagement calls. Each final short-listed candidate held two calls (one a week), which were well attended, enabling discussion and engagement both within the constituencies and with the candidates.
9. The four final short-listed candidates were then presented by the representative of the executive search firm, with a brief introduction in alphabetical order:
 - a. Simon Bland;
 - b. Frannie Leautier;
 - c. Peter Sands; and
 - d. Anil Soni.
10. After the presentation of the candidates, the Chair opened the floor to questions. Given that there were no questions nor any comments from the Board, the session was concluded.

Agenda Item 3: Executive Session of the Board

11. The Board met in one Executive Session on day one 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](#)).¹

Agenda Item 4: Appointment of the Executive Director - Decision

12. Following the conclusion of the Executive Session, the Board reconvened for the appointment of the Executive Director. The Board Vice-Chair noted the decision point that the Board appoints Mr Peter Sands to serve as the next Executive Director of the Global Fund for a four-year term. The decision point was approved by the Board ([GF/B38/DPO3](#)) and Peter Sands was appointed as the next Executive Director.
13. The Vice-Chair of the Board thanked the members of the 2017 EDNC, OBA staff, the team at Russell Reynolds, the Ethics Officer and the Interim General Counsel. The question of how the appointment would be communicated was raised by one constituency. The Vice-Chair confirmed that a communication would be sent immediately announcing the appointment.

¹ 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 5: Annual Report of the Interim Executive Director

14. Presentation. Dr Wijnroks highlighted the key achievements in 2017 and critical challenges ahead, to outline an agenda for the incoming Executive Director, Mr Peter Sands. While recognizing remarkable progress made on HIV, Dr Wijnroks acknowledged slow progress in finding missing cases of tuberculosis and reiterated malaria's increased interdependency with ongoing climate change and emerging resistance. Dr Wijnroks presented selected priorities such as transition planning, the *Fit For the Future* initiative and review of financial and human resources. She reiterated the need for continuous investment in resilient and sustainable systems for health, and a deep commitment towards partnerships. In view of replenishment in 2019, Dr Wijnroks called for strong resource mobilization and fundraising in order to maintain and sustain the progress made and continue to scale up.
15. In response, the Board made the following comments:
 - a. Appreciation remarks. The Board unanimously expressed its thanks and recognized Dr Marijke Wijnroks for her tireless engagement and exemplary leadership during this critical transition year. The Board welcomed the Annual Report of the Interim Executive Director (GF/B38/o8) and Dr Wijnroks received thanks for her dedicated, transparent and intentional collaboration with the Global Fund partners, and bringing this relationship to a new level.
 - b. Fit For the Future. The Board welcomed the initiative and recognized it as an opportunity to streamline internal processes, and to better align human and financial resources to maximize impact and manage workload.
 - c. Partnerships. The Board appreciated demonstrated synergies between different partners at the global level. It particularly applauded the ongoing efforts between the Global Fund, Global Financing Facility (GFF) and the World Bank to enhance collaboration at country level, to gain insights into the efforts of individual institutions towards the overall system strengthening agenda and Universal Health Coverage (UHC). One constituency called for effective leverage of partnerships at the country level around health systems components, e.g., supply chain, data collection, human resources for health and community systems. Partnerships are at the center of the Global Fund's model and need to be aligned with regional policies and in-country structures, including CCMS. The Board also expressed its interest in data and relevant analysis, to map out the progress and contribution to the work of partnership organizations.
 - d. Prevention and treatment of HIV. In view of the ongoing HIV crisis among girls and young women the Board called for enhanced HIV prevention efforts and availability of adequate funding for primary prevention. Constituencies recognized the critical role of youth and commended increased investment in adolescent girls and young women through country allocations and catalytic funding.
 - e. Tuberculosis (TB). Several constituencies felt that the efforts to end tuberculosis require certain modifications and applauded the first Global Ministerial Conference on Ending TB to be held in Moscow. Collaboration is imperative in finding missing tuberculosis cases.
 - f. Strategy implementation. Several constituencies welcomed the continuous focus on strategy implementation and effective allocation under the fifth replenishment. To ensure full implementation of the four pillars of the 2017-2022 Strategy and allow the Global Fund programs to deliver a lasting and maximum impact, constituencies remained mindful of the structural challenges that still need to be addressed. The Board welcomed the ongoing work on risk appetite and drew its attention towards risk management and assurance of its effective delivery through different programs, tools and systems.
 - g. Resilient and Sustainable Systems for Health (RSSH). Several constituencies reiterated further reinforcement of health systems and quality health services. RSSH is a key strategic objective in the 2017-2022 Global Fund Strategy. The Global Fund needs to facilitate health systems reform and provide necessary support to coordinate domestic and donor funding resources.

- h. Resource mobilization. The Board unitedly recognized that resource mobilization, and particularly domestic resource mobilization, is the foremost priority for the incoming Executive Director. Constituencies welcomed the increased domestic resources for health, offered their support in preparation of the investment case ahead of replenishment in 2019 and expressed interest in looking at options for innovative finance.
 - i. Transition. As countries are continuing to transition from the Global Fund funding, one constituency noted the importance of monitoring that process in countries and called for continuous discussions on sustainability.
 - j. Health situation in Venezuela. One constituency called for action to find practical ways in supporting the ongoing crisis. It further suggested development of specific provisions under the mandate of the Strategy Committee to address countries in crisis, and urged affected countries to welcome Venezuelan migrants and provide them with the necessary treatment.
 - k. Unspent funds. One constituency requested that unspent funds at the end of the current funding cycle in December 2017, be spent on procurement of supplies and other goods.
 - l. Staff health-related concerns. Many constituencies acknowledged the severity of staff health issues. The Board requested that this be duly considered by the incoming Executive Director, in terms of workload prioritization and creation of a healthier culture. Regarding the work around the Board-related matters, one constituency called for a discussion on how to bring together the governance processes, the needs of the Board and Committees, and level of resources that the Secretariat has to adequately fill the existing gap.
 - m. Health Campus and collaboration with Gavi. The Board endorsed the Secretariat's approach towards enhanced collaboration with Gavi to create synergies and achieve efficiency, and requested to identify opportunities and develop analysis of joint work streams.
 - n. Additional comments received from the Board included positive feedback on innovative ways used for leveraging regional funding as catalytic funding for various projects (e.g., supporting refugees in treating tuberculosis, fighting malaria resistance), and improved supply chain transformation at the country level.
16. In recognition of Dr Wijnroks' work, leadership and longstanding dedication to the mission of the Global Fund, the Board unanimously approved the decision point [GF/B38/DPo4](#).

Agenda Item 6: Proposal to Integrate Additional Public Donors in the Global Fund Governance Structure

17. Presentation. The EGC Vice-Chair, Dr Jan Paehler presented a proposal for an interim solution to integrate additional public donors for approval by the Board. The Decision Point presented to the Board included a friendly amendment proposed by the Donor Voting Group and endorsed by the EGC prior to the Board session dedicated to this topic.² Following the Board Meeting, a number of refinements were made to the background document – in particular with respect to the possible transition to a voting donor seat – and a revised version of the document (GF/B38/03 - Revision 1), containing the decision point reflecting the friendly amendment approved by the Board, will be issued by the Secretariat.
18. Setting the scene, the Secretariat noted that discussions on this topic have been ongoing for several years. A number of long-time public donors are currently not represented as part of public donor

² The friendly amendment consisted inter alia in including a request that the Donor Voting Group report at the 39th meeting of the Global Fund Board on its revised process for public donor seat allocation, which will ensure that new public donors, who commit to the principles in the Framework Document of the Global Fund and contribute/pledge more than a defined threshold amount for two consecutive replenishment periods, will be integrated into a voting public donor constituency.

voting constituencies but have made cumulative contributions of more than USD 500 million to the Global Fund. The non-financial ways in which they contribute, such as technical assistance (TA), South-South cooperation and other models of cooperation, were also highlighted. The potential for mobilizing additional resources from this group of countries would increase, if they could be presented with a concrete path for integration into the Governance structure.

19. The EGC Vice-Chair then presented the proposal which is envisaged as an interim mechanism whereby the donor contributions and representation at the Global Fund Board can be progressively increased and broadened over time. The proposal consists of abolishing the Swiss non-voting seat and creating, instead, a new non-voting transitional seat to be used by public donors, not currently represented on the Board, each of which has pledged USD 10 million or more in the current replenishment. The proposal requires an amendment to Article 7.1 of the [Global Fund Bylaws](#) but would affect neither the Board's size, structure, voting rules nor the principle related to the determination by the Donor Voting Group of the distribution of the public donor seats and of the size of the constituencies.
20. Highlighting the importance of integrating additional public donors while at the same time safeguarding the interest of major traditional donors, the Donor Voting Group Coordinator, Dr Brian Brink, expressed the Donor Voting Group's commitment to review the Seat Allocation Framework in light of the above proposal, and that an update will be presented to the Board at its 39th Meeting in May 2018.
21. Board discussion. The Board thanked the EGC and the Donor Voting Group for the proposal and raised the following points:
 - a. The need for the review of the Donor Voting Group Seat Allocation Framework should take place as soon as possible. Governance Focal Points from the Implementer Group should be kept informed, as the integration of additional public donors and attracting additional resources are matters of concern to the entire Board;
 - b. The importance of putting mitigation measures in place to ensure alignment and respect for Global Fund core principles, including respect of Human Rights, key affected populations (KAPs), etc.;
 - c. As the approach thus far has not facilitated integration of additional donors on the Board, the need to urgently adopt a new approach was acknowledged while noting that, in principle, all contributors should have a voice at the Board regardless of the level of contribution;
 - d. Single-seat public donors should be encouraged to consider accepting others to form more multi-country donor constituencies;
 - e. Concerns as to the proposal's attractiveness and the likelihood it will result in additional financial contributions to the Global Fund;
 - f. Whether voting rights could be granted to all Board members, including technical partners, especially with relation to strategic matters.
22. EGC Response. Regular updates will be provided by the EGC to all Governance Focal Points, including from the Implementer Group. Some of the issues raised, including the rights of non-voting constituencies in the current structure, may be more appropriately addressed in the context of the broader review of the Global Fund's governance structure expected to take place at the current Strategy's mid-term.
23. The requirement of two sets of decisions was reiterated: 1) for the Board to agree to create the non-voting transitional seat and amend the Bylaws to this effect, and 2) for the Donor Voting Group to review their seat allocation framework in light of the Board's decision. For the non-voting transitional seat, the threshold of USD 10 million is proposed (potentially increasing in the next replenishment) in order to facilitate participation in the governance function albeit in a non-voting capacity. For a voting seat, like-mindedness and commitment to the Global Fund's core principles

will remain key factors, and financial thresholds will be discussed and set within the Donor Voting Group. In sum, it was noted that in light of the history of this topic, the current proposal can be viewed as a significant step forward and an unprecedented opportunity for additional public donors to be incorporated into the Global Fund's governance and identify a voting public donor constituency that may welcome them.

24. Decision Point and conclusions. The Board:

- a. Unanimously approved the Integration of Additional Public Donors into the Global Fund Governance Structure and Amendment of the Global Fund Bylaws ([GF/B38/DP05](#)); and
- b. Requested updates from the Secretariat and EGC on discussions with public donors who wish to be part of the new non-voting transitional Board seat and from the Donor Voting Group, through the EGC, on progress in adopting a revised Donor Voting Group Seat Allocation Framework.

Agenda Item 7: Corporate Work Plan and Operating Expenses Budget 2018

25. Presentation. The 2018 Operating Expenses (OPEX) Budget, as recommended by the AFC, was presented and included perspectives on OPEX evolution since 2013, as well as the contextualized scenarios for the treatment of the Global Health Campus (GHC) one-off OPEX impact of up to USD 12 million.

26. Board discussion. The Board welcomed the thorough analysis on the 2018 OPEX budget, and acknowledged the need for increased flexibility in the Secretariat OPEX cost base. In addition, the Board:

- a. Noted that the Secretariat is conducting an internal exercise, called *Fit For the Future*, to identify options for review by the incoming Executive Director with the aim of ensuring alignment of OPEX resources with Board approved strategy;
- b. Stressed the risk of potential scale back in certain areas if adequate funding is not provided within OPEX and the importance of allocating sufficient resources to build up CCM capacity;
- c. Confirmed that OPEX trade off should not adversely impact preparation work to the 6th Replenishment;
- d. Noted that funding of programmatic priorities to implement the 2017-2022 Strategy is primarily done through grant funding and Strategic Initiatives;
- e. Emphasized the importance of driving enhanced collaboration and efficiencies with Gavi, in the context of the relocation to the GHC, suggesting that both Gavi and the Global Fund Secretariat provide an analysis of the priority areas, and related efficiencies;
- f. Sought clarification regarding the sequencing of the 2019 OPEX budget discussion, in particular on the level of overlap between *Fit For the Future* and the comprehensive review of the budget.

27. Reflecting on the comprehensive review of the 2019 Operating Expense Budget to be undertaken by the Secretariat, the Board noted the following:

- a. Budget ceiling. The USD 900 million OPEX envelope and the related reference to a USD 300 million annual ceiling was established to bring stability after a period of significant increase in OPEX spend (USD 357 million budget approved for 2012). Recognizing the need to align the OPEX funding with the evolution of the mission of the Secretariat, the Board suggested reopening a discussion on the appropriate level of the OPEX allocation;
- b. Board requests. The comprehensive review of the 2019 Operating Expense Budget should include a necessary prioritization of Board and Board Committees requests for the Secretariat in view of their budgetary implications.

28. Secretariat response regarding the sequencing of the 2019 OPEX budget discussion. Through *Fit For the Future*, the Secretariat will develop options that will be presented to the incoming Executive

Director. Decision on these options will inform the comprehensive review of the 2019 Operating Expenses Budget. Further, additional topics, such as the conclusions of the CCM Evolution analysis and review of the sustainability of CCM funding, will also be included in the comprehensive review to be discussed at the AFC and the Board in October-November 2018. One constituency re-emphasized the importance of allocating sufficient resources to enhance CCM capacity and implementing the recommendations of the CCM Evolution analysis. This constituency also stated their opinion that the sustainability of CCM funding should be considered through ongoing budget and resourcing discussions.

29. Decision Point and conclusions. The Board unanimously approved the 2018 Operating Expenses Budget (GF/B35/04A) ([GF/B35/DP06](#)).

Agenda Item 8: Implementation of the Strategy 2017-2022

30. The Secretariat provided an overview of the implementation of the different elements of the 2017-2022 Strategy, and outlined main achievements and challenges.
31. Strategy implementation: progress has been made in operationalizing the strategy, and a new internal strategy implementation tool tracks work on each strategic objective. Improvements in linking strategy implementation work to budgeting have also been implemented, including linking to the Fit for the Future initiative. However, the main oversight of strategy implementation has been via the deep dives for the Strategy Committee. This has allowed the Committee to look at every strategic objective over 2017 with the exception of resource mobilization and allocation, as these will be major focus areas in 2018.
32. Highlights include good progress on analysis of funding going into grants focusing on girls and young women, and similarly on human rights. Work is ongoing on supply chain implementation, as well as on absorption and impact. More than fifteen disease components are using the transition application, indicating good progress in preparedness. The UQD Prioritization framework is approved so available funds can be used in the most impactful and prioritized above-allocation requests.
33. Some challenges relate to operationalizing the human rights strategic initiative. A key lesson learnt is on the sequencing and timing of decisions related to the allocations, and a recognition that sufficient time is needed between approval and operationalization of catalytic funds.
34. There is good alignment with KPI 2 (the HIV, TB and malaria service delivery targets) in the performance frameworks of the new grants, significant deviations are being discussed with the country teams. On KPI 6f, the TRP agrees that funding requests are aligning with national priorities and national strategic plans.
35. Community, Rights and Gender: The Head of CRG briefly outlined the progress made, which was covered in the slide deck shared in advance of the meeting³. She then provided a short list of lessons learned in relation to the work on Adolescent Girls and Young Women (AGYW) in response to questions which had arisen during the pre-Board briefing calls. Finally, she informed the Board that the Monitoring and Evaluation Framework for the CRG Strategic Initiative for Community Engagement was almost finalized, and also that a Secretariat/OIG-wide review of processes in place to address responses to Human Rights issues was planned for the coming months.

³ GF/B38/11 - Implementation of the Strategy 2017-2022; slides 9-11

36. Resource Mobilization: The Director of External Relations reminded the Board that Resource Mobilization has two main objectives: to convert existing pledges and to mobilize new resources. On the former, good progress has been made and multi-contribution agreements have been signed with many donors, meaning that we are fully on track to convert all our pledges to contributions. On the latter, work continues on attracting new pledges with an additional USD 35 million pledged since the Replenishment Conference.
37. Country Funding: The Head of Grant Management updated the Board on the key points related to Access to Funding and grant-making processes, including that 88% of the allocation has been approved for grant-making (up to and including TRP Window 3); with 21% of the allocation and 15% of the matching funds already approved by the Board. In relation to co-financing, a small number of countries may be exempt due to COE flexibilities, while those which haven't met their co-financing requirements will face consequences in terms of reduced allocations. The Secretariat is putting measures in place to limit impact on essential programming. In comparison with the previous allocation, only minor changes have been seen in the program split. However, movement of funds resulting from program split changes could create gaps for essential services, and there was also concern around artificial manipulation of program split for portfolio optimization purposes.
38. At the end of the presentation, on behalf of the Board, the Board Chair then requested further information from the Secretariat on the impact of CRG activities and programs, as well as a response from the Secretariat to questions related to no-cost grant extensions at the end of 2017 that had been received in advance of the Board Meeting.
39. On the impact of CRG activities, the Secretariat responded that this is best evaluated through the broader success of the grants. Specifically, it is quite difficult to measure impact related to HR related barriers at this point in the funding cycle, but there are clear successes - in terms of processes and actions - that have been catalyzed on the ground. All CRG areas are cross-cutting and contribute to ensuring the overall success of country programs.
40. The Head of GMD then informed the Board that there were two issues related to the request from constituencies for no-cost grant extensions at the end of 2017. The first is the need to ensure no gap between grants that end this year and the new grants starting in 2018. It is estimated that around 80% of expiring grants will be signed, but it depends on how fast the necessary paperwork can be completed. As a result, the Secretariat has put measures in place to avoid gaps. The second issue is whether current grants due to expire in December can be extended so as to use up any unused money. The Head of GMD confirmed that this is not possible. Firstly, funds must be utilized within the relevant funding period communicated and secondly, the forecasted unused funds from the 2014-2016 period have been moved to the 2017-2019 allocation through a Board decision and now are an integral part of the individual country allocations communicated in December 2016. The Secretariat has developed and applied select flexibilities to account for operational circumstances without impacting the core funding principles.

Board Discussion

41. The Board Chair opened the floor for discussion. Common areas of interest among Board Members included RSSH, CRG, and HIV Prevention.
42. Resilient and Sustainable Health Systems: several constituencies noted the lack of overall progress on improving health systems. It was proposed that specific allocations for RSSH be discussed in order to better analyse impact. Another suggestion was to undertake an in-depth analysis to evaluate what collective investments in health systems have achieved so far. Some constituencies felt that a broader approach was needed to strengthen health systems, and that potentially this could be explored via the Prospective Country Evaluations. Another comment suggested that a

more focused approach was needed for countries with low absorption capacity and weak health systems, and that integration across disease programs would help to strengthen health systems. In response the Secretariat informed the Board that this broader approach was one of the reasons that the Global Fund now referred to “*Resilient and Sustainable Systems for Health*” rather than Health Systems Strengthening. RSSH applications are rigorously reviewed by the TRP, which takes into account challenges faced in the past. The Secretariat noted that creating a specific allocation for RSSH would in effect reduce the available funding to disease programs, given the finite available resources, and this had been taken into account by the SIIC when the committee designed the allocation model.

43. Community, Rights and Gender: many constituencies expressed their appreciation of the work of the CRG department, in particular the deep dive at the October Strategy Committee meeting, and the Gender Framework under development. More information was requested on the impact achieved by the CRG work overall, and it was felt Technical Assistance could be improved to help increase impact. In response the Secretariat agreed that TA was critical and that contracts were being negotiated with WHO and UNICEF to make TA more available. On impact, the KPI on Gender is ‘reduction of incidence among 15-24 year old females in 13 countries’. Work is ongoing on the measurement methodology as well as supporting countries in setting related national targets. Some Board constituencies noted the need to re-position Human Rights at the heart of Global Fund operations, with the necessary financial resources. A request was made for a draft Human Rights protocol to be prepared in advance of the next Strategy Committee meeting. The Secretariat agreed that lack of resources was an issue, for instance, for the upcoming multi-country stakeholder consultations and the mid-term human rights baseline reviews which will be due in 2020. The intent is to work with partners for support, including piggy-backing on existing country-level meetings.
44. HIV Prevention: while understanding the challenges resulting from lack of resources and the tension between needing funds to cover treatment costs, especially commodities, many constituencies noted the issue of securing sufficient funding for HIV prevention. In response the Secretariat noted the ethical considerations – that with limited resources, funding of prevention should not come at the cost of taking people off treatment. The Strategy Committee will be having deep dive on HIV Prevention at its March 2018 meeting, looking at all aspects of HIV prevention, as well as considering the need to balance keeping people on treatment with needs for other investments.
45. Flexibilities around extending grants, particularly for COEs and countries in emergency situations were also discussed. A concern was raised that many countries do not begin implementation until the end of Q1, so there is not much time before Portfolio Optimization becomes a consideration. The Secretariat responded that, in most cases, there is already awareness and arrangements in place to address any gap in between one grant ending and the next starting. On Portfolio Optimization it was noted that it would not necessarily become an annual event, but rather would be driven by the amount of funds forecasted to remain unutilized. Lastly, Head GMD reminded the Board that the Emergency Fund was an option for countries in emergency situations, recognizing however that USD 20 million was a limited amount.
46. Absorption was felt to be a continuing issue. While flexibilities could help, more action was needed at country-level to find solutions. It was proposed that Impact through Partnership (ITP) could help, but that it was not a panacea, and more attention needs to be given to fixing bottlenecks.
47. Sustainability was also mentioned, with one constituency noting that the issue was broad and could not be addressed from the grant management perspective alone. The Secretariat replied that difficult decisions were needed at country level on how to ensure investing resources to have the greatest impact, including potentially looking at various blended finance mechanisms.

48. Underperformance, such as HIV+ mothers, PMTCT, anti-retroviral retention rates – was also a concern of Board Members who felt that these areas required more attention. In response the Secretariat agreed that many gaps existed – many due to weak systems - and that efforts were continuing to resolve these through collaboration with PEPFAR and others.
49. Delays in disbursement of Catalytic Funding in many high-impact countries was noted by several Board Members as an issue, to which the Secretariat responded that this was due to several reasons, including the fact that the timing of Board approval of catalytic funding had meant little time for effective operationalization. It was advised that this could be improved in the future by approving such funding at the Spring 2019 Board Meeting.
50. Procurement and Supply Chain Management. One constituency called for a Board-engaged working group or committee to provide oversight on issues related to the Global Fund market-shaping strategy, procurement (including *wambo.org*) and supply chain management strategies.
51. On Resource Mobilization, the Board recognized the need to make the best use of existing resources, and highlighted the need for increased collaboration between GF and Gavi. It was also noted that securing consistent funding commitments from the private sector was critical, as was the need to have adequate staffing capacity at the Secretariat to take this forward.
52. Finally, the Strategy Committee Vice-Chair informed the Board that other areas mentioned during the discussion, such as RSSH, data and country alignment, dual track financing, *wambo*, HIV Prevention and market shaping would be discussed at the March 2018 and subsequent Strategy Committee meetings.

Board Decision on Resource Mobilization Action Plan 2018-2019

53. Following the closure of the discussions on Strategy implementation, the Board Chair invited Developed Country NGOs to present a Decision Point on resource mobilization⁴ being proposed by the three Civil Society constituencies. The delegate noted that resource mobilization would be a key priority for the new Executive Director and the proposed decision was intended to further support a greater focus on this critical strategic priority. The Decision was approved unanimously ([GF/B38/DP07](#)).

Agenda Item 9: Strategic Key Performance Indicators: Approval of Targets

54. Presentation. The Secretariat presented final results for the 2012-2016 KPI Framework, specifically those KPIs with a 1-year lag. The Secretariat noted strong performance on KPIs 1 and 3, but underperformance on KPI 2, particularly in PMTCT and ART coverage among HIV+ TB patients. Under-performance was driven by a small set of high burden countries. The Secretariat and AFC/SC Committee leadership proposed targets for five KPIs (KPIs 3, 6a, 6b, 6e, 12b) in the 2017-2022 Framework and requested Board approval of these outstanding targets. Both the Secretariat and AFC/SC Committee leadership highlighted the intention to use the 2017-2022 KPI Framework to facilitate a more rigorous and impactful performance management process focused on driving successful strategy implementation.
55. Board discussion. The Board welcomed the documents submitted on the 2017-2022 Strategic KPI Framework, noting the extensive work done by the Secretariat to finalize the Framework and set targets for each KPI. The Board commended the leadership of the AFC/SC Committees for their focus on the goal of improving performance management.

⁴ GF/B38/DP07 Resource Mobilization Action Plan 2018-2019

56. Board members sought clarification on the following topics:

- a. Potential unintended consequences of KPI 12b (affordability of health technologies). Board members questioned the potential for KPI 12b to incentivize price reductions of products/interventions at the expense of availability or quality. Further, the Board inquired as to whether the KPI data includes prices of new products, in which circumstances higher prices might be justified. In addition, the Board suggested that results for KPI 12b (Affordability) should be considered along with results for KPI 12a (Availability), in order to be most useful. Two constituencies expressed their concern around the adequacy of the target methodology for KPI 12b, noting a lack of measures related to delivery costs. The Secretariat was requested to revisit the methodology for KPI 12b target for 2018 and report to the AFC in March 2018.
- b. Data sources for KPI 6b (supply chain). The Board raised concerns about the methodology for collecting this data via facility spot-checks. Board members suggested that it would be useful to routinely monitor this data through Logistics Management and Information Systems (LMIS) and to triangulate with other data sources.
- c. Thematic reporting. The Board highlighted the need for additional thematic reporting beyond KPIs in key areas (e.g., RSSH, transition, malaria). As outlined in GF/B35/07a – Revision 1, all operational objectives of the strategy will be monitored, either through KPIs or thematic reporting. One constituency noted that thematic reporting will provide important information on the impact of the Global Fund and sought further information on how thematic reporting will be included in the Secretariat's work plan. The Board requested guidance from the Secretariat on when this thematic reporting would be available and how it would fit into the broader performance management framework.
- d. Desire to focus on implementation of the KPI Framework. With the approval of a complete set of targets, Board members encouraged the Secretariat to focus on implementation of the KPIs, to leverage the KPIs to identify areas of underperformance, and to report back to the Board on these implementation issues. Board members also suggested that KPI reporting could be more closely linked with work-planning and budgeting decisions, and the strategy implementation plan (SIP).

57. Secretariat response.

- a. Potential unintended consequences of KPI 12b. The Secretariat agreed with the need to report results on KPI 12a and 12b in combination and clarified that KPI 12b data does not include new products, as it only compares changes in price for comparable or substitute products. The Secretariat also committed to providing disaggregated savings results by product category to ensure that aggregated results do not mask important information.
- b. Data sources for KPI 6b. The Secretariat indicated that some of the KPI 6b baseline data is sourced from LMIS and there are ambitions to move to routine reporting of availability, as health facility LMIS capacity is enhanced. The Secretariat also highlighted that the definition of availability for KPI 6b is aligned with the Service Availability and Readiness Assessment (SARA) methodology (e.g. product present and usable on day of visit). The Secretariat recognized the short-comings of measuring single-day availability, but noted that larger facility sample sizes help to reduce irregularity and moving to LMIS for data collection will allow facility results to be averaged over time.
- c. Thematic reporting. The Secretariat highlighted the need to prioritize the data systems and performance analysis for the basic KPI reporting requirements. Such prioritization would allow the Secretariat to provide the Board with reporting that is actionable and useful for performance management, as well as to link KPIs with investments and the strategy implementation plan (as requested by the Board). The Secretariat and Strategy Committee leadership acknowledged the need for the type of information included as 'thematic reporting' in order to contextualize and complement the new KPI Framework.

- d. Desire to focus on implementation of the KPI Framework. The Secretariat shared the Board's sentiments, highlighting that the time spent on setting indicators and targets has far outweighed the emphasis placed on KPI reporting and interpretation in the past performance cycle. The Secretariat welcomed the Board's support to focus on performance reporting and management.
58. Decision Point and conclusions. The Board:
- a. Approved the 2018 target for KPI 12b ([GF/B38/DPO8](#)), noting that the target will be reviewed in Q1 2018;
 - b. Approved targets for KPI 3, 6a, 6b, 6e ([GF/B38/DPO8](#)), noting that target setting for KPI 6a iii) (Administrative lead time) will be postponed until baseline data becomes available.

Agenda Items 10: Update from the Inspector General

59. Presentation. The AFC leadership gave introductory remarks, recognizing (1) the key role of the OIG's work in identifying opportunities for improvement and impact across the partnership; (2) the new OIG reporting format and balanced messaging to all stakeholders; and (3) the Secretariat's dedication to responding to agreed management actions ('AMAs') and thematic observations from the OIG. The Inspector General observed the programmatic results achieved despite challenging operating environments. Challenges remain, with key strategic themes as follows: effective implementation of RSSH, balancing financial and programmatic assurance, quality of services, Procurement/Supply Chain, and monitoring grant performance.
60. Board discussion. Constituencies welcomed the report and the audits and reviews planned for 2018. The Board commended the significant progress at country and Secretariat level, particularly in management of financial and fiduciary risk, recognizing the link between organizational maturity and sustaining donor confidence in the Global Fund and its ability to use resources for greatest impact.
61. Reflecting on the key themes of the OIG progress report, constituency commentary covered the following:
- a. Balancing programmatic and financial assurance. Constituencies supported the need for a balanced approach to assurance. Robust fiduciary controls are critical but should not be a barrier to programmatic delivery. One constituency commented on the need for agility in applying or reducing additional safeguards. Constituencies asked about the management of challenges relating to programmatic assurance, including data collection and weak monitoring and evaluation, and on risk appetite as a means for evaluating competing risks in the portfolio.
 - b. Quality of services and Supply Chain. The programmatic impact of weaknesses in quality of services and supply chain is of concern. Mechanisms to support access, adherence and patient retention should be a priority. Suggested measures included enhanced focus on community-led systems, improved linkages between CCMs, PRs and national structures, quality assurance and systems for management of health products, and innovations in laboratory testing to improve diagnostic quality.
 - c. Resilient and Sustainable Systems for Health (RSSH). The lack of implementation for RSSH is of concern, with information sought regarding planned improvements to implementation capacity.
 - d. Human Rights and Crisis Response. Collaboration with the Community, Rights and Gender ('CRG') department is necessary to develop a Crisis Response policy.
 - e. Coordination. Certain cross-cutting themes, e.g. RSSH, will be reviewed by multiple bodies (OIG, Technical Evaluation Reference Group), requiring effective coordination.
 - f. Speak Out Now campaign. If the campaign should require strengthening, evidence-based alternatives should be sought, including mechanisms to engage civil society at country level.

- g. Private Sector support. The Private Sector constituency reiterated an offer of support to the Secretariat and countries in the domain of equipment and technology expertise.
 - h. Overall assurance. One constituency noted interest in how the OIG can provide overall assurance on the Global Fund's work, with a focus on the links between spend, programs, results and country outcomes.
62. Constituencies welcomed the partial recovery of funds from Nigeria,⁵ and called for information regarding the approach to recover outstanding funds.
63. OIG response. The Inspector General noted the following:
- a. Balancing assurance. Robust financial controls remain critical. At the same time, we need solutions to implementation bottlenecks, and sustainable approaches to build capacity, ultimately reducing the need for overly burdensome control mechanisms.
 - b. Support for work on risk appetite, will enable informed choices and alignment of understanding between stakeholders on risk matters, calibration of assurance, and assurance to the Board as to whether the organization is operating within Board-approved risk appetite.
 - c. Implementation delays. Capacity issues are a root cause, including at the grant planning stage. Systemic challenges should be reviewed holistically, for example, in-country procurement.
 - d. Human rights. OIG will work closely with the CRG Department on an approach to crisis response to human rights issues, enabling consideration of response to broad issues beyond direct allegations or contravention of Global Fund grant agreement provisions.
 - e. Audit of in-country assurance. The audit is near completion. Key themes include linkages between a clear risk appetite and quality of assurance, observations on balancing programmatic and financial assurance, and the need for clarification of mandates for the various assurance providers.
64. Secretariat response. Mr Mark Edington, Head, Grant Management, emphasized the significant scale-up in programmatic results, recognizing extensive cooperation with partners including PEPFAR and PMI. In addition, he noted:
- a. Continued focus on quality of services and challenges relating to programmatic assurance;
 - b. The work on risk appetite work is critical to assessing the balance between financial and programmatic assurance;
 - c. Funding requests include costed modules and a performance framework in order to clearly link spending with programmatic results;
 - d. Existing AMAs address both country-specific issues and the thematic issues raised in the OIG's progress report;
 - e. The Operational Risk Committee ("ORC") routinely reviews additional safeguards. There is a need to consider not only capacity and skills, but cultural barriers to compliance with requirements;
 - f. Efforts to recover outstanding funds from Nigeria remain a priority, and there is full cooperation from the Honorable Minister of Health.
65. The Interim Executive Director welcomed the Board's focus on a balanced approach to programmatic and financial assurance, and noted progress along the organizational maturity scale, with significant improvements to business processes implemented within the operating expenses budget ceiling. Lastly, Dr Wijnroks underlined the role of partnership in addressing complex programmatic challenges.

⁵ Recoveries Report, document [GF/B38/17](#).

Agenda Item 11: Policy to Combat Fraud and Corruption

66. Presentation. The EGC Chair and Ethics Officer (EO) presented the Policy to Combat Fraud and Corruption (CFC) for Board decision. The EO explained that the purpose of the Policy is to set a strong tone at the top and to establish that corruption is a mission risk. The Policy implies an overarching framework that touches on programmatic, fiduciary and supply chain risks. It will simplify and create a consistent set of definitions based on international best practice. Once the Policy is approved, the Secretariat will take an evolutionary approach to implementing the Policy. It will strengthen focus on proactive prevention and deterrence. The approach will evolve consistently with the risk appetite initiative.
67. The EO addressed the fact that the EGC received a number of questions on the exceptions provision included in the proposed decision point (DP) over the course of the Board meeting. He explained that the DP and cover paper have been adjusted in response to these concerns and that the purpose of the exceptions provision is to enable operationalization of the Policy. He emphasized that the provision expires once a broader framework for handling policy exceptions is put forward.
68. Board discussion. The Board expressed no concerns about the CFC Policy itself. The discussion focused primarily on the exceptions provision of the DP.
- One constituency requested putting on record that Para. 3 of the proposed DP refers specifically to paragraphs 14 and 15 of the cover paper; and that the framework referred to in Para. 5 of the DP refers to a broader framework for exceptions, beyond the original scope discussed in relation to the World Bank. The Board member explained that otherwise, his constituency supports the Policy.
 - One constituency made a friendly proposal to the DP which was voted on and unanimously approved.
 - One constituency expressed concern that the existence of an exceptions provision in the decision point is not consistent with the principle of zero tolerance for corruption,
 - Several constituencies voiced concern that the exceptions provision was not consulted with them and asked how the Policy and DP will impact the single audit principle.
69. The IG Input. The IG emphasized that nothing in the Policy or DP affects OIG's access rights or how OIG will manage access rights issues.
70. Secretariat response. General Counsel confirmed that a broader framework will be undertaken to deal with exceptions to policies in general and he confirmed that the single audit principle stays intact. He also emphasized that exceptions are never intended to undermine the fundamental principles of a policy, but are rather intended to facilitate the Policy's operationalization.
71. Decision Point and conclusions. The Board:
- Unanimously voted to approve the friendly amendment to the DP
 - Approved the CFC Policy ([GF/B38/DP09](#)) (Annex 4 to [GF/B38/06](#)).

Agenda Item 12: Briefing from the Audit and Finance Committee on key initiatives for future Board Input and Decision

72. The Audit and Finance Committee (AFC) leadership, Mr Greg Ferrante and Ms Beatrijs Stickers, briefed the Board on a number of key AFC priorities for 2018. These are as follows:
- Improving value for money in operations and investments, in partnership with the Strategy Committee (SC) and Secretariat, to strengthen oversight by better linking financial and performance data;
 - Strengthening risk management and supporting the Secretariat to reach the 'embedded' state of maturity in risk management within the next 18 months;

- c. Enhancing OIG Assurance;
 - d. Supporting resource mobilization efforts;
 - e. Oversight of financial performance;
73. The AFC leadership commended the commitment of Grant Management, Risk Management and the Office of Inspector General (OIG) for their work. The AFC Chair noted that advancing risk appetite is a critical step and having more targeted conversations about trade-offs between financial and programmatic risk and follow up at country level will be crucial. Partnership with the Technical Review Panel ('TRP') was another welcome source of input around risk appetite.
74. Continued attention to OIG reports and ways forward for AFC work plan were highlighted. Strengthening of processes at the Secretariat in grant management, risk management, and the follow up to the OIG reports were noted. As an embedded state of risk management is reached in 2018, the AFC will seek Board guidance on re-evaluating the three lines of defence model and assurance.
75. The AFC continues to focus on resource mobilisation, monitors preparations for the sixth replenishment and will be closely engaged throughout 2018 on the replenishment strategy development and narrative. The adaptations to the Board's structure to welcome new donors is very welcome in that respect.
76. The AFC leadership invited continued input and guidance from the Board on Innovative Financing related to the Sustainability, Transition and Co-financing ('STC') policy. The AFC regards the framework as sufficiently robust to proceed, and have ascertained that it has been applied conscientiously to the transactions that are under development. The AFC will continue to look at new blended finance models and will seek Board guidance when this evolves into a standing policy.
77. On financial performance oversight a number of key performance areas were reviewed by the AFC such as the IT strategy and Local Fund Agent ('LFA') performance. The AFC has scrutinised the change in LFA procurement modalities and endorsed the criteria that are being proposed in the decision point which to be presented shortly after the Board meeting. The AFC also focused on overseeing the work on the insurance area, and expects a decision on this topic towards the end of 2018.

Board discussion

78. Loan Buy-Down.

- a. The Board expressed support for loan buy-downs while emphasising the need to fully understand the potential risks and impacts of such mechanisms. The development of an evaluation framework was requested by a number of constituencies, including an independent assessment of debt sustainability, to encourage careful documentation and independent analysis of lessons learned and outcomes. Strong Board ownership on the processes and approval of introduction of any blended finance and loan buy-down was underlined. One delegation requested to dedicate sufficient time at the next Board Meeting agenda to discuss the topic, while another inquired if innovative financing mechanisms are tied with performance-based financing where specific impacts and outcomes are required in order to be eligible. Others asked about the timing for when the finalized framework would be brought to the Board for decision.
- b. One constituency highlighted the restricted, limited and content-specific nature of these mechanisms, emphasising the Global Fund's primary finance disbursement mechanism will remain through grant making.
- c. Greater alignment of the Global Fund's key principles like country ownership and transparency with the broader guiding principles being developed for blended finance through and by other

partners was urged, alongside consideration of how these mechanisms will align with normal grant making processes.

- d. Early CCM engagement and inclusion in decision-making process was requested. Attention to human rights issues and the protection of vulnerable and marginalised population were called for. It was asked how civil societies would be engaged in the development of this framework. Clarity was sought on options for inclusion of specific conditions in these agreements, as appropriate to the needs of the people and contexts they are designed to serve, including enforcement of principles around access to services and reducing out-of-pocket expenditures.
- e. Request for a further discussion on the transaction costs associated with these initiatives was made.
- f. An inquiry on the expertise and capacity needed at the Secretariat and committees was made.

79. Financial performance. One constituency underscored the importance of having programmatic and financial data to be able to analyse co-efficiencies and the performance of grants, and maybe take a new approach on resource distribution and asked how existing data can be better communicated to the Board to ensure appropriate oversight.

80. Risk:

- a. Concern over the proposals not to consider human rights and gender, transition and drug resistance in the risk appetite framework was expressed and a request was made for inclusion. The risk register on human rights and gender must be improved or updated, and if possible, revisited at the next Strategy Committee meeting in Q1 2018.
- b. The need for balance between developing a framework and operationalizing it was underlined. Building on lessons learned from partner organizations, such as Gavi, was suggested.
- c. Considerable consultations at Board level are necessary to socialise the risk appetite framework, stronger OIG assurance was highlighted in order obtain stronger reports. Role of the AFC in risk oversight and discussion at the committee level of audit reports will help in identifying themes and issues that the Secretariat need to focus on to promote risk management.
- d. Concern was expressed over the current risk oversight structure, which splits the responsibility for risk management across the three Standing Committees. One constituency called for attention to supply chain management, and emphasised the importance of addressing drug resistance.
- e. The need for an overall framework for managing grants in high-risk environments, which enables the Global Fund to deal with emergencies was underscored.
- f. One constituency sought clarification on which of three Committees takes a lead on 'communications', underlining that crisis communications capacity is extremely important for the Global Fund.

81. In response to the Board's comments, the AFC leadership provided the following response:

- a. Sustainability of the loan buy-down framework. The AFC leadership clarified that the current proposal is to use some of the established measures by the IMF to evaluate sustainability.
- b. CCM involvement in loan buy-downs. The Board was assured that CCMs will be involved in the process as investments would come through them and they would be providing oversight.
- c. Risk appetite. Consulting with Gavi on ways of coordination and building on lessons learned was welcomed. The risk appetite conversation is a learning experience which requires extensive discussion at the Board level in order to achieve alignment.
- d. Role of the AFC in overseeing OIG audit reports. The AFC approves the OIG workplan, and reviews draft reports as part of the engagement process. The AFC reflects on the results looking at the cross-cutting themes across the reports and brings appropriate focus to the core underlying issues.
- e. Agreed Management Actions ('AMAs'). The AFC receives regular reporting on the topic and has a deep-dive into outstanding ones, particularly the long over-due ones, at least once a year. The

Secretariat provides the AFC with the rationale on why they are overdue, which is usually for programmatic reasons.

- f. Development of loan buy-downs framework. The AFC leadership welcomes guidance from the Board on this and further reiterated its commitment to address any concerns/input expressed by non-represented constituencies at the committee level.
- g. Evaluation process and timing of Board approval of loan buy-downs. The AFC will engage further with the Secretariat on developing this process, which will then be brought to the Committee. Bringing the decision to the Board will happen once the framework has been tested, improved and matured enough, or if there is a reason to substantially expand the number of transactions.
- h. Leveraging additional resources from countries through loan buy-downs. The AFC leadership clarified that this is often a key part of the rationale, with existing conditionality on programmatic performance.
- i. Human rights and risk management. The constituency which expressed concern over human rights was invited to provide further input on what should be improved for incorporation into the document. Furthermore, the AFC leadership reiterated that human rights and gender, drug resistance and transition will be part of the risk appetite work going forward. Concerns on these issues will be addressed as part of the AFC agenda.
- j. Cross-cutting risk oversight. The organization's risk management has twenty two areas assigned explicitly to the Committees according to their mandates. The AFC has the lead coordinating role on risk management, however some areas are still pending a decision, such as 'communications'.
- k. Adequate expertise for loan buy-down investments. Discussion has taken place with the Secretariat and with the TRP on whether there is adequate experience and expertise to fully evaluate the transactions. The AFC leadership concluded that for the scale, size and type of investments that are currently envisioned, the existing process is appropriately resourced and right-sized.
- l. Programmatic and financial data. The Board was informed that the AFC is seeking to make a more consistent linkage of programmatic and financial data, to OPEX and to the strategy implementation.

Agenda Item 13: Briefing from the Ethics and Governance Committee on key initiatives for future Board Input and Decision

82. The Ethics and Governance Committee (EGC) leadership presented an [update on the priority areas](#) of the Committee's work, grouped under the following themes: embedding an ethical culture, strengthening Global Fund governance, optimizing leadership performance, and addressing risk management and compliance. The presentation updated the Board on work completed and noted upcoming electronic decision points to adopt an Honorarium Framework and to approve a Guideline for the Performance Assessment of Board Direct Reports. Finally, EGC leadership highlighted items for Board attention in the next six months. Specifically, the EGC Chair outlined the next steps for the development of a proposal on CCM evolution, and the EGC Vice-Chair presented three options to strengthen the Board Leadership selection process, for Board input. The EGC leadership also presented the Governance Action Plan (GAP, [GF/EGCo5/13](#)) as a planning and monitoring tool to coordinate and prioritise the response to the 2017 OIG Advisory Review and Governance Performance Assessment outcomes.

83. In response, the Board made the following comments:

- a. Board Leadership: the Board welcomed the progress. For strengthening the Board Leadership Selection Process, with a number of Board constituencies expressed their support for the creation of a unified process for selecting board leadership ([GF/B38/22](#)). Key amendments suggested by some Board Members included: change the name of Chair and Vice-Chair to Co-Chair to reflect the unified process, review of the Board Leadership TORs with increased focus

on the complementarity of both roles, and more involved engagement of the Governance Focal Points.

- b. Privileges and Immunities (P&I). One constituency noted limited progress and requested that this is prioritized.

Country Coordinating Mechanisms (CCMs)

84. CCM Evolution. The Board acknowledged the excellent work done on CCMs and the regional consultation process. More clarity and coherence has been requested on inter-committee ways of working on cross-cutting areas.

- a. On resource mobilization. Several constituencies disagreed on funding the CCMs through country allocations. A recommendation was made to explore core financing of CCMs through health sector financing by countries on a case by case basis. Additionally, constituencies requested that sufficient human and financial resources be made available to support the engagement of communities and civil society.
- b. Membership and composition. The importance of increasing accountability was highlighted, including that of civil society and key populations (KPs). Generally, constituencies requested that more in depth and qualitative analysis be conducted on CCM membership and composition. On composition, the Board called for disaggregated data on the entities that are represented on CCMs, specifically with regards to the 40% of non-government representation. The Board underlined the crucial role that KPs play on CCMs, and suggested to put in place a technical advisory group in order to help in those CCMs in countries where it is challenging to address controversial issues. Concerns were voiced with regards to the idea of integrating CCMs into the broader health sector within governments, as it could prove difficult for KPs to engage meaningfully. There was general encouragement to ensure representation of women, girls and youth within the CCM system. Constituencies also requested strengthening the role of bilateral agencies where possible, to reinforce discussion and the development of activities for CCMs by providing their expertise and networks.
- c. The following three recommendations were made to reinforce the CCM Evolution Project:
 - i. The three maturity levels should be aligned with the Global Fund strategy objectives, with an emphasis given to RSSH, human rights and gender. Therefore new minimum standards of CCM performance should be defined;
 - ii. Encourage measures to foster or establish systemic linkages of CCMs to other national bodies and health platforms across all maturity and differentiation levels; and
 - iii. The importance for CCMs to comment on the Board's interventions prior the standing committee meetings in March, in order to encourage country ownership.
- d. The importance of the role of CCMs to engage with civil society and KPs was highlighted, particularly in the context of the business model. The Board recommended that CCMs should be embedded in national health structures while ensuring that civil society and KPs can remain engaged. Best practice should be widely communicated across all CCMs.

85. CCM Evolution Project. Constituencies flagged the importance of the effective oversight role of CCMs. Constituencies emphasized that outcomes from the evolution project should enable the Secretariat to provide appropriate support to CCMs. In addition, it is important to provide clear and transparent information that is accessible to CCMs, as well as to the committees and the partners on the ground. Additionally, the Secretariat was requested to:

- a. Provide further information on the planned methodology of analysis of CCMs options based on cost effectiveness.
- b. Actively provide data to the CCMs, particularly on absorption capacity.
- c. To have clear and differentiated guidelines for each type of CCM (i.e. national, multi-national, regional), and that funding be directly linked to the size of CCMs.

86. Transition: A continued conversation on CCMs in transition countries was encouraged. It is critical to have a differentiated approach for these CCMs, with different oversight tools, to ensure sustainability.

Response from the Independent Member of the Ethics and Governance Committee (EGC)

87. The Independent member of the EGC thanked the Board for its active participation and guidance in reviewing the Board Leadership Selection Process. She emphasized the EGC role to review selection processes and identify lessons learned. With respect to Board culture, Ms Dubinsky confirmed that further deliberations on the common definition will take place during the EGC Meeting in March 2018.

Response from the EGC leadership

88. On CCMs, the EGC Vice-Chair confirmed the Secretariat's ongoing work. He noted that the CCM remains a cross-cutting issue, but with the EGC as the lead committee. The EGC leadership informed the Board about the two objectives on Privileges and Immunities (P&I): (a) ratification of the P&I agreement, and (b) increase the number of countries that grant P&I. The EGC leadership echoed the call on granting privileges and immunities and agreed that the Board and the Secretariat should engage with implementing countries.

89. Next steps:

- a. Embedding an Ethical Culture:
 - i. The Code of Conduct for CCMs will be brought forward for EGC review and Board's approval in May 2018.
- b. Strengthening Global Fund Governance:
 - i. Committee Performance Assessments will be launched after the 38th Board Meeting in November 2017;
 - ii. The Global Fund Honorarium Framework will be sent to the Board for approval through Electronic Decision Point (EDP);
 - iii. Board Leadership Selection Process: A proposal will be discussed at the EGC Meeting in March 2018, for recommendation to the Board in May 2018.
- c. CCM evolution:
 - i. Continuation of the phone interviews and teleconferences with individual Board Members;
 - ii. In March 2018 the Secretariat will seek the EGC guidance on different scenarios for CCM Evolution;
- d. Privileges and Immunities (P&I):
 - i. The Secretariat will engage with the Board and EGC leaderships to discuss various options related to the Privileges and Immunities Advisory Group (PIAG);
 - ii. The Secretariat will focus its efforts on target countries to obtain two additional ratifications for the P&I Agreement to enter into force;
 - iii. The Secretariat will remind countries of the contractual obligation they agreed to in the grant documentation to take all appropriate and necessary actions to ensure that the Global Fund is accorded with P&Is;
- e. Optimizing Leadership Performance, December 2017:
 - i. Appointment of the Committee Chairs and Vice-Chairs, through electronic decision point;
 - ii. Annual Performance Assessment of Board direct reports, through electronic decision point;
 - iii. In January 2018, the Selection Process for Committee Members (2018-2020) will be launched.

Agenda Item 14: Briefing from the Strategy Committee on key initiatives for future Board Input and Decision

90. The Leadership of the Strategy Committee provided an overview of the Committees' work sub-divided into the four main areas overseen by the SC – strategy oversight, policy development/revision, oversight of independent bodies (TERG and TRP), and monitoring - indicating those already reviewed and any decisions taken by the Committee to date. SC Vice-Chair Julia Martin provided more detail on areas coming to the Committee's final, March 2018 meeting. These included:

- a. Prioritization of RSSH activities within grants -WHO, bilateral partners, and the Secretariat will review the focus of RSSH funding requests in high-impact countries, with a parallel review of bilateral investments in those same countries which will help to identify gaps and the potential programmatic risk of not achieving planned outcomes.
- b. Monitoring/program impact. The focus will be on investments and whether the 2014-2016 results are what was expected. In addition, the TERG will implement 3-5 thematic reviews for 2018, as well as the prospective country evaluations.
- c. Policy Review/development – three main areas: countries in crisis, risk appetite, and eligibility.
 - i. An informal working group of the Strategy Committee will look at how best the Global Fund can engage and support ineligible countries in crisis. It was noted that the Global Fund has not articulated the types of situations when the Board could consider supporting ineligible countries.
 - ii. On risk, discussion will continue on whether a defined risk appetite is needed for the three programmatic risks for which there is currently no agreed appetite – human rights and gender inequality, transition, and drug and insecticide resistance.
 - iii. The third area, the eligibility policy, has been under review since March 2017. The SC is examining the rigor and appropriateness of the determinants of eligibility. The Committee is reviewing several elements, including the burden metrics for determining eligibility for upper-middle income countries, which has benefited from input from technical partners, to determine any necessary revisions. These would then be brought to the Board in May 2018.

91. In response, the Board made the following comments:

- a. Eligibility: constituencies noted the need for flexibility in the policy to ensure funding to all countries that need it, particularly those facing resurgences of HIV, such as in Eastern Europe/Central Asia and Eastern Mediterranean Regions, and the growth of TB and MDR/TB incidence in regions with mostly upper middle income countries. National governments do not always step in to fill funding gaps following transition from the Global Fund, and some constituencies noted the need to allow for limited funding for civil society in such contexts.
- b. More than one constituency expressed satisfaction with the current policy, noting that it was created based on extensive discussion and debate, with the criteria of high disease burden, and ability to pay still seen as the best criteria to maintain focus on high burden and high impact countries. Changing the policy should not be considered without in-depth analysis and good data. Countries with emerging health crises should be managed outside the policy.
- c. Some asked that UMICs with high levels of poverty and out-of-pocket expenses should be considered. Revision of the G20 rule was raised, so as to allow currently eligible G20 countries with high disease burden to remain eligible, in the event they transition into a higher income classification. Indonesia was mentioned, as it could become ineligible at the end of this, despite its high disease burden. One constituency highlighted the importance of encouraging the UMICs in transition to encourage greater domestic resource mobilization to health sector in order that smooth graduation from the Global Fund be achieved.

- d. A more nuanced approach to assessing country economic capacity was raised. Not all UMIC's are the same, and some governments are not prioritizing health expenditure.
- e. Some noted the complexity of the issue, both technically and politically, and the link to resource mobilization. It is also directly linked to the Strategic Objective of focusing on highest burden countries with the lowest economic capacity and on key and vulnerable populations. Some felt that the current policy indicators do not accurately reflect the needs of key populations. To avoid resurgence clear criteria are needed, as well as when the Global Fund should consider an additional period of transition funding.

Response from the SC leadership

- a. The Board was thanked for its feedback and was assured that the complex inter-relationship of eligibility policy components, and the implications of revisions, were being looked at in detail. However, the Committee was leaning towards minimal modifications, including revising the TB burden metric to incidence rate and proportion of drug resistance and the development of an additional metric for malaria to measure resurgence.

Next Steps

Eligibility

- i. The Strategy Committee will recommend a revised policy to the Board in May 2018, following discussions at the March 2018 meeting. The Vice Chair confirmed that the working group on countries in crisis would report back on its findings to the Committee in March.

HIV Prevention

- ii. Finally, on HIV Prevention, the Vice Chair clarified that the deep dive in March would follow the five pillars set out by the Global Coalition on Prevention, with input from PAHO, and would look at investment from the Global Fund and bilateral partners to provide a complete picture.

Agenda Item 15: Close of Board Meeting

- 92. The Head of the Office of Board Affairs presented the high-level Board work plan for 2018 and informed the Board about the upcoming electronic decision points for approval. These include selection of the Committee Chairs and Vice-Chairs, approval of the honorarium framework, the AFC recommendation on Local Fund Agent procurement, assessment of the Board direct reports and the decision on location of the next Board meeting.
- 93. In her closing remarks, the Board Chair expressed her gratitude for the commitment and dedicated service of outgoing Board members, Mr Owen Ryan, Ambassador Michèle Bocoz and Dr Kesetebirhan Admasu. She further thanked the leadership of the Committees, the Office of Board Affairs, the Institutional Legal Team, the Events Team, the Secretariat staff, the hotel staff and the interpreters, and expressed her deep gratitude to Dr Marijke Wijnroks for her valuable contribution to the Global Fund. Lastly, the Chair thanked all participants for their discipline and expressed her hope for continuation of this positive change.

Annex 1. Decisions Taken at the 38th Board Meeting

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
GF/B38/DPo1	Appointment of Rapporteur Mr. Rico Gustav from the Communities constituency is designated as Rapporteur for the 38th Board Meeting.	Unanimous		
GF/B38/DPo2	Approval of Agenda The agenda for the 38th Board Meeting (GF/B38/01) is approved.	Unanimous		
GF/B38/DPo3	Appointment of the Executive Director The Board appoints Peter Sands to serve as the next Executive Director of the Global Fund for a four-year term.	Canada Switzerland Australia, Communities, European Commission/ Belgium/Italy, Portugal/ Spain, France, Germany, Japan, Private Foundations, Private Sector, Point 7, UK, Developed NGOs, EMR, Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR	USA	

GF/B38/DPo4	<p>Recognition of Dr. Marijke Wijnroks</p> <p>The Board wishes to sincerely thank Dr. Marijke Wijnroks for her leadership of the Global Fund as Interim Executive Director.</p> <p>Dr. Wijnroks has led the Secretariat's work to begin implementing the Global Fund Strategy 2017-2022, while overseeing a tremendous volume of grant-making and also inspiring colleagues to continue innovative work that is focused on achieving impact. The Board extends its gratitude for Dr. Wijnroks' ongoing work to prepare for the arrival of the incoming Executive Director, paving the way for the new leader to move forward with a strong and committed team.</p> <p>The Board commends Dr. Wijnroks for her longstanding dedication and contribution to the Global Fund. Prior to her leadership as Interim Executive Director, Dr. Wijnroks served as Board Member for the Point 7 constituency, and as Chief of Staff from 2013 to 2017. Throughout this time, her passion for the organization's mission, her commitment to those most in need of advocacy and support, and her unwavering optimism have inspired many.</p> <p>The Board wishes Dr. Wijnroks continued success in all endeavours.</p>	Unanimous		
GF/B38/DPo5	<p>Integration of Additional Public Donors into the Global Fund Governance Structure and Amendment of the Global Fund Bylaws</p> <p>Based on the recommendation of the Ethics and Governance Committee, the Board:</p> <ol style="list-style-type: none"> 1. Amends Article 7.1 of the Global Fund Bylaws by deleting the text which states "One Swiss citizen with his or her domicile in Switzerland authorized to act on behalf of the Global Fund to the extent required by Swiss law; and", and replacing it with the following text: "One representative of the public donors which are not part of a voting donor constituency but have each pledged a contribution of at least \$10 million in the current replenishment cycle; and"; 2. Requests that the Secretariat invite the public donors included in the group which are not part of a voting donor constituency but have each pledged a contribution of at least \$10 million in the current replenishment cycle to join this new non-voting Board constituency and develop a process for selecting its Board representation in accordance with the Bylaws and the Operating Procedures of the Board and Committees of the Global Fund; and 3. Requests the Donor Voting Group report at the 39th meeting of the Global Fund Board on its revised process for public donor seat allocation, which will ensure that new public donors, who commit to the principles in the Framework Document of the Global Fund and contribute/pledge more than a defined threshold amount for two consecutive replenishment periods, will be integrated into a voting public donor constituency. 	Unanimous		

GF/B38/DPo6	<p>2018 Corporate Work Plan and Budget Narrative and the 2018 Operating Expenses Budget</p> <p>Based on the recommendation of the Audit and Finance Committee, the Board approves the following:</p> <ol style="list-style-type: none"> 1. 2018 Corporate Work Plan and Budget Narrative, as set forth in GF/B38/04B; and 2. 2018 Operating Expenses Budget in the amount of up to USD 312.0 million, as set forth in GF/B38/04A-Revision 1 (the “2018 OPEX Budget”), which includes USD 15.92 million for the Office of the Inspector General’s 2018 operating expenses and up to USD 12.0 million as exceptional, one-off impact of the Global Health Campus infrastructure investment. <p>However, the Board reaffirms the agreement that the total operating expenses over the 2017-2019 period will remain within USD 900.0 million and requires that the Secretariat undertake a comprehensive review of both the operating expense budget for 2019 and the operating expenses required to meet the Global Fund’s strategic objectives, in connection with the presentation of the 2019 operating expense budget.</p>	Unanimous		
GF/B38/DPo7	<p>Resource Mobilization Action Plan 2018-2019</p> <ol style="list-style-type: none"> 1. The Board acknowledges the update on resource mobilization (GF/B38/19), and in that context, the Global Fund’s Sixth Replenishment as a key strategic priority. 2. The Board requests its new Executive Director to develop a framework for a Resource Mobilization Action Plan (2018-2019), in consultation with partners and the Audit and Finance Committee, for the 39th Board meeting, followed by a detailed and fully costed plan to the relevant Committees in June 2018. 	Unanimous		

GF/B38/DPo8	<p>Targets for Key Performance Indicators 3, 6a, 6b, 6e and 12b</p> <ol style="list-style-type: none"> Based on the recommendation of the Audit and Finance Committee contained in GF/AFCo5/DPo1, the Board approves the 2018 performance target for Key Performance Indicator 12b as presented in GF/B38/05A and notes the review of the 2018 target planned for Q1 2018. Based on the recommendation of the Strategy Committee contained in GF/SCo5/DPo4, the Board: <ol style="list-style-type: none"> Approves the performance targets for Key Performance Indicators 3, 6a i, 6a ii, 6b and 6e as presented in GF/B38/05A; and Agrees to postpone its review and approval of the performance target for Key Performance Indicator 6a iii, until such time as a baseline is available. <p>This decision has no budgetary implications.</p>	Canada Switzerland Australia, Communities, European Commission/ Belgium/Italy, Portugal/ Spain, France, Germany, Japan, Private Sector, Point 7, UK, USA, Developed NGOs, EMR, Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR		Private Founda- tions
GF/B38/DPo9	<p>Approval of Policy to Combat Fraud and Corruption</p> <ol style="list-style-type: none"> Based on the recommendation of the Ethics and Governance Committee, the Board approves the Global Fund Policy to Combat Fraud and Corruption as set forth in Annex 4 to GF/B38/06 – Revision 2; The Board directs the Executive Director to develop an implementation plan, and to periodically report to the Board through the Ethics and Governance Committee on its implementation of the Policy to Combat Fraud and Corruption, as part of regular updates pursuant to the Ethics and Integrity Framework; Consistent with his/her authority to implement the Policy to Combat Fraud and Corruption, the Executive Director shall have delegated authority to approve exceptions to the Policy. This provision does not apply to access rights of the Office of the Inspector General for which the Inspector General shall have such delegated authority; and 	Canada Switzerland Australia, European Commission/ Belgium/Italy, Portugal/ Spain, France, Germany, Japan, Private Foundations, Private Sector, Point 7, UK, USA,		Communi- ties

	<p>4. The Board further directs that appropriate and regular reporting be made by the Executive Director and Inspector General to the Ethics and Governance Committee or the Audit and Finance Committee on the exercise of the authority delegated under paragraph 3 of this Decision Point; and</p> <p>5. The authority delegated to the Executive Director and the Inspector General, as the case may be, under paragraph 3 of this Decision Point expires at the moment when the Board has adopted the framework the Board has requested the Secretariat to develop in GF/B37/DPO7.</p> <p>Budgetary implications not applicable</p>	<p>Developed NGOs, EMR, Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR</p>		
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Annex 2. 38th Board Meeting Documents List

Reference	Document Title
For Decision	
GF/B38/01	38 th Board Meeting Agenda
GF/B38/02	Appointment of the Executive Director of the Global Fund
GF/B38/03	Proposal to Integrate additional Public Donors into the Global Fund - Governance Structure – Revision 1
GF/B38/04A	2018 Operating Expenses Budget – Revision 1
GF/B38/04B	2018 Corporate Work Plan
GF/B38/05A&B	Strategic KPI Framework: Performance targets for KPIs 3, 6a, 6b, 6e and 12
GF/B38/06	Policy to Combat Fraud and Corruption – Revision 2
GF/B38/07	Reference not used
For Information	
GF/B38/08	Annual Report of the Interim Executive Director
GF/B38/09	Office of the Inspector General Progress Report
GF/B38/10	Office of the Inspector General Agreed Management Actions Report
Strategy Development	
GF/B38/11	Implementation of the 2017-2022 Strategy
GF/B38/12	Report of the Technical Review Panel
GF/B38/13	Report of the Technical Evaluation Reference Group
Governance Oversight	
GF/B38/14	Report of the Coordinating Group
GF/B38/15	Annual Report on Privileges and Immunities
GF/B38/16	Annual Report on Status of Implementation of Board Decisions
Commitment of Financial Resources	
GF/B38/17	Recoveries Report
Assessment of Organizational Performance	
GF/B38/24	Update on Performance against Key Performance Indicators
Risk Management	
GF/B38/18	Risk Management Report
Resource Mobilization	
GF/B38/19	Resource Mobilization Action Plan: status update

Supplementary Documents and Background Reading Materials
In support of Pre-Day discussions and further reading

Reference	Document Title
Strategy Development	
GF/B38/20	Revising the Global Fund Eligibility Policy
GF/B38/21	Evolving Country Coordinating Mechanisms to align with the Global Fund Strategy
GF/SC05/04	<i>Strategy Implementation Deep Dive: Human Rights and Gender</i>
GF/SC03/04	<i>Strategy Implementation Deep Dive: Sustainability, Transition and Co-Financing</i>
GF/SC04/06	<i>Strategy Implementation Deep Dive: Building Resilient and Sustainable Systems for Health</i>
Commitment of Financial Resources	
GF/AFC05/06 – Rev 1	<i>Updated Framework for Joint Investments in Blended Finance Mechanisms (Loan Buy-downs)</i>
Governance Oversight	
GF/B38/22	Strengthening the Board Leadership Selection Process
Risk Management	
GF/B38/23	Advancing Risk Appetite

Annex 3. Glossary of Acronyms

AFC Audit and Finance Committee

AGYW Adolescent Girls and Young Women

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

GFF Global Financing Facility

GHC Global Health Campus

HSS health systems strengthening

KPI key performance indicator

STC Sustainability, Transition and Co-financing Policy

OIG Office of the Inspector General

OPEX operating expenses

PEPFAR The President's Emergency Plan For AIDS Relief

PMI President's Malaria Initiative

PMTCT Prevention of mother-to-child transmission

RSSH Resilient and Sustainable Systems for Health

SDGs Sustainable Development Goals

SC Strategy Committee

TERG Technical Evaluation Reference Group

TRP Technical Review Panel

UQD Unfunded Quality Demand

WHO World Health Organization

Annex 4. High-Level Summary of Discussions held on the Pre-Board Day

Risk Management Report & Risk Appetite Framework

1. Objective. The objective of this session was to inform the Board of the significant work performed to develop the Risk Appetite Framework through consultation within the Secretariat and the committees, while continuing to solicit constituency input in order to consolidate and finalize the framework, and present a decision point on Risk Appetite to the Board in May 2018.
2. Key themes. In his presentation, the Chief Risk Officer (CRO) presented the Board with a definition of risk appetite, delved into the current risk management framework and its relation to supporting grant objectives, and explained adapting risk appetite approach to the Global Fund context. Key aspects of the Risk Appetite Framework, and how it would drive decision making with illustrative examples were also provided⁶.
3. The CRO, together with the Head of Grant Management Division underlined that having a well-documented and operationalized risk appetite will enable the Secretariat to be better informed, and be more confident in taking appropriate levels of risks to achieve the objectives of the organization. They also noted that the greatest risks in mission-critical countries often tend to be systemic in nature and require significant investment and time to mitigate.
4. A number of constituencies requested the Secretariat to pay close attention to important topics that are listed in the Organizational Risk Register (ORR), but are nonetheless not included in the Risk Appetite Framework, such as Human Rights and disease resistance. Inquiries were made on how the Secretariat measures country maturity level and political volatility. An inquiry on the applicability of the Risk Appetite Framework to regional grants was also made. In response, the Secretariat assured the Board that the organization's risk appetite on Human Rights is low even if this topic is not included in the framework. Furthermore, when Human Rights issues are reported, they are escalated to management immediately and are dealt with through the Crisis Communication Committee. On measuring countries' maturity level, it was noted that an internal methodology exists for certain risks and is being developed for others, which assesses the state of basic facilities infrastructure in countries to determine their maturity level. On measuring geo-political uncertainty, the Secretariat noted that due to the link between this particular risk and reputational risks, this topic is addressed at the senior management level. On the applicability of the Risk Appetite Framework to regional grants, the Board was informed that the framework will remain the same but would be applied with certain level of adaptations.
5. Next steps. Further consultations to take place in the lead to the 39th Board meeting in May 2018, notably during the spring committee meetings. Constituencies were highly encouraged to take part and contribute to the process with the aim to reach a proposal to be submitted to the Board.

⁶ The full Risk Appetite presentation is available at the [OBA Portal here](#)

Reviewing the Eligibility Policy

6. Objective. Primarily, to provide the Board with an update on the Strategy Committee review of the Eligibility Policy⁷. Minor revisions to the Policy were agreed by the Board in 2016, but the last major policy revision occurred in May 2011. The Strategy Committee review is intended to confirm the rigor and appropriateness of the Eligibility Policy in advance of the next Allocation period.
7. The Secretariat provided a short briefing on the different elements of the Policy, which have already been discussed over the past four Committee meetings, and outlined what will be discussed in March 2018, prior to a recommendation for the 39th Board Meeting in May 2018. The Secretariat reminded that the Eligibility Policy is the starting point for allocations. It determines which countries are eligible for an allocation, noting that eligibility does not guarantee an allocation. However, it does not determine how much financial support a country or component will receive, nor what the Global Fund Partnership focuses on in country. A final recommendation on the Eligibility Policy must be made at the Spring 2018 Board meeting to ensure timely allocation and grant-making processes.
8. Key themes. The Secretariat highlighted the areas (primarily related to exceptions to eligibility for upper-middle income countries) where options are still under discussion. These include maintaining the OECD/DAC Rule for HIV or expanding it to all three diseases and how this relates to the current NGO Rule for HIV. The latter allows upper-middle income countries not on the OECD-DAC List to potentially be eligible if there are political barriers.
9. It was noted that, while there is not unanimous agreement among all SC members, currently the idea is to continue to use World Bank GNI per capita (Atlas method) and World Bank income thresholds. These are used for analytical work by many health agencies and GNI pc is readily available across countries.
10. Current recommendations on the disease burden metrics were presented, noting that in the case of TB there is a strong recommendation to move from notification rate to incidence and include a metric that measures drug resistance.
11. There were concerns expressed by different constituencies that revisions may have some unintended consequences across the portfolio and therefore revisions needed be carefully considered.
12. The Secretariat responded that the Strategy Committee was aware of the political issues and has committed to reaching out to constituencies in advance of the recommendation to the Board. On potential effects of revisions to the Policy, the Secretariat noted that the Global Fund portfolio contains highly commoditized grants, and Global Fund supports essential levels of service delivery across the three diseases, as well as critical prevention interventions for key populations, which are crucial. Any rapid changes in eligibility will have an impact.

⁷ [Board Update on Eligibility Policy Revisions](#)

Evolution of CCMs to Support Implementation of the Strategy

13. **Objective.** The Secretariat updated the Board on the progress of the CCM Evolution initiative, its key findings from recent stakeholder consultations and data analysis, and options for consideration. This work emerges from Board discussions in 2016 on the Global Fund's Business Model, and how CCMs are a critical part of the model. The initiative seeks to analyze how CCMs are working and how to improve their overall effectiveness in order to best deliver on the new Global Fund Strategy. The work undertaken in 2017 reflects a two-phased approach. Phase I of the project, compiled and analyzed data around CCM functionality and performance. Phase II focused on broad stakeholder consultations through workshops, questionnaires, meetings, and document review eliciting feedback on CCM functionality and performance. The Secretariat consulted and updated the Committees on the CCM Evolution project at the June/July and October 2017 Committee meetings.

14. **Key themes.**

Linkages to National Structures

- a. Importance of embedding CCM functions into National Institutions, who are credible, functional and can act on compliance, particularly in post-transition contexts.
- b. General acknowledgement that it is challenging to integrate CCM functions into other National Institutions given the Global Fund requirement of civil society participation on CCMs. As part of the Evolution work, there is a need to ensure linkages to national structures are present and further explore how to make this a reality.

Differentiation

- a. Agreement for the need of a diversified approach based on context is needed, as the 'one-size fits all' model is not effective for all CCMs.
- b. CCM Evolution consultations have helped inform the development of a maturity matrix, based on three different levels of CCM maturity. Concern that the Global Fund should not lose focus on supporting weaker CCMs to help move them to the next maturity level.

Role & Oversight Function

- a. Seeing as CCMs are not legal entities, it is critical to clarify the expectations around their oversight role. In turn, this will help delineate CCM responsibility compared to other stakeholders in country.
- b. Support to use best practice CCMs to more clearly define the role of CCMs, particularly in their oversight function. For this, peer learning between CCMs should be encouraged.

Conflict of Interest

- a. Excellent insight and proposals have been received through the consultations on how to best manage conflict of interests, particularly when leadership positions are filled by government officials. These will be addressed in revisions to Eligibility Requirement 6 and the Code of Conduct, which will be going to the Board in May 2018.

Key Population Representation

- a. Importance of strengthening meaningful Key Population engagement through technical assistance, and particularly looking to enhance youth representation on CCMs.
- b. Strengthening partnerships with the UN will be important, as it can directly translate into increased technical assistance for Key Populations.

Financing

- a. In view of the tight 2018 budget envelope for CCM Secretariat funding (which does not include technical assistance), the CCM Evolution work will look at understanding what the cost elements and implications are and revert back to the Committees in March 2018 with options.
- b. Broad support to continue to pursuing co-financing options to ensure sustainable financing of CCMs into the future by countries.

15. The Secretariat undertook to look into opportunities for CCMs to provide feedback on the CCM Evolution proposals that will be presented to the Committees in March 2018. This topic was further discussed in session on day 2 of the Board Meeting.

Report of the Technical Review Panel (TRP)

16. Objective. The purpose of the session was to provide the Board with the [TRP Update](#) on 2017 windows and to highlight key lessons learned from adopting a differentiated approach to the TRP review. The TRP Chair presented to the Board the work accomplished in the current funding cycle, informed on the change in leadership and enhanced expertise within the TRP in the areas of community systems, human rights and gender, strategic investment, sustainable financing and health systems; and shared observations for differentiation, matching funds and technical issues related to HIV, tuberculosis and malaria.
17. Key themes. General observations on funding applications included the following key conclusions:
- TRP found funding requests to be strategically focused and technically sound, with a recommendation to further utilize and optimize the use of data;
 - Differentiation* was considered to be a good shift in the funding cycle;
 - Program continuation* was recognized as a good approach at facilitating a streamlined review and approval for grants, noting that program continuation is best suited for countries where implementation of grants has just started;
 - Matching funds* requests demonstrate catalytic and innovative potential but need to be more strategically focused to maximize their impact;
 - Observed difficulties with prioritization of the *above-allocation* requests and discrepancies between health systems requests and disease specific plans;
18. In terms of technical observations for the three diseases, the TRP noted good efforts in surveillance of cross-border actions in malaria, yet expressing a major concern regarding malaria resurgence in Central and Eastern Africa. Finding missing tuberculosis cases was recognized as the biggest challenge ahead. To tackle these, the TRP Chair called for a greater engagement of partners and specifically the private sector in malaria response and tuberculosis care and prevention. On HIV, the TRP observed some gaps in coverage across prevention and treatment and called for further prioritization of interventions for young women and girls. As co-financing at the domestic level does not yet sufficiently leverage enough resources for sustainability, the TRP recommended that risks and benefits associated with innovative financing mechanisms be further explored.
19. The Board expressed its appreciation for the strong technical and comprehensive TRP review. Technical partners recognized improved interaction with the TRP and reiterated a need for greater flexibility in differentiating the review approach, tailored to country context. One constituency highlighted the importance of alignment and integration between the RSSH applications and the disease specific plans.
20. The Secretariat recognized a productive working relationship with the TRP over the last few windows and confirmed its ongoing efforts in simplifying the process for re-programing to ensure the funds generate maximum impact. The SC Vice-Chair concluded the session by expressing her thanks and recognition to the former TRP Chair, Dr Lucie Blok, for her dedication and contribution to the work of the TRP.

Report of the Technical Evaluation Reference Group

21. Objective. The purpose of the session was to provide an update to the Board on Strategic Review 2017, in conjunction with Thematic Review on the utilization of Global Fund's Monitoring and Evaluation (M&E) investments, and update on progress of Prospective Country Evaluations (PCE)⁸. The TERG Chair reminded that the purpose of the Strategic Review 2017 was to review the Global Fund response to recent TERG recommendations as well as to assess the Global Fund's readiness to implement the 2017-2022 Strategy. The TERG Chair informed that the SR2017 was complemented with the work on absorptive capacity and identifying factors that impede it; and review of M&E investments to improve country data systems in the future, in relation to M&E expenditure rates and factors influencing spending.
22. Key themes. The TERG Chair appreciated the Secretariat's responsiveness and noted that the vast majority of recommendations generated from Strategic Review 2015, and other TERG reviews, were addressed. The TERG recommendations on differentiated approach and processes in relation to funding applications were particularly welcomed and duly considered by the Secretariat. The TERG Chair expressed his thanks to the teams of *Access to Funding* and *TRP* for their work in designing and implementing a differentiated approach, and streamlining of funding requests.
23. The TERG has identified several standing-out areas that require additional attention, including:
- a. continued work on absorptive capacity, maintaining a balanced assurance of risk and focusing on risk associated with not achieving impact,
 - b. effectiveness and partnership at country level,
 - c. country ownership,
 - d. sustainable transition and evaluation of the STC Policy roll out,
 - e. operationalization of strategy for RSSH and human rights and gender, and
 - f. data quality analysis at country level.
24. TERG has launched the Prospective Country Evaluations (PCE) in eight countries⁹, currently implemented in six countries by three selected consortia with diverse technical expertise and perspectives. Key expectations include improvements in national programs and Global Fund in-country processes with an attempt to achieve a continuous programme quality improvement in-country; better understanding of the Global Fund policies and processes in-country; aspiration to progress towards more robust and data-based estimates of impact indicators; and identifying lessons learned on overall PCE exercise to inform a more thorough approach to evaluation by the Global Fund. The TERG will provide its first PCE synthesis report to the Strategy Committee in March 2018 that also advises the TERG on upcoming reviews to be conducted in 2018.
25. The Board expressed its appreciation to the TERG for the work accomplished in 2017 and the Report ([GF/B38/13](#)). In response to the Board comments, the TERG Chair clarified that three selected consortia for the PCE worked together to design the overarching theories of change (ToC) and inform and guide their work at the country level. Working with partners in countries is critical. In two countries, the PCEs are benefiting from coordination with ongoing Gavi Full Country Evaluations.

⁸ [Update from the Technical Evaluation Reference Group \(TERG\)](#)

⁹ Congo (DRC), Cambodia, Guatemala, Mozambique (to collaborate with Gavi), Myanmar, Senegal, Sudan, Uganda (to collaborate with Gavi).

Resource Mobilization Action Plan: Status Update

26. Objective. The objective of the session was to get the Board's input on the strategic direction and preparations towards the 6th replenishment. The related agenda item on the proposal to integrate additional public donors into the Board was also discussed.
27. Key themes. This session revolved around several key lessons from the 5th Replenishment and how these are informing the thinking for the 6th Replenishment. Highlights of the discussion included how the decision to make changes in the Policy for Restricted Financial Contributions (PRFC) enabled to bring in new donors as well as prospective private donors. The crucial support and engagement from countries, including both donor and implementer countries, civil society and other advocates was applauded, and the role of African Heads of State as champions of the 5th replenishment, including eleven African countries that made pledges, was also emphasized. It was noted that there was no breakthrough seen with emerging/non-traditional donors, and innovative finance mechanisms need to be strengthened going forward. There is good progress in terms of converting 5th replenishment pledges, with the majority of donor contribution agreements expected to be signed by end-2017. Additional pledges mobilized since the September 2016 Pledging Conference amount to \$35.1 million.
28. Next steps. Moving forward, the discussion focused on how to jointly work together to plan for the 6th replenishment as well as sharing the views on the ways to win emerging/non-traditional donors, expanding the partnership with the private sector and strengthening innovative financing mechanisms.

Round Table Discussion: Venezuela

29. Objective. To provide the Board with the update on the situation in Venezuela and ongoing efforts of partners to support, in view of the protracted and major political and economic crises. At its 37th meeting, the Board noted with concern the health situation in Venezuela and indicated it could potentially consider supporting a regional response as a part of a broader donor response ([GF/B37/DP11](#)). The discussion at the roundtable included representatives of key partners including the Pan American Health Organization (PAHO) and UNAIDS¹⁰, the LAC Board Delegation¹¹ and Civil Society.
30. Key themes. Major factors about the situation, and operational challenges were presented. With the overall economic situation declining, there are critical gaps in service delivery, shortages in commodities, health equipment, medicines and diagnostics, which have a significant impact on the three diseases and health systems. Currently, PAHO and UNAIDS are the key partners in supporting and providing medicines and commodities, supported by the UNICEF and engagement of Civil Society and People Living with HIV. Panel members suggested that developing a costed action plan to address the health emergency, mobilizing private sector and other donors to donate medicines and commodities and find mechanisms to support local NGOs and civil society organizations.
31. Representatives of the PAHO/Venezuela Task Force, UNICEF and UNAIDS outlined the work of the established Task Force and proposed key priority actions in view of the health threats, and potentially increasing rates of drug resistance. The Global Fund Board was called upon to consider

¹⁰ [Situation of Malaria, HIV and Tuberculosis in Venezuela](#), PAHO/Venezuela Task Force and UNICEF UNAIDS;

¹¹ [Venezuela Crisis: The Perspective from the Communities](#), LAC Board Delegation;

securing availability of medicines and diagnostics through PAHO's Strategic Fund, and endorsing ongoing multi-country interventions and regional initiatives.

32. The Secretariat recognized the severity of the health crisis in Venezuela and in view of accelerated migration from Venezuela to neighboring countries, the Secretariat remains in dialogue with neighboring countries to monitor the regional impact. As Venezuela is currently not eligible for financing, the Secretariat will continue to engage and, in line with the Board's decision, look for possible mechanisms to support a regional response.

Strengthening the Board Leadership Selection Process

33. Objectives. The main objectives of the session were to:

- a. Promote a discussion within the Board on how the Board Leadership (BL) selection process could be strengthened; and
- b. Obtain input from the Board to help formulate a recommendation by the Ethics and Governance Committee (EGC) to revise the BL selection process to be approved at the Board Meeting in May 2018.

34. Key themes. The pre-meeting session, chaired by the EGC Leadership, began with a brief overview presented by the Independent Ethics Advisor of the EGC, Joan Dubinsky. This summarized the key rationale for the revisions, which included the lessons learned from the most recent BL selection process in 2017, as well as the governance priorities identified by the EGC in the Governance Action Plan, which was developed further to the OIG Advisory Report on Governance. Three options were presented, including:

- a. Maintaining the existing process with some enhancements,
- b. Creating a combined hybrid process (separate nomination processes followed by unified selection),
- c. Creating a unified process for selecting Board Leadership with a single ad-hoc nomination committee.

35. The discussion covered several key questions, in particular the Board's appetite for change, and whether the current selection process should be extensively overhauled or if it requires only minor changes. The idea of a single nomination committee was floated. Potential barriers to change were also discussed. Many constituencies expressed support for moving ahead with revisions.

36. Next steps. The input will be used to further refine the options. Consultations will be held with the Board before and after the 6th EGC meeting in March 2018. At the March meeting the EGC will decide on the final proposal for recommendation to the Board in May, and the next selection process would be launched in November 2018.

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. Africa Joint Constituency Statement
- b. 3 Civil Society Delegations' Statement on the Review of Eligibility
- c. Communities Delegation Constituency Statement
- d. Communities Delegation Statement on Loan Buy-Down
- e. Developed Country NGO Constituency Statement
- f. Developing Country NGO Constituency Statement
- g. French Constituency Statement
- h. Germany Constituency Statement
- i. Point 7 Statement on Strategy Implementation
- j. South East Asia Constituency Position
- k. United Kingdom Constituency Statement
- l. Western Pacific Region Constituency Statement
- m. Final Implementer Group Statement on Venezuela

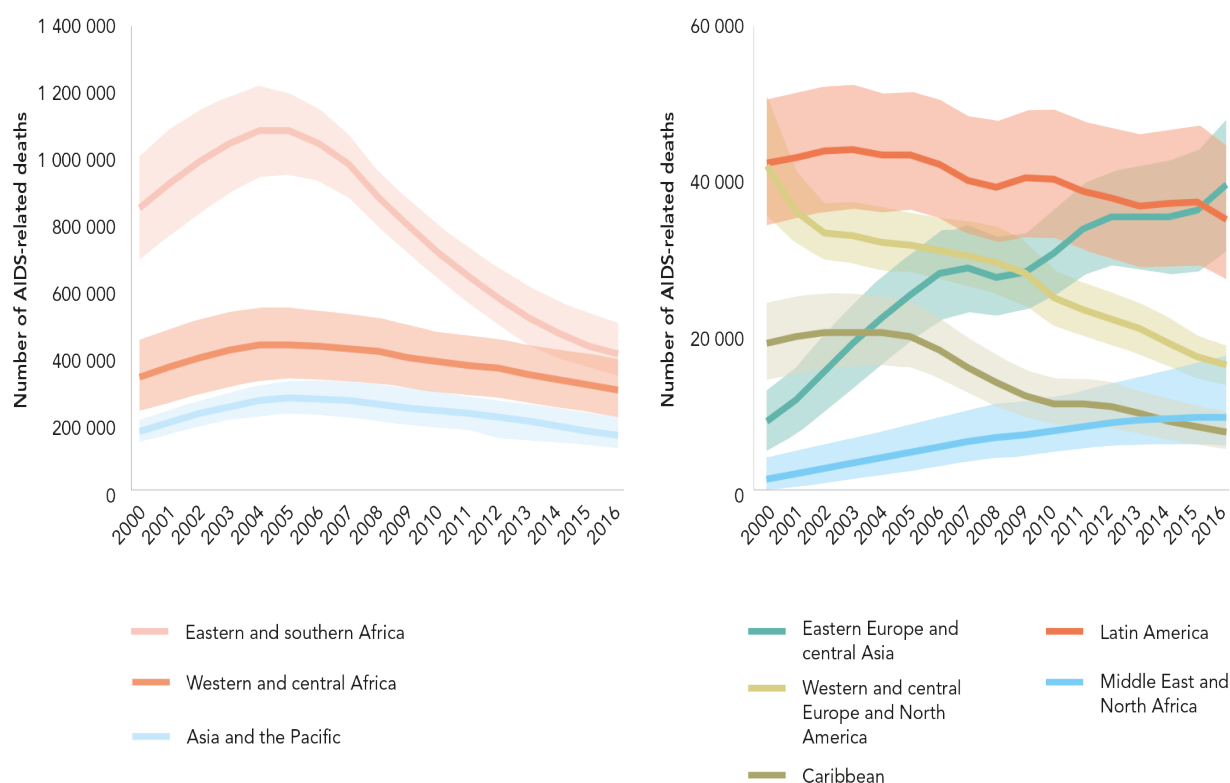
3 Civil Society Delegations' Statement on the Review of Eligibility

14-15 November 2017

What challenges with the eligibility policy might be undermining the goal of the Global Fund?

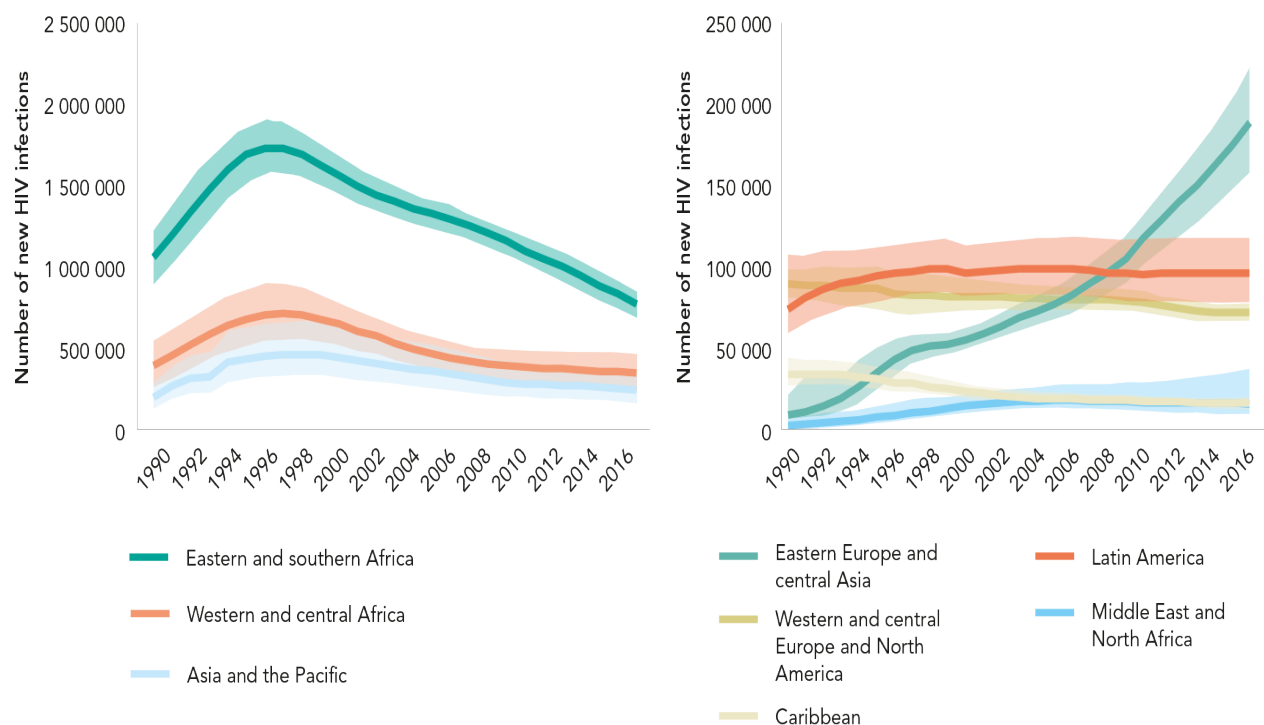
While the Global Fund is having significant and rightly celebrated impact in many of the key objectives of the Global Fund strategy, there are some areas where the eligibility policy is not giving the Global Fund the necessary scope or flexibility it needs to achieve the goal of ending the three diseases. The key problems we have identified are as follows:

- 1) **Epidemics in UMICs are deprioritized/ineligible and diseases are rebounding there:** The Global Fund has deprioritized addressing moderate disease burdens in upper middle income countries, and this has led to rapidly decreasing allocations and ineligibility. As this has happened, in many cases governments have not stepped in to cover the gap in funding or services, and diseases are rebounding. For example, the burden of HIV, TB and MDR-TB is increasing in a number of regions with largely UMIC countries. This is particularly the case in BRICS countries for TB and Eastern Europe and Central Asia (EECA) for DR-TB & HIV (see tables on AIDS-related deaths & HIV infections in EECA and Middle East North Africa). At its core, the problem centers around 2 areas:
 - I. The Global Fund is exiting countries before the diseases have been brought under control
 - II. When the Global Fund does exit, health gains made by the Fund in a given country are often not being sustained.



AIDS-RELATED DEATHS, BY REGION, 2000–2016

Source: UNAIDS 2017 estimates



NEW HIV INFECTIONS, ALL AGES, GLOBAL, 1990–2016 AND 2020 TARGET

Source: UNAIDS 2017 estimates.

- 2) **There are no Global Fund mechanisms to support ineligible countries facing a public health emergency relating to HIV, TB or malaria** or for preventing these crises from undermining progress across borders and in the broader region. For example, because of the crisis in Venezuela, malaria rates have significantly resurged, jeopardizing not just the local public health response but also risking gains made against malaria in neighboring countries, some of whom are Global Fund grantees.
- 3) **There is no Global Fund mechanism ensuring ongoing or new support for civil society to provide life-saving services and advocate for health services in UMICs where there are political barriers or opposition to provide those services.** The NGO Rule does exist for HIV but, following the end of the Russian grant in December 2017 (with 20,000 PWID losing access to harm reduction services), there will be no current grants through the NGO Rule. The only two other countries currently eligible for the NGO Rule, Romania and Bulgaria, are deemed ineligible under paragraph 11 of the Eligibility Policy, which states that there must be legal barriers in place for the delivery of services to key populations. There is no comparable mechanism for either TB or Malaria.
- 4) **The current approach does not guide the Fund on what to do in contexts where there is no data,** which is often the case for HIV-affected key populations, MDR-TB, and some populations vulnerable to malaria, including refugees, migrants, IDP, and indigenous persons. Currently, no official government data often means no funding and no access to essential health services.

Sometimes, other sources of data may be available and should be used to assist in eligibility and programming decisions, including peer-reviewed research and research by credible NGOs.

- 5) **The current eligibility criterion of GNI per capita fails to capture on its own the complexity of economic realities in diverse countries.** GNIpc only describes income for the whole country. It does not say where that money is, who has it and who doesn't, how much of it is collected as tax revenue, how capable a country is to mobilize domestic and external resources for health, or how resilient the economy will be to an unexpected conflict or natural disaster. GNIpc is routinely used because it is easily available for most countries. However, the Equitable Access Initiative (EAI) found that "The analyses demonstrate that the metric is an imperfect measure. GNI per capita is a better measure of the level of wealth in a society, rather than the resources available to a government for investments in health."¹ Instead, the EAI recommended analyzing budgets, tax revenue, debt burden, and annual interest payments to determine whether a country had resources for health. There was no recommendation from the EAI to use a three-year average of GNIpc, and this does not address the limitations of this indicator. The use of GNIpc as the sole economic criterion has led to an accumulation of rules and exceptions: the small island economy exception, the G-20 rule, the OECD-DAC list of ODA recipients, and more. The more exceptions are piled on, the more they point to the underlying weakness of GNIpc on its own to accurately guide Global Fund support where it is most needed to achieve the Global Fund strategy.

Response to the Board Update on Eligibility Policy Revisions

Overarching comments:

- The Board has decided that the Global Fund should be a dynamic organisation that continuously adapts to how the epidemics evolve and change. It is clear that without this flexibility, we will not be able to achieve our strategic vision and mission. Therefore we strongly believe that the Board must be open to continuous improvement of the Eligibility policy – a policy that is the Global Fund's primary operational tool to determine the direction of the organisation.
- Our goal for the eligibility policy review should be to adjust our eligibility criteria so that we ensure that we have at least moderate progress and success in all areas – on all three diseases, with all the most affected populations and in all regions.
- Maintaining some presence in UMICs to sustain the gains made by Global Fund investment means utilizing and supporting a range of low-cost approaches that leverage domestic or additional external funding (funding civil society, innovative financing mechanisms, catalytic government funding, regional grants). It does not mean continuing large grants that take away funding from high burden low income countries. Setting up a tension and sense of competition between low income countries and UMICs will not enable making progress in both.

¹ The Global Fund. *The Equitable Access Initiative*. 2016; p. 31.

² <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2016-detailed-summary.pdf>

³ <http://www.oecd.org/dac/stats/health-related-aid-data.htm><http://www.oecd.org/dac/stats/health-related-aid-data.htm>

⁴ "The Current Government Fiscal Capacity can crudely be measured by calculating what proportion of a country's GDP the government collects as revenues through tax and from other sources, net of the annual interest payments it

- While it is possible to rebalance the portfolio a little to avoid calamitous Global Fund exits from UMICs and still maintain progress in all regions, **further resourcing** must be sought to enable additional progress to keep us on track to end the three diseases.
- It is important that when the Board discussed eligibility that it tries to distinguish issues related to eligibility and issues related to resource mobilization. While it is much related, however mixing the two without appropriately planned process can result in a self-censoring Global Fund that limits itself in what it can potentially do to bring the end to the epidemics globally. We should design an eligibility policy that reflects our ambition and appetite for resource mobilisation, instead of setting up a 'prioritization' policy and risk creating harm by asserting assumptions that epidemics in certain countries are under control, while the reality on the ground speaks very differently.
- It is often repeated that we will not be able to raise more aid money than we have done to date. The facts do not support this perceived limit on our ambition. At all levels the resource pool is not and has never actually been stagnant:
 - **Global ODA** reached a new peak in 2016, increasing by 7% even after discounting for in-donor country refugee costs²;
 - **ODA for global health** has only increased since 2007 (\$21 billion 2007-9; 23 billion 2010-2012; \$28 billion 2013-2015)³;
 - **Funding for the Global Fund**, while recognising a slowing of growth at the last replenishment, has only increased funding since its founding in 2002 (\$6.2 billion in 2004; 9.9 in 2007; 10.3 in 2010; 12.3 in 2013; and 12.9 in 2016).
- Finally, we often feel it's difficult to discuss eligibility without discussing the overall Global Fund model, or at least to have that broader context on how Global Fund should and could perform its business model. We recommend to the Board and Secretariat to start identifying the best process for reviewing the overall Global Fund grant direction that includes eligibility policy, allocation methodology, STC policy and the funding model.

Slide 2: Executive Summary 1/2:

- The purpose of the review is stated to be to "confirm rigor and appropriateness of the determinants of eligibility" but doesn't identify what are the criteria are for deciding whether an eligibility determinant is rigorous or appropriate.
- To be effective, any review should identify what outcome the policy is trying to achieve and assess to what extent it has delivered the objectives it has set itself.
- The stated purpose of the Eligibility Policy is to: "ensure that available resources are allocated and invested in countries and regions with the highest burden of disease and the least economic capacity to respond to HIV, tuberculosis and malaria, and to key and vulnerable populations that are disproportionately affected by the three diseases."
- The higher purpose of the eligibility policy is to enable the mission of the Global Fund to invest the world's money to defeat the three diseases.
- However, as yet, there has been no analysis presented or discussion at the strategy committee about where the current eligibility policy is either being successful or creating problems for achieving the mission of the Global Fund.

² <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2016-detailed-summary.pdf>

³ <http://www.oecd.org/dac/stats/health-related-aid-data.htm><http://www.oecd.org/dac/stats/health-related-aid-data.htm>

- It is clear that no open and focused review can happen unless such a problem analysis is completed and understood by all participants.
- As a result, participants in the review are each making decisions on whether to change, keep or drop different aspects of the policy based on different (usually unexplained) positions and assumptions.

Slide 10: Economic Capacity:

- GNI is a useful comparable criteria but it is widely recognized in international development fora (take the recent OECD DAC meeting for example) that it is too blunt and ineffective a tool on its own to measure the economic capacity of a country. For eligibility of all UMICs the Fund should do the type of country economic capacity analysis recommended by the EAI to assess available resources: a) Budgetary prioritization of health, measured as a percentage of a government's expenditure dedicated to health, and b) current fiscal capacity, measured as the current government revenue minus debt service as a percentage of GDP.⁴ The Secretariat already does this for transitioning countries allocation so it would not be an extra capacity burden to apply it to eligibility instead.

Slide 14: Disease Burden Metrics:

- There were significant changes suggested by the technical partners in relation to TB and malaria. When are the implications of these potential changes going to be shared with the strategy committee for consideration? What impact will these changes have on other eligibility related rules and decisions?

Slide 16: Upper Middle Income Exceptions: Strategy Committee Conclusions:

G20 Rule:

- The rule is politically motivated and should be eliminated.
- Whatever course of action is chosen, Indonesia must remain eligible due to its disease burden.
- For additional G20 countries that may become eligible as a result of eliminating the rule, the Fund can limit funding through allocation by looking at country economic capacity and explore small grants of \$100,000 for civil society to reduce political barriers and increase domestic resource mobilization etc.

OECD-DAC rule:

- The secretariat stated that expansion of the rule would only impact TB and mean that only one country would become ineligible – Romania. Given the terrible state of TB in Romania, it makes no sense to allow an extension of the OECD-DAC rule to TB and malaria.

NGO Rule for HIV:

- The current NGO rule has been important but in practice no longer applies to any country currently transitioning now that Russia has become ineligible.

⁴ "The Current Government Fiscal Capacity can crudely be measured by calculating what proportion of a country's GDP the government collects as revenues through tax and from other sources, net of the annual interest payments it is required to make. It must however be noted that this is one of the many ways that Fiscal capacity can be estimated, and that the indicator measures what the government is currently capturing, without focusing on what resources could potentially be leveraged.". The Global Fund, *Equitable Access Initiative* report (2016) page 23.

- Building upon the principles on which the NGO rule was created, a new or further elaborated eligibility mechanism/rule must be identified that can channel funds direct to civil society in UMIC contexts where there is moderate disease burden or higher and no or limited political will or domestic funding mechanisms to invest in key populations and/or women and girls. In these settings civil society is the best mechanism for sustaining critical services for these groups and for holding the government to account.
- The amended NGO mechanism/rule should be:
 - Delinked completely from the OECD-DAC rule
 - For civil society in UMICs with moderate disease burden or higher
 - Targeted at contexts where the political barriers are such that lack of investment in civil society and key populations / affected groups by the government is undermining the gains made by Global Fund grants. The definition of 'political barriers' needs to be expanded beyond its limited current scope.
 - Applicable for all three diseases

Slide 17: Transition Funding:

- We strongly feel that in some cases it is necessary for the Secretariat to be able to analyse progress of transitions and, where insufficient progress has been made to sustain the gains made against the three diseases, give an additional transition grant. For the Secretariat to be able to do this it needs to develop a framework to guide its decision-making around whether an additional transition grant is needed. This would also then provide the Board with a clear set of criteria by which a recommendation has been made and hopefully make Board decisions on this much more straight forward.

Slide 18: Addressing Emerging health threats:

- We are unclear what it means to take this discussion outside of the Eligibility policy. Does this intrinsically close down any possibilities of which countries it might be possible to work in?
- We think that the **Global Fund should have a mechanism for engaging with high income countries with moderate or higher disease burden in emergencies**. If a high-income country faces a humanitarian emergency to which the government is unable or unwilling to respond, a larger emergency fund should be made available to work with partners to fund:
 - essential life-saving services for people affected by HIV, TB and malaria, e.g. through UN partners, humanitarian organizations, civil society and faith-based organizations; and
 - fund, or leverage funding from others, for ongoing monitoring and epidemiological research in the country, including by civil society and academic researchers, so that aid can be directed where it is needed. The Fund should not assume that lack of data about HIV, TB (including MDR) and malaria means lack of need. Where official epi-data is missing, the Fund should look at qualitative and other evidence to analyze need, knowing that history shows lack of data often is a marker of hidden populations who have historically experienced discrimination and who may have urgent health needs.

Communities Delegation Constituency Statement Global Fund 38th Board Meeting

GF/B38/03: Proposal to Integrate Additional Public Donors into the Global Fund Governance Structure

- The Communities Delegation supports the efforts of the Ethics and Governance Committee, Donors Voting Group, and the Global Fund Secretariat in encouraging and attracting new donors to the Global Fund. We note the urgency of this decision point and processes that need to follow going forward.
- We recognise that attracting resources for the Global Fund is not just a responsibility of the Global Fund Secretariat and of donors in the Donor Voting Group, but a shared responsibility of the Global Fund Board.
- **We request the following going forward:**
 - ⇒ **For the Board (through the Governance Network Focal Points) be updated on the discussions leading up to the presentation of the revised process for donor seat allocation at the 39th Board Meeting.**
 - ⇒ **For the Global Fund Secretariat to provide to the Board, a spreadsheet of current constituency contributions and pledges (according to constituencies, not countries).**

GF/B38/04: 2018 Operating Expenses Budget and Corporate Work Plan

- We recognise that the decision point intends to delay the fiscal stress of the impact of the absorption of the US\$12 million to 2019. We are extremely concerned that this does not address the potential risks of scaling-back on key programmes and the impact that this may have. The possible trade-offs for this scenario have may impact key programmes for 2019 which include the mid-term review of the Strategy and preparation work for the 6th Replenishment – both of which are critical enablers for the Global Fund to deliver its strategic objectives and should not happen.
- We encourage more open conversations by the Board with the incoming ED on flexibilities needed by the Global Fund Secretariat with the conclusion of the Fit for Future initiative, and for the incoming ED to report back to the Board based on a forecast of needs based on the needs of the organisation recognising that there would be different levels and streams of work that may be more budget demanding than others.

GF/B38/06: Policy to Combat Fraud and Corruption

- The Communities Delegation welcomes the Policy to Combat Fraud and Corruption, which is meant to be a high level and strategic policy that guides stakeholders in their work.
- **We seek clarity on the decision point part 3.** The background document does not provide context nor rationale on why exceptions may be required by the Executive Director.

GF/B38/08: Annual Report of the Interim Executive Director

- The Communities Delegation commends the Interim Executive Director for this concise report and welcomes an opportunity to reflect on the implementation, impact, and successes of the Global Fund through the work of the Secretariat.
- Going forward, **the Communities Delegation would appreciate a format in the Report from the Executive Director that also clearly outlines the challenges in thematic areas that require attention and guidance from**

the Board.

- We are concerned with the reported burn-out of staff and look forward to how the Fit for the Future initiative would be able to also support the work-life balance of staff, whilst enhancing their effectiveness.

GF/B38/09: Office of the Inspector General Progress Report

- The Communities Delegation commends and expresses support for the work of the OIG that continues to demonstrate the transparency, ethical considerations, and accountability in its reports.
- We find great resonance and agreement, as a delegation of communities living with and affected by the disease, to the five themes raised. In particular, the theme - “Striking the balance between financial and programme assurance,” plucks the strongest chord with our Delegation. Indeed, while striving for robust fiduciary controls in country grants to ensure accountability and credibility to donors (as well as to ensure the grants are used for what they are intended and in the long term make us achieve our mission and mandate), we should make sure that in doing so we don’t impose bottlenecks that prevent communities from receiving urgent, health-preserving and life-saving programmes and services they need. **We propose for this issue to be taken up in discussions under the Risk Appetite Framework, and for the Board to give the Secretariat guidance on how the issue is managed (how much risk it is willing to take and for what instances, to not disrupt programme delivery in cases when countries are taking time to fulfil fiduciary requirements or pass assessments).**
- The Communities Delegation is concerned about the consistent report from the OIG on the poor quality of services and the inability to retain people living with the diseases on treatment and care services. As the Global Fund continues to work on building resilient and sustainable systems for health, it is important that mechanisms are put in place in grant monitoring, and investments in systems that support access, adherence, and retention to services prioritised.
- We have concerns around the alarming programmatic issues that are raised in the report such as recurring implementation delays of interventions that have the potential to contribute to the long term improvement of health systems including, for example, health information management systems; quality assurance of health products and laboratory testing; systems for procurement, distribution and management of health products; community-based service delivery or renovation of laboratories to improve quality of diagnosis. **The Delegation recommends a speedy response by the secretariat in addressing these issues and suggests development of a plan to address these bottlenecks in liaison with the OIG.**

GF/B38/10: Office of the Inspector General Agreed Management Actions Report

GF/B38/17: Recoveries Report

- The Communities Delegation notes that there has been a further increase in the number of AMAs and are concerned whether this is a result of the increasing bureaucracy and encourage the Secretariat and OIG to review the processes to ensure that the Secretariat is in a position to deal with continual improvements.
- Our Delegation fully supports the need to fully recover the monies that have been misused, stolen or lost via fraud and corruption. We are concerned that funds have not been recoverable in Guatemala despite all efforts and in necessitating the reduction of its 2017 – 2019 allocation by 2:1. We want to ensure that the \$166,672 that is planned for reductions will not affect the CS PR and will not prevent essential services reaching communities impacted by the 3 diseases. We will find it

unacceptable if communities and civil society will be negatively impacted because the MoF has failed to repay these funds and ensure that efforts are made during by the Secretariat when reviewing the funding request to ensure that there are no negative implications to communities.

- We further request that the **Secretariat provide a potential list of countries that are in the final stages where recoveries are not possible, and therefore the 2:1 reduction of the 2017 – 2019 allocation would be imposed.**

GF/B38/11: Implementation of the 2017 – 2022 Strategy

- Related to the discussions on OPEX, the Communities Delegation stresses the need for the appropriate allocation of resources to achieve all elements of the various Strategic Objectives of the 2017 – 2022 Strategy.
- We note the need for the alignment of the SIP with the KPI framework and other plans, including accounting for the consequences and impact of delaying certain activities on planning and the need for adjusting of other work that had to be put on hold as a result of the delay. E.g. Some of the human rights and key populations work that has not been carried out awaiting completion and analysis of baseline surveys.
- **We request an update through the relevant committee and to the Board on the implementation of Dual-Track Financing.** We believe that this was last reported at the Board level through the Executive Director's report at the 22nd Board Meeting. The Global Fund has a responsibility and important role in supporting implementers to ensure that resources reach the vulnerable communities and key populations most in need, and that Dual-Track Financing is a key mechanism in this process by engaging and financing communities and civil society in community responses and in interventions that support building resilient health systems.

GF/B38/12: Report of the Technical Review Panel

- **Optimise the use of available data in funding requests:** The TRP noted an increase in the availability, quality, and use of data in funding requests, but there were some continued weaknesses in the timelines and gaps in the availability of specific data, such as the size of key populations, gender, and age data breakdown and policy or legal barriers to access for key populations. The TRP also noted funding requests across all three diseases neglected to include important data concerning key populations and general populations with high prevalence. We commend the work of the CRG in supporting countries to measure key population size estimates and request that this process fast-tracked to ensure that this data is available to inform programming especially for transition countries. **We strongly encourage technical partners in country to support countries in building their capacity to compile quality programme data to support decision-making on the choice of interventions.**
- **TRP recommendation follow-ups:** We note that many recommendations made to the Secretariat, partners, and to applicants. We would like clarity on how these recommendations are taken up and what is the time line and the process of implementing them. We would like to see a more systematic approach to adopting recommendations so that they are integrated into the processes for each funding window and that there are continual improvements.
- **Need to recognise community response as part of the country health frame work:** We need countries to recognise and acknowledge the role of communities and civil society in delivering progress on the three diseases. This does not only apply for in-service delivery, but also the role of advocacy that communities play in holding their governments responsible. These roles need to be funded and

integrated into evidence-based programmes. We also request for technical partners to work closely with country stakeholders, especially in TB and malaria, to incorporate community systems in the response.

- **The need to increase investment in HIV prevention for key population and AGYW:** We commend the work of countries for making efforts to expand both HIV prevention activities and the scale-up cascade of care along the 90-90-90 targets. However, we note from the TRP report that there are gaps in coverage across the prevention and treatment cascade deriving from structural, political, and cultural reticence to addressing and scaling-up prevention activities among key populations, as well as for young women and girls. We emphasize the need to increasingly engage and involve key populations in developing these requests and ensure that the engagement translate into budgetary requests beyond the narrative.

GF/B38/20: Revising the Global Fund Eligibility Policy

- The Communities Delegation thank the Secretariat and the Strategy Committee for its work on the policy. As a member of the Strategy Committee and knowing the history of the eligibility policy, we are fully aware that there are more than competing interest in different areas on eligibility policy. The Board have decided that the Global Fund should be a dynamic organisation that continuously adapt to how the epidemic evolve and changing. We fully realised that without this flexibility, we will not able to achieve our strategic vision and mission. This is why we feel that the Board allow continuous improvement towards the Eligibility policy – which is Global Fund's primary operational tool to determine the direction of the organisation.
- It is important that when the Board discusses eligibility that it tries to distinguish issues related to eligibility and issues related to resource mobilization. While it is much related, mixing the two can result in a self-censoring Global Fund that limits itself in what it can potentially do to bring the end to the epidemics globally. We should design an eligibility policy that reflects our ambition and appetite for resource mobilisation, as well as achieve the strategic objectives of the Global Fund Strategy.
- We understand that it can be difficult to discuss eligibility without discussing the overall Global Fund model, or at least to have that broader context on how the Global Fund should and could perform its business model. We recommend to the Board and Secretariat to start identifying the best process in reviewing the overall Global Fund grant direction that includes eligibility policy, allocation methodology, STC policy and the funding model.

GF/B38/21: Evolving Country Coordinating Mechanisms to align with the Global Fund Strategy

- We thank the Ethics and Governance Committee, the Strategy Committee and Global Fund Secretariat for their efforts to increase the effectiveness and efficiencies of the Country Coordinating Mechanisms (CCMs).
- As in the OIG report, we recognise the lack of, in some cases, in-country monitoring and evaluation frameworks and insufficient program oversight on the part of Principle Recipients Implementation processes by the CCMs and an obvious bypass of in-country reporting processes and systems by the country teams which provide opportunities for implementers to divert resources from the use of their intended purpose and misalignments of program objectives and actual grant outcomes. **We emphasise the need for the process to have outcomes/decisions that enable the Secretariat to provide support to CCMs to be able to take up oversight functions and ensure that technical partners are able to oversee this process and provide adequate technical assistance.**
- We note that with the increasing opportunities for regional funding to achieve

disease elimination and ensure migrants, refugees and ethnic minorities are not left behind, **we believe that there should be greater consultations with regional country mechanisms to provide input into developing a plan that can improve CCMs and RCMs functionality and performance.**

- Quality participation and engagement – We recognise that communities and civil society sit on the CCM based on the CCM guidelines and eligibility criteria. We appreciate that the quality, participation, and engagement of members is an area of focus. We stress the need that for communities and civil society to be meaningfully and effectively engaged in CCMs, and stress that going forward we expect to see that sufficient human and financial resources are available for the functions and support of communities and civil society members on CCMS.
- Funding of CCMs– The Communities Delegation recognises that co-financing is a way forward that promotes country ownership and the sustainability of CCMs, especially in countries that are transitioning out of the Global Fund. We are concerned that an option on the table is for CCM funding to be taken out of country allocations given that investments in country should be directed for programmatic interventions. The Delegation sees that a gap remains at the country level to strengthen and sustain the work of the CCM, and **recommend exploring the co-financing of CCMs with countries** (on a case-by-case basis), but not taking resources from the country allocations. This relates particularly to the financial needs related to government participation and operational work of CCM secretariats. We believe that this is strategic for CCM sustainability and will help promote country ownership, alignment of Global Fund programmes within the national health sectors, etc.
- Dealing with problems and issues of CCM performance and Conflict of Interest – For the next phase of this process, we strongly **recommend that the successes/value-add of regional CCMs/RSCs in dealing with some of the issues incurred in the CCM, for example of RAI has successfully demonstrated effective ways of dealing with issues like Conflict of Interest.**
- Country Ownership – we emphasize the need for the continued recognition of country ownership of the CCMs, and for the need to ensure that potential options for different CCMs in different settings are not prescriptive. As such, **request for detailed options and approaches for CCMs bearing in mind different country environments (including legal considerations on human rights) and contexts.** We emphasise that countries need to continue to adhere to CCM leadership and membership selection processes considering equity, and the meaningful participation and access for communities in this process.

GF/AFC05/06 Follow-up on loans buy-down

Vision on Blended Financing and Future of Global Fund

The Communities Delegation takes an open but cautionary approach to the Global Fund taking on blended financing as one of several innovative financing mechanism options to be explored. We would like to bring to attention that the definition that is used by the Secretariat in document GF/AFC05/06: “*blended financing refers to the combination of grant funds with loans to provide countries with concessional financing for health*” is seemingly loans-focused. Our Delegation defines blended financing as ***an approach that makes use of development finance sources, such as development assistance from donor governments and funds provided by philanthropic foundations, to mobilise untapped financial resources – primarily from private and commercial sources – in order to address common public good issues, such as the Sustainable Development Goals (SDGs).***

We support the exploration of financing mechanism options that will help achieve the scale-up and sustaining of the delivery of needed HIV, TB, malaria and broader health interventions to communities in need. However, we advise the Global Fund to take caution on the following critical concerns, and call for ensuring they are adequately responded to in the Blended Financing Framework Paper, and mindfully considered and discussed in relevant policies and monitoring frameworks being implemented, developed, or approved:

1. There is **insufficient evidence that supports the successes of blended financing in the health sector**, particularly on diseases which include socially complex issues such as HIV and TB. Most documents on blended financing in the health sector showcase examples of how the mechanism operates, without including post-evaluation assessments nor demonstration of impact at the health outcomes level. While we do not conclude from this that blended financing for health does not work, this clearly indicates that this approach is relatively new in the health sector (though not a new approach in investments in the commercial and private sectors) and will require time for the development of an evidence pool.
2. There are **challenges in regulating and seeking accountability from private institutions**. Private corporations are primarily profit-focused, relying on private financing to achieve development or public goods outcomes need to be backed with strong accountability and regulation measures. The use of scarce Global Fund resources for private sector contracts and investments should be subjected to rigorous development effectiveness principles as well as communities, rights and gender principles. The Global Fund needs to judiciously plan the ceiling and monitor the amount of investments it chooses to devote towards blended financing, and guard against the diversion from its original mission of funding countries.
3. In the case of loans buy-down, regulation of banks and lending institutions are hugely determined by developed countries, with little voice, if any at all from developing countries, and virtually none from communities and civil society. **We need to guard**

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against the Global Fund compromising its ability to assert its unique corporate ethos when entering into partnership agreements with development financial institutions (e.g. the institutional inclusion of voices of communities living with, and affected by the three diseases, and of implementing countries in the highest level of decision-making).

The Communities Delegation strongly feels that there are three primary principles that should guide the Global Fund in exploring the variety of blended financing models:

A. Blended Financing should supplement but never replace direct grant investments

While innovative financing methods such as blended financing are explored to attract additional, untapped resources from global donors and from within the country from the private and commercial sectors, it should not in any way replace direct grant investments from the Global Fund towards the countries. Direct grant investment ensures quality and coverage of programmes are at the level necessary to achieve impact. Direct grant investments provide stability and a predictable flow of financing, compared to some blended financing tools such as social impact bonds, etc. National regulations that might influence private sector engagement and in investing on social and health areas, varies between countries, and while it might be supportive for private sector engagement in some, it might not be in others.

Furthermore, programmes that are supported by blended financing should demonstrate cohesiveness with overall national disease responses both in terms of the impact it is trying to achieve, and in terms of programmatic governance. In keeping these principles consistent, for the future, the allocation to support blended financing should be part of catalytic investments rather than part of the country allocation for direct grant investment, or its Prioritised Above Allocation Request. The allocation for blended financing should be considered as catalytic investments so that the Global Fund can ensure additional untapped resources are available for country programming.

B. Focus blended financing mechanisms to support programs that address the need of key populations and vulnerable communities, particularly in the context of transition

The Global Fund have consistently identified that in countries that are transitioning, there are greater needs to focus on key population and vulnerable population programmes. In its eligibility policy, it requires Upper Middle-Income countries to focus 100% of their funding request on programmes that addresses the need of key populations. This should be consistent in framing blended financing for transitioning countries.

C. Promote Global Fund's core processes and values on blended financing mechanisms & framework

The Global Fund has the ethical responsibility to preserve its basic precepts as an institution; its values, principles, and mission should never be sacrificed in the name of financial efficiency or expediency. Since its inception, the Global Fund has set higher standards in the response towards the three diseases than any other global health institution. For example, the CCM model is an innovation that continues to increase the engagement of a variety of stakeholders

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in shaping and providing oversight on the implementation of programmes. Another example is the level of transparency and management of fiduciary risks through LFAs and the OIG. These core Global Fund standards and values should continue to be promoted through the supported innovations and programmes of the Global Fund, including blended financing mechanisms. The Global Fund should explore blended financing models where the CCM can continue to shape the programmes and provide oversight on implementation and where the OIG can provide risk assurances, including on human rights related risks.

D. Prioritize mobilising untapped resources such as commercial & private financing (instead of solely relying on government's debt sustainability)

The priority of the Global Fund should be to mobilise new pool of resources that are not deployed or allocated for development priorities, or in the Global Fund's context – for health and social improvement priorities. Governments commonly mandate to allocate their resources for development, regardless of the level of its allocative efficiency. In many countries, however, commercial and private sector resources are untapped development resources that have the potential to transform the disease response - not only in terms of financial resources, but also in skills, technology and capacity. The Global Fund could consider models to engage the private sector in blended financing either by figuring out methods to decrease or soften the investment risk profiles or by sharing the investment risk burden among a variety of stakeholders.

Communities Delegation Views on Loan Buy-Down Planned Pilots

As reflected in our previous position papers, the Communities Delegation have strong concerns over the pilots. While the Board repeatedly indicated interest in exploring further innovative financing models and requesting the Secretariat to provide the Board with lessons learned and recommendations, we did not anticipate pilots that focus only on one specific model of blended financing. Instead, we anticipated documents or example of models which can guide the Board discussions in coming up with a broader vision in terms of blended financing in the future work of the Global Fund. Therefore, **we view that the planned pilots are not within the mandate that the Board provided the Secretariat.**

Currently, the numbers of the pilots are relatively small, however as this is the type of investments that the Global Fund have yet to explore, and it involves investing significant amounts of money (in dollar terms) that may be otherwise used to fund other Global Fund priorities. We are concerned that the pilots have been carried out without a clear evaluation framework prepared before implementation. Furthermore, particularly for loans buy-down, there are less (if any) documented (post-project evaluation) evidence on its impact on disease outcomes for all three diseases. As we mentioned above, while the lack of evidence should not be an indication that it does not work, it requires a rigorous risk management strategy. Therefore, **we feel very strongly that a committee approved evaluation framework should have been developed before the pilots started.**

The Secretariat produced paper, GF/AFC05//06: *Updated Framework for Joint Investments in Blended Finance Mechanisms*, was a helpful document in understanding the vision of the

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Secretariat towards loans buy-down. This document however should not be the response to the Board decision point at the 37th Board Meeting GF/B36/DP07:

“However, the Board confirms that this decision does not set a precedent for future investments with development partners or for existing relationships with partners and requests the Secretariat develop a framework to guide future consideration of such investments for presentation to and review by the Audit and Finance Committee, in consultation with the Strategy Committee, for recommendation to the Board.”

Furthermore, while the paper is supposed to cover blended financing mechanisms, it only focuses on loans buy-downs and can be perceived to have a narrower definition of blended financing than what we expected. The paper continues to define the operational plan on loans buy-down pilots that have been planned and in preparation, instead of providing options and explorations on how blended financing should fit into the overall Global Fund model. As noted by the German constituency, **we would welcome this framework and would like to understand the timeline for this framework to be submitted to the Board for discussion and approval.**

STATEMENT OF THE DEVELOPED COUNTRY NGO DELEGATION
38th Board Meeting, 14 – 15 November 2017

KEY PERFORMANCE INDICATOR TARGETS

KPI 3

Although it is recognized that a target at ‘zero’ is not possible due to qualitative adjustments (sustainability, key populations etc), and the target is therefore set at 0.36, we would like to see clarification from the Secretariat about what our ultimate goal is here. We are concerned that the result of the 2017-19 allocation period would result in an alignment of 0.27. Is this considered ideal and a potential success if realized?

KPI 6a

The Secretariat raises a number of serious concerns about limitations for these measures and targets, which all, to varying degrees, depend on the PQR enhancement planned within Project AIM.

What are the plans to address the investment needs for the PQR data quality issue? How many PRs and what volume of GFs overall procurement would be measured by this KPI?

KPI 6b

The GF mentions as a limitation that “i)” will only measure stockout on the day of visit—it will not be a measure of number of days stockouts occurred. A mitigation strategy would be to collect additional and more frequent measures (stock-outs and expired medicines). We strongly support such a strategy and encourage the Secretariat to implement it.

What is the definition of “availability” and by what scale is it being measured (e.g. how would 3 bottles of ARV be measured – stockout or available?)

KPI 12b

This KPI measures savings yielded through GFs PPM agreements (annual savings achieved through PPM on a defined set of key products (mature and new). Target 2018: \$50 million (baseline 2016: USD 149 million, 2017: 135 million). A question was raised at the AFC meeting whether the target was ambitious enough. While some explanations have been given (such as limited demand visibility), the ability of the Board to estimate the appropriateness of the lower target is still limited (e.g. why was a range not considered)?

Does the Secretariat confirm that when the target is revisited in Q1, the provisional target will not influence and prevent a more ambitious target from being set depending on updated information?

RESOURCE MOBILIZATION

The resource mobilisation update and 6th replenishment paper builds on the Resource Mobilization Action Plan that was endorsed by the Board at its last meeting. While there are many good elements to the Action Plan, we are convinced that it could be strengthened considerably. We look forward to working on an even more ambitious approach with the new Executive Director. In this context, we highlight the following elements:

- The need for an intensified and focused effort on some of the smaller (and new) OECD-DAC donors,

- The opportunity to be proactive in international discussions on the future of ODA for health, and build partnerships that support such an effort,
- The opportunity to position the multiple replenishment efforts as a clear sign of the success of these initiatives in global health that will jointly build RSSH.

Finally, in Kigali we asked for a costed Action Plan. We seek confirmation from the Secretariat and/or the AFC that this important work is fully resourced, starting in 2018.

TRENDS IN INVESTMENTS

Based on conversations with colleagues in country and the GF Secretariat, as well as the most recent TRP report, we are concerned that a trend is evolving toward a growing commodities component in an increasing number of grant/countries. We strongly support continued scale-up of treatment and the right to sustain that treatment. However, in some countries this could result in less (financial) space for other essential interventions, including prevention, civil society and community-based services, specific interventions for key populations, gender and human rights, and investments in RSSH. The Global Fund has always been a strong—and sometimes the only—supporter of such interventions. Such a trend, as well as the potential impact of transitions, could lead to a dramatic reduction in the space available for civil society in the response to AIDS, TB, and malaria at a time in which their enhanced support and engagement is especially needed.

We call for an additional analysis that will help us understand whether this trend is evolving, and if so, what the potential response could be. This analysis would obviously need to include other funding streams available—bilateral and domestic—as well as the role of other stakeholders at country-level.

OPEX

Our delegation supports the AFC recommended decision point to approve the proposed budget for 2018 and to stay within an overall agreed limit of \$900 million for the 2017-19 period. The delegation notes that:

- The apparent degree of budgetary inflexibility and workload pressures experienced by staff needs to be addressed with urgency. The incoming ED is to be enabled to move forward with the difficult trade-off decisions to:
 - Stay within the agreed budget envelope of USD 900M for OPEX in the '17-'19 round,
 - Make the structural adaptations in OPEX to ensure successful implementation of an ambitious strategy, maintain a healthy organization and culture, optimize value for money,
 - Timely assess the OPEX level needed for 2020-2022 round in order to deliver the strategy.
- The delegation asks that the secretariat confirm that 'Fit-For-The-Future' will take this comprehensive approach so that the required decisions can be taken by the new leadership in a forward-looking manner, with strengthened organizational agility and work environment to shift resources to strategic priorities.

OIG

Our delegation feels that the Inspector General's report effectively highlights areas of emerging concern as well as notes encouraging progress in programmatic results in bringing down financial and fiduciary

risks. The new format of the OIG reports is welcomed—staying focused on bringing out the key issues and risks to impact while also capturing key achievements and good practices.

We emphasize the value of the OIG reports in informing and guiding the Secretariat and the Board's attention to areas in need of strengthening towards greater impact. We would encourage the OIG to continue to evolve the format of the reports, and consider shortening, to enhance their role in guiding the Board.

Developing Country NGO Constituency Statements on Key Issues of the 38th Board Meeting

1. Input into the Development of a Human Rights Crisis Protocol
2. Annual Report of the Interim Executive Director (GF/B38/08)
3. Office of the Inspector General Progress Update (GF/B38/09)
4. Risk Management Report (GF/B38/18)
5. Annual Report on Privileges and Immunities (GF/B38/15)
6. Evolving Country Coordinating Mechanisms to Align with The Global Fund Strategy (GF/B38/21)

1. Input into the Development of a Human Rights Crisis Protocol

Protecting human rights and gender equality is a key objective of The Global Fund. Addressing human rights concerns and implementing gender transformative interventions is well-recognized as a necessary investment towards ending the epidemics of HIV, TB and Malaria. Our progress towards this essential objective is negatively impacted by our current inability to adequately respond to human rights crises occurring across the Global Fund portfolio.

The Human Rights Crisis response Protocol under development by the CRG Department is positioned to address this gap. The Protocol provides an opportunity to mitigate against the programmatic and fiduciary risks associated with breaches of human rights principles, by enforcing a Secretariat/OIG coordinated mechanism for responding to programme and access challenges emerging as a result.

We believe the spirit of this document should build upon documents such as the 2014 “Guidance for UN Agencies and Programmes: Preventing and Responding to HIV Related Human Rights Crises,” developed in partnership with UN Agencies, The International Labour Organization (ILO) and The Global Fund¹. As one of the largest investors in health we support the development of a Global Fund-owned Crisis Protocol; one that has the ability to respond to human rights issues across all three diseases.

This guidance is particularly urgent as HIV, TB and Malaria-related human rights crises have increased in recent years². There is a gap of systematic and strategic guidance for adequately

¹ UNDP (2014). Guidance for UN Agencies and Programmes: Preventing and Responding to HIV Related Human Rights Crises. Available Online at: <https://goo.gl/4V47DK>

² The European Union (2017). Shrinking Space for Civil Society: The EU Response. Directorate-General for External Policies Policy Department. Available Online at: <https://Goo.Gl/Wicdmy>

responding to such crises. Failure to respond in these regards pose a risk to communities and compromise access to programmes and essential community-delivered services, creates potential loss of lives and carries significant reputational risk to the Fund.

Guided by these experiences, we expect that the Global Fund Human Rights Crisis Protocol should include these among other elements:

1. Tailored mechanisms and steps to identify and prevent human rights crises as identified in the initial risks assessments conducted at grant development;
2. Short and long-term actions for addressing crises;
3. Consideration for the risks faced by local communities, organizations, key populations and other indirect local actors as a result of responses or actions taken by the Fund (Do no harm);
4. Key markers (indicators) that will serve to determine a situation as a human rights crisis - within the context and ambit of The Global Fund; and
5. Communications guidance on how The Global Fund, including Board Members, respond to requests for information and commentary from individuals, organizations and the media; as well as guidance for Board Members and governance officials, on speaking for and on behalf of The Global Fund in any official capacity and within a crisis.

We also recommend the following key deliverables:

1. Review and report on the draft and the final version of the Protocol by and to the Strategy Committee around and after its 6th Committee meeting as part of the Board's oversight function into projects and policies impacting strategy implementation and risk – of which human rights and gender is a critical part.
2. A side-event to be organized at the 39th Board Meeting to highlight the results of human rights interventions implemented by Global Fund primary and sub recipients as well as sub-sub recipients. This event will allow the Board and the Secretariat to review the impact and results of Global Fund-supported human rights interventions, their results, efficacy as well as challenges faced in the implementation of Human Rights and Gender protection and promotion programmes.

Substance Implementation

We request the following elements be included as part of the protocol development and implementation.

1. Add the Human Rights Crisis Protocol to the Organizational Risk Register as a component of control and mitigating actions for addressing Risk Area 9: Human Rights and Gender Equality.
2. Engage the OIG in the response coordination in order to carry out its investigative or audit function as may be necessary
3. The OIG monitors and provides an audit of the Secretariat's implementation of the Protocol - within its ambit and at the appropriate time.

2. Annual Report of the Interim Executive Director (GF/B38/08)

Our Constituency expresses sincere gratitude to the Interim Executive Director for steering the Fund through a period of transition, which began on the heels of some uncertainty both within and outside of the Secretariat. We are grateful also for this update that is very informative.

Cofinancing and Grant Making

We want to applaud both the Global Fund and the national governments for mobilizing domestic resources for health. We are however concerned that Upper Lower Middle Income and Upper Middle Income countries have the lowest percent increase over the minimum co-financing requirements. This might speak to the national government resistance to taking over essential programming and impacting transition in multiple countries.

We request that the OIG review of Sustainability Transitioning and Cofinancing, currently underway, provides also an explanation into the rationale for this specific reduction.

On page 4, the report states that most countries have met and exceeded their obligations in co-financing. This meets one financial target and achieves our assumption that cofinancing is linked to programmatic sustainability.

What relationship can we establish between meeting and exceeding co-financing requirements and controlling the epidemics and reducing or eliminating human rights barriers to accessing HIV, TB and Malaria services?

Additionally, as we celebrate gains in domestic contributions, we should not forget that our ultimate goal is eliminating the three diseases. Much more remains to be done, both in directing funds to interventions that impact populations most affected and ensuring that considerations for human rights and gender equality are in play when programs are planned.

The Global Fund Strategy & Fit for Future

Like the Interim Executive Director, we are concerned about work overload at the level of Secretariat staff. Within the reporting on Strategy and KPIs it is evident that staff commitments are multiple and that some Global Fund strategy objectives and KPI-performance are eventually prioritized over others because of heavy workloads. It is our observation that this is a recurring issue and we urge the Secretariat to take heed to issues of staff wellness, less this escalates.

We seek solutions from the Fund Secretariat's management team to institute better prioritization and workflow strategies that would ensure that staff is not constantly overburdened and that performance on essential KPIs is not lagging behind, because of this specific rationale. In this regard we seek additional details on the Fit for the Future review, when its results might be available and how it may potentially address issues like these.

Impact of Eligibility on Finding Missing Cases of TB

We fully support the efforts made by the Fund to move forward the initiative in finding missing TB cases. Identifying TB cases, and treating them early, remains critical for eliminating TB. We however are concerned that Indonesia, which is one of the 8 High Impact Asia countries and has one of the highest number of missing TB cases worldwide, will become ineligible next year, if the G20 rule is further supported. We therefore encourage the careful review of the Eligibility Policy and call on this review to be sensitive to the progress we have already made in TB.

Decision Point on Venezuela (GF/B37/DP11)

At the 37th Board Meeting (Kigali) the Board approved GF/B37/DP11 Health Situation in Venezuela. The decision came after a vigorous and healthy debate at the Board table and in closed executive sessions. To our best knowledge, this was, as requested, discussed at the 4th and 5th Strategy Committee Meetings.

This report of the Executive Director has no mention of GF/B37/DP11 - whether with regards to discussions, negotiations, research or actions taken or not taken. We express our disappointment in this regard. We also note that GF/B37/DP11 'Health Situation in Venezuela' is not recorded or mentioned in Board Document GF B38 16 'Annual Report on Board Decisions.'

We request feedback from the Interim Executive Director as to why this was omitted from this report as well as the Annual Report on Board Decisions. Was there any work done or follow up from the Secretariat or Board Committee?

We regard this as a humanitarian catastrophe and are disappointed that The Fund has not offered any feasible recommendation, but more so not officially disclosed its incapacity to act, to our constituents and the Board.

Human Rights Crises

We remain deeply concerned as a Constituency about the apparent increases in human rights abuses which have escalated into humanitarian and media crises where Global Fund programmes or the three diseases are negatively impacted. Venezuela, Myanmar with Rohingya people, and the detention of people who use drugs in the Philippines, Kenya TB cases and Tanzania come to mind.

As one practical action for control and mitigation in this regard, we have recommended the acceleration and encouraged Board Committee engagement in the development of a Human Rights Crisis Protocol. We believe there is appetite for this and remain at the disposal of the CRG to assist in moving this forward.

Leadership Transition

Lastly, we seek greater clarity from the Interim Executive Director on any transition planning and implementation that will take place as the new ED begins his or her tenure.

We again express our thanks to Marijke Wijnroks, Interim Executive Director. We look forward to a smooth and efficient transfer of power.

3. Office of the Inspector General Progress Report (GF/B38/09)

The Developing Country NGO Delegation thanks the Office of Inspector General for another clear, concise and detailed report.

The OIG report provides useful insight into the work conducted to ensure that Global Fund invests the world's money in the most effective way possible and that the risks to delivering on the Fund's Strategy are identified and addressed.

At the same time, however we are concerned that while OIG reports reflect Management Actions agreed by all parties involved, we seldom see these Actions and response-plans being reflected in reporting of other departments. We also learn of these first and almost only in OIG reports - reports which often carry an air of sensitivity and urgency. We encourage Secretariat

management to speak more openly on OIG reports, their Agreed Management Actions, as well as how these are being responded to both in Geneva and at country level.

4. Risk Management Report (GF/B38/18)

We thank the Chief Risk Officer for this report and for the increased implementation and optimization of risk, particularly through the development and presentation of the Organizational Risk Register. The Register is an optimal system for cataloguing risks and their control measures, however we seek clarity on whether there is country by country breakdown of the results and actions, now presented here in an aggregate way - in clusters .

Kindly describe the response and guidance process provided to country teams on mitigate these risks with country-specific context. If such safeguards and processes do not exist, we recommend that they are urgently developed.

We also request the CRO's opinion on wambo.org. In the Risk Register, wambo.org is slated as a key risk mitigation strategy for supply chain and procurement challenges. At the same time, the OIG reports significant flaws within the wambo.org platform. Does this still reflect cohesion between the Risk and OIG reports under this risk category and or what changes can be expected in this risk category as it relates to wambo.org.

Lastly, we are grateful to the CRO for clearly outlining the risks related to Human Rights and Gender. At the last Board Meeting, our Delegation highlighted the lack of focus on the risks in this area as a concern. We are however disappointed to see no role for CCMs and community partners in mitigating the risks associated with this objective. To us, this underlines the fact that the space for civil society contributions is shrinking instead of expanding, and we urge a change to this dynamic.

We would like the CRO and the Secretariat to consider a more robust involvement of CCMs and regional and national civil society networks in mitigating the risks associated with human rights barriers. We would also like to be apprised of the roles of the OIG and the CRO in the development and implementation of the new Human Rights Crisis Protocol that is being developed.

5. Annual Report on Privileges and Immunities (GF/B38/15)

We acknowledge the progress reflected in the brief Annual Report on Privileges and Immunities. As presented in the report, dedicated efforts have also led to the increase in the number of ratifications of the P&I Agreement. At the same time we note that since November 2016 the

PIAG and Secretariat's efforts resulted in the signature of the P&I Agreement by 2 additional states (Niger and Senegal). We definitely would like to see more progress and more active Secretariat's role in reaching out countries to ensure that the Global Fund is accorded with privileges and immunities.

Are there specific targets for the number of countries signed / ratified P&I Agreements per year and where, if anywhere, do these targets sit?

We noted that additional proposals presented at the October 2017 EGC meeting include increased advocacy efforts at Board and country levels, including with respect to requests for the hosting of Global Fund sponsored events which could be made subject to the conferral of privileges and immunities to the Global Fund. Such recommendation brings important additional mechanism to increase a number of countries signing the P&I Agreement. At the same time it is critical to not restrict the pool of countries eligible for hosting of Global Fund sponsored events based on this sole criteria, as there might be logistic, programmatic or strategic rational in hosting events in particular countries.

Besides we would like to recommend, that as a number of countries are entering or are in the middle of grant negotiations for the 2018-2020 allocation, we suggest to the GFS to find a mechanism for using these grant negotiations with countries for addressing signing agreements on privileges and immunities to the Global Fund.

6. Evolving Country Coordinating Mechanisms to Align with The Global Fund Strategy (GF/B38/21)

We are in support of the CCM evolution project and the CCM differentiation process, in particular in the revision of the composition of the CCMs to be more representative of affected populations. We also support the proposal that promotes appointment 3-year terms that are aligned with the duration of Global Fund grants.

We would like to see the CCM composition evolving to being more representative of CSOs, key and vulnerable populations. Therefore, within "at least 40% on non-government representation" we would like to propose that at least 60% out of that 40% is represented by CSOs, KPs and youth while the rest of 40 out of 40% be represented by academia, private sector, FBOs – as per country context.

Participation of key and vulnerable populations of the three diseases on the CCM is crucial to steering programs and resources to where they are most needed. However, in many countries

individuals selected for key affected population seats are often under pressure from PRs and others on the CCM to align in decision making and may be limited in their ability to address controversial issues. We recommend that there be an opportunity for technical assistance and independent support to the CCMs which could include advising, supporting and mentoring KP CCM members.

We also encourage continued conversations on the structure of CCMs for countries in transition and for putting mechanisms in place that could embed CCMs at national and local levels for further program oversight and resource mobilization after transitioning. We also recommend that as discussions of innovative financing continue, opportunities for CCMs to function as oversight bodies of blended finance grants be included.

We would like to propose that the CCMs be encouraged to include committee structures for better operationalization and ensure a thorough analysis of issues related to the grant. Such committees could look at the Grant's operational and programmatic performance; compliance of PR and SR/SSR with human rights principles; financial and programmatic risk assessment and mitigation; procurement and supply chain, potential conflicts of interests, etc.

We encourage the team to look at the operations of CCMs in countries where health service provision is decentralized as this has been a stumbling block for the roll out of the GF grants, in some countries. In these scenarios more than one CCM might be needed to oversee grant implementation at the local level.

We also recommend that as discussions of blended financing continue, opportunities for CCMs to function as governing and oversight bodies of blended finance grants/loans are included within the development of its framework.

We are concerned about the discussions around incorporation of CCM budgets into country grants raised in the OPEX discussion. We firmly believe that the use of country allocations for any disease and RSSH should not be allocated to CCMs as these funds are specifically earmarked for programs. The CCM mechanism must remain sufficiently and independently funded in order to sufficiently carry out its oversight function. In this regard, we would like to note that providing funding allocations to CCMs within country allocations should not continue as such an arrangement presents a grave Conflict of Interest in PR - CCM relationship in which the body responsible for grant management and oversight, also makes disbursements for its own function.###



AFRICA JOINT CONSTITUENCY STATEMENT

The Eastern and Southern Africa, and West and Central Africa constituencies held their pre-board consultative meeting at the Intercontinental Hotel Addis Ababa between 16th -17th October 2017. The Constituencies reviewed and discussed the documents that have been produced for discussion and decision at the 38th Board meeting.

The Constituencies noted the challenges that Countries continue to face with finding missing cases of tuberculosis. The undiagnosed and untreated cases do not raise issues of emergency drug resistance but continue to generate new TB infections in their communities. We therefore urge Global Fund to pay specific attention to TB grants to ensure that proven and effective strategies are proposed and where gaps still exist use catalytic funding to bridge these gaps.

The Constituencies also noted with serious concern the challenges that Global Fund grantees continue to experience in the generation and use of accurate data in grant planning, implementation and monitoring. We urge Global Fund to invest in proven strategies that will improve data demand and information use in programming. Evidence-based planning and monitoring will not only increase grant absorption and implementation efficiency but will also ensure quality outcomes.

The Constituencies wish to bring to the attention of the Board the following issues that affect Africa's progress to end the three epidemics and/or have the potential to reverse the gains so far achieved:

1. Eligibility Policy

We appreciate the fact that in some countries HIV prevalence is on the rise especially among key populations. We also recognize that there have been significant gains in the high burden low income countries with a number of countries reporting reductions in HIV prevalence as well as the number of new infections. However, it is important to appreciate that whereas these countries have recorded significant progress, the burden of disease remains high. For example, the average HIV prevalence in Eastern and Southern Africa is 7% and the region continues to generate over 800,000 new infections every year (40% of the global total of new infections), and most of these new infections are among adolescent girls and young women.

Therefore, we must be careful ***not to declare mission accomplished*** in these countries. Eligibility revisions that could potentially lead to reductions in funding levels in these countries could see a resurgence in the epidemic. To this end Africa does not support an expansion of the eligibility policy and we therefore urge Global Fund to maintain the current eligibility criteria that prioritizes burden of disease and ability to pay.

2. HIV prevention programming

African Countries that are High Burden and Low Income are increasingly finding it difficult to meet the increased financial demands of rapidly expanding HIV/AIDS programs. On average, enrolments on ART in Africa are increasing at 40% for every five years and this reduces the fiscal space for effective planning and budgeting for HIV prevention

activities. The limited fiscal space within the Global Fund grant allocations presents significant challenges for scaling up HIV prevention in Africa. This has serious implications for the future of many adolescent girls and young women who are disproportionately affected by HIV. Few countries have managed to hit the UNAIDS 26% benchmark for proportion of grants going to HIV prevention.

We therefore urge Global Fund to come up with strategies to prioritize HIV prevention and also allow flexibility within the grant allocations for countries to plan and budget for intensified HIV prevention especially for adolescent girls and young women.

Secondly, given the large and growing demand for HIV/AIDS treatment in African countries, pushing for further market shaping interventions that will lead to adoption of low-cost high-quality ART is critical. In addition, the Global Fund should explore approaches to lowering the program costs for ART delivery. The saving and/or gains should then be ploughed into intensifying HIV prevention.

We therefore welcome discussions by TERG on the “cost of service delivery and value-for-money analyses” but caution that it would require generation of accurate data to deliver accurate cost analyses. In addition, Global Fund should encourage and prioritize more HIV prevention activities under the Unfunded Quality Demand register.

3. Unspent funds from the 2014-2016 Grant Cycle

The Constituencies took serious note of huge proportion of unspent funds under the 2014-2016 grant cycle which will not be carried forward into the 2017-2019 grant cycle at the end of the year (***Please also refer to the attached summary analysis***). It was proposed that Global Fund consider options of ensuring that countries are given some flexibility in recouping some of these funds to support ongoing activities. This is even more critical for those countries whose recent grant applications may not have been successful. The constituencies also urged Global Fund to expedite the implementation of ITP-2 to deal with grant absorption bottlenecks. The requests from Africa include:

- Countries to be allowed a 6-month No-cost Extension after December 31, 2017 to complete the implementation of activities initiated under the 2014-2016 grant cycle.
- Payments for goods and services ordered for, procured and or contracted before 31st December 2017 but delivered after that date, should not be deducted from the Current Grant funding allocation for the period January 2018- 2020.
- Use savings from efficiency gains (after implementation of activities) to fund critical areas.

4. Resilient and Sustainable Systems for Health (RSSH)

RSSH faces similar challenges as HIV prevention. The ever-shrinking fiscal space due to pressure from increasing ART needs presents significant challenges for countries to effectively plan and budget for RSSH under their grant allocations. In addition, countries are facing challenges in planning and implementing cross-cutting RSSH interventions. There's therefore need for Global Fund to identify entry points and strategies aimed at ensuring RSSH interventions are catered for under the grant allocations and effectively integrated in the respective disease-specific grant streams.

We would also recommend a differentiated approach to RSSH, where short-to-medium interventions that ensure high impact and quality outcomes are prioritized. Typical

examples include: promoting data demand and information use, supply chain management especially last mile delivery, and nurturing leadership and country ownership.

The role of the private sector in ensuring a broad-based and well integrated health sector that can rely on available expertise to respond to challenges should be emphasized. In addition, the role of empowered communities in holding their policy bearers accountable as well promoting health in their communities is critical. Having empowered communities could potentially increase the efficacy of the Global Fund interventions especially for differentiated care models for HIV services and HIV prevention services targeting young women and girls and marginalized vulnerable populations. We would therefore urge the CRG to articulate advocacy-for better health strategies and linkages that go beyond human rights and gender to integrate wider health sector accountability.

We have also noted with concern that the 3-Year funding cycle is not conducive to RSSH long-term interventions that would require a 5-year implementation cycle. There's lack of continuity with the first year of the 3-Year cycle grant initiation and 3rd year on close-out. We therefore urge Global Fund through TERG and the Strategy Committee to further interrogate these critical areas and provide guidance.

5. Challenging Operating environments (COE)

The Africa Constituencies have noted with concern that complex risk-mitigation measures that are aimed at reducing the Global Fund's risk inadvertently lower incentives to spend Global Fund grants. It is important for the assurance framework to strike a delicate balance between financial and programmatic assurance. We therefore welcome the Global Fund's articulation of strategies for operationalizing the Challenging Operating Environments policy especially the flexibilities that are aimed at reducing the administrative burden and increasing agile response to changes through contingency planning and reprogramming. However, we have noted that Country teams are not requesting for these flexibilities. There is therefore need to review the implementation of the COE policy as well as develop a framework for managing grants in risky environments. The framework would define the amount of risk that Global Fund is willing to accept (**Risk Appetite**) in pursuit of facilitating progress in achieving its objectives in risk environments.

6. Evolution of CCMs to support Implementation of the Global Fund Strategy

The CCM model, its multi-sectoral and multi-stakeholder nature, is greatly appreciated by various stakeholders as a unique model that brings different players in the sector to have an equal say on matters affecting them. This is the key strength of CCMs. This model should be "*integrated*" into national systems for health policy, planning and monitoring. This would be the lasting legacy of the Global Fund, which the Secretariat should be encouraged to do more to promote. There is need to identify best practices and, through South-South cooperation, develop a package of what an ideal CCM looks like, promote sharing and learning, while at the same time giving countries flexibilities to suit their country contexts. We look forward to these ideas being included in the CCM Evolution Implementation plan.

Annex1: Summary Analysis of unspent funds under the 2014-2016 from a sample of African Countries

From the table below, it is clear that many African countries have made significant progress in increasing their absorption rates. This is commendable and the Global Fund should be congratulated for this excellent achievement.

However, there are some outliers that still have challenges and coincidentally these are countries with a huge burden of disease. Therefore, to ensure that the population that is already overburdened by the high morbidity and mortality and other negative social impacts associated with these epidemics continue to receive the much-needed services, efforts should be made to ensure that there are flexibilities through which these countries can recoup some of the unspent funds and maintain and/or continue with implementation of these critical activities.

In addition, these countries should be considered to benefit from the strategic initiatives aimed at unblocking the current bottlenecks they face and the incentives that come with those that make progress.

In the meantime, we urge the Global Fund to consider the following flexibilities for the affected countries:

- Countries to be allowed a 6-month No-cost Extension after December 31, 2017 to complete the implementation of activities initiated under the 2014-2016 grant cycle. Some of the flexibilities that countries with misalignment of their grants have benefitted from could be stretched to benefit some of the affected countries.
- Payments for goods and services ordered for, procured and or contracted before 31st December 2017 but delivered after that date, should not be deducted from the Current Grant funding allocation for the period January 2018- 2020. We appreciate that there is already a 90-day flexibility that requires approval. We would therefore request for a generous application of this flexibility.
- Use savings from efficiency gains (after implementation of activities) to fund critical areas.
- These countries should be prioritized when it comes to consideration for additional allocations under the Unfunded Quality Demand Register. This could provide an incentive for these countries to pay special focus on resolving their absorption bottlenecks but also provide hope that the affected populations will continue to receive the much-needed services.

Table1: SUMMARY OF UNUSED FUNDS FROM A SAMPLE OF 13 AFRICAN COUNTRIES

	Country	Total Grant Allocation (\$)	Total Expenditure (\$)	Total Balance (31 December) (\$)	%age absorption rate	Unspent Funds (%)
1	Malawi	313,496,800	296,836,023.24	16,660,776.76	94.7%	5.3%
2	Gambia	7,691,886.55	6,247,013.40	1,444,873.15	81.2%	18.8%
	Swaziland	4,020,221.00	3,795,686	224,535	94.4%	5.6%
4	Nigeria	647,344,426	495,101,047	152,243,380	76.5%	23.5%
5	Togo	60,801,346	55,382,413	5,418,933	91.1%	8.9%
6	Zambia	237,687,264	216,852,240	20,835,133	91.2%	8.8%
7	Madagascar			5,900,000		
8	Bukina Faso ¹	117,366,323	116,408,803	957,520	99.2%	0.8%
9	Guinie Bissau	26,498,706.00	21,773,749.00	4,724,957.00	82.2%	17.8%
10	Uganda	437,252,145.68	418,132,438.88	19,119,706.80	95.6%	4.4%
11	Mali	60,467,265.43	33,998,578.09	19,950,578.09	67%	33%
12	Niger	164,005,473.00	162,505,473.00	1,500,000.00	99.1%	0.9%
13	Central African Republic	41,474,946.42	27,943,915.39	13,531,031.03	67.4%	32.6%
14	Benin	89,098,874	70,835,482	18,263,392	79.5%	20.5%
	TOTAL	2,207,205,677	1,925,812,862	280,774,816	86%	14%

¹ This allocation is in Euros



DECLARATION CONJOINTE DES CIRCONSCRIPTIONS AFRICAINES DU CONSEIL D'ADMINISTRATION DU FONDS MONDIAL

Les circonscriptions de l'Afrique de l'Est et Australe et de l'Afrique de l'Ouest et du Centre ont tenu leur Assemblée Générale à Addis-Abeba (Éthiopie) les 16 et 17 octobre 2017. Les circonscriptions ont examiné et délibéré sur les documents qui ont été produits pour discussion à la 38^{ème} réunion du Conseil d'Administration du Fonds mondial. Un consensus se dégage sur les questions essentielles à débattre et pour lesquelles des décisions devront être prises. .

Les circonscriptions ont noté les défis auxquels les pays continuent de faire face en trouvant des cas non détectés de tuberculose. En effet les cas non diagnostiqués et non traités ne soulèvent pas de problèmes de pharmino résistance d'urgence, mais continuent de générer de nouvelles infections tuberculeuses dans leurs communautés. . Nous exhortons donc le Fonds mondial à accorder une attention particulière aux subventions liées à la Tuberculose pour faire en sorte que des stratégies éprouvées et efficaces soient proposées et, là où des lacunes subsistent, utiliser un financement catalytique pour combler les lacunes.

Les circonscriptions ont également noté avec une profonde préoccupation les difficultés que les bénéficiaires du Fonds mondial continuent de rencontrer pour générer et utiliser des données précises dans la planification, la mise en œuvre et le suivi des subventions. Nous exhortons le Fonds mondial à investir dans des stratégies éprouvées qui amélioreront la demande de données et l'utilisation de l'information dans la programmation. La planification et la surveillance fondées sur des données probantes non seulement augmenteront l'absorption des subventions et l'efficacité de la mise en œuvre, mais garantiront également des résultats de qualité.

Les Constitutions Africaines souhaitent attirer l'attention du Conseil sur les questions suivantes qui affectent les progrès de l'Afrique pour mettre fin aux trois épidémies et / ou qui pourraient hypothéquer les progrès réalisés jusqu'ici :

1. Politique d'éligibilité

Nous reconnaissons le fait que, dans certains pays, la prévalence du VIH est en hausse, en particulier parmi les Populations Clés. Nous reconnaissons également qu'il y a eu des gains significatifs dans les pays à faible revenu et à charge de morbidité élevée (HBLI), avec un certain nombre de pays rapportant des réductions considérables de la prévalence du VIH ainsi que le nombre de nouvelles infections. Cependant, il est important de souligner que si les pays à faible revenu et à charge élevée ont enregistré des progrès significatifs, le fardeau de la maladie reste élevé . Par exemple, la prévalence moyenne du VIH en Afrique orientale et australe est de 7% et la région continue d'enregistrer plus de 800 000 nouvelles infections chaque année (40% des nouvelles infections mondiales), et la plupart de ces nouvelles infections touchent les Adolescentes et Jeunes femmes.

Par conséquent, nous devons veiller à ne pas déclarer la mission accomplie dans ces pays. Les révisions de la politique d'éligibilité qui pourraient entraîner des réductions des niveaux de financement dans ces pays pourraient entraîner une résurgence de l'épidémie.

A cette fin, l'Afrique ne soutient pas une expansion de la politique d'éligibilité et exhorte ainsi le Fonds mondial à maintenir les critères d'éligibilité actuels qui donnent la priorité au fardeau de la maladie et à la capacité de payer.

2. Programme de prévention du VIH

Les pays à faible revenu et à la morbidité élevée ont de plus en plus de mal à répondre aux demandes financières croissantes des programmes VIH / SIDA. En moyenne, les inscriptions aux TARV en Afrique augmentent de 40% tous les cinq ans, ce qui réduit la marge de manœuvre budgétaire pour une planification et une budgétisation efficaces des activités de prévention du VIH. L'espace budgétaire limité dans les allocations de subventions du Fonds mondial présente des défis importants pour l'intensification de la prévention du VIH en Afrique. Cela a de graves conséquences pour l'avenir de nombreuses adolescentes et jeunes femmes qui sont touchées de manière disproportionnée par le VIH. Peu de pays ont réussi à atteindre le point de référence de 26% de l'ONUSIDA pour la proportion de subventions destinées à la prévention du VIH.

Nous exhortons donc le Fonds mondial à élaborer des stratégies pour accorder une priorité à la prévention et à permettre une flexibilité dans les allocations de subventions pour que les pays planifient et budgétisent une intensification de la prévention du VIH, en particulier pour les adolescentes et les jeunes femmes.

Deuxièmement, compte tenu de la demande forte et croissante de traitements contre le VIH / SIDA dans les pays africains, il est essentiel d'encourager de nouvelles interventions de mise en marché qui conduiront à l'adoption d'un traitement antirétroviral de haute qualité et à faible coût. Le Fonds mondial devrait soutenir les partenariats de production locaux. En outre, le Fonds mondial devrait explorer des approches pour réduire les coûts du programme pour la fourniture des TARV. Les économies et / ou les gains devraient ensuite être consacrés à l'intensification de la prévention du VIH.

Nous nous félicitons donc des discussions du Groupe technique de référence en évaluation (TERG) sur les « analyses du coût de la prestation des services et de l'optimisation des ressources », mais faut accorder une attention particulière la nécessité de générer des données précises. Egalement le Fonds mondial devrait encourager et prioriser davantage d'activités de prévention du VIH dans le registre des demandes de qualité non financées (UQD).

3. Les fonds inutilisés du cycle d'allocations 2014-2016

Les circonscriptions ont pris note de l'énorme proportion des fonds qui ne seront pas dépensés dans le cadre du cycle d'allocation 2014-2016 sans possibilité de report dans le cycle des subventions 2017-2019 après le 31 décembre 2017 (veuillez également vous reporter à l'analyse sommaire ci-jointe). Il a été proposé que le Fonds mondial envisage des options permettant de donner aux pays une certaine flexibilité pour récupérer certains de ces fonds afin de soutenir les activités en cours. Ceci est encore plus critique pour les pays dont les demandes de subventions récentes n'ont peut-être pas été couronnées de succès. Les deux circonscriptions ont également exhorté le Fonds mondial à accélérer la

mise en œuvre de l'ITP-2 pour faire face aux goulets d'étranglement de l'absorption des subventions. Les demandes de l'Afrique à ce sujet sont :

- Qu'il soit accordé aux pays concernés une prolongation de 6 mois pour mener à bien la mise en œuvre des activités commencées avec les subventions actuelles du Fonds mondial qui se terminent le 31 décembre 2017.
- Que les paiements pour les biens et services commandés pour / acheter / contracter avant le 31 décembre 2017 et qui sont à livrer en janvier 2018 et au-delà, ne soient pas déduits de l'allocation de subvention pour la période de mise en œuvre janvier 2018-2020.
- Qu'il soit accordé la possibilité d'utiliser les économies réalisées grâce aux gains d'efficacité (après la mise en œuvre des activités) pour financer les domaines critiques.

4. Renforcement du Système de Santé

Le Renforcement du Système de Santé Résilient et Perrin (SSRP) fait face aux mêmes défis que ceux de la prévention du VIH. La réduction de la marge de manœuvre budgétaire due à la pression croissante des besoins en matière de traitement antirétroviral représente un défi majeur pour les pays bénéficiaires du Fonds mondial de planifier et de budgétiser efficacement le SSRP dans le cadre de leurs allocations de subventions. Il est donc nécessaire que le Fonds mondial identifie les points d'entrée et les stratégies visant à garantir que les interventions du SSRP soient couvertes par les allocations de subventions et effectivement intégrées dans les flux de subventions spécifiques à chaque maladie.

Nous recommandons une approche différenciée du SSRP où les interventions à court et à moyen terme garantissent un impact élevé et des résultats de qualité sont prioritaires. Les exemples typiques comprennent : la promotion de la demande de données et de l'utilisation de l'information, la gestion de la chaîne d'approvisionnement, en particulier la livraison du dernier kilomètre, et le développement du leadership et de l'appropriation par le pays.

Le rôle du secteur privé dans la garantie d'un secteur de la santé à large assise et bien intégré qui peut compter sur l'expertise disponible pour relever les défis devrait être souligné et encouragé. En outre, le rôle des communautés autonomes dans la responsabilisation de leurs responsables politiques ainsi que dans la promotion de la santé dans leurs communautés est essentiel. L'autonomisation des communautés pourrait potentiellement accroître l'efficacité des interventions du Fonds mondial, en particulier pour les modèles de soins différenciés pour les services du VIH, et les services de prévention du VIH ciblant les adolescentes et les jeunes femmes et pour les populations vulnérables marginalisées. Nous exhortons donc Comité Genre et Droits Humains (CRG) à faire un plaidoyer pour de meilleures stratégies de santé et des liens qui vont au-delà des droits humains et du genre pour intégrer la responsabilité plus large du secteur de la santé.

Nous avons également noté avec préoccupation que le cycle de financement de trois ans ne favorise pas les interventions à long terme les interventions du Renforcement du Système de Santé Résilient et Perrin qui nécessiteraient un cycle de mise en œuvre de cinq ans. Il y a un manque de continuité avec la première année de l'initiation du cycle de subvention de 3 ans et la 3ème année de la clôture.

Nous exhortons donc le Fonds mondial à travers le Groupe technique de référence en évaluation (TERG) et le Comité stratégique à approfondir ces domaines critiques et à fournir des directives.

5. Contextes d'intervention difficiles

Les circonscriptions africaines ont noté avec inquiétude, que des mesures complexes d'atténuation des risques du Fonds mondial, réduisent par inadvertance les incitations à dépenser les subventions du Fonds mondial. Il est important que le cadre d'assurance établisse un équilibre adéquat entre l'assurance financière et l'assurance programmatique en mettant davantage l'accent sur la qualité du service. Nous nous félicitons donc de la formulation par le Fonds mondial de stratégies d'opérationnalisation de la politique de Contexte d'intervention difficile, en particulier des flexibilités visant à réduire la lourdeur administrative et à accroître la réactivité face aux changements grâce à la planification d'urgence et à la reprogrammation. Cependant, nous avons noté que les équipes pays ne demandent pas ces flexibilités.

Il est nécessaire de revoir la mise en œuvre de la politique de Contexte d'intervention difficiles ainsi que de mettre à jour le cadre de gestion des environnements à risque. Le cadre définirait le niveau de risque que le Fonds mondial est prêt à accepter (appétence au risque) afin de faciliter les progrès dans la réalisation de ses objectifs dans les environnements à risque par rapport aux résultats du programme.

6. L'évolution des ICNs pour appuyer la mise en place de la Stratégie du Fonds mondial

Le modèle CCM, sa nature multisectorielle et multipartite est fortement appréciée par les différentes parties prenantes en tant que modèle unique qui permet aux différents acteurs des secteurs d'avoir leur mot à dire sur les questions les concernant. C'est la principale force des ICNs dans la mesure où elle favorise la durabilité en renforçant l'appropriation à l'échelle nationale. Ce modèle devrait être « intégré » dans les systèmes nationaux d'élaboration, de planification, de mise en œuvre et de suivi des politiques de santé. Ce serait l'héritage durable du Fonds mondial que le Secrétariat devrait promouvoir davantage.

Le Fonds mondial devrait donc en faire plus pour promouvoir le modèle à travers les gouvernements, les bailleurs de fonds bilatéraux et multilatéraux, y compris le secteur privé et les organisations de la société civile. Il est nécessaire d'identifier les meilleures pratiques et, à travers la coopération Sud-Sud, développer un ensemble de modèles d'ICN idéals, promouvoir les meilleures pratiques, partager et apprendre, tout en accordant aux pays des flexibilités adaptées à leurs contextes nationaux. Nous attendons avec impatience que ces propositions (idées) soient incluses dans le plan de mise en œuvre de l'évolution de l'ICN.

38TH GLOBAL FUND BOARD MEETING IMPLEMENTER GROUP STATEMENT

CALL FOR A HUMANITARIAN RESPONSE TO AIDS, TUBERCULOSIS AND MALARIA IN VENEZUELA

There is an unprecedented humanitarian and health emergency in Venezuela¹. The nature of the crisis has limited access to official information, especially to the most updated information on communicable diseases and the situation of the health system, hindering efforts for effective relief. Urgent efforts are being made by different key organisations and stakeholders in order to obtain unofficial, but reliable information to compel urgent global action.

Shortages of medicines are widespread. In March 2017, the 2016 National Hospital Survey published by the Venezuelan Health Observatory (OVS) and Médicos por la Salud found severe shortages of basic medicines in 76% of the hospitals surveyed, with rapidly growing year on year shortages. In June 2017, CODEVIDA (a coalition of Venezuelan NGOs) that document medicine stock-outs reported that approximately 70% of the drugs on the World Health Organisation's (WHO) list of essential medicines have been absent from pharmacy shelves for several months.

"The devastation we are facing is being perpetuated in part by the arbitrary rules and regulations that shape global health aid," said Mr Alberto Nieves, a person living with HIV from Venezuela.

According to UNAIDS, Venezuela has 120,000 people living with HIV², but only 7% (8,500 people living with HIV) have undetectable viral loads. Venezuela thus joins Gabon, Madagascar, Afghanistan and Pakistan³ as the bottom-ranking 5 countries on HIV viral suppression. Hence, these countries are faced with a massive consequence of being left behind in terms of HIV epidemic control.

With a population of 31 million, Venezuela represents 3.2% of the total population of the Americas, and accounts for a registered 43.6% of all malaria cases in the region according to the Pan American Health Organisation (PAHO)⁴. For more than 50 years, Venezuela had eliminated malaria, but in the last 3 years, the increase of confirmed malaria cases has increased by 205%⁶.

The economic collapse of Venezuela has made accessing food and life-saving commodities difficult and impossible for most. By 2017, Gross Domestic Product (GDP) plummeted by 12%⁵, making it the worst performing economy in the world. The inflation rate for Venezuela for 2018 forecasted by the International Monetary Fund (IMF) is 2,350%⁶. This has been met with stunning indifference from the global community.

¹ ICASO, [Triple Threat](http://www.icaso.org/wp/wp-content/uploads/2017/10/Triple_Threat.pdf) published October 2017. http://www.icaso.org/wp/wp-content/uploads/2017/10/Triple_Threat.pdf

² UNAIDS, People living with HIV <http://aidsinfo.unaids.org/>

³ UNAIDS, Treatment cascade (90-90-90) People living with HIV who have suppressed viral load <http://aidsinfo.unaids.org/>

⁴ PAHO, Interactive Malaria statistics http://www.paho.org/hq/index.php?option=com_content&view=article&id=2632%3A2010-interactive-malaria-statistics&catid=1617%3Amalaria-statistics-maps&Itemid=2130&lang=en

⁵ IMF, Data Mapper. Real GDP growth, annual percent change for 2017. World Economic Outlook 2017 http://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO WORLD/COG

⁶ IMF, Data Mapper. Inflation rate, average consumer prices. Annual percentage change estimates for 2018. World Economic Outlook October 2017 <http://www.imf.org/external/datamapper/PCPIPCH@WEO/WEO WORLD/VEN>

During the 37th Global Fund Board Meeting in Kigali, Rwanda in May 2017, the Board approved a decision point acknowledging the health crisis in Venezuela and the resurgence of the diseases. The decision point stressed that *“Venezuela is currently not eligible for Global Fund financing, and calls for a coordinated regional response to the health crisis in Venezuela and that addresses the impact on the region incorporating relevant partners, donors and financiers. Under such circumstances, in the context of a regional response, the Global Fund will continue to engage and, if possible, support the regional response”*.

Since then, not much has happened.

Before the start of the 38th Global Fund Board Meeting in November 2017, a Round Table on Venezuela was organised. PAHO reported that TB incidence is on the rise in Venezuela and mortality has been unchanged during the last 10 years, this situation may worsen due to the scarcity of basic TB diagnostics, scarcity of drugs, and the increased incidence in HIV/TB mortality. Through its Strategic Fund, PAHO has informed that it has been providing credits for procurement of HIV, TB and malaria commodities to Venezuela – the last at \$2.3 million. However, it has been difficult to continue with credits given that the Venezuelan government has yet to repay PAHO several million dollars for credits obtained previously. While finalising this statement, Standard & Poors has declared the debt default of Venezuela at \$60 billion, as it has failed to pay the \$200 million interest. This will undoubtedly worsen the economic situation of Venezuela.

We will hold the international community accountable and responsible for the price of inaction by ignoring and not responding to this humanitarian crisis.

Thus, the Implementer Group calls upon:

- The Members of the Global Fund Partnership; especially donor constituencies to urgently follow the example set by Japan, and contribute funding through the existing procurement mechanism (i.e. the PAHO Strategic Fund). As by the end of 2017, all HIV, TB and malaria commodities will face stock-outs;
- The international Community to channel resources to Venezuelan Civil Society to enable them to continue monitoring the situation, and to also provide capacity for community responses through the distribution of medications and commodities;
- Governments receiving People Living with HIV from Venezuela who are seeking treatment, should for humanitarian reasons, provide them the necessary, as well as, quality services and treatment needed, and stop deporting them as this inevitably equates to a death sentence for these communities; and
- The Global Fund to continue exploring concrete mechanisms to support this unprecedented health crisis, as well as, developing a more proactive and effective approach to countries in crisis.

38th Global Fund Board Meeting

French Constituency statement

(English version)

Concomitant to the election of the new Executive Director starts a critical period for the future of the Global Fund. Today more than ever, we must all work together to reach the ambitious goal we set ourselves to eliminate the pandemics as a public health threat by 2030. Preparing for the next replenishment Conference in 2019, the Global Fund will need to prove its ability to adapt to the evolving global political and financial context, as well as to attract and welcome new partners and donors.

First of all, France would like to express its most sincere thanks to Marijke Wijnroks and to the entire Secretariat for the astounding work they have accomplished and their strong commitment to ensuring continuity in this particularly busy interim period. This was far from being an easy challenge and you have taken it up admirably.

We are particularly pleased with the quality of the process that was deployed for the recruitment of the new Executive Director and would like to acknowledge the commitment of EDNC members to guaranty its integrity – a key requirement to build on the work already accomplished.

The coming years will be critical to fulfill the mission of the Global Fund. We need to be able to act effectively and appropriately in each and every country, so that all affected populations can access quality health care, from prevention to treatment. Achieving the Global Fund objectives will only be possible through the full implementation of the four pillars of the 2017-2022 Strategy. Bottlenecks, weaknesses in the health systems in which Global Fund programs operate as well as human right and gender-related barriers remain too numerous. Addressing these structural obstacles is at the core of achieving maximal and sustainable impact of Global Fund programs. It is also important that financial risk management is not detrimental to the implementation of programs.

In relation with these topics we would like to acknowledge the invaluable work of the Office of the Inspector General, whose analyses on these priority topics as well as others constantly feed into our strategic thinking and urge us to act together to improve the way the Global Fund works.

The progress made since the creation of the Fund is impressive but much remains to be done to leave no one behind.

Our ambitions cannot be achieved without putting partnership back at the core of the Global Fund model. From its inception, partnership has been one of the founding principles of the Fund. Redefining this principle must be one of the key priorities of our work in the upcoming months. To improve the impact of the programs in the countries, we must recreate forums for dialogue with all partners to implement our strategic vision, in an intelligent and planned articulation with the action of other stakeholders. Country ownership must remain the constant focus in all our actions because it is the guarantee for sustainable programs.

CCMs play a central role in coordinating this dialogue at country level. It is time for our support to these mechanisms to match the importance of the role entrusted to them, at the very core of the Global Fund model. They must be able to fully achieve their mandate in terms of strategic oversight over Global Fund grants, in a robust cross-cutting dialogue with all partners involved.

Efforts to strengthen collaboration with other organizations involved in the health sector must continue. Above all this collaboration needs to be more operationalized within countries. National and community health system strengthening as well as transition processes, in particular, cannot be implemented as activities in silo, but instead must be co-constructed in a sound manner with international and national partners.

As previously mentioned these challenges are both difficult to tackle and exciting to undertake. We hope that they will be the subject of many rich debates during this Board meeting and the upcoming months and years so as to enable us to continue making progress towards the goals we have set to the Global Fund.

Constituency statement

L'élection du nouveau directeur exécutif, de la nouvelle directrice exécutive, du Fonds mondial marque le début d'une période critique pour l'avenir du Fonds mondial. Nous devons plus que jamais travailler ensemble pour atteindre les objectifs ambitieux que nous nous sommes fixés de mettre fin aux pandémies comme menaces à la santé publique d'ici 2030 – dans un contexte politique et financier international de plus en plus difficile. Lors de la prochaine conférence de reconstitution des ressources en 2019, le Fonds mondial devra faire la preuve de sa capacité à s'adapter dans un monde en permanente évolution et à s'ouvrir à de nouveaux partenaires et donateurs.

Nous tenons tout d'abord à remercier, au nom de la France, Marijke Wijnroks et toute l'équipe du Secrétariat pour le travail formidable qu'ils ont accompli et leur engagement fort pour assurer la transition et la continuité durant cette période d'interim, particulièrement intense. Ce n'était pas un défi facile et vous l'avez admirablement relevé.

Nous nous réjouissons de la qualité du processus de recrutement du nouveau directeur, de la nouvelle directrice, et nous saluons le travail réalisé par l'EDNC dans un esprit d'intégrité nécessaire à la poursuite sereine du travail entrepris.

Les prochaines années vont être cruciales pour la réalisation de la mission du Fonds mondial. Nous devons être en mesure d'agir de manière efficace et adaptée dans l'ensemble des pays, pour que toutes les populations concernées aient accès à des services de santé de qualité, de la prévention au traitement. Les objectifs du Fonds mondial ne pourront être atteints que par la pleine et entière mise en œuvre des quatre piliers de la stratégie 2017-2022. Les goulots d'étranglements, les faiblesses des systèmes de santé dans lesquels les programmes du Fonds mondial opèrent et les barrières liées aux droits de l'Homme et au genre demeurent encore trop nombreux. C'est en agissant sur ces obstacles structurels que les programmes du Fonds mondial auront un impact maximum et durable. Il est également essentiel que la gestion des risques financiers ne se fasse pas au détriment de la mise en œuvre des programmes.

Nous tenons à saluer en cela le travail du Bureau de l'Inspecteur général dont les analyses, sur ces sujets prioritaires comme sur d'autres, nourrissent constamment nos réflexions stratégiques et nous poussent à agir ensemble pour améliorer les actions du Fonds mondial.

Le chemin parcouru depuis la création du Fonds est impressionnant mais il reste encore beaucoup à faire si nous ne voulons laisser personne au bord du chemin.

Nos ambitions ne pourront être atteintes sans remettre le partenariat au cœur du mode de fonctionnement du Fonds mondial. Dès l'origine, le partenariat a été l'un des principes fondateurs du Fonds. Redéfinir ce principe doit être l'une des priorités du travail des prochains mois. Pour une meilleure efficacité des programmes dans les pays, nous devons, recréer des espaces de dialogue avec l'ensemble des partenaires pour mettre en œuvre notre vision stratégique, et ce dans une articulation intelligente et planifiée avec l'action des différentes parties prenantes. L'appropriation

pays doit demeurer une préoccupation constante dans l'ensemble de nos actions car elle est la garantie de programmes soutenables et pérennes.

Les CCM jouent un rôle central de coordination de ce dialogue au niveau des pays. C'est pourquoi, il est temps que notre appui soit à la hauteur des missions qui sont confiées à ces mécanismes essentiels au modèle du Fonds mondial. Ceux-ci doivent être pleinement en mesure de mener le pilotage stratégique des subventions du Fonds mondial, dans un dialogue transversal fort avec l'ensemble des partenaires impliqués.

Les efforts de renforcement de la collaboration avec d'autres organisations impliquées dans le secteur de la santé doivent se poursuivre. Ils doivent surtout se traduire par une opérationnalisation de cette collaboration sur le terrain. Le renforcement des systèmes de santé nationaux et communautaires et les processus de transition notamment, ne peuvent être pensés comme des activités en vase clos mais doivent au contraire être co-construits de manière structurée avec les partenaires internationaux et nationaux.

Comme dit précédemment, ces défis sont à la fois complexes à relever, mais également exaltants. Nous espérons qu'ils feront l'objet à l'occasion de cette réunion du Conseil et des prochains mois et années de riches débats pour nous permettre de continuer à progresser vers l'atteinte des objectifs que nous nous sommes fixés.

Constituency Statement Germany

A significant Board Meeting is forthcoming, at which we will appoint the next Executive Director (ED) of the Global Fund (GF). The new ED will take over a well-known international financing institution that, over the past years, recorded positive developments and steady performance improvements, both at the Secretariat and the country level. Significant innovations include the new funding model, the launch of the new strategy with the commitment to build resilient and sustainable systems for health (RSSH), the Impact through Partnership (ITP) project and the Country Coordinating Mechanism (CCM) Evolution process, just to mention a few. However, rapidly changing circumstances and demands in the global health context, constantly pose new challenges to the GF just as to implementers and partners. In this context, we are looking at the new ED to continue on the path that we have entered with the new strategy, in particular with respect to boosting community and health systems; human rights and gender equality; CCM evolution and alignment with other health coordination bodies. Ensuring responsible transition and sustainability of services in transition contexts will be a key task. At the same time, the new ED will have to position the GF in an evolving health and development architecture, while promoting synergies with other global health players. Given the variety of responsibilities just as the importance of maintaining the GF's management continuity process, we welcome the appointment of a Deputy Executive Director. In terms of expertise, skills and networks the Deputy should ideally hold a complementary function to the ED.

1. Implementation of Global Fund's Strategic Framework 2017-2022

(Reference Documents: GF/B38/08; GF/B38/09; GF/B38/11; GF/B38/12; GF/B38/13)

The *Global Fund (GF) Strategy 2017-22* has been developed in an exemplary and comprehensive process resulting in strong support by a wide range of stakeholders and constituencies. Its successful implementation and the GF's accelerated and sustainable impact depend on progress in all four areas of the strategy. Failure to achieve an investment portfolio, which balances treatment and prevention and allows investments in resilient and sustainable systems for health (RSSH), puts the GF's overall mission and reputation at risk. In the first application windows of the 2017-19 allocation period, **countries' high dependence on GF resources** to finance treatment programs and commodities became evident. Flat or reduced GF allocations make it not only difficult or even **impossible for countries to invest in the improvement of the underlying health system, but also in the expansion of prevention of the three diseases**. Paired with insufficient domestic and sustainable financing sources and mechanisms, this often leads countries to an either-or decision – treatment programs versus RSSH and prevention.¹ We thus would like the following issues/questions to be addressed:

- ⇒ **On HIV Prevention:** We welcome that the Strategy Committee (SC) will review the GF's contribution to the international HIV prevention goals and to country efforts in this regard at its next meeting in March 2018. We remind of the *2016 Political Declaration on HIV/AIDS* recommending no less than 25% of the overall available financial resources for HIV for prevention; the *Global HIV Prevention Coalition* confirmed this target in October 2017. Being in many countries the largest financial contributor, the GF has a special responsibility in fulfilling this target. Where do we stand with regard to the 25% for prevention in terms of the funding requests from window 1-3? The SC should provide **strategic guidance on how to balance between prevention and treatment with available resources**. Implementers and partners are invited to identify best practices from countries that have achieved the 90-90-90 targets. **In the context of reprogramming grants, a special focus should lie on prevention**. Challenges and gaps identified during country prevention assessments and national stock taking exercises conducted

¹ See TRP report (GF/B38/13; p. 20-21): **More focus on prevention is needed** as prevention programs are often constrained by budget requirements to cover patients already on treatment. **While more effort/resources are required to achieve the 90-90-90 treatment targets, it is just as important to maintain, adapt and expand prevention programs**. TRP recommends to partners to identify best practices on how countries balance between prevention and treatment with limited resources.

in the preparation of the *HIV Prevention 2020 Roadmap* can provide useful guidance in this regard.

- ⇒ **On RSSH:** We acknowledge that the current mandate of the GF is that of a financing institution for AIDS, tuberculosis and malaria within which investments into health and community systems need to be close to the immediate requirements of GF grant implementation. However, experience and evidence from many countries show the need for a **broader, yet systematic and more system-oriented approach** just as **greater clarity at country level on how to operationalize RSSH issues** in order to ensure transition readiness as well as long-term impact and sustainability of GF-financed health services. We welcome that in 2018, the *Technical Evaluation Reference Group* (TERG) and *Office of the Inspector General* (OIG) will **unpack the GF's contribution to RSSH in view of the next allocation cycle**.² We would appreciate if these assessments could also reflect on the possibility to include an **allocation for health and community systems in the allocation methodology** for the funding cycle 2020-22. A share for RSSH might not only meet countries' needs and promote GF's attainment just as future viability beyond 2022, but also attract potential new donors that are interested in being more engaged in global health beyond disease specific interventions.

2. Evolution of Country Coordinating Mechanisms (CCMs) to support the implementation of the strategy

(Reference Documents: GF/B38/04a; GF/B38/04b; GF/B38/21)

With the strategy 2017-22, the GF adapted its work to the Agenda 2030 for Sustainable Development. For the implementation of the strategic objectives, it will be key to ensure inter-sectoral collaboration to connect disease-specific with broader health sector approaches. CCMs should play a crucial role in health sector coordination to achieve Universal Health Coverage. This change calls for adequate measures to guarantee the highest possible level of performance of CCMs. **We therefore welcome the efforts around CCM evolution** by the GF and its partners and thank the GF Secretariat for implementing a **comprehensive and inclusive consultation process**. We welcome the concept of three CCM maturity levels as presented in the SC and outlined in the board input.

- ⇒ Moving forward and refining each maturity level's requirements, **the criteria should identify more explicitly the potential of implementing the GF's four strategic objectives**. We encourage measures to foster or establish **systematic linkages of CCMs to other national bodies and health platforms** across all maturity and differentiation levels.³
- ⇒ **Ensuring continuous adequate resourcing to effectively implement the recommendations of the CCM evolution process will be critical**. The 2018 corporate work plan and Operating Expenses Budget (OPEX) presented for Board approval foresee a **decrease of allocations for CCM costs/budget by 10% in 2018 compared to 2017**. No rationale is given for this planning/proposal. We would like to receive more information on how the changes recommended by the CCM evolution road map can be successfully implemented within the CCM budget of USD 9.5 million.
- ⇒ **Once the GF Secretariat has analyzed the potential impact, support needs and costs associated with CCM maturity levels, we strongly recommend another discussion on financing of technical assistance (TA) for the CCM evolution**, including an exploration of options for financing CCM TA through grant allocations.

3. Revision of the Eligibility Policy and handling of countries in crisis

(Reference Documents: GF/B38/20; GF/B37/DP11; GF/SC04/04)

Since the Board approved the *GF Eligibility Policy* in 2016, the discussion about the appropriateness and rigor of the determinants of eligibility continued at SC-level with the objective of a major policy revision in 2018. The 38th Board meeting provides a **welcome opportunity to take a step back to review and summarize the status of the discussion and conclusions** made so far. In the interest of

² OIG's cross-cutting review on RSSH foresees to assess if and how RSSH activities are designed, monitored and evaluated effectively. TERG's suggested thematic review on RSSH will focus on the impact of RSSH.

³ At global level, networks such as UHC2030 and Providing for Health can support/facilitate such connections/exchanges.

fairness and transparency and to address countries' needs as comprehensively as possible, we envision that the current review of the eligibility requirements will lead to a **policy that is as straight forward as possible** (i.e. with as few exceptions as possible).

In connection with the developments in Venezuela, an ineligible country to the GF that is undergoing a protracted economic crisis seriously affecting its health system, including HIV, tuberculosis and malaria programs, a discussion about ways to address responsiveness to emerging health threats started within the scope of the eligibility policy revision process. **It is crucial that the GF will very soon find suitable and flexible ways to support countries with emerging health crises in a timely manner.** We agree that this issue is best **addressed outside of the eligibility policy through a clear set of criteria and a defined process.** The eligibility policy could include a clause referring to such a clear process with objective criteria.

- ⇒ We welcome that an informal working group to the SC was formed that will propose **criteria / triggers** and approaches for GF support to **countries in emergencies/crisis**. We would like to share **two ideas for practical approaches and further consideration**: 1) use funds that become available during one allocation period and re-invest them into countries with emerging health crises⁴, and/or 2) expand and open the emergency fund to prospectively eligible countries with emerging health crises. With regard to the scope of potential financial support and allocation of resources, engagement by the Audit and Finance Committee (AFC) will be welcome.
- ⇒ We also like to remind of the Board's decision in Kigali to continue to engage and, if possible, support a **coordinated regional response to the health crisis in Venezuela**. We are keen to learn more about ongoing initiatives during the round table at forthcoming pre-Board meeting day.

4. Key Performance Indicators (KPIs) Framework 2017-2022 and reporting

(Reference Documents: GF/B38/05; GF/B38/08; GF/B35/07a; GF/B35/EDP05; GF-OIG-16-009)

KPIs are an important way of measuring the performance and success of the GF and the programs in which it engages. While developing the *Strategic KPI Framework 2017-22* and setting ambitious, yet realistic targets was a long and not always easy process, the GF Secretariat made considerable progress and is about to reach the finishing line. We acknowledge the extensive work done and are **looking forward to the first reporting against the framework**, scheduled for the first Board meeting of 2018. We would like to remind that the framework builds upon the four strategic objectives of the *GF Strategy 2017-22* reflecting current public health and development needs. In order to achieve these and track progress against the strategy, **it is essential to treat all four strategic objectives with equal importance, also in the context of reporting.** The Board therefore agreed that all operational objectives and sub-objectives will be **monitored, either through KPIs or thematic reporting.** To date, the KPIs were discussed prominently at Committee and Board level, while thematic reporting remained mainly unaddressed.

- ⇒ Especially in the context of the strategic objective 2 on RSSH, we need to make sure that progress can be tracked, since strengthening community responses and systems (*operational objective 2a*) and leverage critical investments in human resources for health (*operational objective 2d*) are not covered by the KPIs. **We urge to establish continuous and comprehensive thematic reporting processes for all operational objectives not covered by the KPIs** in order to increase accountability and treat all strategic objectives with equal importance.

5. Innovative financing: blended finance mechanisms

(Reference Board Meeting Documents: GF/B38/12; GF/B37/DP07; GF/AFC05/06; GF/SC05/18)

With the approval of the *Sustainability, Transition and Co-Financing* (STC) policy in 2016, the GF Secretariat agreed to explore the use of innovative financing mechanisms to encourage increased co-financing and program sustainability. The driving force behind these is twofold: the need to frontload investments; and the intent to ensure that programs transitioning from GF financing sustain and build on achievements by facilitating continued domestic investments. Based on the funding requests submitted and reviewed in the 2017-19 allocation period thus far, the Technical Review

⁴ This would entail an extension of the key overarching principles of the prioritization framework for portfolio optimization.

Panel (TRP) observed that **blended financing proposals provide opportunities, but also bring risks and require further assessments** just as exchange of experiences. As a result, we welcome the side event led by the *Private Sector Constituency* at forthcoming pre-Board meeting day to better understand and discuss the potential of innovative financing tools in the GF context.

- ⇒ In the documentation on this topic, it is laid out that blended finance mechanisms may require the GF to bypass critical processes limiting the oversight roles of the Secretariat, the OIG and CCMs. This cannot be worked out on a case-by-case basis. Instead, we sympathize with the request by the three *Civil Society Constituencies* for closer involvement of the Board and relevant Committees in the monitoring of such tools to ensure that **basic principles with regard to oversight and civil society engagement** will be upheld.
- ⇒ Noting the risk of a limited role of CCMs, we also support the request for more information on the role of the CCM (in particular civil society involvement) in blended financing pilot countries. In connection with the administration agreement with the World Bank that was approved at the 37th Board Meeting in Kigali, the Board requested the GF Secretariat to “... *develop a framework to guide future consideration of such investments for presentation to and review by AFC, in consultation with the SC, for recommendation to the Board*”. **We would like to know at what point in time the framework will be submitted to the Board for approval.**

6. The future of the Global Fund: Finding synergies

(Reference Documents: GF/B38/08; GF/B38/12, GF/SC05/08 and Annexes 1-3)

The TERG-led *Strategic Review 2017* recommends that the GF monitors the development of the aid architecture in the global health context and starts early to reflect upon its role and approach beyond 2022. We fully share this assessment and necessity. **It seems timely and worthwhile to start a process to define the “selling features” and the role of the GF in the next strategy period.** Some early ideas seem also very useful in relation to the third replenishment. Such reflections could/should include the **potential broadening of the mandate as well as increased synergies between the GF and Gavi** (while at the same time cultivating their individual comparative advantage). To what extent is the GF prepared and equipped to present itself as the best possible partner with regard to a wider portfolio? The inclusion of RSSH in the 2020-22 allocation could be a first test run for a broadening of the GF.

- ⇒ **To promote the cooperation between the GF and Gavi, the Vaccine Alliance**, we asked, in view of the 38th Board Meeting, for a short paper or presentation with an overview in which areas the two already work together. **We are looking forward to the joint update to the Board on the existing and future collaboration between the two**, which was announced by the Board Leadership in response. This report could then serve as basis for further strategic planning.
- ⇒ As we move further towards 2030, we can anticipate that the **global health architecture will continue to be dynamic**. Aligning and uniting resources and initiatives will be ever more critical. Already today, the mandates of the GF, Gavi and *Global Financing Facility* (GFF) overlap to some extent, maybe increasingly so in the medium to long term. Hence, we **appreciate the recently started discussion and work of the 3Gs** (i.e. GF, Gavi and GFF) and the World Bank Group to plan ahead, define the division of labor and mandates and, at the same time, maximize synergies. We need to strategically discuss opportunities for **joint implementation modalities between various global health initiatives and funding instruments along the different steps of the funding cycle**, such as needs assessment and country dialogue; capacity assessment of implementing partners; strengthening of financial management, procurement and supplies; joint performance monitoring, evaluations and joint oversight; just as joint or coordinated resource mobilization.

We are looking forward to your comments and questions!

Germany Constituency

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Point 7 statement on Strategy Implementation for EB 38

Point 7 appreciates the opportunity to submit to constituency statement on the implementation of the strategy.

- We are very pleased to see the progress made and that we are on track on meeting more or less all the targets for the key interventions. It would be good to see the absolute number for the target and not just the alignment expressed as a %.
- We are concerned about the reporting (or rather lack of reporting) on health systems strengthening. This is a critical element of the strategy and yet we are not able to present useful KPIs not data on progress. What will the secretariat do about this?
- On the contrary we are very pleased to see the progress made in the strategic areas of Human Rights and Gender. We are impressed by the way the secretariat has ensured that both human rights and gender equality has been brought into the programming of many grants across the world. As a next step it will also be important to report back on the actual impact of this work.
- In terms of The SIP as a tool for guiding and monitoring implementation we have two suggestions
 1. We believe the “SIP” would be best placed by integrating it into the Cooperated work plan. The SIP is about implementing the strategy and that is the work of the secretariat to support that i.e. The cooperate work plan should be more or less equal to the SIP.
 2. The monitoring and report on the strategy implementation is a key agenda item for the board. We would like to see a more substantive Annual report to be reviewed and discussed by the board. The report should clear about the annual results using the KPIs including both the impact and coverage of intervention indicators. The Annual report should also present the costs associated with those results.
- The board’s role is to decide on the strategy, the secretariat has the responsibility to enable the implementation based on an agreed Cooperate work plan and budget. The Secretariat should the report back to the board on progress, and the role for the board is then to review the progress and discuss whether the strategy needs to be adjusted. Simple!

But we need to clarify and simplify the instruments (plans, reports etc) we are using. We have a set up today which is to complicated and not user-friendly and on the same time we lack sometimes quality and some basic requirements for us as a board

SOUTH EAST ASIA CONSTITUENCY POSITION FOR 38TH BOARD MEETIN

1. The SEA constituency thinks that to fully eliminate disease it is not only country led but should be join regional efforts. Thus we would like the board and secretariat to consider increase funding for our regional grants and provide clear guidelines for establishing good regional mechanism to request for funds and oversight grants implementation for any regional grants. The SEA constituency already planned for two different regional grants in SEA countries.
 - a. First a regional grant on malaria elimination at the border areas, i.e. India with four neighbors SEA countries, Timor-Leste and Indonesia, and Thailand with neighboring countries. Countries may not use their country allocation since their priorities are different from one country to the other.
 - b. Second grant on control TB and HIV targeting migrants and mobile population. We would like to request fund in catalytic funding allocated for key affected people to be set aside for SEA proposal in this area. The SEA countries need to work hard to control these disease since we have high prevalence in and high number of mobile and migrant people.

For these two grants SEA constituency planned to establish a Regional Mechanism called Multi Country Mechanism (MCM). We therefore request the secretariat and the board to adopt attached management guidelines approved by SEA constituency on 31 OCT 2017.

2. SEA region would like to request to the board to change budget for disease split to increased budget for TB compare with other two diseases, especially to our region. This is because we have high TB incidence in India and Indonesia also some of other smaller country have not done their prevalence survey in TB.
3. In preparation for transitioning we request boar and secretariat to increase budget for Health System strengthening in SEA countries. We also hope to include capacity building for country CCM or Health Sector coordination mechanism to well prepare them for policy analysis, budget lobby and internal resource mobilization.
4. To maintain high standard of the Global Fund's ethics and effectiveness to fight the three diseases with in complex operations we recommend to have clear guidelines and socialization of the policy at all level.
5. On the appointment of the new ED, the SEA constituency request a smooth transition and clear guidelines especially during this grant making process and preparation for the next replenishments. We recommend for continuous engagement with SEA constituency and we would like to request first visits to our region.

6. The SEA constituency supporting the idea to expand donor base but also request to find ways for keep engagements with the traditional donors.
7. The SEA constituency would like to increase participation at the Board Committee, thus we have put forward some candidate for the committee leadership and will make effort to put forwards names for the committee member. We hope that our member will be selected based on their merits.

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Multi-country Coordination Mechanism (MCM)

South East Asia Constituency

October 2017

Endorsement

Introduction

Countries belonging to SEA constituency have been raising concerns regarding the regional issues, which do not get addressed in usual country programmes, therefore, an alternative mechanism needs to be in place to effectively address issues related to Malaria, HIV and TB, which are not addressed in the national strategies and programmes, especially when it's around migrations and migrants' health and wellbeing.

The issue of migrants' health has been in the agenda of SEA constituency meetings for an extended period. Recently SEA constituency convened a meeting, ahead of 36th TGF board meeting, one of the agenda item was regional/multi country initiative. Building on the regional experience with the Malaria project and TB-HIV migration EoI, the meeting recommended to step-up the efforts, with the new developments in the TGF funding scenario.

In order to achieve the aims of the GF Strategy 2017-2022, the 36th meeting of TGF board approved the Catalytic Investments for the 2017-2019-allocation period which opens door for multi country initiatives. In addition to country allocations, US\$800 million is available for catalytic investments.

During the constituency meeting in 2016, countries agreed and decided to form a MCM, therefore, this document will detail out the terms of reference of the MCM, of SEA region.

Objectives and purpose

Primary objective of the MCM is to submit multi-country funding requests to TGF, and to improve coordination of regional level activities aimed at addressing gaps in country level activities, the gaps can only be addressed in a regional approach.

The role and functions of the MCM

- Coordinate the development and submission of regional proposals;
- Nominate Principal Recipients for regional initiatives;
- Oversee implementation of the approved grants;
- Monitor compliance of the PR with Global Fund policies and procedures for grants management programs;
- Review and endorse requests for reprogramming and changes to the implementation arrangements, the performance framework, and to the approved budget and work plan prior to submission of such requests to Global Fund;
- Review and modify the ToR and governance of MCM for SEA region based on the functions.
- Investigate the causes of and recommend remedial actions when the implementation of the grant does not follow the approved budget and work-plan and/or the terms of the grant agreement.

- Ensure linkages and consistency between Global Fund grants and other national/regional health and development programs; and
- Play a leadership role by participating in the Strategic Planning discussions at regional and country level, and convening stakeholders to engage in inclusive regional and country dialogue including agreements on fund related issues.

Guiding principles and approaches

1. Ensuring that grant implementation is focused, fast and flexible; the MCM shall be adequately empowered to ensure that grant implementation is efficiently managed
2. Ensuring access to high quality data: The MCM will have access to the related data, supported by the PRs/CCM, engage in grant oversight and MCM will engage and support development of regional performance monitoring and management information system.
3. Partnership: MCM will take stock of regional initiatives and will put every effort in working in partnership with regional organizations working on similar issues ☐
9. Regional political leverage: The Association of Southeast Asian Nations (ASEAN) is already engaged in regional efforts addressing malaria control. SAARC countries have a migration related TB HIV agenda; therefore, the MCM should create links with such similar processes, and should create an impact at regional level advocacy, for political support and increased funding. ☐
10. Complementing the role of national Country Coordinating Mechanisms (CCMs): In its role of grant oversight, the MCM shall collaborate closely with the Country CCMs. ☐

General terms

- Development and submission of Eols', and funding request should be fully endorsed by national CCMs; [2]
- Grant content and implementation oversight ensuring that the grant(s) are implemented in a timely manner and in line with agreed strategy and related work- plans and budgets. The oversight role will be split with national CCMs as follows:
 - Oversight of individual country activities, based on information provided by CCMs, looking at the macro-level performance of each of the countries, and how they meet the overall regional aims. [2]
- MCM will conduct periodic self-assessments and develop improvement plans according to the GF guidelines and eligibility requirements
- Nomination of Principal Recipient (PR) to implement the Global Fund grant, and the selection of Sub-Recipients (SRs) who will be involved in grant implementation in collaboration with the PR and national CCM.
- Monitor and evaluate the implementation of projects financed by the grant, and will establish a single Independent Review panel who will undertake annual monitoring and evaluation of the program, complementary to and independently from the oversight functions of the PR. [2]
- Ensure that activities funded by the grant are consistent and compliments or are in line or in harmony with other initiatives to address the same issue. [2]
- Review progress reports that have been sent to GF, or are about to be sent to GF or other donors by the PRs. [2]
- The MCM shall advocate for resource mobilization both within countries and at regional level, with development partners and with the private sector. [2]

Hosting the MCM and the secretariat

The MCM will be convened, and hosted by the constituency leadership, the secretariat support will be provided by the communication focal point, and if needed additional dedicated secretariat support can be obtained, with budget included in regional grants. Therefore, when there is a regional project/grant a dedicated secretariat will be setup, led by the executive secretary.

Technical Hub

A regional technical hub will be developed (preferably at WHO SEARO), or establish linkages with other such mechanism established for this purpose. The technical hub will;

Provide technical guidance and advice, through technical working groups/experts, and organizing regional technical meetings

The MCM will identify and approve a Regional PR; and work with the PR, ensuring that the SR selection process is open, fair and based on objective criteria related to performance capacities. [2]

The regional PR will manage all financial inputs to, and reporting requirements of, SRs (including national PRs) under the terms of the agreement signed with the Global Fund.

The national PRs will be responsible for managing the activities according to the grant agreement.

For regional activities, the regional PR will report directly to the MCM. [2]

The MCM will maintain close communication with the Fund Portfolio Manager (FPM), as the focal point for grant management at the Global Fund Secretariat and interact with key actors for the effective implementation. [2]

MCM will assign its members to attend the debriefings between the regional PR and the Local Fund Agent (LFA) contracted by the Global Fund Secretariat to assess implementation capacities and verify program results reported by the PR and SRs. [2]

Structure of the MCM

The MCM is composed of members, who shall elect a Chair and a co-Chair, at the very first meeting

The MCM shall appoint an Executive Committee)Strategic Planning and Oversight(for Implementations Regional Grant, and other committees and working groups as required. [2]

The MCM shall establish a Secretariat, and shall select an Executive Secretary (SEA leadership)

The hierarchy of authority shall be as follows: Full MCM membership; Executive Committee) Strategic Planing and Oversight(; MCM Chair and co-Chair; Executive Secretary.

The MCM Secretariat will function under the leadership of the chair.

Participating countries, and membership by partners(constituencies)

Voting members

- Member countries (Minimum 5 countries)

Non-voting members

- Partnering organizations (local to the countries)
- International partners/Private sector
- UN organizations (relevant to the themes of the regional project/grant)
- Affected communities/Civil society/regional consortiums

The MCM can contain eleven (11) voting members and 11 Alternate members (minimum 5 and maximum of 11), one chair, one co-chair, and (4) non-voting members. ☐

Voting members are as follow (in alphabetical order);

1. Bangladesh
2. Bhutan
3. DPRK
4. India
5. Indonesia
6. Maldives
7. Myanmar
8. Nepal
9. Sri lanka
10. Thailand
11. Timor-Leste

Non-voting members are

- 1- Partnering organizations (local to the countries, selected among organizations proposed by countries)
- 2- International partners
- 3- UN organizations
- 4- Affected communities/Civil society

Every effort shall be made to ensure gender balanced representation within the MCM; ☐

Any changes to the constituencies or their representatives on the MCM must take account of current Global Fund guidance on CCM membership, and must be approved by a two-thirds majority of the voting members present and voting at a meeting at which there is a quorum. ☐

MCM shall review membership every three years to ensure wider and meaningful representation.

At the expiration of a term, which shall last for 3 years, and with the approval of the MCM, a member may be nominated by their constituency to serve another term, subject to a limit of two consecutive terms (6 years in total).

Membership renewal: Three months prior to the expiration of a member's term, the MCM shall publicly announce the date of election of new members, and information regarding the means by which members of each constituency may participate in the election process. [2]

Selection Procedure

MCM members representing non-government constituencies shall be selected by their own constituencies based on a documented, transparent process, developed within each constituency. [2]

To grant the membership nomination to representatives from civil society constituencies, MCM shall obtain nomination letters and/or dated meeting minutes from each civil society constituency documenting the process it followed to select its representative(s) on the MCM. [2]

Each organization proposed for membership on the MCM must be formally approved by the MCM. [2]

Roles and responsibilities of MCM Members

Each MCM member represents the interests of their entire constituency, and not those of their own individual self or organization. [2]

MCM members shall respect and adhere to respective Terms of Reference or governance manuals and other policies and procedures adopted by the MCM. [2]

MCM members shall share information with their constituents in an open and timely manner, and should respond to requests for additional information. [2]

MCM members shall consult their constituents regularly so that they can reflect their views and concerns in MCM decisions and meetings. [2]

MCM government members shall be mandated by, represent the views of, and report back to the senior leadership of their government. They have an important role in coordinating MCM activities and decisions, in particular with national malaria programs, acting as a liaison between the MCM and government agencies, and ensuring program sustainability. [2]

MCM private sector members (if any) shall share expertise and resources with the MCM, and shall act as advocate for malaria programs, particularly on issues related to economic development. [2]

MCM civil society members including people affected by malaria and key population groups

shall maintain strong ties with their communities, in order to provide feedback on the quality and impact of programs. ☐

MCM members shall regularly report all important decisions of the MCM to organizations and individuals within the constituency that the member represents. ☐

All MCM voting and non-voting members, Alternates, Executive Committee members, Secretariat staff, and all members of standing committees, subcommittees and working groups shall comply with the MCM Conflict of Interest/COI Policy (Annex 1). ☐

48. All MCM members shall complete a Disclosure of Conflict of Interest form for the record, in compliance with the MCM COI Policy, (Annex 1, Appendix 1) at the time of being appointed on the MCM and disclose any actual or perceived conflict of interest at that time.

Meetings

The MCM shall hold at least two general meetings per year and special meetings when called at the request of the Chair, the Vice-Chair or the Executive Committee)Strategic Planning and Oversight(. ☐In addition, if and when required virtual (skype/zoom etc) meetings will be held.

Only approved MCM members, their alternates and any special invitees or observers approved by the Executive Committee)Strategic Planing and Oversight (Office Bearers may attend MCM meetings. ☐

If an MCM member is unable to attend an MCM meeting, their designated alternate member can represent the MCM member at the meeting where the appointed member provides at least 36 hours written notice to the Secretariat of his/her absence. ☐

The designated alternate member will assume the full rights and responsibilities of a MCM member in the meeting apart from as specified in these ToRs with respect to decisions on amendment of the ToRs and election of Chair, Vice-Chair or Executive Committee)Strategic Planning and Oversight(members. ☐

MCM Vice-Chair or Committee Chairs shall request all participants in an advisory or decision-making session to disclose any potential COI. Members disclosing potential COI shall be asked to recuse themselves from participating in the meeting in compliance with the MCM COI Policy detailed in Annex 1. ☐

Quorum

The definition of a quorum is the presence of at least 60% of the voting MCM members. For the MCM with 11 members the quorum is therefore 6. ¶ With 5 members, the quorum is 3.

No decision made at a MCM meeting is valid unless a quorum is present at the time of the decision. ¶

Voting procedures:

Decisions shall be made by consensus whenever possible. But where necessary, decisions shall be made by voting. ¶

If the Chair declares that a decision has been made by consensus, but a member believes there was not consensus, the member can ask for a vote. ¶

Votes shall be of two kinds: "simple majority" and "two-thirds majority." "Simple majority" means a majority of voting members present at the time of the vote. "Two-thirds majority" means two-thirds of voting members present at the time of the vote. ¶

For a measure to pass, a simple majority vote is required except when these ToRs state that a two-thirds majority vote is required. ¶

Voting shall normally be by show of hands. When a member requests a formal recorded vote, the results of the vote (i.e., the numbers for, against and abstaining) shall be recorded in the minutes. When a member requests it, each member's vote shall be recorded in the minutes of the meeting. ¶

Secret ballots shall be used for voting when called for in these ToRs or when requested by a member and approved by a majority vote. ¶

In the event of a tie of votes, the Chair has a vote as an ordinary member but should first seek to achieve a consensus decision through further discussion of the issue(s). ¶

When neither the representative nor alternate of a constituency member is present, that member's constituency may not vote and may not have anyone else vote on its behalf. ¶

Urgent decisions arising between MCM meetings can be put to a vote by e-mail. This shall be at the discretion of the Executive Committee. ¶ All MCM members must receive, by email, fax, letter or phone at least three weeks' prior notice of each general meeting, and at least one week's prior notice of each special meeting. ¶

Meeting invitation and Agenda

The draft agenda of the meeting shall be compiled by the Chair in consultation with the Executive Secretary. MCM members may send requests to the MCM Secretariat for items to be included on the agenda. ☐

At the start of each meeting, the agenda may be modified and must be approved by the MCM. ☐

Background papers must be sent to members at least three days prior to the meeting. The papers sent prior to each general meeting should include reports from the PR on program progress on each grant since the previous general meeting. The agenda of each general meeting should include opportunities to discuss such reports. ☐

Minutes

The MCM Secretariat will be responsible for taking and circulating MCM meeting minutes, listing participants members and non-members, clearly summarizing discussions, decision points and member/ constituency participation or abstention in accordance to the format contained in Appendix 2 of the MCM COI Policy; ☐

The MCM Secretariat shall distribute draft minutes to MCM members within two weeks of each meeting. At the following meeting, these draft minutes shall be discussed, amended as necessary and formally approved. ☐

MCM members may share draft minutes with the organizations and individuals in the constituencies they represent providing the minutes are clearly labelled “draft”. ☐

Minutes that have been formally approved shall be distributed to all members within one week of the meeting at which they were approved. Approved minutes are public documents and shall be posted immediately after approval in the MCM website. ☐

Chair

The MCM shall have one chair. 2

The responsibilities of the Chair include:

- convene and chair MCM meetings; 2
- propose and seek approval of the agenda of each MCM meeting; 2
- inform the CCM of the decisions of the Executive Committee (Strategic Planning and Oversight); 2
- when necessary, make decisions between MCM and/or Executive Committee (Strategic Planning and Oversight) 2 meetings;
- seek the opinion of the Vice-Chair on all important matters; 2
- when necessary, delegate certain responsibilities and decisions to the Vice- 2 Chair; 2
- serve as spokesperson for the MCM; 2
- provide oversight of the MCM Secretariat; 2
- and fulfil other responsibilities as outlined in these ToRs. 2
- Guide CFP and Executive Secretary of MCM Secretariat about meeting organization and arrangements related to other administrative issues

The MCM Chair shall be elected by a vote of the MCM. Any candidate for Chair must be nominated and seconded by MCM members. The vote for Chair shall be by secret ballot. Only full voting MCM members (not alternates or non-voting members) may vote to select the Chair. The Chair will have no vote except in order to break a stalemate/tie. 2

The MCM can vote to remove a Chair during her/his term. Such a vote requires a two-thirds majority of the voting members present at the meeting. Only full voting MCM members (not alternates or non-voting members) may vote to remove the Chair. 2

The term of office for the Chair is three years. No person may serve more than two consecutive terms as Chair. If the Chair resigns, complete his/her two terms, or is removed in mid-term, the Vice-Chair shall serve as Chair until a new Chair is elected. 2

The MCM can appoint the Co- Chair to complete the term of the former Chair and, at the discretion of the MCM, to serve for a full term beyond that. 2

Vice-Chair

The MCM shall have one Vice-Chair

The responsibilities of the Vice-Chair are as follows:

- perform tasks delegated by the Chair; ☐
- stand in for the Chair when requested by the Chair to do so, and when the ☐Chair is unable to fulfil his/her functions; and ☐
- fulfil other responsibilities as outlined in these ToRs. ☐

The Vice-Chair shall be elected by a vote of the MCM. Any candidate for Vice-Chair shall be nominated and seconded by MCM members. The vote for Vice-Chair shall be by secret ballot. ☐

The MCM can vote to remove a Vice-Chair during her/his term. Such a vote requires a two-thirds majority of the voting members present at the meeting. Only full voting MCM members (not alternates or non-voting members) may vote to remove the Vice- Chair. ☐

The term of office for the Vice-Chair is two years. No person may serve more than two consecutive terms as Vice-Chair. ☐

If the Vice-Chair resigns or is removed in mid-term, an election shall take place at the meeting at which the Vice-Chair's departure is announced, or at the next meeting. ☐

The new Vice-Chair shall be appointed to complete the term of the former Vice-Chair and, at the discretion of the MCM, to serve for a full term beyond that.

Committees

Executive committee (Strategic Planning and Oversight)

The MCM shall have an Executive Committee (Strategic Planning and Oversight).

The responsibilities of the Executive Committee (Strategic Planning and Oversight) are to: conduct those tasks specifically assigned to it at a full meeting of the MCM; and make emergency decisions between regularly scheduled meetings of the MCM, when it is not practical or possible to organize a full meeting of the MCM. All decisions of the Executive Committee (Strategic Planning and Oversight) must be ratified by the MCM and can be modified by the MCM.

The Executive Committee (Strategic Planning and Oversight) shall meet as often as necessary to carry out its work. The Executive Committee (Strategic Planning and Oversight) shall operate by simple majority vote. The quorum for meetings of the Executive Committee (Strategic Planning and Oversight) shall be fifty percent of its membership. The Executive Committee (Strategic Planning and Oversight) shall report on its work to every MCM meeting (through the Chair).

All Executive Committee (Strategic Planning and Oversight) members must receive, by email, fax, letter or phone at least five working days prior notice of all meetings of the Executive Committee (Strategic Planning and Oversight). The notice must specify the proposed agenda. The agenda may be modified and must be approved at the start of each meeting.

Other committees

The MCM shall set up standing committees and working groups, or ad-hoc working groups, as needed, including the Executive Committee (Strategic Planning and Oversight). ☐

TORs shall be developed for each standing committee and working group, and ad hoc committees and working groups accordingly. ☐

MCM secretariat

The MCM shall establish a Secretariat, appoint a time full executive Secretary, and shall approve the Secretariat budget and terms of reference

The Secretariat budget shall include the costs for operating the MCM. ☐

Responsibilities: : The main responsibilities of the MCM Secretariat in support of the MCM and the Executive Committee are detailed in the Terms of Reference of the Secretariat, which includes;

- Organization and functioning of MCM; ☐
- Harmonization; ☐
- Coordination of the Concept Note and Proposal Development; ☐
- Communication and Constituency Engagement; ☐
- Maintaining documentation or preparation of any reports in consultation with MCM or Executive secretary;
- Carry out other functions as specified in these ToRs or in the MCM Secretariat ☐terms of reference (see Annex 3), or as determined by the MCM and the Executive Committee. ☐

The MCM Secretariat shall be headed by an Executive Secretary, who shall be selected by the MCM in consultation with WHO (as appropriate), and who shall report to the MCM Executive Committee) Strategic Planing and Oversight(. The Executive Secretary of the MCM Secretariat shall be a non-voting observer of the MCM. ☐

The responsibilities of the Executive Secretary are to supervise MCM Secretariat staff; attend all meetings of the MCM and of the Executive Committee)Strategic Planing and Oversight(in a non-voting capacity, and serve as secretary for these meetings; and perform other responsibilities that are specified in the MCM Secretariat terms of reference (Annex 3). ☐

Day-to-Day Communication (formal)

Day-to-day communication will be conducted through email, and will be considered formal and legal. Conference calls will be formal, and minutes of the calls will be treated as formal communications.

Development of Eols and funding requests (in response to Pre shape and RFPs)

In accordance with the Global Fund CCM/MCM Requirement 1, MCM shall coordinate the development of all funding applications through transparent and documented processes that engage a broad range of stakeholders - including MCM members and non-members – in the solicitation and the review of activities to be included in the application. [2]

MCM shall clearly demonstrate documented efforts to engage key population groups in the development of funding applications, including most-at-risk populations. [2]

In line with the new Global Fund funding model, the MCM shall make every effort to obtain inputs from key stakeholders into the concept note development including:

- strategic investment guidance from technical partners; [2]
- information and analysis on existing Global Fund grants and other sources of [2]funding; and [2]
- in close dialog with the Global Fund Secretariat, determine the amount of [2]indicative funding available to implement RAI strategies and programs. [2]

MCM shall coordinate the formulation of regional and national program components in close collaboration with members of the national CCMs that are already established. This shall include looking at the macro performance (focusing on the tiers to cover, selecting the right-implementing partners, identifying gaps and bottlenecks). [2]

The MCM will set in consultation with key stakeholders, regional artemisinin resistance containment priorities plus resources gaps, allocation and re-allocation as needed (this will include re-allocating funding from a country to another if required). The MCM will oversee Concept Note development progress; and coordinate research inputs (in collaboration with ERAR Hub and independent expertise). [2]

The MCM shall engage technical partners and seek technical assistance (TA) as necessary to ensure that programs for which funding is requested are reaching expected targets in an effective and sustainable manner. [2]

MCM shall include costed plans for management and/or TA to ensure strong program performance. This may include efforts to strengthen program-level management and/or implementation capacity of PRs or SRs. Furthermore, TA should address long-term local capacity building, known gaps and program weaknesses, and should contribute to high quality of services. [2]

MCM shall make every effort to follow the Global Fund funding application guidelines and requirements, defining for each Concept Note preparation detailed steps to follow in accordance with the roles of the MCM and the MCM Secretariat as defined in these ToRs, including:

Public call for submissions in mass media (e.g. radio, newspaper, online);

Organization of and/or participation in meetings, and workshops, and ad-hoc MCM technical working groups related to proposal development;

Invitations to diverse stakeholders to participate in these meetings and working groups as needed;

Formation of a multi-stakeholder ad-hoc review committee made up of MCM members and non-members to review proposal submissions; This Committee will form one or more ad hoc Technical Working Groups (WGs) as necessary;

MCM agreed and documented selection criteria and scoring system;

The MCM Secretariat shall document and maintain the required documentation according to the Secretariat Terms of Reference (see Annex 3) including:

Public announcements using print media, television, radio, internet;

Email announcements (with distribution list) inviting stakeholders to participate;

Criteria used to review proposals;

Minutes of meetings which record decisions taken on what to include in the application as well as stakeholder input and participation;

Minutes, reports, and participant lists from proposal development related workshops, stakeholder meetings, technical working groups and/or panels

Nomination of PRs and SRs

In accordance with the Global Fund CCM/MCM Requirement 2, the MCM shall:

Nominate one or more PR at the time of submission of application for funding;

Document a transparent process for the nomination of all new and continuing PRs based on clearly defined and objective criteria;

Document the management of any potential conflicts of interest that may affect the PR nomination process in compliance with the COI Policy (see Annex 1) of these ToRs.

The MCM shall nominate PRs through a transparent and documented process at an early stage in the funding application development process so that any capacity building needs would inform TA planning within the funding application. This would be considered during the PR's capacity assessment.

For the implementation of the country components, the national PRs will be responsible for managing the national responses according to grant agreements signed as sub-recipients to the regional PR(s).

The MCM shall ensure that the PRs follow a SR selection process that is open, fair and based on objective criteria related to performance capacities. The MCM shall ensure that – to the extent possible - nominated PRs identify prospective SRs, in consultation with the MCM, during the development of applications so that the feasibility of the proposed program can be assessed. The MCM shall identify specific implementing partners (for non-government SRs/SSRs), and recommend to the Global Fund the selection of possible regional components and civil society SRs.

To prevent the regional PR from replacing the role of the country PR(s) in selecting the SRs and SSRs at country level, the respective CCM, and PR shall present documented evidence of the process followed in the SR selection, demonstrating that the process is in line with the Global Fund guidelines and requirements, and in compliance with these ToRs. The respective PR, in consultation with the CCM, shall provide evidence of SRs performance capacity and past performance records, for the MCM consideration. The same procedure shall be followed with current SRs effectively managing global fund grants with demonstrated capacity (e.g., border migrant programs) which could be open to a streamlined selection process. As established in these ToRs in all other cases the MCM shall require the PR to follow a SR/SSR selection process open, fair and based on objective criteria related to performance capacities.

Oversight

In accordance with the Global Fund CCM/MCM Requirement 3, the MCM shall submit and follow an oversight plan for all financing approved by the Global Fund. The plan must detail oversight activities, and must describe how the MCM will engage program stakeholders in oversight, including MCM members and non-members, and in particular, non-government constituencies and people living with and/or affected by the diseases.

Countries in transition

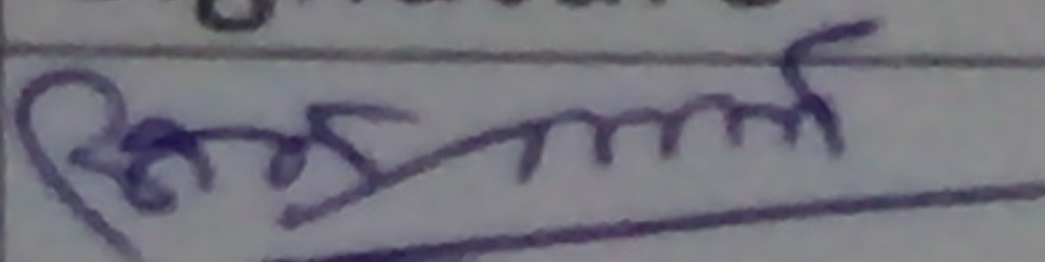
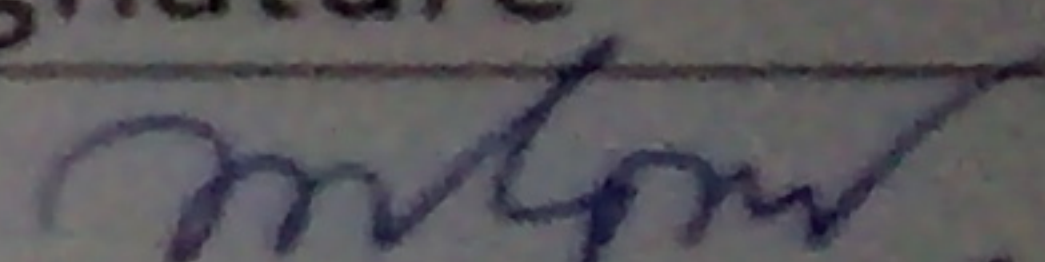
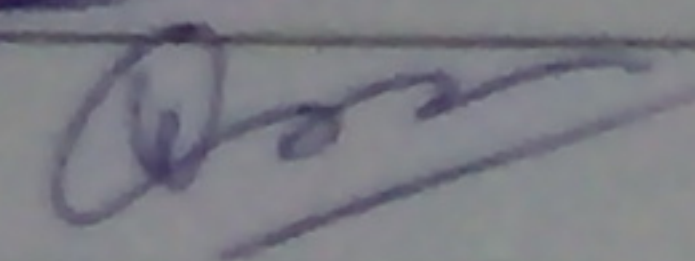
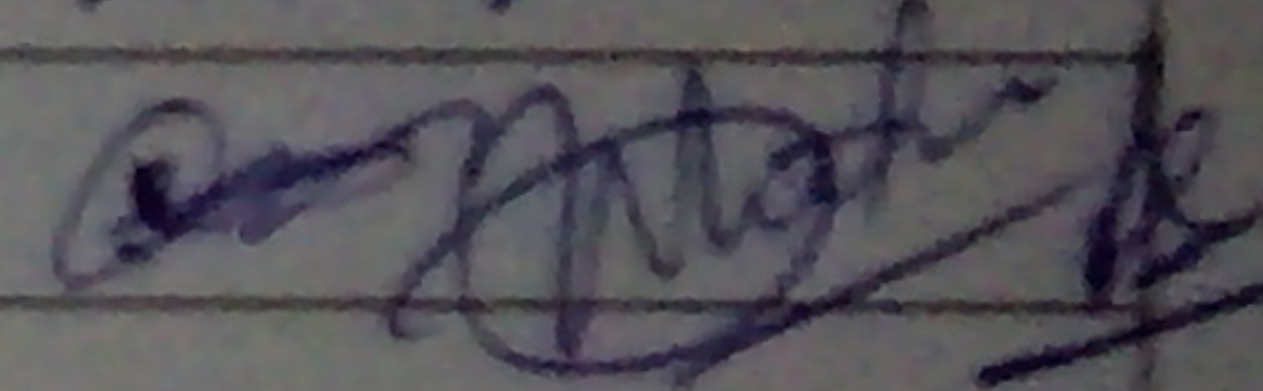
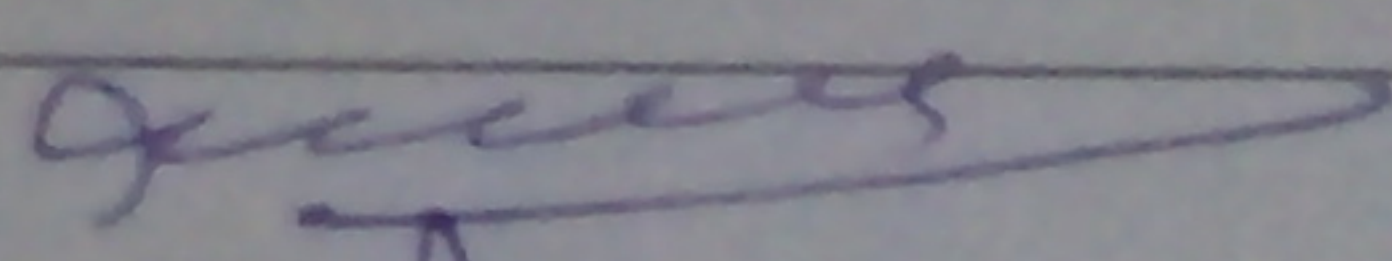

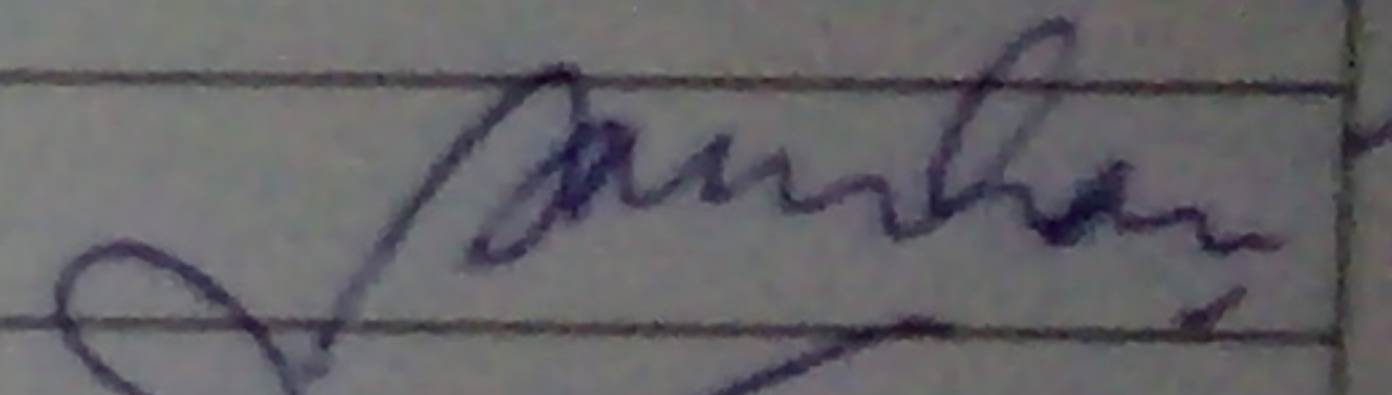

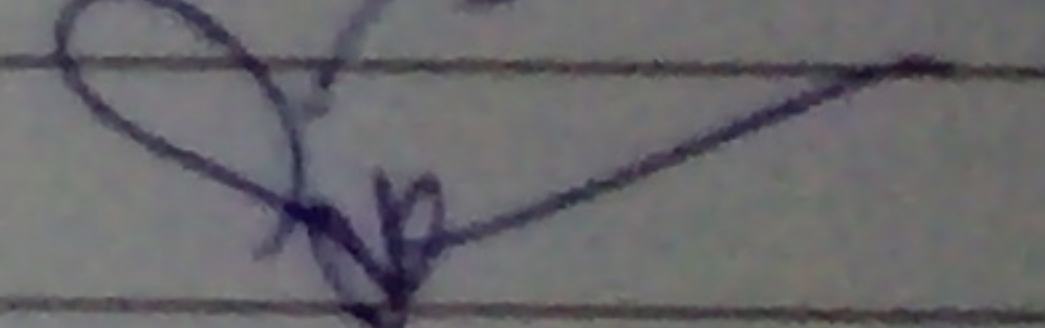
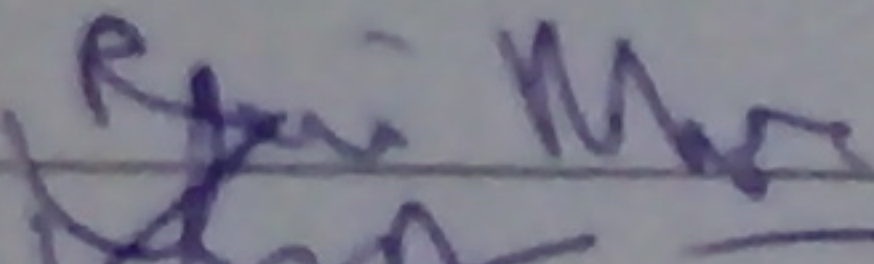

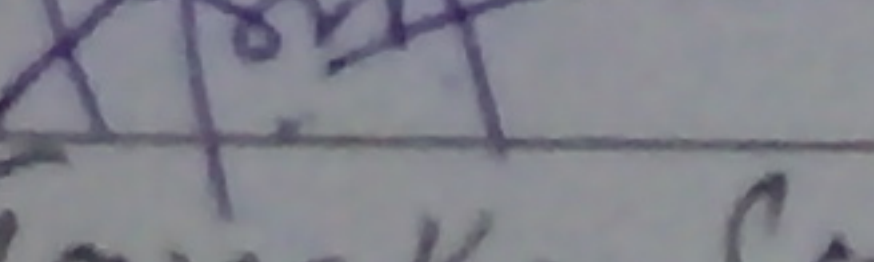
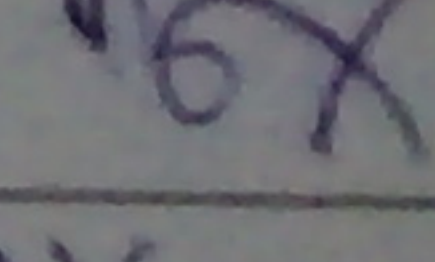

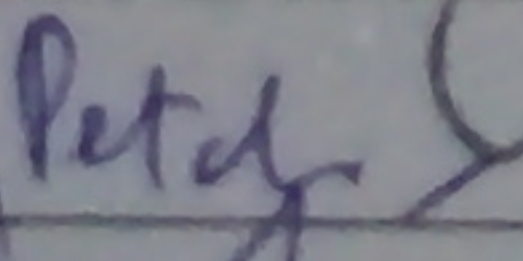
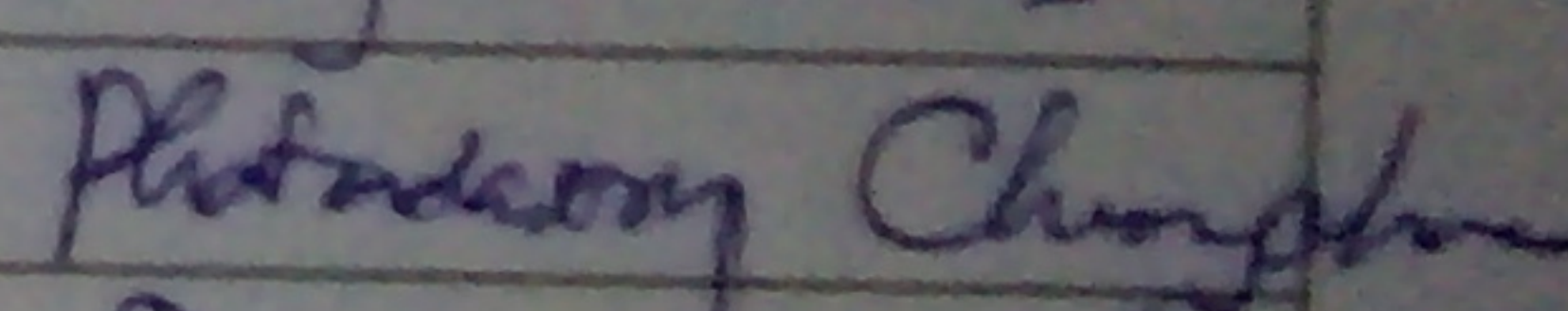
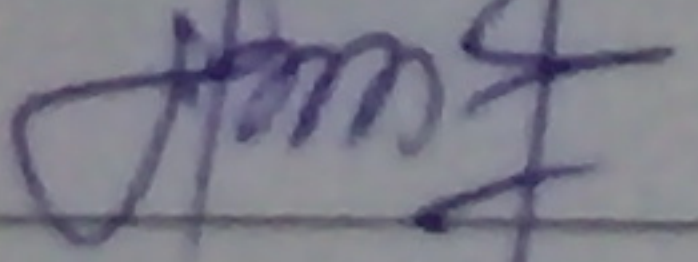
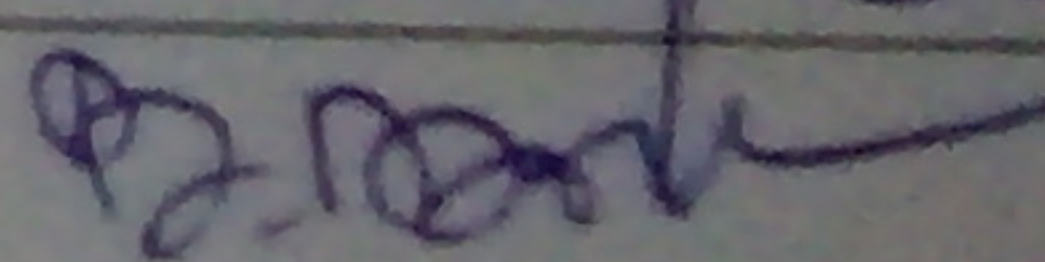
Countries which are in transition or already transitioned will automatically become members. Therefore, will act as active contributing countries.

Annexes;

- ToRs
- Operating structure
- Oversight and data flow chart

ADOPTION:

The SEA Constituency on constituency Meeting on 30-31 OCT 2017 agreed to adopt Management Guidelines for MCM on this 31st OCT 2017 at the Landmark Bangkok Hotel, Thailand.

Country	CCM	Signature	Witness	Signature
Bangladesh	Debashish Nag		Murari Kumar Biswas	
Bhutan	Dr Karma Khaguen		Suneeta Chhetri	
DPR Korea	-		-	
India	Dr K S Sachdev			
Indonesia	Dr Carenelia Barrei		Dr. Sambari Baswida	
Maldives		Aishath Samiys	Abdul Hameed	
Myanmar	Dr RMI MRA		Dr. Thandar Lwin	
Nepal	Mahesh Dhungel		Bhakta Raj Joshi	
Srilanka		Janaka Sagathadara	Dr. Sulochana Yogamali	S. Yogamali
Thailand	PETCHSRI SIRINIRUND		Phatradisorn Chuangtham	
Timor-Leste	Armando Dos Santos		Dr. Metia Monteiro	

Board Member

Name Filipe Da Costa Signature

Alternate Board Member

Name Serajul Huq Khan Signature

Communication Focal Point

Name Elizabeth BELO Signature

The UK's position on revisions to the Global Fund eligibility policy

The UK played a leading role in securing agreement to the existing eligibility policy, which was approved in 2016. The current policy was developed and agreed after extensive consideration of all available feasible options. It represented, at the time, the most efficient way of tightening the Global Fund's focus on countries with a high disease burden and low ability to pay, and transitioning (in a planned way) out of other countries. It was agreed that it aligned fully with the principles of the Global Fund 2017-22 Strategy and the Sustainability, Transition and Co-financing Policy.

Therefore, we assess that without the same level of consideration and analysis of options, it will be hard to agree any revisions which result in shifting resources away from the countries that should be the focus of support from the Global Fund. What plans are there to assess the detailed impact of the different options in terms of future allocation of resource to high burden countries with the least ability to pay?

Given the lack of further information, at this period the UK would support retaining the eligibility policy in its current form. Without further, comprehensive, analysis we could not support the changes proposed, in particular the changes to the G20 rule and the OECD DAC rule. In terms of transition funding for malaria, once again we believe we need a full costed analysis of the implications of this to ensure we are not detracting resource away from high burden low income countries, especially given recent evidence that progress on malaria has slowed down.



Western Pacific Region
Constituency

Constituency Statement to 38th Board Meeting

The Western Pacific Region constituency, comprised of 22 countries joins the Global Fund constituencies and delegations in congratulating the leadership of the Global Fund Board on the strategic vision for the Global Fund community to advance investments in ground breaking initiatives whilst protecting and promoting the rights of persons and communities living with the three diseases.

On the process of the ED selection, we applaud the secretariat for the continued work to improve the process, ensuring transparency and inclusivity. We seek an agreed standardised system in place not only for the selection of our leadership but also our membership, taking into consideration a certain level of flexibility anchored on a culture of learning and improvement.

With respect to *Expanding the Donor Base*, the WPR would like to flag that due consideration should be given to investing countries and individuals to be valued for their knowledge and ideas to advance the mandate of the Global Fund. We do not regard their partnership to be limited in financial inputs only, but that a platform be established to channel the ideas and recommendations of the non-voting donor community to inform the GF business model. Whilst due diligence and conflict of interest are the gold standard of good governance, this practise used by the GF, GF has advanced its work the back of the collective wealth of wisdom and the insight of its partners and therefore it would be of value to also extend this to financial partners.

As a constituency which comprise of both models of CCMs, the national and the multi-country coordinating mechanism, we applaud the progress on the *Evolution of the CCMs to progress the Implementation of the strategy* and overall business model to ensure it is robust and drives not only the strategic direction of national responses but the overall governance for the three diseases. We reiterate our constituency's call for the policies developed by the secretariat to be tailored to the unique chemistry of the various models of CCMs, as one size does not fit all! We also support that financial investment should match the functionality requirements expected of the CCMs to ensure that the CCMs are fit for purpose and can be sustained. The results of KPIs in country(s) should be co-considered when making diagnosis. The evolution path should be described in detail.

Our constituency is a complex region, with developed and developing economies being clustered together, each with varied disease and funding eligibility landscapes. We have an example in the Philippines with booming economy whilst at the same time experiencing a dramatic increase in HIV cases. In Papua New Guinea, the extreme shortage of drugs for HIV TB and Malaria, is almost reaching alarming levels impacting negatively on the gains that they have made through Global Fund support. In Laos PDR, although with improving

national health statistics, at the community level, it is anticipated they will need further support.

As, a constituency, we agree with the 3Cs constituencies for due consideration of the *Eligibility Policy* basis of determining eligibility for funding. This year, two more countries in our constituency join four others, Brunei, China, Cook Islands and Nauru in preparing for exit from Global Fund investments. Whilst Fiji and Laos are being supported by the GF secretariat in their transition, we register our apprehension that there may be a reversal of GF gains if the transition phase is not managed well. New incidences of diseases will further challenge struggling health systems in addition to the challenge of limited financial and capacity resources brought on by emerging socio-development issues such as environment and human security. We must all be prepared to walk away equally disappointed if it ensures that our communities and persons most at risk of the three diseases are prioritised in accessing essential drugs and services. The criteria for recipients should feature severity of disease spread the significant gaps of service needs and financial resource limitation, despite political reasons, economic status and burden of diseases. For example, G20 is a group of countries with different disease burden and income situation. When discussing eligibility, G20 is a separate group that make the decision-making process overly complex.

In our region, more countries will transition to ineligibility status as they graduate to upper middle countries. We join the call for concerted support to assist communities and civil society groups in Venezuela confronting a national humanitarian crisis. Our region is susceptible to many kinds of emergencies and crisis including natural disasters and threats to national security and people movement. We would like Global Fund Secretariat to develop a policy to support countries in crisis even though they are already ineligible. Their ineligibility should not be a determination on the provision of essential services for the three diseases as is the mandate of the Global Fund. As a region, we are happy to contribute to the development of this policy on supporting countries in crisis (CiC).

WPR wishes the board and the secretariat every success at the 38th Board Meeting.