

39th Board Meeting

Report of the 39th Board Meeting

9 – 10 May 2018, Skopje

GF/B39/26 – Revision 2

9-10 May 2018, Skopje

Board Decision

Purpose

This document presents the Report of the 39th Global Fund Board Meeting, held in Skopje from 9-10 May 2018.

Agenda items. The Meeting comprised of twenty-two (22) agenda items, including three executive sessions.

Decisions. The Report includes a full record of the twelve (12) Decision Points adopted by the Board (Annex 1).

Documents. A document list is attached to this Report (Annex 2). Documentation from the 39th 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 39th Board Meeting can be consulted [here](#).

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

The Report of the 39th Board Meeting was approved by the Board of the Global Fund via electronic vote on 18 July 2018 (GF/B39/EDPo6).

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Agenda Item 1: Board Meeting Opening

1. The Chair of the Board, Aida Kurtovic, welcomed participants, extended thanks to the host government for welcoming the Board to Skopje, and recognized the work of the Committees, the Secretariat and Office of the Inspector General, and partner organizations in preparing for the important decisions tabled at this Board Meeting.
2. Following its creation by the Board in November 2017, the Additional Public Donors constituency participated in its first Board Meeting. Ms Kurtovic extended a warm welcome to Ms Hyunjoo Oh of the Republic of Korea, serving as Board Member for the constituency. Ms Kurtovic informed the Board that the State of Qatar would also join the new constituency, and welcomed Dr Amal Al-Muraikhi of Qatar as guest of the Chair. The Chair also welcomed guests of the Chair, including HE Najla Mohammed Saif AlKaabi of the United Arab Emirates.
3. The traditional candle of remembrance was lit by Hristijan Jankuloski of the Developing Country NGOs constituency, in memory of those affected by the three diseases. He spoke of the critical role of civil society in transitioning countries, particularly in supporting key populations, and in continuing to speak and act for those affected by the three diseases. A moment of silence was observed.
4. Decisions. The Board unanimously approved decisions to appoint Ambassador Tamaki Tsukada of Japan to serve as rapporteur (GF/B39/DP01), and to approve the agenda of the meeting (GF/B39/DP02).
5. The Board welcomed the Honorable Zoran Zaev, Prime Minister, and Honorable Venko Filipce, Minister of Health. Prime Minister Zaev addressed the Board, expressing sincere appreciation to the Global Fund for its support to the fight against HIV and tuberculosis in the country, underlining his government's firm commitment to domestic financing following transition from Global Fund financing, and emphasizing the government's collaboration with civil society, critical to successful delivery of treatment and prevention programs for key populations. Prime Minister Zaev noted the importance of increased state funding to guarantee long-term sustainability of programs, appealed for a stop to discrimination against those affected by HIV and tuberculosis, and expressed confidence in the political will and readiness of the South East Europe region to achieve the Sustainable Development Goals.
6. Honorable Venko Filipce addressed the Board, communicating the conclusions of the Ministerial Meeting convened by the Ministry of Health on 7 May on the occasion of the 39th Board Meeting. The meeting presented an opportunity for countries from the region to share experiences of developing, piloting and institutionalizing sustainable approaches to domestic financing of programs for HIV and tuberculosis, particularly for key populations, with particular focus on the integral role of civil society organizations. Others recognized the need to accelerate efforts to ensure continuity of programs, enabled through healthcare reforms, supported by legislative change and policy-makers, and driven by political will. Increased domestic financing is essential, and must be accompanied by human rights safeguards. Ministers and representatives from the South East Europe region extended appreciation to the Global Fund for its efforts to strengthen sustainability of national responses to HIV and tuberculosis, and expressed commitment to continued cooperation with international partners to reduce stigma and discrimination and to enable successful transitions; to continued dialogue at political and technical levels; and to ending the epidemics.
7. The Board Vice-Chair, John Simon, also took the opportunity to welcome the Board Members and Alternate Board Members joining the Board for the first time.

Agenda Item 2: Update from the Executive Director

1. Presentation. The Board Chair, Aida Kurtovic, invited Peter Sands, to present an update. The Executive Director (ED) thanked the Board Chair and Vice-Chair and the Prime Minister and Minister of Health for their inspiring introductory speeches. The ED noted that he had only served in the role for two months, but was already struck by the privilege of working with such dedicated people, both within the Global Fund and the wider community of stakeholders.
2. The ED recalled the Global Fund's mission to end the epidemics of HIV, tuberculosis (TB) and malaria, as well as the Strategy adopted by the Board. He outlined the progress achieved to date, but also noting the remaining challenges.
 - a. Replenishment and Resource Mobilization. The ED highlighted the need for sustained and significant increases in domestic funding, particularly for building sustainable health systems. He noted that health financing needs greater coordination and is an area where other institutions have a better comparative advantage. The Global Fund should not be in the lead, organizations like the World Bank, the IMF and bilateral programs are much better placed. The ED highlighted the need to engage more effectively with the private sector, citing the example of the climate change community.
 - b. Human rights, gender equality and civil society. The ED noted the importance of human rights, gender equality and the critical role of civil society in designing interventions with key populations. He noted the key role of CCMs and their importance to the Global Fund operating model.
 - c. Sustainability and transition. Whilst acknowledging the very real challenges in transition, the ED noted that investments should go where they will have the greatest impact.
 - d. Secretariat. Commending the strength, diversity and passion of the Global Fund Secretariat, the ED outlined the need to further strengthen and improve existing processes and overall performance, while also focusing on the management of individual performance and building a more collaborative culture.
 - e. Replenishment. The ED noted that the approach should clearly focus on the goal of ending the three epidemics, but not in isolation, and in the context of SDG3. It will require close collaboration with Gavi and many other partners, and should be goal driven. Countries must own the agenda and finance it – this is crucial to achieving the mission of ending the three epidemics by 2030.
3. In response, Board Members expressed gratitude to the host country for their warm welcome, welcomed the new constituency and commented:
 - a. Human rights, gender equality and sexual harassment. Several noted the focus on human rights, gender and the need to actively address the issue of sexual harassment. It was recalled that the Ethics and Governance Committee (EGC) will undertake a review of the relevant policies. A suggestion was made to issue a statement on the issue of sexual violence, communicating the Global Fund's commitment to zero-tolerance.
 - b. Collaboration and partnership framework. In preparation for replenishment the need to review the partnership framework was flagged. A high level of transparency and country ownership in designing partnerships was also emphasized.
 - c. Sustainability and transition. Some asked for these issues, with human rights and co-financing to be standing Board Meeting agenda items. It was noted that transition will require strong leadership from the Global Fund.
 - d. CCMs. The key role of CCMs was acknowledged, as well as the need for them to become more effective in some cases.

- e. Replenishment. A clear message on potential impact is needed. The narrative should be aligned with other key partners and seen as a collective effort not just involving donors. The ED was requested to prepare the framework for the costed resource mobilization and action plan before the July committee meetings.
 - f. Domestic resource mobilization. Despite a 41% increase from the previous cycle, the importance of further increases was noted for long term sustainability.
 - g. Role of civil society. The importance of investing in community response and advocacy was raised. It was noted that civil society is a crucial element of partnerships.
 - h. Private sector engagement. The need for effective engagement was emphasized, as was the importance of defining principles for engagement.
 - i. Health financing. Support was expressed for the Global Fund getting behind others' efforts to lead on health financing, but several noted the importance of the Global Fund still playing a key role in advocacy.
 - j. Tuberculosis (TB). The catalytic role that the Global Fund can play in the upcoming UN high-level meeting on TB was highlighted. Some flagged the challenges of co-financing in transition settings, which could affect sustainability.
 - k. Additional comments. Low absorption in certain African countries was flagged. The need for the Board to operate at a suitably strategic level was mentioned, as was the need for quality data to inform sound decision making. In addition, constituencies asked for further development of innovative financing and to take greater account of programmatic risks.
4. Secretariat response. The ED thanked the Board for its many substantive insights and said that although he would not be able to do justice to all the comments in the time available, he had been listening carefully taking notes and anticipated being able to address these in other sessions.

Agenda Item 3: The Global Fund and Gavi: Collaboration

5. Presentation. The joint presentation by the Global Fund Executive Director, Peter Sands, and the Gavi CEO, Seth Berkeley, focused on the main goal of: adding value through harnessing synergies where it makes sense, with a focus on enhancing effectiveness and efficiency and taking explicit account of the benefits, costs and potential risks of collaboration.
6. Board discussion. The Board welcomed the joint presentation and the collaboration. In addition the Board highlighted the following:
- a. The two organizations were asked to be mindful of the human and financial resources implications of closer collaboration. Efforts should be focused where there is strongest potential for return on investment in terms of increased impact. The Global Fund was encouraged to seek further synergies with partners such as Stop TB, Roll Back Malaria and Unitaid. Collaboration activities must be aligned with the principles and strategic objectives of each institution.
 - b. Data strengthening, audit and fiduciary risk. More information was requested on data strengthening and risk and audit collaboration. One constituency asked for more ambitious collaboration, for example testing shared assurance between the two organizations.
 - c. Countries in transition. The two organizations were requested to mitigate strains inflicted on domestic budgets in transitioning countries.
 - d. Next steps. A number of constituencies requested to learn more about concrete next steps and timelines, in addition to identifying pilot countries for collaboration.
 - e. A continuous strategic discussion on joint implementation modalities between the two organizations on capacity assessment, joint performance monitoring and a coordinated resource mobilization approach were requested.
 - f. Coordinated interventions for Resilient and Sustainable Systems for Health (RSSH) were highlighted.

- g. SDG-3. Replenishments will be challenging. Leading actors in health and key players from other sectors were urged to collaborate to provide a joint narrative to increase global health investment from multiple sources and drive progress towards SDG-3.
 - h. Financing deficits and domestic financing. Creating synergies will eliminate overlaps and enable better implementation of various programs.
 - i. Collaboration on cross-cutting issues. One constituency noted that increased collaboration can strengthen three out of the four top areas identified in the OIG 2016 Annual Report, including service quality, supply chain and procurement.
 - j. Funding requests timing and cycle. One constituency asked whether these are aligned. Clarity on where collaboration would not add value was highlighted. The two organizations were requested to draw from lessons on the polio eradication and cholera response among other collaborations with partners, as well as focus on fragile environments where collaboration could add significant value.
 - k. Governance calendars. It was asked if calendars could be synchronized to allow for back to back Board meetings in Geneva.
7. Secretariat response. The ED and Gavi CEO responded:
- a. Collaboration. Success is built on clarity regarding the respective missions and business models, to determine what makes sense, and on communication and trust. A dual approach is needed: 1) A top down approach. The two organizations work in the same countries, but collaboration has not been done systematically; 2) A bottom up approach for reducing transaction costs and increasing efficiencies. A set of countries will be selected where both approaches can be tried, prioritizing monitoring and data.
 - b. Transition planning. Both organizations invest significantly in managing transition, but more could be done to link processes. This will be further prioritized. Gavi CEO explained that their transition model is strict, but support can continue post transition, particularly in areas such as procurement. Gavi is also looking into engagement with middle-income countries where high poverty rates are concentrated.
 - c. Risk was noted as a critical area for collaboration; as is building capacity of financial management.
 - d. Disease specific issues and barriers to coordination and collaboration. To achieve objectives, collaboration with bilateral partners is critical. Collaboration will be prioritized where it makes the most sense. Taking the audit function as an example, where mandates and charters differ, an attempt to have a joint audit function would not work. The current focus of the two organizations is on areas where collaboration can succeed.
 - e. Governance calendars must be coordinated carefully, as common spaces and facilities are shared by a number of organizations in the Global Health Campus.

Agenda Item 4: Implementing the Global Fund Strategy

- 8. Presentation. The Secretariat presented an overview of end-2017 performance and introduced a new framework for reporting and managing organizational performance. The Secretariat noted the benefits of the new performance reporting framework in managing programmatic performance, fostering accountability, and delivering on previous commitments on reporting across Strategy objectives and thematic reporting.
- 9. Board Discussion. Board member feedback on the new performance reporting framework was widely positive, noting its clarity and usefulness for performance management. A number of Board members remarked that the contextual information was a helpful way to frame the Global Fund's contributions within the broader HIV, TB, and malaria ecosystems. Going forward, Board members encouraged the Secretariat to use performance reporting as critical input for strategic decision making, and expressed interest in seeing full reporting across the framework.
- 10. Absorptive capacity: Board members expressed concern with the results for KPI 7b 'Fund utilization: absorptive capacity', particularly the absorption rate of RSSH activities, and sought to

understand the impact of portfolio optimization on absorption. The Secretariat provided insight into some of the drivers of underperformance on this indicator, including decisions to halt disbursements due to risk factors, and foreign exchange. In addition, the KPI result is based on 2014-2016 data and therefore excludes 2017 - a peak year for implementation. Further, the Secretariat shared actions it has taken to maximize utilization of forecasted unused funds, including an internal process for portfolio review, and portfolio optimization. For instance, an additional USD 1.1b was carried forward to the current allocation period from the amount not spent in the 2014-2016 allocation period.

11. **Key populations and human rights:** Board members raised concerns regarding the ability to meet targets for KPIs 9 related to Human rights and Key Populations. The Secretariat cautioned that the majority of cohort countries have not yet reported on KPI 9 and therefore figures are provisional. However, the Secretariat indicated that progress had been made to identify and rectify drivers of initial challenges – and significant work has been undertaken on KPI 9a ‘Human rights: Reduce human rights barriers to services’.
12. **Strengthen systems for health coverage:** A few constituencies raised questions on progress towards achievement of the target on KPI 6b ‘HMIS coverage’. The Secretariat indicated that the high-level KPI figure (an aggregate of 4 indicators) conceals progress being made towards achievement of the target. 43% of cohort countries currently have achieved 2-3 of the 4 indicators and Secretariat efforts are focused on building capacity in these countries.

Agenda Item 5, 10, 16: Executive Sessions of the Board

13. The Board met in three Executive Sessions over days one and two of the Board meeting. The proceedings of those sessions and the record arising, were managed in line with Paragraph 22 of the Global Fund’s Board and Committee Operating Procedures ([GF/B34/EDP21](#)).¹

Agenda Item 6: Eligibility Policy

14. **Presentation.** The Secretariat presented the revised Eligibility Policy for Board decision, as recommended by the Strategy Committee. Proposed revisions were informed by extensive deliberations, with the objective of defining a principle-based policy that is consistent and will drive impact as per the Global Fund Strategy. The revised policy does not significantly change eligibility, nor does it result in an expansion or contraction of eligibility, rather, it incorporates updates for increased rigor:

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.

- a. Moving from five disease burden categories to two disease burden categories ('high', 'not high') based on a single disease burden threshold for each disease to determine eligibility for upper-middle income countries (UMICs);
 - b. Updated disease burden metrics and/or thresholds, based on the recommendations of technical partners: TB disease burden to be determined using TB incidence in place of TB case notification, as recommended by TB technical partners given better data availability, and will also consider the proportion of drug resistance, recognizing that this is a growing threat in many countries; malaria burden thresholds are revised.
 - c. The removal of the G-20 exception for UMIC economies going forward, which stipulated that G-20 UMICs have to qualify against a higher disease burden threshold as compared to other UMICs. Currently ineligible G20 UMICs would continue to remain ineligible, unless they meet the UMIC Exception to the OECD DAC ODA Requirement for HIV. Restrictions related to transition funding for G-20s have also been removed.
 - d. Revisions to the UMIC Exception to the OECD DAC ODA Requirement for HIV.
15. The revised policy also provides additional clarification on (i) what the Global Fund does in the absence of official nationally reported HIV burden data; (ii) how the Global Fund will address significant malaria resurgences in non-eligible countries; (iii) how the Secretariat will assess the existence of 'barriers' under the UMIC Exception to the OECD DAC ODA Requirement for HIV; and (iv) codifies the principle that the Secretariat may seek an additional allocation of Transition Funding on an exceptional basis.
16. Board discussion. The Board welcomed the revised Eligibility Policy and acknowledged an effective deliberative policy development process. In addition, the Board:
- a. Expressed appreciation for the clarity in language and intent in the revised policy;
 - b. Supported the simplification of the disease burden categories and use of a single threshold for UMICs ;
 - c. Stressed that dramatically expanding or contracting eligibility has resource implications that would in turn influence the Global Fund's ability to effectively achieve impact;
 - d. Underlined the importance of aligning with OECD-DAC criteria, noting that all public development finance comes from national development aid budgets that are governed by the OECD-DAC principles;
17. The Board reflected on the implementation of the revised policy, noting:
- a. Human Rights: Noting extended discussions on the framing of the UMIC Exception to the OECD DAC ODA rule for HIV (formerly the 'NGO rule'), clarity was requested to understand if the Secretariat would consider the Human Rights Council's Universal Periodic Review (UPR) findings, as well as other relevant documented sources of information, when determining the existence of barriers to service delivery under this exception.
 - b. UMIC Exception to the OECD DAC ODA Rule for HIV: The UMIC Exception to the OECD DAC ODA rule for HIV (formerly the 'NGO rule') will continue to allow for UMICs who are not on the OECD DAC List (e.g. EU Member States and other non-OECD DAC List UMIC countries) to be eligible for an allocation for non-governmental and civil society organizations, in the event there are demonstrated barriers, for example demonstrated laws or policies that result in the serious limitation or restriction of interventions for such populations.
 - c. The Board also noted that there are no countries to which this exception is currently applied, and that currently only three countries are potentially eligible under this rule (noting that final eligibility is subject to determination that there exist demonstrated barriers to providing funding for interventions for key populations, and that eligibility does not guarantee an allocation).
 - d. The Board discussed the importance of the provision to protect key populations in otherwise ineligible UMICs not on the OECD DAC list of ODA recipients. At the same time, concerns were

expressed that the exception could create unhelpful incentives to demonstrate the existence of such barriers in cases where there are none.

- e. Ineligible countries: The revised language on multi-country eligibility clarifies that countries receiving transition funding can be counted as 'eligible' to meet the requirement that 51% of the recipients be eligible, which could theoretically result in 100% of a multi-country grants going to countries that are ineligible for new country allocations.

18. The Board sought clarification regarding:

- a. Data: The Secretariat's process of determining disease burden and responsiveness to the latest available data, noting that UN validation of official data is a lengthy process during which time a country could lose one year of eligibility.
- b. Economic Capacity: How fiscal capacity considerations are factored in Global Fund operations, noting that the Equitable Access Initiative recommended using criteria other than GNI per capita to understand a government's capacity to finance health.

19. Secretariat response. The Secretariat:

- a. Confirmed that when considering UMICs who are eligible under the UMIC Exception to the OECD-DAC ODA rule for HIV, the determination of barriers to service would factor in human rights assessments, including the UPR and other relevant information;
- b. Clarified that in line with current practice, the Secretariat systematically engages with partners where there are discrepancies in data, or a lack thereof, to determine if there is recent unpublished data available. In the past, the Secretariat has used unpublished data provided by partners to make eligibility determinations;
- c. Clarified that the operationalization of co-financing and sustainability in Global Fund operations, including funding to support the development of health financing strategies and the granting of co-financing waivers is informed by a systematic consideration of a country's fiscal space characteristics.

20. Decision Point. The Board unanimously approved Decision Point [GF/B39/DPo3](#), Approval of the revised Eligibility Policy.

Agenda Item 7: Non-eligible Countries in Crisis

21. Presentation. The Secretariat presented Board paper GF/B39/03, a Strategy Committee-recommended approach for potential funding of non-eligible countries experiencing health crises. The Secretariat noted that any proposal for funding under this approach would need to identify a proposed source of funds, which would most likely be funds that would otherwise be available for Portfolio Optimization. The Secretariat highlighted the likely need for flexible implementation arrangements and non-traditional approaches in order to ensure a rapid and efficient response in crisis contexts, which may entail higher fiduciary risk, more limited oversight, and potential limitations on OIG access as compared to regular grants.

22. Board discussion. The Board noted the timeliness of the approach, and acknowledged it as a product of prolonged negotiations that were triggered by consideration of the health crisis in Venezuela. In addition, the Board:

- a. Underlined the need to substantiate commitment to this approach with an informed consideration of and commitment to engage in specific country cases;
- b. Stressed that any decision to fund a non-eligible country would need to consider immediate opportunity costs in terms of the ability to scale-up in high burden low-income settings, and longer term trade-offs in terms of limiting disease resurgence in the affected country and region; and
- c. Acknowledged that the operationalization of the proposed approach would impact Secretariat and partner resources;

23. The Board sought clarification on:
- Emergency Fund: If the existing Emergency Fund could be accessed to respond to non-eligible countries in crisis; and
 - Non-traditional implementation arrangements: What non-traditional implementation arrangements would entail.
24. Secretariat response. The Secretariat clarified that:
- The Emergency Fund is only available to countries eligible for Global Fund financing. Further, the Emergency Fund has specific operating focus and procedures, including the use of pre-qualified implementers and a preference to channel financing through existing grants where possible, which would not apply to non-eligible countries with no existing grants.
 - Currently, while there is no specific template of what non-traditional implementation arrangements could entail, examples include the delivery of commodities through WHO country offices or active civil society groups.
25. Decision Point. The Board unanimously approved Decision Point [GF/B39/DP04](#) on Potential Engagement with Non-eligible Countries in Crisis.

Agenda Item 8: Annual Report and Opinion of the Inspector General

26. Presentation. The overarching conclusion is that there is steady improvement in the organizational maturity level, and the organization is on its way to reaching an “embedded” stage. Grant implementation is generally good, and there is continued focus on mitigation of financial and fiduciary risks. Internal processes have been strengthened in grant management, risk and finance. However, challenges remain in several areas, notably: supply chain, quality of services and Resilient and Sustainable Systems for Health (RSSH). There has been significant progress on financial assurance but there are still gaps in programmatic assurance. One factor in common for several of these issues is the limitations of the partnership model. To move forward, commitment and accountability is needed from existing, and potentially new, partners.
27. Board discussion. The Board raised the following points:
- Risks associated with rapid scale up in high burden countries. One constituency noted that regular evaluation of scale up - which is largely based on mathematic models rather than evidence of impact - is needed.
 - Human rights. The low number of complaints could be due to lack of knowledge of the procedure. What is the OIG planning on human rights minimum standards, and more visibility for the complaints procedure?
 - RSSH. There is a need to identify high impact RSSH catalytic interventions that yield greater impact. A deep dive could identify major implementation bottlenecks, and the processes needed to improve outcomes. The rapid review of grants in selected and high burden countries is welcome.
 - Financial and Programmatic Assurance. Ensuring an appropriate balance between investing in assurance of fiduciary risks and programmatic risks to maximise impact was highlighted by a number of constituencies.
 - Supply chain. A number of constituencies expressed concerns over supply chain, in particular country teams’ competence in this area. In this context, the thematic study on supply chain was welcomed.
 - Quality of services. Queries were made on how to address the factors related to quality of services that are beyond the Global Fund control (weak health systems, lack of human resources and fragile environments), and how the Secretariat works with partners to find concrete and time bound solutions.

- g. Strategic Initiatives. Progress is urgently needed, notably for human rights barriers and adolescent girls and young women. The Secretariat was asked to ensure that implementing bodies have a proven track records in providing evidence based and human rights supporting interventions. Concerns were expressed over an incident in one country, where indigenous civil society organisations questioned the adherence to CCM guidelines in the process of selection of sub-recipients for adolescent girls and young women. The Secretariat was asked to investigate and report back to the Strategy Committee.
- h. Maturity level of the organization. One constituency asked the Secretariat what it would take to get to the next level of maturity.
- i. Audit. The exchange of experience and knowledge is essential, continuing the good practice of partnerships with other institutions and bodies was strongly encouraged.
- j. In-country financial oversight Queries were made on: 1) the number of countries with fiscal agents 2) their role in mitigating risk and fraud 3) the number of countries that have transitioned from fiscal agents due to capacity building or effective risk management.
- k. Programmatic risks. Concerns were expressed that these risks are compromising the mission. What should be done differently and what is the role of technical partners, CCMs and LFAs?

28. OIG Response.

- a. Human rights. The hotline for fraud reporting is also used for human rights with the Speak-Out platform providing material on how to report human rights violations, there is training for PRs and SRs and the OIG will organize some events on 10 Dec 2018 (Human Rights Day) The Fund Portfolio Managers are well aware of their responsibility to report violations. The OIG also works closely with Community, Rights and Gender to ensure that a communication channel is available to exchange information.
- b. Scaling-up. Scale up is generally the result of a broader conversation between the country, a number of stakeholders and other partners. This is key in anticipating and mitigating related risks.
- c. Supply chain Management. The Secretariat has taken a comprehensive approach in recent years, including developing a supply chain strategy. The country teams need to fully embed this work more synergistically.
- d. Risk Appetite. The OIG is fully supportive of the Secretariat work on advancing the risk appetite framework and its approval is a milestone, particularly for more robust discussion on trade-offs. The most challenging part will be to embed this into routine decision making.
- e. Mandate and capabilities of the Global Fund. Resources for addressing issues identified is significantly beyond the ability of the Global Fund. A discussion needs to be had on the appropriate role for the Global Fund in supply chain. The Board should reflect on a joint accountability framework, including partners, as these challenges are not exclusive to the Global Fund.
- f. Financial controls. Additional safeguards, such as the zero cash policy and fiscal agents are in place for a reason, often arising from OIG audits or investigations. Safeguarding of the assets is critical for maintaining trust. If costs outweigh benefits, this should be reviewed.
- g. RSSH. This is another area for joint action, with multiple stakeholders.

29. Secretariat response.

- a. RSSH. Most of the issues identified in the OIG report are being addressed., but PRs do not always have the powers to implement all of the cross cutting interventions. However, these issues remain front and centre for the Secretariat.
- b. Balance between financial and programmatic assurance. The risk appetite framework, over time, will help in making well informed trade-off decisions. The proposed target risk level for supply chain and quality of services is actually lower than the risk level now.
- c. Supply Chain. These issues are very context specific. The Secretariat approach includes:
 - i. Comprehensive diagnostics, moving forward these will be more tailored.

- ii. Comprehensive transformation plans, with the aim of reaching agreements in country on what type of collaboration is needed.
- d. Fiscal agents. Fiscal agents are in place in about 15-20 countries. Capacity building can play a role in transitioning away from this need, but in some cases it is an issue of culture, which can be challenging to address.
- e. Strategic Initiatives. The Secretariat noted that barriers to human rights and adolescent girls and young women is not raised in the OIG report, but offered to have a conversation in person with the constituency that raised it. On the country case raised, the Secretariat is aware, and reiterated the importance of differentiating allegations, and facts.
- f. The maturity level of the organization. The Secretariat broadly agrees with the OIG assessment, and has an ambitious plan towards reaching the next maturity level.

Agenda Item 9: Annual Report and Opinion of the Ethics Officer

30. Presentation. The Global Fund Ethics Officer (EO) presented his Annual Report and Opinion (GF/B39/14). First, he confirmed that the ethics and integrity framework was largely in place. Secondly, he noted that the scope should be further broadened with the introduction of the CCM Code of Conduct, integrity due diligence and associated training. Thirdly, he flagged the importance of balance in the 'client' focus, to ensure that sufficient time is being spent with CCMs, the Secretariat and governance officials. To conclude, he reflected on the meaning of "ethics", working out the 'right thing to do', and its application at the Global Fund.
31. Board Discussion. The Board's comments included the following key points:
 - a. The work of the Ethics Office was welcomed, but several noted that more action is needed to accelerate and consolidate progress. Comments were made on enhancing reporting and improving the focus and effectiveness of the ethics program. There was a request by one constituency to review and strengthen the ethics vision statement, to reiterate the Global Fund's ethical values of integrity, duty of care, accountability, dignity, and respect.
 - b. A request was made for more information on sexual exploitation and abuse including action already taken. A query was raised about whether it is appropriate for the Ethics function to handle these cases, or whether there should be a fully independent entity.
 - c. The Ethics Officer was also asked his view on what were the most important topics to be addressed on Board culture and to undertake a related review to identify potential risks and their mitigation. One constituency asked for Standard Operating Procedures and a checklist to help CCMs operationalize the framework. And asked if translation of declarations of interests and procedures is planned.
 - d. Delegations looked forward to seeing a more systematic measurement of progress and outcomes in 2018, and expressed optimism that this could transition from initiated to embedded by the end of 2019.
32. Public-private partnerships. A comprehensive review was recommended, to ensure that the framework is 'fit for purpose'. This should be led by the Ethics and Governance Committee, in consultation with the Board to mitigate future reputational risks. The Ethics Officer was asked to review, to the extent possible, the ethical basis for decisions taken on ineligible countries in crisis.
33. On due diligence. There need to be parameters which are understood by the Board, including the boundaries on transparency and confidentiality.
34. The Secretariat provided the following response:
 - a. Sexual exploitation and abuse. As part of the ongoing work to address this risk, the Code of Ethical Conduct for Employees has been updated and staff have been trained.
 - b. Code of Conduct for CCM Members. Implementation is taken into account in the decision which includes US\$ 1.2 million to fully roll out the Code. This includes developing and

deploying e-learning, in person training with key CCMs, and focused work with CCMs to identify and mitigate conflicts of interest.

- c. Public-private partnerships. The Ethics Office works with the Private Sector team to see whether the potential partner's values are aligned with the Global Fund.
- d. Ethical decision-making framework. The Ethics Officer will work with the Board on the desired maturity level.
- e. Transparency and confidentiality. The Ethics Officer acknowledged that there was still work to be done, with more clarity on which information is for which audience.

Agenda Item 11: Financial Performance, 2017 Annual Financial Report and Statutory Financial Statements

- 35. Presentation. The presentation summarized financial performance, structured around (i) sources of funds, providing the status of the pledges and contributions, (ii) uses of funds, focusing on grant management financials and OPEX, and (iii) asset and liability management. The 2017 audited financial statements were also presented, for Board approval and authorisation to issue the 2017 annual financial report.
- 36. The External Auditor confirmed:
 - a. They can sign an unqualified audit opinion for both the 2017 Consolidated Financial Statements and the 2017 Statutory Financial Statements;
 - b. The 2017 Consolidated Financial Statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS;
 - c. On the 2017 Statutory Financial Statements:
 - i. These comply with Swiss law and the Global Fund's Bylaws;
 - ii. The External Auditor meets legal requirements on licensing and independence and there are no circumstances incompatible with their independence; and
 - iii. An internal control system exists, which has been designed for the preparation of financial statements and complies with the Swiss law.
- 37. The External Auditor, the Executive Director and AFC leadership acknowledged the high quality of the Finance team in delivering a clean unqualified audit opinion.
- 38. Board discussion. The Board commended the finance team, and thanked the interim Chief Financial Officer, Sylvie Billion, for her diligent work. In addition the following points were raised:
 - a. Absorptive capacity and cash absorption. A number of constituencies requested to receive more information on absorption levels especially in countries that have faced the biggest challenges with cash absorption in the last allocation cycle. Some inquired if any improvements have been made in the current cycle, and requested to consider making programmatic impact the main factor in the next allocation cycle. A request for aggregated data on countries with very low absorption rate in Western Africa was also made.
 - b. Operating Expenditures for the 2017-2019 cycle. One constituency referred to the fact that 2017 demonstrates a relatively high absorption rate versus historical yearly budget.
 - c. One constituency noted the control deficiencies relating to IT systems identified by the external audit, and emphasized the importance of addressing them.
- 39. Secretariat response. The full reconciliation of the 4th replenishment will be ready by fall 2018. This will include the 70% of grants closed by end of December 2017, with information on absorption. Portfolio optimisation funds to be allocated to the fifth replenishment are also expected. Information on absorption will also be provided per region. The fifth replenishment allocation takes absorption into account. Therefore, the forecasted 98% absorption rate for the next cycle allows for the allocation model to reflect challenges faced by countries. The AFC will look at these issues in future meetings.

40. Decision. The Board unanimously approved decision points [GF/B39/DPo7](#): 2017 Annual Financial Report and [GF/B39/DPo8](#): 2017 Statutory Financial Statements.

Agenda Item 12: Resource Mobilization Update

41. Presentation. Ambassador Stéphanie Seydoux announced that France will host the Global Fund's Sixth Replenishment Conference in 2019. The Ambassador asked Board Members to keep the information confidential until it could be publicly announced by President Macron. After thanking France, the Secretariat presented updates on resource mobilization, including on the conversion of 5th replenishment pledges, ongoing efforts to mobilize additional resources from public and private donors in line with the Action Plan, and preparations for the Sixth replenishment, including the Investment Case. The early timing of France's hosting announcement, G7 Presidency in 2019 and willingness to be a Champion for the replenishment process were highlighted.
42. Board discussion. The Board welcomed France's announcement, and recognized the efforts of the French Government and the Secretariat and Global Fund partners to secure this outcome. The Board also thanked and applauded Christoph Benn for his fifteen years of service. In addition, the Board:
- Reiterated the importance of developing a strong and robust Investment Case jointly with technical partners given competing funding priorities and significant country needs;
 - Stressed the importance of continuing to encourage and demonstrate increased domestic investments in health and disease programs;
 - Welcomed the new malaria matching fund from the UK and BMGF's additional commitment announced at the Malaria Summit, while encouraging others to take up the challenge; and
 - Reiterated the request for a Resource mobilization framework to be presented to the Audit and Finance Committee and the Board.
43. Secretariat response. The Secretariat agreed with the points raised by the Board and expressed strong commitment to work closely with France to plan and execute a robust Replenishment Strategy. Christoph Benn thanked the Board for recognizing his work, and praised the Board's unique structure and inclusiveness. He urged Board Members to recall the Global Fund's founding principles and origins as an unprecedented demonstration of global solidarity, especially in the current challenging political climate.
44. Conclusion. The Board congratulated France for its announcement and committed to supporting France, the ED and Christoph Benn's replacement towards a successful replenishment in France.

Agenda Item 13: CCM Evolution to support implementation of the Strategy: CCM Code of Conduct, CCM Policy, Approach to Implement CCM Evolution

45. Introduction. Since the Strategy Committee revised the second Decision Point (DP), the background to the revision was explained. Due to the substantive comments received from the Audit and Finance Committee (AFC) which occurred after the Strategy Committee (SC) meeting, the SC, under the leadership of the Ethics and Governance Committee (EGC), reviewed the recommended DP and decided to revise their recommendation. The new DP is a compromise for some constituents but ensures the most important elements are included:
- No delays in starting the CCM evolution process;
 - Focus on carrying out the critical activities to strengthen CCM performance;
 - Metrics will be measured and reported on for the next stage of the project; and
 - Commitment from the Secretariat that the appropriate resources will be utilized.
46. Presentation. The Secretariat introduced the presentation by expressing its strong support for CCMs and the recommendations resulting from Committee meetings, including the introduction of

differentiation and maturity levels, and funding for the operationalization of the Code of Conduct. The Secretariat expressed its belief that after an extensive consultative process with numerous stakeholders, including CCMs, and all three Committee meetings, the new DP presents a way forward that will demonstrate visible and tangible progress in improving CCMs and their impact on grant performance. The potential revision would maintain the intermediate level of ambition originally recommended by the Strategy Committee, while introducing progressive roll-out to enable: (1) incorporation of lessons learned and continued financing based on performance; (2) alignment of implementation with allocation cycles; (3) development of metrics to evaluate the approach. The presentation covered the CCM Code of Conduct, CCM Policy and Approach to Implement CCM Evolution for Board decision, as recommended unanimously by the SC.

47. Board discussion. The Board overwhelmingly agreed on the continued importance of CCMs as a unique platform that allows for an inclusive country dialogue and the essential role they play in supporting the Global Fund strategy. They emphasized the critical need for CCMs to have strong linkages with national policy and planning structures, to go beyond tokenistic representation of Civil Society members, and that their focus should be more on how they can influence improving grant performance. Several constituencies agreed on the importance of allocating sufficient resources to enhance CCM capacity and to implement the recommendations of the CCM Evolution analysis. It further called for the Secretariat to simultaneously enhance its engagement with CCMs across the whole portfolio.

48. The Board understood that much debate had already taken place on the CCM Evolution during the three Committee meetings and the subsequent discussions to reach a consensus. They acknowledged the efforts of all parties involved, particularly the Vice-Chair of the SC. This was reflected in the mainly positive comments on the proposal particularly on:
 - a. Differentiation. Differentiating CCMs into Standard, Challenging Context and Transition-Preparedness will facilitate the understanding of their role depending on the environment;
 - b. Maturity levels. The maturity levels model of the three categories of Basic, Oversight/Engaged and Strategic is a coherent way of measuring performance;
 - c. Code of Conduct. This was welcomed as CCMs are a governance body and therefore, must be held accountable for ethical behavior; and
 - d. Phased approach. There was broad support for this approach as there will be visibility on whether the interventions are having the desired effect without diverting more funds from activities on the Unfunded Quality Demand. Constituencies expressed their concerns regarding the evaluation of the phased approach after one year of implementation, and asked whether it would be possible to achieve tangible results and accomplish meaningful analysis after one year of implementation. Concern was also raised about the potential impact of the intense consultancy engagement on CCM ownership, and several constituencies called for active engagement of CCMs in the day-to-day work of the Country Teams, as reflected in the proposed decision point [GF/B39/DP10](#).

49. Some points of improvement were expressed by the Board namely:
 - a. Impact of improved CCM performance. It should be better articulated that CCMs need to evolve in order to showing their impact on an enhanced response to the three diseases, it was cautioned that it is not enough to merely show that a CCM is performing well.
 - b. Future funding for CCM evolution. There were some recommendations that this should come from the Operating Expenses (OPEX), as well as catalytic funding, for the next allocation period. In preparations for the next replenishment and the 2020-2022 allocation period, several constituencies advocated for an early discussion on CCM Evolution measures beyond the pilot. A concern was raised regarding the need to align discussions on the continuation of the CCM Evolution with the upcoming discussions on the next allocation methodology, ensuring the continuity of the Global Fund's commitment to CCMs.

- c. Regional Coordinating Mechanisms (RCMs). The role of RCMs is not clear from the proposal and this must be clarified for better functionality.
50. Finally, some members of the Board encouraged all CCMs to begin the evolution process, not just those who will be included in the phased approach, as there are some steps that can be taken without further investment by the Global Fund.
51. Secretariat response. The Secretariat reacted to the three main questions that arose:
- a. It was agreed that overall purpose of CCMs is to support the fight against the three diseases and this is not to be overlooked;
 - b. There is a need to examine where funding for CCMs should be housed structurally, either to continue being part of OPEX or as part of country allocations; and
 - c. Although the evolved RCM model is not defined in detail, there will be a focus on how they should operate particularly regarding the linkages between national CCMs and RCMs.
52. Conclusion and decisions. The Board:
- a. Unanimously approved Decisions to adopt the CCM Code of Conduct and revised CCM Policy ([GF/B39/DP09](#)) and on the funding for near-term implementation for CCM Evolution ([GF/B39/DP10](#)) as detailed in GF/B39/04 - Revision 1; and
 - b. Requested the Secretariat to present the results at the 41st Board meeting to inform the catalytic funding decisions.

Agenda Item 14: Risk Appetite Framework

53. Presentation. The Secretariat presented the Risk Appetite Framework, as recommended by the Audit and Finance Committee. The Risk Appetite Framework is an advanced risk management tool which will enable the Secretariat to be more informed and confident in taking certain risks, and facilitate better risk trade-off decisions. Risk Appetite is set for nine (9) risks, eight (8) of which are grant facing. Current risk levels for the eight (8) grant-facing risks are based on the aggregate risk across a cohort of 25 countries.
54. The recommended Risk Appetite, Target Risk and Timeframe to reach target were determined through a bottom-up approach and the three (3) risks of Program Quality, Strategic Data Quality & Availability, In-Country Supply Chain have a current risk level of 'High' with an indicative timeframe to reach 'Moderate'. This is broadly consistent with the Global Fund strategy, where investments are prioritized in those three areas. For the remaining six (6) risks, there will be continued efforts applied to maintain and possibly further reduce the risk levels.
55. Once Risk Appetite is approved, it will be operationalized into the already existing risk management architecture. Monitoring and reporting of the risk trends will be executed on a regular basis through the Organizational Risk Register (ORR).
56. Board Discussion. The Board was appreciative of the work the Secretariat accomplished in developing the Risk Appetite Framework, and noted the following:
- a. Concern regarding the three risks related to Human Rights & Gender Inequality, Transition and Drug and Insecticide Resistance that were not part of the Risk Appetite Framework. The decision to further discuss these risks at the next Strategy Committee were welcomed.
 - b. A request to the Secretariat to elaborate on if and how the risk assessments will be shared and Partners will be involved in managing in-country risks.
 - c. Concern related to balancing programmatic and financial assurance. The Board queried how management of programmatic risks could be strengthened through Risk Appetite and whether too much risk management could lead to paralysis in making decisions. Additionally, the

Secretariat was asked to elaborate on what was being addressed in the Quality of Health Products Risk.

- d. Interest regarding operationalization of Risk Appetite, the process of monitoring and reporting on an ongoing basis. Finally, the Board requested an update to the November 2016 report on the “Review of the Global Fund Business Model”.

57. Secretariat Response. In relation to the three risks related to Human Rights & Gender Inequality, Transition and Drug and Insecticide Resistance, it was noted that the Strategy Committee meeting in July 2018, would include discussion of the risk management strategy for the three risks, including mitigation measures in place and/or planned, and decide on the appropriateness of setting risk appetite statements for these risks.
58. The Secretariat clarified that risk management and risk information sharing is already performed by the Country Teams. The Key Risk Matrix (KRM) is one of the key documents that is used to socialize the risks in countries through the risk assurance workshops. These workshops are hosted by the CCM, which bring together technical partners, implementers and key stakeholders to discuss the risks. With Risk Appetite in place, trade-off decisions would be made and mitigating actions derived that are then updated in the KRM and socialized with all the relevant key stakeholders.
59. On the issue of balancing programmatic and financial risk, the Secretariat noted that the approved Risk Appetite statements by the Board would help the Secretariat to make trade-off decisions between the financial and programmatic risks. Additionally, by reducing the programmatic risk levels of Program Quality, Strategic Data Quality Availability and In-Country Supply Chain will further drive that balance. Furthermore, the Secretariat indicated that paralysis is often caused by fear of accepting too high a risk and having a Board approved and well defined Risk Appetite should help in the decision making process.
60. It was noted that the Risk of Quality of Health Products was discussed during the Strategy Committee and clarification was provided to the Risk Appetite Paper. The update notes not just procurement of substandard/defective products, but also patients/end users exposed to substandard products due to weak national regulatory environment and supply chain systems that control, monitor and maintain product quality throughout the in-country supply chain.
61. On monitoring, the Secretariat clarified that Risk Appetite will be monitored through the quarterly ORR as well as the semi-annual risk reports. These tools will be used to track progress and the trajectory of the risks and a more focused discussion will be presented on these risks to the Board in the risk report and ORR.
62. Responding to the Board’s request to provide an update to the November 2016 report, the Secretariat noted that issues identified in the report on managing risks down required a framework to measure the risks against a benchmark, where the benchmark is the Risk Appetite Framework. It is only after measuring the risk levels against the Risk Appetite would it be apparent whether the Global Fund Business model may require revision. Additionally, it was noted that part of the enhancements to the business model was the Country Coordinating Mechanism (CCM) evolution, the work on which has been progressing and had culminated in a proposal, which was approved at the 39th Board Meeting.
63. Decision. The Board acknowledged the recommendation of the Strategy and the Audit and Finance Committees concurring with the Risk Appetite Statements, and unanimously approved the Risk Appetite Framework ([GF/B39/DP11](#)).

Agenda Item 15: Risk Management Report and Annual Opinion of the Chief Risk Officer

64. Presentation: Two main conclusions of the Annual Opinion report were discussed.

- a. The risk profile of the organization is stable with some improvement seen in relation to certain key risks and a positive direction of travel in other areas. Some of these factors include the Risk levels for Grant-related Fraud & Fiduciary, Procurement and Quality of Health Products reduced from 'High' to 'Moderate', and positive direction of travel for Integrated Processes, Systems & Tools, and Risk Management & Internal Controls.
- b. Regarding maturity level of risk management, four areas for improvement had been outlined in the 2017 risk report that would help drive towards an "Embedded" state of maturity, including developing and operationalizing Risk Appetite, embedding risk management into core processes, strengthening internal controls, and improving governance. Good progress has been made on most of these areas; however, reaching embedded state by the end of 2018 may prove to be ambitious and will likely be accomplished in the early part of 2019.

65. Board Discussion:

- a. Concern was noted regarding challenges in Program Quality and how a 'High' risk in program quality affects the goal of achieving the mission to end the three epidemics. Additionally, the Secretariat was asked to elaborate on how TERG country evaluations can identify risks associated with Program Quality.
- b. The Board requested a discussion around working in Challenging Operating Environments (COE) and ways in which low absorptive capacity can be addressed, and sought further clarifications on how absorptive capacity impacts on programme quality.
- c. The Secretariat was asked to provide an update on the results of the supply chain diagnostics and the actions that would emerge to strengthen the supply chain systems in countries. One constituency requested that transition-related risks within procurement as well as in the quality of health products be reflected in the Organizational Risk Register.
- d. The Board expressed interest in whether the Global Fund has an environmental policy that addresses disposal of commodities, such as expired medicines, mosquito nets etc. Additionally, it was requested to include in the report the roles of communities and civil societies in mitigating risks.
- e. Finally, the Board requested clarification on the assurance of mitigating actions and the effect of decision-making on resource allocation in countries. It further sought clarification on how risk is captured in collaboration and partnerships

66. Secretariat Response:

- a. In relation to Program Quality, the Secretariat noted that because the Global Fund operates in partnership with other technical partners and financial donors, mitigating the risk of Program Quality is not in full control of the Secretariat. For this reason a combined effort is important in order to address and reduce the risk level. Additionally, it was noted that the prospective country valuations that are performed by TERG would continue to be leveraged to identify issues in countries and used as an assurance mechanism.
- b. The Secretariat noted that the Board-approved COE policy allows the Secretariat to grant flexibilities in COE countries. Additionally, it was noted that COE countries under-absorb the most in terms of grant funds and are farthest away from reaching targets. As a result, the Secretariat is working with the partnership to adopt flexible and alternative approaches to increase the absorption and decrease the gap of achieving targets.
- c. On the request to provide an update on supply chain diagnostics, the Secretariat indicated that the diagnostics are on track with a significant number to be completed by the end of the year, however, given the timeline, it would be difficult to provide a report for the November Board meeting.
- d. On the issue of commodities disposal, the Secretariat indicated that there is currently no environmental risk policy in place. Additionally, it was noted that the role of Communities and

Civil Societies is and would continue to be taken into account when thinking about risk mitigation.

- e. Responding to the Board's request to clarify the assurance of mitigating actions and resource allocation, the Secretariat noted that there are Risk Owners within the organization that are responsible and take ownership of the mitigating actions and the resources required to fulfil those mitigating actions. Additionally, with the Risk Appetite approved, the trade-off decisions would drive resource allocation between risks. At the grant level, the resulting mitigating actions will then be updated in the Key Risk Matrix and socialized with all the relevant key stakeholders.

67. Conclusion. The Board acknowledged the update on the Risk Management Report and Annual Opinion.

Agenda Item 17: Strengthening the Board Leadership Selection Process.

68. The Board Chair opened the session recalling the extensive consultations that had been held with the Board and outlining briefly the background leading up to the Board Meeting. The Chair noted that the aim of the session was for the Board to adopt a decision on strengthening the Board Leadership (BL) selection process.

69. Presentation. The Vice-Chair of the EGC provided an overview of the extensive consultations with the Board held to date and then outlined the proposed process including the timeline leading up to the appointment of the next Board Leadership. Terms of Reference for the Board Chair and Vice-Chair will be reviewed subsequently.

70. The EGC Vice-Chair informed the Board of a friendly amendment, accepted by the EGC, relating to revising the wording relating to the number of candidates short-listed by the two BLNC sub-committees from "up to three" candidates to "two to three" candidates. The aim of the amendment was to ensure that a sufficient minimum number of candidates would be shortlisted for BLNC consideration.

71. Board Discussion. In response, the Board noted the following comments:

- a. Proposed amendment. The rationale for putting forth the amendment was further explained noting that its main objective is to ensure the broadest pool of applicants to find the best candidates. In this respect, the revision aims to minimize the risk of not having a sufficient number of short-listed candidates for the BLNC to review.
- b. High-level candidates. The concern was raised that the proposed process may be too complex and that it may deter potential high-level candidates from applying for the roles.
- c. Greater engagement with the Board/voting groups. It was noted that a certain degree of decision-making authority is delegated to the BLNC, thus providing less information to Board Members. As such it was suggested that the two BLNC sub-committees engage with their respective voting groups. It was nevertheless clarified that this would pose significant confidentiality issues. Likewise, it was clarified that the Board had never in the past decided between various candidates, this had in the absence of a nomination committee been de facto delegated to the voting groups.
- d. Due diligence and engagement of civil society. It was suggested that due diligence should not be only the task of the Ethics Officer or the BLNC. Recent experience with the selection processes has shown that due diligence may be further enhanced if civil society is more involved. In addition, clarification in terms of the scope of due diligence was requested as well as in terms of the BLNC and the Ethics Officer.
- e. Sufficient time. Recent selection processes at the Board level have also shown that sufficient time needs to be provided for in the process to ensure due diligence may be carried out.
- f. Consideration of complementarity and broadening the candidate pool. Several constituencies affirmed the importance of providing for greater complementarity of the final candidates for

Board Chair and Vice-Chair and of broadening the candidate pool as key elements of the proposed process. One constituency stressed that the candidates put forward and identified are able to champion the diverse issues of stakeholders, including upholding the strategic objective 3 – protecting and promoting human rights and gender equality.

- g. Unified Board approach. It was noted that the proposal presents a unified single approach with engagement of the whole Board.
 - h. Role of search firm. The role of the search firm in ensuring professional standards was also flagged.
 - i. BL terms of reference. It was noted reviewing the BL terms of reference was yet to be undertaken. Likewise, the importance that they provide sufficient flexibility to accommodate high profile candidates was highlighted especially with the upcoming replenishment next year. One constituency noted the challenge of maintaining institutional memory and recognized efforts of the EGC and Secretariat in the Governance Action Plan to strengthen mechanisms and processes to ensure that institutional memory does not rely on individuals.
72. Secretariat response. Relating to comments on due diligence, the Ethics Officer noted that there are several points within the proposed process where due diligence may be undertaken, including with respect to the candidates' position on the strategic objectives, human rights and gender diversity. He also highlighted the need to balance sharing due diligence information with the Board on candidates and the potential risk this creates.
73. Decision. The Board approved a decision on Strengthening the Board Leadership Selection Process ([GF/B39/DP12](#)). Germany abstained from the decision.

Agenda Item 18: Integrating additional public donors: Donor Group Seat Allocation

74. Presentation. Recalling the Board's decision to create the new non-voting seat for public donors (GF/B38/DP05) and the request for the Donor Voting Group to review its seat allocation framework as follow-up.
75. Brian Brink presented the revised Framework for allocating the eight voting public donor seats ("Seat Allocation Framework"), which had been widely consulted. Referring to the Declaration of Commitment of Donors to the Principles and Shared Values of the Global Fund ("Declaration of Commitment"), he noted that this new requirement represents the minimum degree of like-mindedness to be part of the Donor Group. To establish a clear pathway for non-voting public donors, the Seat Allocation Framework also establishes a financial threshold for acquiring the right to be integrated into a voting public donor constituency. He noted that the hard-fought compromise reached by the Donor Voting Group sets the threshold at US\$200 million over two replenishment periods with a minimum contribution of US\$50 million in the first replenishment. He stressed that the preferred mechanism remains voluntary/mutual integration, and noted that this will likely be the mechanism used in most cases.
76. He confirmed that the present version of the Seat Allocation Framework is effective immediately with reviews occurring every three years. He welcomed South Korea's decision to participate in the new non-voting seat and Qatar's intention to join. He noted that the Donor Voting Group Members are committed to reaching out to the non-voting public donors to help them join a voting public donor constituency based on the principle of like-mindedness. Finally, he flagged two issues for further consideration by the Board: 1) setting a maximum term for occupying the non-voting public donor seat; and 2) extending the Declaration of Commitment to all actors participating in governance.

77. Board discussion. The Board thanked the EGC and the Donor Voting Group, and welcomed South Korea and looked forward to Qatar joining the non-voting public donor constituency. In addition, the Board:
- Reiterated the importance of expanding the Global Fund's donor base;
 - Commended the Donor Voting Group for the Declaration of Commitment, particularly the reference to Human Rights, and expressed willingness to extend it to the entire Board;
 - Recognized the challenge of setting the financial threshold, and suggested close monitoring of its implications on financial commitments may be needed;
 - Noting the advantages of multi-country constituencies, stressed the importance of encouraging the voting public donors to integrate new non-voting donors through mutual agreement;
 - Sought clarification regarding the optional section of the Declaration of Commitment; and
 - Inquired as to what would happen to a non-voting public donor if it fails to integrate a voting public donor constituency after two replenishment periods.
78. Response. It was noted that the Donor voting Group considered making the whole document mandatory but opted to restrict mandatory sections to existing Board approved principles and commitments. There is currently no time limit on the new non-voting seat for public donors, but with the strong commitment to voluntary integration by the Donor Voting Group, the hope is for a mutually agreeable solution to be found within the next two replenishment cycles.
79. Conclusion. The EGC Chair suggested that consideration of whether to expand the Declaration of Commitment beyond the Donor Group take place at the same time as the review of the minimum requirements for Board Members. Although the Board decision does not prescribe a maximum term for the new non-voting seat for public donors, this could be considered during the review of the broader governance structure in the next cycle.

Agenda Item 19: Update from the Audit and Finance Committee

80. Presentation. The Audit and Finance Committee (AFC) leadership presented AFC priorities: i) improving value for money ii) strengthening risk management iii) enhancing assurance iv) supporting resource mobilization and v) other key activities.
81. Board Discussion. The Board thanked the AFC leadership and raised the following:
- Cash absorption. One constituency noted that the AFC should focus on countries with cash absorption challenges. Another noted that financial challenges and resource allocation should be a main focus, and requested visibility on the consolidated amounts spent in each country for the 2014-2016 allocation cycle. This would inform the discussion on absorption rates.
 - OPEX discussions. One constituency asked about OPEX challenges, and potential efficiencies in preparation for 2019 OPEX, considering the 12 million one-off cost of the Global Health Campus and other budgetary constraints.
 - Financial and programmatic risk. One constituency highlighted the need for establishing a strategic framework in order to be able to provide follow up on these risks.
 - Monitoring the implementation of the new Additional Public Donor seat policy. One constituency asked that the threshold for new public donors should be regularly monitored in relation to the Resource Mobilisation Action Plan.
 - Environmental policy. One constituency asked if this is in the mandate of the AFC or the Strategy Committee.
82. In response, the AFC leadership noted:
- Programmatic and financial performance. The AFC will be looking into programmatic and financial performance, with the focus on linking the two in the future. The analysis will start

with preliminary data from a few country examples in July, moving towards more consolidated data by the fall meetings.

- b. OPEX discussions. The Board was assured that OPEX 2018 and preparations for OPEX 2019 will be rigorously discussed in July. The fall 2018 meeting will develop the recommendation to the 40th Board in November for the 2019 OPEX.. For strategic decision making, there has to be consideration of priorities, trade-offs, and potential budgetary constraints. The Strategy Committee was asked to consider these in its deliberations.
- c. Risk. The AFC will continue its oversight of risk together with the Coordinating Group.
- d. Monitoring the decision point on threshold for additional (non-voting) public donors. The AFC will monitor this as part of its oversight on Resource Mobilization.
- e. Environmental policy. The AFC leadership will engage with the secretariat to determine where the topic would fit best.

Agenda Item 20: Update from the Ethics and Governance Committee

83. Presentation. The Ethics and Governance Committee (EGC) Vice-Chair, Jan Paehler presented the key achievements for the 2016-2018 term. These included: the finalization of a high-level Governance Action Plan; next steps on Committee Performance Assessments and the lessons learned on the Executive Director Selection process. In addition, the presentation outlined the EGC role in ethics investigations and provided an update on oversight issues. In conclusion, the presentation provided the key priorities for handover to the new committee.

84. Board discussion.

- a. Sexual exploitation and abuse. Constituencies welcomed the EGC oversight role in connection with prevention of sexual harassment, exploitation and abuse and asked for a summary of lessons learned and recommendations from the broader universe of comparable institutions.
- b. Governance Action Plan (GAP). Some constituencies noted the utility of the tool, and that it will enable the new EGC to get up to speed more quickly.
- c. Committee membership. Some constituencies recommended that “slots” or seats among all constituencies should be more balanced. They urged the EGC to consider reserving a membership seat for communities and civil society on the EGC. Some asked for more information on due diligence to be shared, particularly with respect to human rights considerations. The work of the Ethics Officer’s role in balancing transparency and confidentiality was also appreciated.
- d. Committee Performance Assessment. It was noted that the recommendations are especially challenging to implement.
- e. Additional considerations. One constituency noted the importance for shared responsibility for due diligence beyond financial risks and for governance officials to align with the mission and strategy of the Global Fund, specifically in promoting and protecting human rights. It further emphasized the critical value of the diverse and inclusive nature of the Board, which is critical to effective decision-making. Emphasising inclusiveness and observing due process on one hand, and effectiveness on the other hand, are not mutually exclusive. The same constituency raised the need for the Governance Focal Point Network to be more effectively tapped upon and consulted on EGC matters where applicable, including during the finalization of the BLNC ToRs, and other relevant issues.

85. A number of suggestions were made for the incoming EGC:

- a. To engage more often with Board Governance Focal Points, to benefit from broader feedback
- b. To ensure timeliness of materials for Committees and the Board
- c. To encourage closer bilateral exchanges with civil society.
- d. A couple of constituencies expressed strong support for the Board culture initiative

86. EGC leadership response. The Vice-Chair of the EGC thanked the Board for the positive feedback on the Governance Action Plan. He noted the importance of trust between Committees and the Board as being crucial, and emphasized that governance and ethics are not just for the EGC, but are crucial for the whole Board. He added that consultation with consistencies not on the EGC is critical, particularly on selection processes, but much else.

87. On due diligence, the EGC Vice-Chair reminded the Board that it is important to find the right balance between a thorough and confidential due diligence process and the potential reputational and other risks that could arise with making the process more transparent. Finally, he recommended more communication with the Board around the outcomes of due diligence reviews.

88. Conclusion. the Vice-Chair thanked everyone involved for the support to the EGC, and particularly the Board its engagement in many consultation processes.

Agenda Item 21: Update from the Strategy Committee

89. Presentation. The leadership of the Strategy Committee provided a summary of the Committee's work over the last two years and highlighted the carry-forward agenda for the incoming Committee, divided into the four main areas the SC is responsible for: strategy oversight, policy, monitoring and oversight of independent bodies (TERG and TRP).

90. The SC Vice-Chair noted the most prominent work streams accomplished by the Committee, including:

- a. CCM Evolution and anticipated review of evolution metrics at the next Committee meeting;
- b. Prioritization of resilient and sustainable systems for health (RSSH) investments. A series of deep dives were completed on key elements of the RSSH to foster the understanding of RSSH grants, followed by review and analysis of RSSH program activities in the 2014-2016 and 2017-2019 allocation periods. In that regard, joint work with the WHO on developing common definitions, activities and level of detail was particularly recognized. More specifically, the SC Vice-Chair presented key modules of the RSSH investments in the current funding cycle in selected high impact countries, highlighting health information systems totaling 41% (approximately USD 195 million) of total Global Fund RSSH investments. As the next step, the Secretariat and the WHO will work on engaging other donors in these countries. The goal remains to provide data to improve the quality and impact of RSSH investments.
- c. Monitoring/program impact. In terms of the Key Performance Framework, two key aspects were noted: the pace of progress against the Global Fund investments and quality indicators located in the KPI 2 sub-indicators in the three diseases to measure quality and progress in a country. The country program results profiles, developed by the Secretariat, are a helpful tool to indicate the proportionality of Global Fund investments versus domestic and donor investments in high burden countries.
- d. Independent reviews. Both independent advisory bodies, the Technical Review Panel (TRP) and the Technical Evaluation Reference Group (TERG), provided regular reporting to the Strategy Committee on their work. The TERG reported on its completed and ongoing thematic reviews: adolescent girls and young women programming, malaria elimination in Southern Africa, and in-country program assurance. The thematic reviews on RSSH, Impact through Partnerships and STC implementation are planned to kick off in 2018, followed by review of the market shaping strategy in the foreseeable future. On an operational level, the TERG has appointed 6 new members, including exceptional extension of the TERG Chair's tenure.
- e. Policy review/development covered three areas: countries in crisis, risk appetite, and eligibility.
 - i. An informal working group of the Strategy Committee advised how best the Global Fund can engage and support ineligible countries in crisis and developed a policy, which the SC recommended to the Board.

- ii. On risk, the Committee underwent a thorough discussion and approved risk appetite statements for 8 defined key programmatic risks, which were recommended for Board approval. Discussion will also continue on whether a defined risk appetite is needed for the three remaining programmatic risks – 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 examined the rigor and appropriateness of the determinants of eligibility and finalized the policy for Board approval.
 - f. One constituency requested that, when the incoming Strategy Committee starts working on the allocation methodology for 2020-2022, adequate resources should be allocated to current catalytic investments such as the CRG Strategic Initiatives, and that the revised Eligibility Policy should guide resource mobilization efforts rather than be guided by it.
91. The SC Vice-Chair outlined objectives for the incoming Committee members. The incoming Committee will continue the work of reviewing the components of the country allocation methodology and catalytic funding for the 2020 – 2022 allocation period, leading to recommendation for Board approval in spring 2019. The carry-forward agenda for the incoming Committee also includes catalytic funding (including impact on programs, adolescent girls and young women, TB case finding), review of market shaping strategy and recommendation of course correction, portfolio optimization of funding and portfolio reviews.
92. In response, the Board made the following comments:
- a. Constituencies expressed their thanks to the SC leadership for their work.
 - b. Two constituencies noted the importance of ensuring funding for key populations and communities in ineligible G-20 upper-middle income countries during discussion on the allocation methodology, and requested the Committee to consider this in its upcoming work.
 - c. One constituency called for use of expanded partnerships and data from those partnerships.
93. The incoming SC Chair reflected on the importance of the anticipated SC decisions in the broader strategic context, particularly around the allocation methodology.

Agenda Item 22: Board Meeting Closing

94. The Board received an update on the high-level work plan for the coming year, and overview of upcoming governance meeting dates, available to delegates on the OBA Portal. The 40th Board Meeting will take place on 14-15 November 2018.
95. The Chair extended sincere appreciation to the host government for the warm welcome to Skopje, and for their engagement in the Board Meeting and its side events. Ms Kurtovic thanked Andrej Senih, Representative of Macedonian Civil Society Platform on Sustainability of HIV Prevention and Support Services and Executive Director of NGO Stronger Together, for his participation in the pre-Board Dialogue Event on Sustainability, Transition and Co-Financing, and for his dedication to successful transition in his country.
96. Jomain McKenzie of the Developing Country NGOs constituency spoke on behalf of all delegates in thanking Macedonian colleagues, Ana Filipovska, Board Member for the EECA constituency, and Hristijan Jankuloski, Developing Country NGOs, for their commitment and dedication in supporting the preparations for the Skopje Board Meeting.
97. The Chair and Vice-Chair of the Board warmly thanked the outgoing Chairs and Vice-Chairs of the Standing Committees. Mr Greg Ferrante (Chair, AFC), Ms Beatrijs Stickers (Vice-Chair, AFC), Dr Jan Paehler (Vice-Chair, EGC), Prof. Dorothée Kinde-Gazard (Chair, SC) and Ms Julia Martin

(Vice-Chair, SC) were recognized for their dedication and service to the committees, the Board and the Global Fund during their 2016-2018 term. The Chair and Vice-Chair welcomed the incoming Committee Chairs, Vice-Chairs and members, whose term commenced on 11 May 2018.

98. Finally, the Board Leadership recognized the significant achievements of the 39th Board Meeting's deliberations, and thanked outgoing Board Members and Alternates, the Executive Director and Management Executive Committee, the Inspector General and his team, and the Office of Board Affairs and Secretariat teams for the successful preparation and delivery of the 39th Board Meeting.

Annex 1. Decisions Taken at the 39th Board Meeting

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
GF/B39/DP01	Appointment of Rapporteur Tamaki Tsukada from the Japan constituency is designated as Rapporteur for the 39 th Board Meeting	Unanimous		
GF/B39/DP02	Approval of Agenda The agenda for the 39th Board Meeting (GF/B39/01 – Revision 2) is approved	Unanimous		
GF/B39/DP03	Approval of the Revised Eligibility Policy <ol style="list-style-type: none"> 1. Based on the recommendation of the Strategy Committee, the Board approves the revised Eligibility Policy, as set forth in Annex 1 to GF/B39/02 (the “Revised Eligibility Policy”). 2. Accordingly, the Board: <ol style="list-style-type: none"> i. Acknowledges that this decision point and the Revised Eligibility Policy supersede the decision point GF/B35/DP07 and the previous Eligibility Policy as set forth in Annex 2 to GF/B35/06 - Revision 1 (the “Previous Eligibility Policy”); and ii. Notes that notwithstanding paragraph 2.i of this decision point, the Previous Eligibility Policy remains applicable to grant programs originating from the 2017-2019 allocation period. <p>Budgetary implications: None.</p>	Unanimous		
GF/B39/DP04	Potential Engagement with Non-eligible Countries in Crisis <ol style="list-style-type: none"> 1. The Board acknowledges that a health crisis may emerge in an ineligible non-high income country that could have an adverse impact on the global response against HIV/AIDS, tuberculosis, and/or malaria, and that the health crisis may be of such a magnitude that the Global Fund should consider providing support; and 2. Based on the recommendation of the Strategy Committee, the Board requests the Secretariat, in consultation with relevant partners, to present potential investment cases 	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>meeting the criteria described in GF/B39/03 – Revision 1 to the Strategy Committee for review and recommendation to the Board. Any such proposals shall also include options for how the proposed investment should be funded.</p> <p>Budgetary implications: This decision is likely to have future budgetary implications for country funding and/or Secretariat OPEX, but the actual amounts will depend on the specific size of the crisis and potential response. These will be detailed in any proposals that result from this decision.</p>			
GF/B39/DP05	<p>Appointment of the Members of the Standing Committees of the Board</p> <ol style="list-style-type: none"> 1. The Board approves the appointment of the following individuals to serve as voting members of the Audit and Finance Committee, representing the Board constituency listed by their name: <ol style="list-style-type: none"> i. Pasqualino Procacci, European Commission, Belgium, Italy, Portugal, Spain; ii. Greg Ferrante, Private Foundations; iii. Michael Ruffner, United States; iv. Chris Taylor, United Kingdom; v. Gilles Angles, France; vi. Maurine Murenga, Communities; vii. Allan Maleche, Developing Country NGOs; viii. Naveed Kamran Baloch, Eastern Mediterranean Region; ix. Guillermo Birmingham, Latin America and the Caribbean; and x. Sukhbir Singh, South East Asia. <p>The Board appoints the following individuals to serve as non-voting members of the Audit and Finance Committee, representing the Board constituency listed by their name:</p> <ol style="list-style-type: none"> xi. Iris Semini, UNAIDS; and xii. Alexandru Cebotari, World Bank. 	Decision taken in Executive Session		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>2. The Board approves the appointment of the following individuals to serve in their personal capacity as voting members of the Ethics and Governance Committee:</p> <ul style="list-style-type: none"> i. Suomi Sakai, Japan; ii. Anders Nordström, Point Seven; iii. Renuka Gadde, Private Sector; iv. David Kihumuro Apuuli, Eastern and Southern Africa; v. Ana Filipovska, Eastern Europe and Central Asia; and vi. Mohamed Chakroun, Eastern Mediterranean Region. <p>3. The Board approves the appointment of the following individuals to serve as voting members of the Strategy Committee, representing the Board constituency listed by their name:</p> <ul style="list-style-type: none"> i. Timothy Poletti, Canada, Switzerland and Australia; ii. Jean-François Pactet, France; iii. Heiko Warnken, Germany; iv. Sarah Boulton, United Kingdom; v. Mamadi Yilla, United States; vi. Mike Podmore, Developed Country NGOs; vii. Nduku Kilonzo, Eastern and Southern Africa; viii. Violeta Teutu, Eastern Europe and Central Asia; ix. Abdoulaye Ciré Anne, West and Central Africa; and, x. Ingrid Glastonbury, Western Pacific Region. <p>Noting that the Chairs of the Technical Review Panel and the Technical Evaluation Reference Group serve as non-voting members of the Strategy Committee, the Board appoints the following individuals to serve as additional non-voting members of the Strategy Committee:</p> <ul style="list-style-type: none"> xi. Lucica Ditiu, Partners (Stop TB); and xii. Mubashar Sheikh, World Health Organization. <p>4. The Board approves the renewal for one additional term of:</p>			

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<ul style="list-style-type: none"> i. Jean-Michel Ferat as Independent Member of the Audit and Finance Committee with forensic investigation expertise; ii. Peter Maertens Independent Member of the Audit and Finance Committee with financial audit expertise; and iii. Joan Elise Dubinsky as Independent Member of the Ethics and Governance Committee with ethics expertise. <p>5. The Board notes each of the individuals appointed under this decision point shall begin his/her term on 11 May 2018 and serve for two years or until the appointment of his/her successor.</p> <p>Budgetary implications are included in OpEx budget.</p>			
GF/B39/DPo6	<p>Strengthening the Processes for Selection of Committee Leadership and Committee Members</p> <p>The Board:</p> <ul style="list-style-type: none"> 1. Notes its commitment to continue to strengthen Global Fund governance processes and requests that the Ethics and Governance Committee (“EGC”) undertakes a review of the existing processes for selection of committee leadership and members, and makes recommendations to the Board on revisions to these selection processes, aiming for a decision at the 40th Board Meeting; 2. Requests that as part of this recommendation, the EGC (i) puts forward principles and concrete actions to underpin and guide the selection processes, including transparency, rotation of constituency representation, relevant experience, institutional memory, and gender equality; (ii) develops standards and processes for due diligence undertaken as part of the selection processes; and (iii) reviews the size and composition of the EGC; and 	Decision taken in Executive Session		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	3. Requests that the EGC seeks feedback broadly from across Board constituencies in formulating its recommendations, including through inviting a representative of civil society to be a participant in EGC deliberations on this review.			
GF/B39/DPo7	<p>2017 Annual Financial Report</p> <p>The Board authorizes the issuance of, and therefore approves, the Global Fund's 2017 Annual Financial Report, which includes the 2017 Consolidated Financial Statements that have been audited by KPMG SA, as set forth in GF/B39/06 Annex 1.</p> <p>Budgetary implications (included in OpEx budget)</p>	Unanimous		
GF/B39/DPo8	<p>2017 Statutory Financial Statements</p> <p>The Board authorizes the issuance of, and therefore approves, the Global Fund's 2017 Statutory Financial Statements, which have been audited by KPMG SA, as set forth in GF/B39/06 Annex 2.</p> <p>Budgetary implications (included in OpEx budget)</p>	Unanimous		
GF/B39/DPo9	<p>CCM Evolution: Code of Conduct for CCMs and CCM Policy</p> <p>The Board:</p> <ol style="list-style-type: none"> 1. Notes the recommendation of the Ethics and Governance Committee of a Code of Conduct for Country Coordinating Mechanisms (the "CCM Code"), developed in furtherance of the Ethics and Integrity Framework adopted by the Board at its 32nd Meeting (GF/B32/DPo9); 2. Approves the CCM Code, as presented in Annex 4 in GF/B39/04- Revision 1; 3. Based on the recommendation of the Strategy Committee ("SC"), decides that no less than the amount of USD 1,219,700 should be made available over a three year period to fund the implementation and enforcement of the CCM Code, as described in GF/B39/04- Revision 1; 	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>4. Recognizes that the Audit and Finance Committee approved USD 50 million as available sources of funds (“Available Funds”) to finance prioritized and costed areas of need on the register of unfunded quality demand, as per GF/AFC04/DP01, and based on the recommendation of the SC, (i) decides that the amount of USD 1,219,700 of such Available Funds be used instead to fund the implementation and enforcement of the CCM Code, and (ii) decides to add CCMs as a “Strategic Initiative” to the list of catalytic investment priorities presented in Table 1 of GF/B36/04 – Revision 2;</p> <p>5. Based on the recommendation of the SC, decides to replace the Guidelines and Requirements for Country Coordinating Mechanisms, as approved by the Board under GF/B23/DP17, with the CCM Policy as set out in Annex 3 of GF/B39/04- Revision 1 (the “CCM Policy”); and</p> <p>6. Delegates authority to the SC to approve amendments to the CCM Policy, and requests the Secretariat to operationalize the CCM Policy and regularly report on its implementation to the SC.</p> <p>Budgetary implications: USD 1,219,700</p>			
GF/B39/DP10	<p>CCM Evolution: Funding for Near-Term Implementation</p> <p>The Board:</p> <p>7. Recognizes the inherent value and essential function of Country Coordinating Mechanisms (“CCMs”) in the Global Fund architecture and acknowledges the need to evolve CCMs to align with the Global Fund Strategy 2017-2022: Investing to End Epidemics;</p> <p>8. Recognizes that the Audit and Finance Committee approved USD 50 million as available sources of funds (“Available Funds”) to finance prioritized and costed areas of need on the register of unfunded quality demand, as per GF/AFC04/DP01;</p> <p>9. Based on the recommendation of the Strategy Committee (“SC”), decides that the amount of USD 3.85 million of such Available Funds be used instead to fund a phased roll-out of the evolution of Country Coordinating Mechanisms (the “CCM Evolution”) in 2018 and 2019 under the CCM Strategic Initiative, consistent with the interventions and activities under the “intermediate” approach, as detailed in GF/B39/04 – Revision 1;</p>	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>10. Requests the Secretariat (1) to develop a set of draft indicators for consultation with the SC at its July 2018 meeting, including near term (process and output) and longer term (outcome and impact) indicators, and (2) to regularly report to the SC on the operationalization of the CCM Evolution;</p> <p>11. Directs the SC (1) to utilize the near term results (referenced in part 4 above) as one of the inputs to inform the type of activities and the level of funding for CCM Evolution in the 2020-2022 allocation period, and (2) during the development of the allocation methodology for this period, to discuss the level of funding needed to scale the activities and number of CCMs; and</p> <p>12. Asks the Board, Secretariat and partners at country level to support the effective implementation of CCM Evolution, and in particular asks the Secretariat to drive the execution of CCM Evolution through consistent engagement of relevant parts of the organization and with an appropriate mix of resources, both staff and financial, from both current and future allocations.</p> <p>Budgetary implications: USD 3.85 million, funded through available sources of funds identified by the Audit and Finance Committee under GF/AFCo4/DPo1.</p>			
GF/B39/DP11	<p>Approval of Risk Appetite Framework</p> <p>The Board:</p> <p>i. Acknowledges the decision of the Strategy Committee concurring with the Risk Appetite Statements for the risks under such committee's purview, as set forth in the table in Annex 3 to GF/SCo6/o3 – Revision 2;</p> <p>ii. Acknowledges that the Strategy Committee will further discuss the Human Rights and Gender Inequality, Transition, and Drug and Insecticide Resistance risks at its meeting in July 2018, which will include discussion of the risk management strategy for these risks, including mitigation measures in place and/or planned, and a determination of the appropriateness of setting risk appetite statements for these risks;</p>	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>iii. Further acknowledges the decision of the Audit and Finance Committee concurring with the Risk Appetite Statements for the risks under such committee's purview, as set forth in the table in Annex 3 to GF/AFC06/16 – Revision 1; and</p> <p>iv. Based upon the recommendation of the Audit and Finance Committee, approves the Risk Appetite Framework, including Risk Appetite, Target Risk levels and the indicative timeframes for achieving Target Risk, as described in the table in Annex 3 to GF/B39/07.</p> <p>Budgetary implications (included in OpEx budget)</p>			
GF/B39/DP12	<p>Strengthening the Board Leadership Selection Process</p> <ol style="list-style-type: none"> 1. The Board notes the recommendation of the Ethics and Governance Committee (the “EGC”), as set forth in GF/B39/05 – Revision 1, and acknowledges the need to strengthen the current process for selecting the Chair and Vice-Chair of the Board. 2. Based on the recommendation of the EGC, the Board approves, in principle, the revised process for selecting the Chair and Vice-Chair of the Board as detailed in Section II of GF/B39/05- Revision 1 (the “Revised Board Leadership Selection Process”) and the Draft Terms of Reference of the Board Leadership Nomination Committee (the “BLNC ToRs”) as provided for in Annex 7 of GF/B39/05 – Revision 1. 3. The Board requests the Secretariat to finalize the BLNC ToRs and to prepare the necessary revisions to the core governance documents to implement the Revised Board Leadership Selection Process for review by the EGC and recommendation to the Board for approval ahead of the planned 2018 launch of the call for nominations for Board Chair and Vice-Chair. <p>Budgetary implications of this decision are outlined in GF/B39/05 – Revision 1.</p>	Canada Switzerland Australia, Communities, European Commission/ Belgium/Italy, Portugal/ Spain, France, Japan, Private Foundations, Private Sector, Point 7, UK, Developed NGOs, EMR, Developing NGOs, EECA, ESA, LAC, SEA, USA, WCA, WPR		Germany

Annex 2. 39th Board Meeting Documents List

Reference	Document Title
For Decision	
GF/B39/01 - rev 2	39 th Board Meeting Agenda
GF/B39/02	Revised Eligibility Policy
GF/B39/03 – rev 1	Global Fund approach to Non-eligible Countries in Crisis
GF/B39/04 – rev 1	Evolving Country Coordinating Mechanisms to align with the Global Fund Strategy
GF/B39/05 – rev 1	Strengthening the Board Leadership Selection Process
GF/B39/06	2017 Annual Financial Report and Statutory Financial Statements
GF/B39/07	Risk Appetite Framework
For Information	
GF/B39/08	Office of the Inspector General Annual Report & Annual Opinion on Governance, Risk Management and Internal Controls 2017
GF/B39/09	Office of the Inspector General Agreed Management Actions Report
GF/B39/10	Enhancing Impact and Efficiency: Collaboration between Gavi and the Global Fund
Strategy Development	
GF/B39/11	Implementation of the 2017-2022 Strategy
GF/B39/12	Annual Report on Community, Rights and Gender
GF/B39/13	Update from the Technical Evaluation Reference Group
Governance Oversight	
GF/B39/14	Annual Report and Opinion of the Ethics Officer 2017
GF/B39/15	Donor Group revised process for seat allocation
GF/B39/16	Governance Action Plan
GF/B39/17	Committee Performance Assessment Outcomes 2018
GF/B39/18	Lessons Learned from the Executive Director Selection Process
GF/B39/19	Report of the Coordinating Group
Commitment of Financial Resources	
GF/B39/20	Executive Summary of Financial Performance (complement to Annual Financial Report 2017)
GF/B39/21	Recoveries Report
Assessment of Organizational Performance	
GF/B39/22	End-2017 Key Performance Indicator Results
Risk Management	
GF/B39/23	Risk Management Report & Annual Opinion (including Organizational Risk Register in Annex)
Resource Mobilization	
GF/B39/24	Resource Mobilization Update
GF/B39/25	Update on Innovative Financing
Supporting Materials	
	The Global Fund Results Report 2017

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. 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 in real time and further made available on the [OBA Portal](#).

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

- a. Statement of the Developed Country NGO constituency
- b. France Constituency Statement (in English)
- c. France Constituency Statement (in French)
- d. Communities Delegation Constituency Statement
- e. Communities Delegation Statement on Innovative Financing
- f. Developing Country NGO constituency
- g. Constituency Statement Germany
- h. Joint African Constituencies Statements (in English)
- i. Joint African Constituencies Statements (in French)
- j. Latin America and Caribbean Delegation Statement
- k. Point 7 Constituency Statement
- l. South East Asia Constituency Position Paper
- m. United Kingdom Position on Collaboration Across the Global Health Initiatives
- n. Western Pacific Region Constituency Statement

Statement of the Developed Country NGO Constituency
39th Board Meeting of The Global Fund, May 2018

GF/B39/02 - Revised Eligibility Policy

- We support the decision point regarding the proposed revision of the Eligibility Policy.
- We want to highlight that the proposed eligibility revision is the result of a year of discussions and hard work across Board delegations, committee members and secretariat staff. The result is a reflection of the balance of those opinions around the table.
- The changes are modest but there is no doubt that they will make, in many cases, a life-and-death difference to thousands, if not millions, of people affected by the three diseases in countries that would otherwise have not received any Global Fund support. We particularly welcome the move to:
 - Use TB and MDR-TB incidence;
 - Address malaria resurgence;
 - Use a range of data sources where there is no official data on key populations;
 - Retain the Small Island States Rule;
 - Reduce the scope of the G20 rule so that Indonesia remains eligible;
 - Maintain the NGO rule to counter the effect of the OECD DAC Rule;
 - include HIV incidence in considering whether to grant a second transition allocation.
- While we welcome these components, there are a few specific issues that we would like to emphasise:
 - The first is related to the NGO Rule and the lack of clarity around the definition of “barriers that seriously limit and/or restrict” provision of evidence based services for key populations. The proposal put to the board is that the term ‘political barriers’ should be changed to ‘barriers’ and the definition be changed to refer to “laws and policies that influence practices and seriously limit and/or restrict the provision of evidence-informed interventions for such populations” and that the secretariat will “consult with UN and technical partners as appropriate”. It is still unclear if this will make any meaningful change to the practical implementation of the criteria.
 - **We still strongly feel that a much more globally accepted definition should be applied that reflects the lived experience of key populations and the fact that it is not only laws that prevent them from accessing services.**
 - Over the course of the last year there are a number of changes to the Eligibility Policy that remain unaddressed in the revision that we have highlighted from the beginning of the process and which we will continue to press for in future eligibility revisions:
 - While the majority have agreed that a **three year average of GNI per capita** should remain the primary and only economic criteria for Global Fund eligibility, we do not support the continued sole use of GNI per

capita as the core GF eligibility criteria or the only economic criteria. In the Global Fund's own words about the Equitable Access Initiative: "The report concludes that policymaking should not rely on a single variable to inform complex health financing policies on the eligibility for and the prioritization of investments. GNI per capita as an indicator is not designed to measure or capture health needs or government's capacity to invest in health, it said. Health financing policies should be informed by a more comprehensive framework, based on the analysis of countries' needs, domestic capacity and policies." This won't change this time but we believe it must in the future if the Global Fund is to respond to the changing world.

- We believe that the ongoing political exclusion ('grandfathering') of G20 countries ignores that fact that there are significant key population epidemics in these countries and this should be addressed by the Global Fund.
 - **Our position remains that if the G20 political rule remains then the NGO Rule should support civil society and key populations within those excluded countries so they are not left behind.**
 - We welcome the discussion about this at the SC and the recognition in the Eligibility Revision paper that there is a need to explore the catalytic funding mechanism and multi-country grants as a possibility for getting support to key populations in these countries.
- In deciding whether the Global Fund should give a second transition grant, we welcome the addition of HIV incidence as an assessment criteria but believe that additional criteria are necessary to be considered to ensure consideration is given to the core indicators of a failing transition. These include whether: a) treatment coverage is significantly below regional or global levels b) if no transition plan was in place at the time of transition c) key stakeholders had not each taken on responsibilities within that plan d) social contracting mechanisms are not established. We urge the Secretariat to include these criteria in assessing whether an additional transition grant might be necessary

GF/B39/03 - Non-Eligible Countries in Crisis

- There is no doubt that the Global Fund (GF) extends further than any other grant-making global health multilateral. However, with limited funding available to address great unmet need, the GF must therefore prioritize. As with the discussions around the Eligibility Policy, the key driving question for the GF needs to be how it can best use the resources available to achieve its strategic objectives. Whether and how to address health crises in currently ineligible countries cuts to the heart of that question.

- The first question is whether the GF *should* respond to health crises in ineligible countries. Our delegation believes the answer yes.
- The second question is in which circumstances the GF should respond.
 - Overall, we feel this policy offers clear guidance for when and how the Global Fund should act when faced with a public health crisis in an ineligible context, and we especially support the policy's focus on ineligible Upper Middle-Income Countries (UMICs).
 - Regarding the process by which a particular situation is determined to be a 'crisis' (or not), we would like to offer the following thoughts:
 - Timely assessment and use of trigger mechanisms to declare a "crisis" is critical. When considering the use of the IASC or the WHO ERF, it should also consider the potential delays that these mechanisms face, including when there are political reasons for these delays.
 - Access to reliable data is also a potential barrier when official data is not available (e.g. epidemiological data is no longer reported by the ministry of health). Other sources of information should then be taken into account such as reports from NGOs and academic articles. The impartiality of international organisations should play a key role in defining a crisis.
- The third question is *how* the GF should respond.
 - Our delegation supports limiting funding to the same level made available for eligible countries in crisis; we support a full evaluation of the country situation to identify the value add that the GF could make; and we also support an initial time-limit of 12 months with the possibility of extension.
 - The limitation of emergency funds available for ineligible countries however, should not prevent any engagement to support addressing a crisis. For example, the fact that fully funding a response to the crisis in Venezuela would require an investment greater than what the GF could shoulder on its own should not be used as a reason for not responding decisively and aggressively.
 - Where a government may have been responsible for the crisis, the GF should be able to find a response that does not support or in any way endorse the government in question thereby avoiding moral hazard.
 - **We also strongly urge the GF to prioritize non-state actors—including NGOs, civil society and other multilateral partners—in the delivery of support to respond to public health crises. The GF can play a critical role in negotiating access to areas that are closed or difficult to reach. Support to NGOs remains one of the core roles of the GF also in the delivery of services.**

GF/B39/05 - Strengthening the Board Leadership Selection Process

- We thank the EGC for its hard work reflecting so thoroughly on the board leadership selection process and devising, what we believe, to be a strong recommendation for its revision and strengthening.

- We welcome the emphasis this revised process puts on *confidentiality* and believe it will help the Board attract strong, high-profile external candidates in the future. Ensuring confidentiality throughout process will be essential to encouraging such candidates to put their names forward.
- For it to be possible for a high-profile candidate to become successful as the new Board Chair, it will be necessary to create flexibilities within the ToRs for the roles to allow for the possibility of an externally focused Chair and an internally focused Vice Chair.
- We also appreciate the emphasis placed on developing a process that will evaluate the *complementarity* of candidates. The Chair and Vice-Chair are a very small team with a wide range of diverse responsibilities. It is therefore essential that both individuals compliment one another's strengths and have the ability to work collaboratively from day-one. We feel that the process proposed by the EGC will help give the BLNC the flexibility to select a leadership 'team' that is ready to support one another and lead the Board from day one.
- There is one point on which we request clarification. Our understanding of the revised selection process is that it retains the current practice of rotating the Chair and Vice-Chair positions between the two voting groups (i.e., next year an individual endorsed by the Donor Group will be the Chair, and the Vice-Chair will come from the Implementers). However, again, while this is our understanding, the report does not make this clear and includes some confusing wording around this point. For example, on page 4: *"Feedback received by the EGC revealed certain dissatisfaction with the bifurcated process of rotation, as between the Donor and Implementer voting groups, for the nomination of the Board Chair and Vice - Chair."* This reads as though the practice of rotation itself is a source of dissatisfaction.
 - **Can the EGC confirm that the leadership positions will continue to rotate between the two voting groups?**

GF/B39/07 - Risk Appetite Framework

- The delegation supports the work of the GF Secretariat to develop the Risk Appetite Framework and we support the DP.
- We would like to draw the Board's attention to the fact that three risks stand out from the other risks assessed: 1) in-country stock-outs; 2) poor quality of programs, and 2) lack of strategic data. The threat that these three risks pose to the impact of GF investments is rated highest.
 - **We urge management to ensure that this is fully reflected in country teams' efforts to reduce portfolio risk.**
- Recent examples of failed transitions—such as TB in Armenia—are showing that such risks as transition or supply currently remain poorly prioritized, leading to avoidable stock-outs of lifesaving TB treatments.
- When the SC looks at Risk Appetite for its upcoming meeting in July, the committee will look at whether to set appetite statements for the risks around human rights and gender inequality, transitions, and drug and insecticide resistance.

- **We urge the Secretariat to fully inform the SC regarding the potential value and practical impact of setting an appetite statement for each of these risks, and the pros and cons of doing so for these critical risk areas, including an impact on the level of resources available for addressing these risks.**
- The primary purpose of the Risk Appetite Framework is to drive in country trade-offs and decision-making about allocation of resources. We ask:
 - **How will Secretariat decisions about necessary investments in risk mitigation measures be balanced with country-driven priorities for funding requests?**
 - **How will decisions on additional resources be made practically?**
 - **Will additional resources only be made available to the cohort of 25 countries, which the framework will be measured against?**
 - **How will we monitor potential unforeseen consequences of these trade-offs?**
 - **Progress in risk areas are not always linear, how will “time to reach targets” for individual countries be assessed in relation to context?**

GF/B39/24 - Resource Mobilization Update

- We welcome the update and are generally encouraged by the Global Fund’s on-going efforts to convert pledges to contributions, solicit new or increased pledges from non-traditional donors and explore and utilize the various tools at their disposal, we are disappointed that there is no framework for the 2018-2019 Resource Mobilization Plan as requested by the Board in GF/B38/DP07.
- While we recognize that there are many priorities facing the Secretariat as Mr Sands has taken on leadership and that Christoph Benn’s departure will no doubt have a significant impact on the External Relations department, we still strongly urge the Secretariat to move forward quickly to generate a costed action plan in time to ensure that appropriate resources are dedicated to the effort of replenishing the Fund. We would appreciate clarity on the new timelines for this work (framework and costed action plan).
- As the Secretariat develops the Investment Case for the 6th Replenishment, we would like to emphasize the importance of building an Investment Case for the 6th Replenishment that reflects global need for ending the three diseases, as articulated within the agenda for Sustainable Development – especially SDG3 – and the financing needs as articulated in the UNAIDS, StopTB and Roll Back Malaria global plans.
- While a timeline for the Investment Case was provided in the Resource Mobilization update prepared for this Board meeting, we would appreciate more detail and clarity on the framing of the investment case, the work that has been completed to date and the general direction being considered for the Investment Case.

GF/B39/22 - End-2017 KPI Results

We welcome the update on the KPI performance 2017 but would like to raise the following questions and comments:

- **Slide 9: Implementation Overview – Programmatic Performance:** We would like to see the analysis of key barriers as to why 47% of programmatic indicators did not meet their targets and whether there is differentiation across disease components. In support of the new Performance Reporting Framework, we would like to see reflected in cases where results are sub-optimal, mitigation strategies for course correction together with a timeline indicating when each particular KPI is to come again before the board for review and discussion.
- **Slides 8 and 18: Human rights KPIs (KPI 9c, 9b, 9a):** We see across the Human Rights KPIs that progress is off-track and substantial work remains ahead. Of particular concern is KPI 9c, which looks at key populations and human rights in transition countries where the lack of policy levers for human rights has translated into little incentive to report and invest. We have similar concerns with KPI 9b (slides 26-27) where we are seeing roll-backs below baseline investments in KPs and Human Rights in MICs. While we agree that progress needs to be re-assessed as more reporting becomes available, how are these early warning signs informing transition planning and preparedness work at the Secretariat?
- **Slide 22: KPI3 – “Alignment of investment and need”:** We would like the Secretariat to clarify whether they will actively try to manage disbursements to align with the target, although the KPI essentially measures allocation in “raw shares”?
- **Slide 29: KPI 7b – “Absorptive capacity”:** We note that the absorption rate reported only accounts for end 2016 results, at a time when many countries had only recently started many of their new grant NFM activities. Can the GF provide any preliminary indications on improvement foreseen for the end 2017 results? We ask the Secretariat to clarify the point about currency fluctuation. It is our understanding that countries with their allocations in EUR appear to have lower absorption rates when compared in USD, due to the deviation in exchange rates.
- **Slide 34: KPI 6d – “HMIS coverage”:** We are concerned that this KPI is substantially off-track with only 11% (6 countries) having ‘fully deployed and functional HMIS’ at the end of 2017 and the mid-term 2019 target is set for 50% (27). Proposed strategies to focus on the countries where 2-3 out of 4 sub-indicators have been achieved may facilitate us in reaching the 2019 target (essentially the ‘low hanging fruit’) but will have resource implications for the 47% remaining of which almost half (21%) have no data and no sub-indicators have been achieved. An early analysis of the bottlenecks encountered would be valuable in informing Key Takeaways as well as mitigation strategies understanding that as outlined on slide 8 (Program Design Overview) data systems substantially account for 41% of the budget for RSSH.

GF/B39/11 - Strategy Implementation Update

- We welcome the opportunity for an update on the strategy implementation including progress reporting on the KPIs. We also appreciate the updates on ongoing and planned actions, but the restricted format does not allow for sufficient understanding of how actions relate to strategic objectives, or interpretation of certain results.

- **We therefore request a revised format, not reducing granularity of information.**
- We also seek clarification on the following points:
 - **Slide 19: KPI 6 a and b) Procurement and supply chain:** We welcome progress reported on WHO-GF contribution agreement to support WHO Prequalification program. Among progress areas mentioned is also that “another proposal on strengthening QA for countries transitioning their procurement out of GF grants was presented to WHO by Secretariat in early March.”
 - **We seek clarity from the Secretariat regarding the content of this proposal.**
 - As noted elsewhere (indicate where), the current implementation of GF co-financing requirements carry procurement related risk for sustainability of procurement in many countries in transition, and a risk for fragile markets such as the TB market in particular. This will require enhanced attention with regards to procurement specific risk assessment and mitigation going forward and we welcome/look forward to an update on actions taken by the Global Fund and together with partners to address this issue.

STC and Procurement

- Transition of procurement of TB products is resulting in significant challenges to quality, price, access and markets. We need to figure this out and develop some systemic solutions.
- As a delegation representing civil society working in TB, we raise concern and call attention to unintended consequences of the implementation of the STC policy and in particular its co-financing requirements. Evidence is emerging about the impact on countries and patients as they are preparing to transition from Global Fund financing and procurement to national systems without proper safeguards, affecting availability of quality, affordable medicines and other health products such as diagnostics.
- Jointly with the Global Drug Facility (GDF), the Global Fund has deliberately and effectively leveraged its position to build more stable markets for quality-assured drugs and diagnostics, and bolstered efficient mechanisms for pooling procurement to enable more predictable and sizable demand, stable supply, and therefore lower product costs.
- The STC policy requires all countries to progressively absorb the cost and responsibility of key program components including procurement of essential drugs and commodities for the three diseases. However, national procurement systems are in many countries not yet strong enough to ensure that quality, access and supply remain in place. In addition, the transition results in splitting the market for commodities which will have a disastrous effect particularly for TB medicines where there are already fragile market dynamics.
- The problems facing countries transitioning to national procurement, based on existing experience include: failed tenders as countries may be unable to attract any bidders due to their comparatively small markets (recently affecting transitioning country in EECA even for first line TB drugs), higher prices when countries are unable to negotiate

volume-based discounts or access international procurement mechanisms; suboptimal formulations, e.g. when national legislation requires priority given to locally produced despite these not being available in affordable, quality-assured or optimal formulations, such as fixed-dose combinations; poor or unknown quality as lack of an international quality requirement (e.g. WHO Pre-Qualification or stringent regulatory authority approval) for drug tenders could result in suboptimal quality products entering the market at scale; supply problems, including stockouts, due to poor forecasting, procurement and/or supply management systems; regulatory barriers when waiver for Global Fund imported key drugs can no longer be used; barriers to generic competition as regional initiatives, such as customs unions or regulatory harmonization efforts, are implemented; weakened accountability when strong civil society monitoring and transparency is not present.

- Given experiences across all regions, of the problems listed above, we are concerned that without urgent measures, the implementation of the STC policies will be unsuccessful and result in a discrepancy in access, prices, quality, and supply as procurement shifts from GF/GDF to national systems.

We therefore call upon the Global Fund Secretariat to take the following actions:

1. While national legal/regulatory procurement environments are not yet robust, ensure procurement is not the component to switch from Global Fund to national systems under STC policies;
 2. Conduct comprehensive independent risk assessments --beyond the Transition Readiness Assessments--of the impact at the national level and the global market;
 3. Identify and implement systematic mitigation strategies.
- **We strongly encourage the Global Fund and partners to use the TB Procurement and Market Shaping Action Team (TPMAT) as a multi-stakeholder forum for identifying STC-related procurement challenges and solutions country-by-country and globally.**
 - **Without action now, the consequences of Global Fund's policies and practices could jeopardize the size and stability of the markets which the Global Fund and partners have helped to create and sustain, and could weaken the gains in price, quality, supply, and transparency that have strengthened the efficiency and effectiveness of the response to the three diseases on which Global Fund works—and in particular to TB.**

39th board meeting of the Global Fund

France constituency statement

(English translation)

1- France's general statement

The next years will be paramount if we want to end the epidemics. We face the risk of losing control over the HIV/AIDS and tuberculosis pandemics and of witnessing a resurgence of malaria. The recent appointment of the Global Fund Executive Director and the upcoming Replenishment Conference represent opportunities for the Fund and its partners to give a new impetus to our action in order to put a stop to the epidemics.

We are almost midway through the 2017-2022 Global Fund strategy. It is essential to take the time to analyze the strengths and weaknesses of our progress towards achieving our objectives in order to correct the course of our action. Several key elements are essential to this:

- Put the implementation of the promotion and protection of human rights and gender equality at the heart of the Global Fund's work.

If we want to meet the targets set under the Sustainable Development Goals and end the epidemics, this dimension is crucial. Stigma and barriers to access to care for key populations (sex workers, men who have sex with men, transgender people, migrants, mobile populations, people who inject drugs, incarcerated persons, etc.) and for women and girls are key issues for the success of the Global Fund and the achievement of the 2030 goals. Therefore, it is necessary that this priority be cross-cutting to Global Fund actions and programs, in all aspects and particularly in grant management. Adequate human and financial resources must be allocated within the Secretariat to fully achieve the Global Fund's mission on community, rights and gender issues.

- Build a global partnership approach.

The fight against the pandemics is a shared responsibility and its success will depend on our ability to work together to achieve the goals we have set for ourselves. As a founding principle of the Global Fund, partnership must be put back at the core of our work. Redefining this principle should be one of the priorities of the Secretariat and the Board for the upcoming months. We are particularly concerned by the lack of strategic partner engagement framework as it appears to be reflected in the unsatisfactory progress of the Impact through Partnership Initiative (ITP). As issues evolve and programmatic risks need to be properly addressed, coordination with partners, including recipient countries that must play a central role in this perspective, is critical to the achievement of the Global Fund objectives.

- Promote greater country ownership and meaningful civil society involvement.

Country ownership, program sustainability, and the meaningful involvement of civil society and key populations representatives primarily take place through CCMs. There is an urgent need to strengthen these bodies if we want to ensure that this model continues to work and achieves the greatest impact possible. As such, we wish to recall the central coordinating role of CCMs. They must be able to fully lead the strategic oversight of Global Fund grants, in a strong cross-cutting dialogue

involving all partners. The support provided by the Global Fund must be adequate to the missions entrusted to them. We must invest the corresponding human and financial resources to tackle these challenges. The Global Fund Secretariat, and especially the grant management division, must play a key role in strongly supporting and actively engaging with CCMs in all aspects of their role.

- Ensure maximum and sustainable impact for the Global Fund.

To maximize impact, the Global Fund needs to adapt to the specific situations of recipient countries, especially those with the most fragile environment, which need stronger support in implementing Global Fund grants. The challenges faced by some countries in disbursing grants reflect bottlenecks, partly due to the country context but also partly due to the complexity of Global Fund's procedures. Simplifying these procedures and strengthening support to the most fragile countries are two key issues that engage the Global Fund's responsibility.

It is also our shared responsibility to strengthen coordination among the various global health funds. We need to ensure better articulation of international programs, both between them and within the national contexts and policies in which they operate - within the global coordination framework by the WHO. The consistency of our investments and strategies across different funds will be key to ensure the success of the different replenishment conferences and to convince new donors to invest in them.

2- France constituency positions regarding Board agenda issues

- Risk management policy and risk appetite framework

We welcome the Secretariat efforts to embed risk management in all aspects of its activities. However, it is essential to ensure the balance of this policy between programmatic and financial risks. We rely on the Global Fund Secretariat to have this comprehensive, balanced and, complementary perspective on financial and programmatic aspects as well as strong mitigation measures regarding programmatic risks. The Global Fund's ability to act on programmatic risks requires enhanced coordination with partners at country and global levels. This requires rethinking partnerships within the Global Fund model.

France fully supports the Strategy Committee's decision to further review the risk management strategy with regard to transition, human rights and gender inequality as well as drug and insecticide resistance at its next session. We will pay particular attention to the elements, data and tools that will enable the Committee to determine the appropriateness of setting risk appetite for these risks.

- Eligibility policy and approach to non-eligible countries in crisis

France supports these two decision points as presented to the Board. It is critical to move forward on these decisions in order to prepare the discussions on the next allocation methodology. The issue of barriers to access to care is essential, so we will be attentive that it is well taken into account within the next allocation. Moreover, for non-eligible countries in crisis, we will be vigilant to promote early health crisis management so as to ensure simpler and less expensive responses.

- Global Fund/Gavi collaboration

France welcomes the efforts and progress made by Gavi and the Global Fund in this area. This close collaboration is key to maximize the impact and efficiency of their action. We encourage both

organizations to use and create as many opportunities as possible to enhance synergies, particularly within the new Global Health Campus.

This collaboration must continue to be strengthened through a strategy for closer coordination between the two organizations, both at country- and headquarters-level. We are particularly looking forward to enhanced collaborative efforts in cross-cutting activities related to strengthening national and community health systems.

- CCM evolution

We hope that the Board can reach a decision consistent with the goals and roles assigned to CCMs. We are aware that CCM funding has been important in recent years but was mostly focused on specific aspects. We must therefore promote a more global approach to the role assigned to CCMs by providing the necessary means to achieve these objectives. CCMs must fully play their strategic oversight and national governance functions - a necessary requirement for a long-term vision aimed at designing and monitoring programs that are fully integrated into national pandemic and health systems strengthening plans.

It is also necessary that the Board displays a long term political commitment consistent with the desired nature of the evolution of CCMs. This political commitment will have to be reflected in an evidence-based decision in 2019. To achieve this, it is essential to measure the impact of this evolution through relevant impact indicators within a timeframe more adequate to ensure the implementation of the expected changes.

All actors are concerned by these changes: the Global Fund of course, the implementing countries, and the partners. Without a stronger engagement by the Secretariat in supporting and prioritizing CCMs, this evolution will be limited.

39^{ème} Conseil d'administration du Fonds mondial

Déclaration de la circonscription de la France

1- Déclaration générale de la France

Les prochaines années vont être primordiales si nous voulons mettre fin aux épidémies. Nous faisons face au risque de perdre le contrôle des épidémies de VIH/sida et de tuberculose et d'une résurgence du paludisme. L'entrée en fonction du nouveau directeur exécutif du Fonds mondial et la prochaine reconstitution des ressources représentent des opportunités pour le Fonds et ses partenaires de donner un nouvel élan à notre action pour mettre un coup d'arrêt aux épidémies.

Nous sommes presque à mi-parcours de la stratégie du Fonds mondial 2017-2022. Il est essentiel de prendre le temps d'analyser les forces et les faiblesses de notre action pour l'atteinte des objectifs stratégiques que nous nous sommes fixés afin de redresser le cap de notre action. Plusieurs éléments sont primordiaux :

- Mettre la mise en œuvre de la promotion et la protection des droits humains et de l'égalité de genre au cœur de l'action du Fonds mondial.

Si nous souhaitons atteindre les cibles fixées dans le cadre des Objectifs du développement durable et mettre fin aux épidémies, cette dimension est cruciale. La stigmatisation et les barrières à l'accès aux soins pour les populations-clés (professionnels du sexe, hommes ayant des relations sexuelles avec des hommes, personnes trans, migrants, populations mobiles, usagers de drogues injectables, personnes incarcérées, etc.) et pour les femmes et les jeunes filles constituent des enjeux essentiels pour le succès de l'action du Fonds mondial et l'atteinte des objectifs en 2030. C'est pourquoi il est nécessaire que cette priorité soit transversale aux actions et programmes du Fonds mondial, dans tous les aspects et particulièrement dans la gestion des subventions. Des ressources humaines et financières suffisantes doivent lui être allouées au sein du Secrétariat pour réaliser pleinement la mission du Fonds mondial sur les enjeux liés aux communautés, droits et genre.

- Construire une approche globale du partenariat.

La lutte contre les pandémies est une responsabilité partagée et son succès dépendra de notre capacité à travailler ensemble pour atteindre les objectifs que nous nous sommes fixés. Principe fondateur du Fonds mondial, le partenariat doit être remis au cœur du mode de fonctionnement du Fonds. Redéfinir ce principe doit être l'une des priorités du travail du Secrétariat et du Conseil pour les prochains mois. Nous sommes particulièrement inquiets de l'absence d'un cadre stratégique d'engagement des partenaires que semble traduire l'état d'avancement peu satisfaisant de l'initiative Impact through partnership (ITP). L'évolution des enjeux et la nécessité d'agir sur les risques programmatiques font de la coordination avec les partenaires, dont les pays récipiendaires qui doivent jouer un rôle central dans cette perspective, un élément crucial pour l'atteinte des objectifs du Fonds mondial.

- Favoriser une plus grande appropriation par les pays et une implication effective de la société civile.

L'appropriation par les pays, la soutenabilité des programmes ainsi que l'implication effective des représentants de la société civile et des populations clés passent principalement par les CCM. Il est

urgent de les renforcer si nous voulons nous assurer que ce modèle continue à fonctionner pour atteindre le plus grand impact possible. Nous souhaitons à ce titre rappeler le rôle central de coordination des CCM. 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. L'appui que le Fonds mondial y apporte doit être à la hauteur des missions qui leur sont confiées. Nous devons investir les ressources humaines et financières qui soient à la hauteur des enjeux. Le Secrétariat du Fonds mondial, et particulièrement le département des subventions, doit jouer un rôle clé en soutenant fortement et en s'engageant activement avec les CCM dans tous les aspects de leur rôle.

- Assurer un impact maximal et durable à l'action du Fonds mondial.

Pour que le Fonds mondial ait un impact maximal, il est nécessaire qu'il adapte son action à la situation spécifique des pays récipiendaires, en particulier ceux dont l'environnement est le plus fragile, qui ont besoin d'un soutien renforcé dans la mise en œuvre des allocations. La difficulté de certains pays à déboursier les allocations reçues témoignent de goulots d'étranglement, qui tiennent pour partie à la situation des pays mais également pour partie à la complexité des procédures du Fonds mondial. La simplification de ces procédures et le renforcement de l'appui apporté aux pays les plus fragiles sont deux enjeux essentiels qui dépendent de la responsabilité du Fonds mondial.

Il relève également de notre responsabilité à tous de renforcer la coordination de l'action des différents fonds multilatéraux en santé pour assurer l'articulation des programmes internationaux entre eux et au sein des contextes et politiques nationaux dans lesquels ils s'inscrivent – dans le cadre d'une coordination globale portée par l'OMS. La cohérence de nos investissements et de nos stratégies au travers des différents fonds sera clé pour assurer la réussite des différents cycles de reconstitution et convaincre de nouveaux donateurs de s'y investir.

2- Positions de la France sur les sujets à l'ordre du jour du Conseil d'administration du Fonds mondial.

- Politique des risques et cadre de tolérance aux risques

Les efforts fournis par le Secrétariat pour incorporer la gestion des risques dans l'ensemble de ses activités sont à saluer. Il est cependant essentiel d'assurer l'équilibre de cette politique entre risques programmatiques et risques financiers. Nous comptons sur le Secrétariat du Fonds mondial pour avoir cette perspective globale, équilibrée et complémentaire sur les aspects financiers et programmatiques ainsi qu'une action forte sur l'atténuation des risques programmatiques. La capacité du Fonds mondial à agir sur les risques programmatiques passe par un renforcement de la coordination avec les partenaires, dans les pays et au niveau global. Cela requiert une véritable réflexion sur les partenariats dans le modèle du Fonds mondial.

La France accorde tout son soutien à la décision du comité de la stratégie visant à analyser lors de sa prochaine session la stratégie de gestion des risques en ce qui concerne la transition, les droits humains et l'égalité de genre ainsi que la résistance aux médicaments et aux insecticides. Nous serons particulièrement attentifs aux éléments, données et outils nécessaires existants qui permettront au Comité de décider de suivre efficacement ces risques au sein du cadre de tolérance, le cas échéant.

- Politique d'éligibilité et pays non éligibles en crise

La France soutient ces deux points de décision tels que présentés au Conseil d'administration. En effet, il est important d'avancer sur ces décisions afin de préparer les discussions sur la prochaine méthodologie d'allocation. La question liée aux barrières d'accès aux soins est primordiale pour une bonne prise en charge, aussi nous serons attentifs à ce qu'elle soit réellement prise en compte dans le cadre de la prochaine allocation. Enfin, pour les pays non éligibles faisant face à une crise sanitaire, nous serons vigilants à une prise en compte précoce des situations d'urgence sanitaire, et ce, dans un souci de gestion sanitaire plus simple et moins coûteuse.

- Collaboration Fonds mondial/Gavi

La France salue les efforts et les avancées en matière de collaboration réalisés par Gavi et le Fonds mondial. Cette collaboration rapprochée est essentielle pour maximiser l'impact et l'efficacité de leur action. Nous encourageons les deux organisations à utiliser et à créer le plus d'occasions possibles pour renforcer les synergies, en particulier dans le cadre du nouveau Campus pour la santé mondiale.

Le renforcement de cette collaboration doit se poursuivre grâce à un approfondissement de la stratégie de rapprochement entre les deux organisations, dans le cadre de leurs activités dans les pays aussi bien qu'au siège. Nous attendons particulièrement un renforcement des efforts de collaboration en ce qui concerne les activités transversales liées au renforcement des systèmes de santé nationaux et communautaires.

- Evolution des CCM pour atteindre les objectifs du Fonds mondial

Nous souhaitons que le Conseil d'administration puisse prendre une décision cohérente avec les objectifs et rôles que l'on assigne aux CCM. Nous sommes conscients que les financements aux CCM ont été importants ces dernières années mais concentrés sur certains aspects. Nous devons aujourd'hui privilégier une approche plus globale du rôle attribué aux CCM en y adjoignant les moyens nécessaires à la réussite de ces objectifs. Les CCM doivent pleinement assurer leur fonction de suivi stratégique et de gouvernance nationale – condition nécessaire à une vision à long terme de la conception et du suivi des programmes dans le cadre des orientations nationales de lutte contre les pandémies et de renforcement des systèmes de santé.

Il est également nécessaire que le Conseil d'administration marque son niveau d'engagement politique sur le long terme pour être cohérent avec la nature de l'évolution des CCM souhaitée. Cet engagement politique devra se traduire par une décision éclairée en 2019. Pour ce faire, il est indispensable d'en mesurer l'impact grâce à des indicateurs pertinents dans un délai de mise en œuvre plus adapté aux évolutions souhaitées.

L'ensemble des acteurs est concerné par ces évolutions : le Fonds mondial bien sûr, les pays bénéficiaires et les partenaires. Sans engagement plus fort de la part du Secrétariat, dans le soutien et la priorité à accorder aux CCM, cette évolution sera limitée.

COMMUNITIES DELEGATION CONSTITUENCY STATEMENT GLOBAL FUND 39TH BOARD MEETING

The Communities Delegation is coming into the 39th Board Meeting cognisant of particular contexts within which the Board Meeting takes place, including:

- The shortening window of time to find ways to sustain progress and provide safety nets for key population programming in countries transitioning out of Global Fund support;
- The rise of populism in both the Global North and South that impede on global solidarity efforts and resources sharing and redistribution; and
- The pervasive barriers against human rights and gender equality that continue to affect the access to HIV, TB, and malaria programmes and services particularly for key, vulnerable, and marginalised communities.

We look to Peter Sands leading the Secretariat as the new Executive Director, and to countries – both donors and implementers – demonstrating real and clear political will, including through committing the needed resources, to enable the Global Fund to successfully navigate such contexts and achieve its mission of ending the three epidemics and supporting the achievement of the Sustainable Development Goals (SDGs) especially in the context of the Sixth Replenishment underway, and the Pledging Conference taking place just over a year away.

We recall Strategy Objective 3 of the Global Fund Strategy 2017 – 2022 – *promoting and protecting human rights and gender equality*, as a reminder of the centrality of community, rights, and gender considerations in all the decisions that we will be making in this Board Meeting.

With regards the different agenda items of the 39th Board Meeting, our Delegation presents below its positions, comments and/or questions for clarifications:

GF/B39/12: ANNUAL REPORT ON COMMUNITY, RIGHTS AND GENDER

- a. The Communities Delegation welcomes and appreciates the fourth annual report and commends the work of the CRG department in providing the important overview of the work across the CRG department, the Global Fund Secretariat, and with partners.
- b. We refer to the call made at the 35th Board Meeting, where we have requested for the Annual Report on CRG to be tabled as a standing agenda item¹, and note with concern that despite requests by constituencies to the Board Leadership when providing comments on the draft agenda for the 39th Board Meeting, that the Annual Report on CRG is scheduled for the pre-briefing day. **We request going forward that Board Leadership tables the Annual Report on CRG as a standing agenda item on the Board Agenda**, noting that many components of the work of the CRG department is crucial in achieving the Global Fund Strategy 2017 – 2022.

¹ [Report of the 35th Board Meeting, pg 14, para 57](#)

COMMUNITIES DELEGATION

to the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria

- c. We would like to take the opportunity to ensure and remind that **gender** is recognised more comprehensively in the work of the Global Fund and partners. This is especially important in the work at the country level for gender interventions to focus beyond the empowerment of women and girls, as gender is relational, and goes beyond the binary of women and men and other identities in the gender spectrum, and to the relationship between them as well as the unequal relations between them.
- d. We appreciate the work of the CRG department in **UHC processes**, and look forward to further engagement of the department and the Secretariat on this issue with partners and stakeholders, including communities and key populations. In addition, **we would like to understand the further plans and activities going forward of the Secretariat in the coming year, including engagements with global/regional/national networks of key populations and civil society, and for the next annual report to include more comprehensively the work and activities of the department on this issue.**
- e. We note the ongoing challenges as highlighted in section II, 04 – “Evaluation of gender-responsive programming” and **recommend the expansion of the modular template to include gender evidence-based interventions within priority interventions.**
- f. We understand that the results of the baseline assessments in section III, 06 – “Intensive support in 20 focus countries” was supposed to be conducted before the roll-out of matching funds, while the baseline is now available mid-cycle and would like **clarification on the relevance of the baseline on how this would be used for the next grant cycle.**
- g. We would like to **further understand what principles are used to guide the work on community-based monitoring** in section IV, 13, and look forward to the results and impacts of the work around community-based monitoring. In addition, we **recommend linking the outcomes of community-based monitoring with the efforts of the CCM oversight committee.** We also note that in 2018, an indicator will be developed to measure coverage of community-led monitoring and feedback across Global Fund grants, and **request for further updates on this indicator** which is meant to feed into the KPI to be developed for further measuring community responses.
- h. The Communities Delegation extends support in terms of ensuring that moving forward with KPI 5 for best information on the coverage of HIV treatment preventions services for key populations in section V, 14 – “Measuring progress on HIV among key populations” and **emphasise the importance of the completion of the assessments and availability of data prior to the SC Meeting in July for evidence-informed discussions.**
- i. In section V, 15 & 16, we recognise the challenges resulting in limited activities with regard to support for TB and malaria networks despite efforts, and **look forward to further information and impacts on the implementation of activities as described in the report.**

GF/B39/02: REVISED ELIGIBILITY POLICY

- a. The Communities Delegation welcomes the revised Eligibility Policy and thank the efforts of the Strategy Committee and Secretariat throughout the course of 2017 in presenting this revised policy for adoption at the 39th Board Meeting.
- b. We welcome the revised and simplified disease burden metrics, thresholds and categories. We would like for the Board to note that Strategic Objective 1a – “*Scale-up evidence-based interventions with a focus on the highest burden countries with the lowest economic capacity and on key and vulnerable populations disproportionately affected by the three diseases*” also addresses **key and vulnerable populations**. To effectively achieve the mission of ending the three epidemics, the Global Fund has to ensure that the conversation about eligibility should be centred in addressing the epidemics and not

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about the countries, hence ensuring that the Global Fund continues to invest in key and vulnerable populations. Furthermore, **we welcome during the mid-term review of the Strategy, that the Global Fund Eligibility and Allocation Methodology determination should be examined and strengthened to reflect Strategic Objective 1a more holistically.**

- c. While we welcome the revised eligibility policy, we stress that findings of the Equitable Access Initiative recommended examining the use of a **multi-criteria framework for economic measurement**² that looks at fiscal space, purchasing power parity, or health expenditure; or consider a robust qualitative process that seeks to confirm the economic capacity of a country instead of the sole use of GNI per capita to measure economic capacity.
- d. We remain concerned about the **size estimation of key populations** remaining unavailable and/or the quality of size estimations of key populations not being reliable in many countries, given how fundamental key population size estimation is in designing interventions, as well as understanding the needs for Global Fund grants. We are **calling for stronger investment on community-based and -led monitoring and data collection and analysis to complement existing country and technical partner efforts.**
- e. The Communities Delegation recognises that the Global Fund alongside other Global Health Institutions, as well as bi-laterals are learning the effects of early transition, and countries being ineligible for funding/aid. It is more important than ever for the Global Fund Board to consider mechanisms to avoid instances where the evidence points towards the **failure of sustainable transitions**. The Communities Delegation feels that we should not wait until the effect of failures in post-transition countries, and **recommend exploration of safety net processes to protect the investments of the Global Fund.**
- f. At the same time, recognising that we are entering into a challenging replenishment period, we also acknowledge the need for balance between investments and creating impact where it is most needed, and **stress that eligibility should guide resource mobilisation efforts rather than be guided by it.**
- g. We **recommend the exploration of safety net processes for Key Population interventions now, rather than wait for the effect of failures in post-transition countries to catch us off-guard to deal with the failures before acting.**

GF/B39/05: STRENGTHENING THE BOARD LEADERSHIP SELECTION PROCESS

- a. The Communities Delegation welcomes the current document for strengthening the Board Leadership Selection Process, and thanks the Secretariat, Ethics and Governance Committee, as well as all Board Constituencies for inputting into the process.
- b. We request/provide clarification/friendly amendment(s) on the following language in Annex 7, draft Terms of Reference (ToR) of the Board Leadership Nominating Committee (BLNC):
 - i. Paragraph 3 states: *“The Ethics Officer shall advise the BLNC and the EGC on all due diligence and conflicts of interest issues in accordance with the Terms of Reference of the Ethics Officer”*. **We propose that the language below for the BLNC to give greater authority to access and work with the Ethics Officer – “The BLNC shall call upon the Ethics Officer to advice the BLNC**

² [Equitable Access Initiative Report](#), Chapter 2: Classification by Health Need and Income

and the EGC on all due diligence and conflicts of interest issues in accordance with the Terms of Reference of the Ethics Office”.

- ii. Paragraph 9 speaks about exceptional cases when a member of the BLNC may no longer serve as a member and give the EGC the authority to appoint a new member coming from the same group. We **seek clarification on this process as it is currently unclear and could be interpreted as giving the EGC the mandate to appoint the individual, rather than the group nominating a replacement.**

GF/B39/07: RISK APPETITE FRAMEWORK

GF/B39/23: RISK MANAGEMENT REPORT AND ANNUAL OPINION

- a. We thank the efforts of the Secretariat and the relevant Committees in presenting the Risk Appetite Framework.
- b. In all our efforts, we stress the need to strategically invest in communities for early detection of bottlenecks in implementation, and for better monitoring and to mitigate risks associated with **sustainability and transition**. We **recommend the development of a separate Risk Appetite Framework for transition focusing on the components in the transition process.**
- c. We would like **clarification on how risk is captured in collaborations and partnerships, understanding there are reputational risks and implementation risks in these efforts.**
- d. We are extremely concerned about challenges in **programme quality** which is a hindrance to achieving our objectives, and would like to understand better how country teams can be strengthened to achieve programme quality in grant implementation. We would also like to see **how the results/recommendations from the TERG Prospective Country Evaluations can mitigate the risks associated with programme quality.**
- e. Understanding **absorptive capacity** remains a key challenge and presents risks, and that there could be many underlying factors contributing to this, we **request for further clarification on how absorptive capacity impacts on programme quality.**
- f. Noting the link between Community-based Monitoring with the Risk Report and Annual Opinion of the Chief Risk Officer in section 8.4.d, we **recommend the Chief Risk Officer to include the different stakeholders in his report on the roles of communities and civil society in mitigating this risk.**
- g. On **Procurement** (pg 21 of the Risk Report and Annual Opinion), we note that current controls and mitigations have to go beyond mechanisms in the Market Shaping Strategy – including wambo and PPM. Mechanisms on ensuring better procured drugs, and overcoming IP barriers have to be addressed so as to ensure a sustainable solution to different procurement challenges that are being faced around capacity to address systemic challenges.
- h. We note that for the root causes in **Transition** (pg 28 of the Risk Report and Annual Opinion) that root causes of transition are not only financial, and that governance, political will, as well as social aspects of the response are also root causes.
- i. We note that the OIG report indicates that financial risks are going declining, but at the same time, are seeing that all the restrictive financial mitigation plans lower programme quality. We **seek clarification on what steps have been taken to ensure the balance between risk mitigation on grant-related fraud and fiduciary and programme or quality of services.**

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GF/B39/08: OFFICE OF THE INSPECTOR GENERAL ANNUAL REPORT & ANNUAL OPINION ON GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS 2017

GF/B39/09: OFFICE OF THE INSPECTOR GENERAL AGREED MANAGEMENT ACTIONS REPORT

- a. The Communities Delegation expresses deep appreciation and support, and commends the work of the OIG that showcases the transparency and accountability of the institution.
- b. The Communities Delegation notes that the report from the OIG highlights a challenge of poor quality of services that causes a potential risk and compromises the achievement of the overall goal of the Fund. **We therefore recommend the Secretariat to work with country stakeholders (including technical partners and communities, including key populations) to find concrete and time-bound solutions in improving programme quality.**
- c. The Communities Delegation is concerned about the reported increasing shifts from financial to programmatic risks, noting that operationalizing the financial controls sometimes presents challenges to the programme implementation the Global Fund. **We propose that this issue is taken up for discussions under Risk Management, and for the Board or relevant committee(s) to provide guidance on how the issue can be managed to strike the right balance between financial and programmatic assurance.**

GF/B39/11: IMPLEMENTATION OF THE 2017 – 2022 STRATEGY

- a. Key challenges and mitigating actions – we seek more clarity on the differences between key challenges and mitigating actions – clarity, some have key challenges and no mitigating actions, eg: slide 23 or clarity of what is a key challenge and the mitigating action.

GF/B39/13: UPDATE FROM THE TECHNICAL EVALUATION REFERENCE GROUP

- a. The Communities Delegation thanks the TERG for the work it is understanding in on Prospective Country Evaluations, and wish to better understand how improvements against findings in the evaluation/studies of the TERG are tracked.

GF/B39/14: ANNUAL REPORT AND OPINION OF THE ETHICS OFFICER 2017

- a. We welcome the Annual Report and Opinion of the Ethics Officer and are encouraged by the processes and mechanisms that are being put in place at the Secretariat and Board level.
- b. The Communities Delegation welcomes exploring an ethical framework for decision-making by the Board, to guide its decision-making beyond based on ethical and not only financial obligations.

GF/B39/16: GOVERNANCE ACTION PLAN

- a. The Communities Delegation welcomes efforts by the EGC on the Governance Action Plan and in presenting it to the Board for further inputs and discussion.
- b. We have the following feedback and/or requests for clarification on the Governance Action Plan:
 - i. On Action Item 1B, we stress and concur on the need to balance inclusiveness and effectiveness, and at the same time note that effectiveness is not about speed, but the need for ensuring that inclusiveness is a component of ensuring effectiveness.
 - ii. On Objective 2, we note that Conflict of Interest-related matters go beyond financial interests/matters and urge that the EGC work with the Ethics Office to ensure that this is taken into consideration.
 - iii. On Objective 2, as iterated in the comments on the annual report and opinion of the Ethics Officer, we would like for the EGC to begin discussions with the Ethics Office to develop an Ethical Decision-Making Framework by the Board.
 - iv. On Objective 3, and in relation with Board Leadership ToRs, the Communities Delegation firmly supports the current 2-year tenure of Board Leadership, and the rotation between a chair and vice-chair that represents the inclusiveness and diverse representation of the Global Fund Board. We further stress the need for institutional memory to be embedded institutionally and go beyond individuals and appreciate efforts made by the Office of Board Affairs and encourage the EGC to take discussions going forward in this regard.
 - v. On Objective 4, we welcome revisiting the effectiveness of committees, in particular, examining whether the composition, representation, and size of the EGC is able to achieve its mandate and in managing the current workload.
 - vi. On Objective 5, we are concerned that current structures need improvement for efficient and effective decision-making by the Board, we stress again for the need for effectiveness not to be about the speed of decision-making, and that policies and processes need to be well thought through and enable buy in by the Board collectively.
 - vii. On Objective 5, we also request for mechanisms to be put firmly in place for feedback for clarifications and points raised by constituencies not on the Committees to be (1) addressed during Committee discussion, and (2) written feedback to the constituencies on the issues raised.
- c. **We stress the need in continuous engagement with, as well as, involvement of the Board in discussions of the EGC through the established Governance Focal Point Network.**

GF/B39/22: END-2017 KEY PERFORMANCE INDICATOR RESULTS

- a. We welcome the progress and efforts of the Secretariat and country partners in the implementation of the Strategy and for presenting the set of KPI indicator results to the Board.
- b. We note that the definition of **KPI 3** does not necessarily meet the purpose of its intent, given that the need is defined by a formula which itself is unrelated to actual need in countries. We **request that going forward, that it can be revised to reflect the real need of countries as described to demonstrate the full expression of demand.**
- c. We note challenges in providing accurate and evidence-based data, in reporting against **KPI 5** is challenging, as the data that is presented to the Board in Q4 of 2018 is based on proxy data. We

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welcome the opportunity to review during the mid-term review of the strategy, recognising the challenges of collecting this data, and offer support to address this. We request for Technical Partners to work closely with the Global Fund Secretariat to strengthen their data collection efforts.

- d. We request clarification on KPI 6e which currently is based on several set of indicators, but not all indicators, and if there is any plan to expand the scope and further disaggregation and collecting the data reflecting key population engagement during all stages, including the continuum of service provision.
- e. We emphasise the need during the mid-term review to reassess how the KPI framework addresses and meets all strategic objectives of the Global Fund Strategy, especially on SO 1a for key and vulnerable populations disproportionately affected by the three diseases.

**Developing Country NGO Delegation
Constituency Statements on Key Issues of the 39th Board Meeting**

We appreciate the updates from OBA on when documents were available but note that the Operating Procedures of the Board and Committees (2016) state that background documents will be shared three weeks in advance of a meeting (see section 15). For this meeting, many documents were not shared in advance. Our delegation requires adequate time to brief and consult with our constituency, including time for pro bono translation of summary descriptions of the issues before the committee. The Board leadership is asked to ensure that the Secretariat shares all documents three weeks in advance in future.

The 39th Board meeting comes at a critical moment. With #metoo and #aidtoo drawing attention to persistent gender inequality and abuse globally, the Global Fund has an opportunity to help to shape the public conversation in a positive direction. In Skopje, we call for the Board and Secretariat to issue a public statement underscoring our **collective commitment to ending sexual abuse, harassment and violence**, understanding that these are drivers of HIV and contribute to unequal access to health services for TB and malaria. Similarly, stigmatizing speech creates a hostile environment for services targeting key populations. The statement should outline the steps the Global Fund is taking to address these issues within the Board, Secretariat, in our public convenings, and through the Fund's financing of gender equality work in countries.

The purpose of this proposed statement is to encourage pragmatic and constructive action in support of survivors and to prevent sexual harassment, violence and abuse everywhere. Gender inequality is everywhere, and all our organizations have room to improve. For our part, we commit to working with OBA to ensure that all Board delegates are trained in human rights and gender equality standards as part of their induction, so that respect for these values is fully integrated into all delegations.

- **To Board Leadership: Please indicate whether a statement will be drafted before the Board meeting for input by Board Members and eventual release to the public.**

We also reiterate the very serious concerns we are witnessing across all regions affected by the **Sustainability, Transition and Co-financing policy**. Our consultations with civil society constituencies in EECA, LAC, Asia and MENA are identifying a range of serious and increasingly urgent problems, that suggest that as the GF withdraws from a growing number of countries, countries will not sustain the gains or end the three diseases – rather, we fear a global resurgence of HIV beginning in UMICs. These problems include lack of commitment to government funding of civil society, even where civil society is providing much of the response to the diseases; lack of commitment to addressing health needs of key populations; widespread stigma and discrimination, including in the health sector; closing space for civil

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society and discontinuation of multistakeholder platforms; failure to sustain market gains made under the Fund's leadership; and overall weaknesses in oversight and coordination. As many transitioning countries have not yet made their Transition Readiness Assessments (TRAs) public, it is difficult for civil society to play its monitoring and accountability role. In short, when the Global Fund withdraws, we foresee a real risk of spiking epidemics in many countries.

- **We call on Board leadership to make STC a standing item on the Board agenda; these concerns about the Global Fund's core business are too critical to be relegated to pre-meetings.**

Given the lack of funding available for countries in transition, we also remain deeply concerned about chronic problems with **cash absorption** in high-burden countries.

- **To the Secretariat: We request a full accounting of the funds spent on ITP, which was intended to solve these problems and an update on the current efforts in place to address the cash absorption issue.**

Eligibility Policy & Countries in Crisis – We recognize significant progress made in the Strategy Committee to clarify and better align the Eligibility Policy with the mission and strategy of the Global Fund, and to address the needs of countries in crisis. However, our delegation abstained from the SC vote on the Eligibility Policy due to weaknesses and unclear language which should be addressed before it comes for a vote before the full Board.

Given the chronic and serious issues with cash absorption, the NGO Rule is both a manageable and proven sound investment that is critically important for key populations in ineligible UMICs. It compensates for an exclusion that is arbitrary and discriminatory in nature, and that has nothing to do with HIV, TB and malaria in high-burden UMICs. It also helps to mitigate the very serious risk of previously transitioned countries becoming re-eligible again in the future. **Any changes to the OECD DAC Rule should be matched by changes to the NGO Rule.**

The language of all Global Fund policies, and especially the Eligibility Policy, should be clear, coherent and aligned with international legal standards. The Global Fund is obliged to uphold the same international human rights laws that bind all states, including Global Fund donors and implementers. This ensures that the policy can support the Fund's mission, advancing effective control of the three epidemics and not leaving whole populations behind.

The footnote on "barriers that seriously limit and/or restrict" provision of evidence-based services is poorly-written and inconsistent with international human rights standards. These standards do not excuse donor states from their obligation to provide aid to developing states that helps them to meet minimum core standards of the right to health. The footnote is vague language (what is 'seriously limit' and how does it differ from 'restrict'?) that could describe any government regulation of medicines, medical facilities or personnel. If the Secretariat cannot identify a logical and legal basis for the "barriers" provision, then given the very serious health concerns for key populations, all three countries

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that are excluded under the OECD DAC provision (Russia, Bulgaria and Romania) should be eligible for the NGO Rule. The footnote should clarify when and how the Secretariat consults with UN partners to determine eligibility for the NGO Rule. “As appropriate” is also not a clear policy standard.

While the amended Eligibility Policy represents a compromise, it fails to address the serious weaknesses of GNI per capita as a measurement of country resources for health. We call on the Secretariat and the Strategy Committee to identify other ways of assessing fiscal space.

As a delegation, we believe the decision point on countries in crisis is important to open a window of opportunity to help people in an unprecedented and extremely difficult situation who are suffering from the complete lack of HIV and TB medications, with sky-rocketing malaria resurgence and who are, in some cases, desperately fleeing to neighboring Global Fund-eligible countries for their own survival. While the Secretariat’s workload is of genuine concern, all of us, including civil society engaged in Board service, work exceptionally hard because we believe our work saves lives. This decision falls clearly within the Global Fund’s founding principles, strategy and mandate.

- **To the Secretariat: Please provide a revision of the “barriers” footnote that clarifies its grounding in international legal standards, before the Eligibility Policy goes to a vote.**

On human rights and gender equality, the CRG report clearly indicates that more should be done to address human rights concerns in grants. While the 20-country initiative is ground-breaking, we need a strategy to address human rights in the other 100+ countries that receive Global Fund financing. The CRG report also indicates that there is an overdue need to roll out information about the human rights minimum standards in grant agreements and the complaints procedure, which are not used because they are still not widely known.

In addition, our work on the Eligibility Policy has highlighted that Global Fund policies may not be aligned with international law, including human rights standards. We recommend a comprehensive review of Global Fund policies to identify where they may need to be revised to align with these standards, ideally before the next round of funding.

- **To Board Leadership: Human rights and gender equality are strategic objectives of the Fund, so please confirm that this will be a standing item of the Board agenda and not relegated to pre-meetings.**
- **To the Secretariat; Please advise on plans to inform PRs, SRs, SSRs and end users about the minimum human rights standards and the complaints procedure, as recommended in the assessment CRG commissioned.**

On the replenishment and the partnership framework – We appreciated Peter Sands’ commitment to base the replenishment plan on a real estimate of needs. In this light, new partnerships will be critical,

but recent controversies have highlighted the need for a review of the partnership framework by the AFC. The framework was last reviewed in 2011, and as the Fund begins to prepare for replenishment and outreach, it is urgent that this be updated and brought to the next Board meeting.

- **We call for a review and revision of the partnership framework by AFC, to be presented for adoption at B40.**

CCM Evolution – Our delegation strongly favors option 4 for CCM evolution. Civil society, key population, youth and women’s engagement must be integrated throughout the Development Continuum as a requirement, both to uphold our human rights commitments as an institution, and to make CCM membership consistent with the expectations we have of ourselves on the Board. This is especially critical in countries on the brink of transition, in order to ensure focused and coherent responses are sustained in UMICs.

CCMs should assess and align their community representation with the country’s epidemiological profile (in particular, to ensure that youth are represented, as well as TB and malaria-affected communities). Meaningful participation of civil society in the HIV, TB and malaria response can’t exist without voting power on funding requests and a right to access strategic information, both at global and country levels.

In our own experience, CCMs are often the only mechanism of their kind for multi-stakeholder discussions, and sustaining that role is key to ensuring countries continue to make progress towards ending HIV, TB and malaria after transition. However, CCMs are rarely supported to function fully: for instance, in Zimbabwe, which must consult with women and girls from all corners of a large country, a CCM constituency is allocated one feedback meeting annually with 20 participants. It is imperative that the Fund supports existing structures so that they continuously and consistently engage and hold duty bearers and implementers accountable. We call on the US to reinstate partner funding for CCM strengthening.

Constituency Statement Germany

*An important Board Meeting is forthcoming, at which the Global Fund (GF) Secretariat will be under the leadership of the new GF Executive Director (ED), Peter Sands, for the first time. Peter Sands joins the GF at a significant moment. We find ourselves faced with a variety of global challenges for which the international community does not have sufficient answers yet. A large number of middle-income countries (MICs) will transition from international financial support in the coming years. Some of these countries are crucial for achieving international health targets; others face high disease burdens among key populations. With the first-ever high-level meeting on **Tuberculosis (TB)** at the United Nations General Assembly in September, 2018 will be a crucial year for the world's response to TB. TB remains among the top ten causes of death worldwide, the main cause of death related to antimicrobial resistance (AMR) and the leading killer of people with HIV.*

*Since its foundation, the GF and its partners have come a long way in the fight against AIDS, TB and malaria. With the 2017-2022 Strategy, the GF adapted its work to the 2030 Agenda for Sustainable Development, and the aim to achieve universal health coverage (UHC) by 2030. It emphasized its commitment to the global ambition to end the three diseases, and made the **strengthening of health and community systems one of its four strategic objectives**. What is crucial now is to follow through on the commitment to end the three epidemics, and strategically position the GF in relation to the broader health agenda and architecture in cooperation with other organizations. Such reflections will lead the GF's path beyond 2022 and should explore the potential broadening of the GF's mandate towards a wider, yet targeted and **more system-oriented approach** also considering sectoral interlinkages in the spirit of a ONE Health approach, and the Fund's role in relation to rising challenges like antimicrobial resistance (AMR). Addressing these challenges requires collaborative efforts of multiple sectors at local, national and global level. Being one of the largest multilateral health financing mechanisms, the GF should play an active and constructive role on this matter. A 'Global Action Plan for Healthy Lives and Well-Being for All' could provide a viable basis to support coordinated approaches. We are conscious that such a plan constitutes also a challenge but we are confident that the GF will participate actively and constructively.*

*This also sets the context for the sixth **replenishment** of the GF in 2019. Additionally, the over the next two years consecutively upcoming replenishments of different **large health actors** provide an opportunity to not only look at the comparative advantages of each organization but also to highlight how they can **better work together**. Using synergies and fostering collaboration will enable efficiencies and more value for money and hence support a strong investment case.*

We are looking forward to an important Board meeting with essential decision and discussion points relating to the heart of the GF and shaping its business model. These include the evolution of Country Coordinating Mechanisms (CCM), Eligibility Policy, approach to non-eligible countries in crisis, Risk Appetite Framework, Donor Seat Allocation Framework, innovative financing, along with updates on resource mobilization, just to mention a few.

1. Implementation of GF's Strategic Framework 2017-2022

(Reference Documents: GF/B39/08; GF/B39/11; GF/B39/12; GF/B39/13; GF/B39/14; GF/B39/22; GF/B39/23)

Since last year, the GF Board receives biannual updates on the GF's Strategy 2017-2022, which provide a good overview on the implementation progress of the work streams and projects under the four strategic objectives. We thank the Secretariat for the new reporting framework, which focuses on the GF's performance, puts the *Key Performance Indicators (KPIs)* into a broader context and links up with the *Strategy Implementation Plan*. However, as mentioned during previous discussions, it would be helpful if the Secretariat Leadership provided an **aggregate strategic assessment of the advancement in each of the four strategy areas**.

The update by the *Technical Evaluation Reference Group (TERG)* mentions **disconnects** between priorities of the GF Strategy and policy documents and priorities at the country level. In particular, the ambition stated by the GF for resilient and sustainable systems for health (RSSH), key and vulnerable populations,

as well as human rights and gender was not as widely reflected in funding requests, grant-making processes or outcomes as expected.¹

⇒ What is the Secretariat's perspective on these first findings? **What steps does the ED envisage to address and correct this trend?**

With regard to our aspiration for the GF to be a catalyzer and advocate for development in the Agenda 2030 era and a **'healthy organization'**, we feel that the Secretariat's organizational and performance management **structure should mirror all four strategic objectives of the strategy** and promote a vision of these being equally important for the GF's success and impact. We see a risk that the GF loses some of its competitive advantages as a force of innovation and a catalyst of change, by using a continuously large proportion of its financial resources to fund commodities. In-depth discussions at committee level with the Secretariat and UNAIDS revealed that **HIV prevention budgets have decreased** across the GF portfolio over time, and scale up of treatment puts pressure on other investments due to limited resources.

- ⇒ We need to find answers on how to achieve a **balanced approach** between comprehensive prevention and treatment, and request an **update by the Secretariat and UNAIDS** on next steps.
- ⇒ In addition, we would appreciate an **update on the 'Fit for the Future' initiative** and how this process will be used to ensure that the **right staffing structures and incentives** are being put in place to ensure that the GF is able to deliver against all of its strategic objectives.
- ⇒ We would also appreciate an update on the steps the new GF leadership is taking to overcome **fears of speaking out**. This includes ensuring that **appropriate policies, controls and complaints mechanisms** are put in place **to prevent any form of harassment**, including sexual harassment, bullying and abuse of authority and that these policies permeate into the GF's culture. We also look forward to the ED's leadership to support the (re-)emergence of a culture of **constructive dialogue, collaboration and joint learning** within the Secretariat, as an essential basis from which innovation can develop. We also welcome that the *Office of the Inspector General (OIG)* will assess the alignment of the Secretariat's **human resources strategy** towards the strategic objectives of the organization this year.

To increase results in critical areas of the current GF Strategy, the Board approved a portion of additional funding (i.e. the **catalytic investments**²). While the *Technical Review Panel* (TRP) regularly reports on the lessons learned on matching funds, the level of information on the design, implementing partners and **status of the 11 strategic initiatives** remains rather low.

- ⇒ Germany and other constituencies have previously asked for an **overview on these initiatives** in terms of contracted partners, status of implementation, etc. This information is particularly helpful in relation to planning of technical assistance. We would like to request to **include such an overview** as part of the information and **documentation of the 39th Board meeting**.

The GF's partners – Civil Society Organizations, private sector, bi- and multilaterals – are key to the success of the GF. We encourage the Secretariat to proactively re-emphasize and **enhance the collaboration with partners at all levels**. The *Impact Through Partnership* (ITP) initiative and *Grant Approvals Committee* (GAC) were meant to provide platforms for information exchange, feedback and strategic dialogue, but their practical value has been limited in the past months due to varying levels of interest, participation and impact on decision making.

- ⇒ We consider it essential to **make full use of the diverse and rich partnership** the GF embodies and would like to see this spirit and approach revived through joint efforts and are interested in hearing the ED's thoughts on prioritizing partnership at all levels (e.g. in the GAC).

2. Role and Evolution of Country Coordinating Mechanisms (CCMs)

(Reference Documents: GF/B39/04; GF/B39/19)

The GF relies on national ownership, health system coordination and collaboration across the constituencies fighting the three diseases. Therefore, CCMs are critically important for the successful implementa-

¹ See *2018 Synthesis Report Global Fund Prospective Country Evaluation* (documentation for 6th SC meeting, March 2018).

² The three catalytic investment streams approved by the GF Board include: (1) matching funds (US\$ 313 million), (2) multicounty approaches (US\$ 260 million), and (3) strategic initiatives (US\$ 194 million).

tion of the GF's Strategy 2017-2022 and the achievement of its strategic objectives – they are the key factor of the GF's business model. **Adequate measures to guarantee the highest possible level of CCM performance are needed.**

We therefore welcome the efforts around CCM evolution and expect the Board and the Secretariat to lend sufficient focus and resources to this. The **CCM evolution process included extensive analysis and comprehensive consultations** with CCMs in five regions. With the new *CCM Policy* and derived guidelines, we expect the momentum will be used to **take effective action now.**

- ⇒ Moving forward, the GF's commitment to CCMs must be reflected in an **adequate allocation of funds to implement strategically important measures** for their evolution. The ongoing discussions about the resources of the recommended CCM strengthening measures relate to 0.10-0.19% of the GF's annual financial volume (approx. 4 Billion USD). This sends a disappointing and disastrous signal on how the GF intends to honor its partners and business model. However, the discussion and the progress is not only related to and should not only focus on the question of additional investments.
- ⇒ Equally important is **the Secretariat's commitment towards CCMs**, not only to respect their roles but also to actively engage them in the day-to-day work of the Country Teams. Engagement with and support to CCMs should be part of the staff terms of reference and performance assessment scheme.
- ⇒ Measuring impact needs to be an important component of the CCM evolution. We expect **precise indicators to measure compliance of CCMs with the Eligibility Requirements**, but more importantly, how their work contributes to strengthen national coordination, to steer contribution of grants to national disease control, to engage civil society and key populations better and meaningfully and to mobilize domestic resources.
- ⇒ We must also **be realistic about the timeframe required to achieve tangible results** and accomplish meaningful analysis on this topic. Therefore, resourcing for the next allocation period (2020-2022) must already be secured.
- ⇒ **If we cannot achieve a clear commitment** within the Board and in the Secretariat on how to proceed as fast as possible with the implementation of evolution measures, **we need to have a fundamental discussion about the GF's business model.** Do we still want CCMs in this structure, what should be their role and how can we avoid having the same discussion on their functionality after the next CCM audit by the OIG if we do not act now?

3. Collaboration and coherence between major Global Health Funds

(Reference Documents: GF/B39/10)

Given a wide variety and growing numbers of global health players and **limited financial resources**, supporting and efficiently delivering **cost-effective interventions** will be key **to foster faster and sustainable progress** towards the *Sustainable Development Goals* (SDGs). Particularly in the area of health systems strengthening, we see a lot of potential in **enhanced collaboration between the global funds and leading technical agencies**. Joint approaches reduce **countries' transaction costs**.

A robust **concept on how global health funds can collaborate** more and at the same time clearly define their individual niche and comparative advantage is key to us in view of the upcoming replenishments. The GF and Gavi have already started a review about their current collaborative partnership along with a discussion about the potential of closer operational cooperation and **efficiency gains in specific work-streams**. We highly appreciate the presence of Gavi's *Chief Executive Officer*, Seth Berkley, in this context.

- ⇒ We would like to encourage a **continuous strategic debate** on opportunities for joint implementation modalities between **various global health actors and funds** just as the leading technical agencies along the different steps of the funding cycle. Examples could **be joint needs and capacity assessments** in partner countries, **joint performance monitoring**, evaluations and oversight modalities, just as a coordinated resource mobilization approach.
- ⇒ We would also like to encourage a debate on how the health funds in collaboration with other health actors, such as the World Health Organization, can **maximize their potential in catalyzing lasting change in countries**. This ranges from incentivizing the provision of additional domestic resources for health to supporting the emergence of self-sustaining integrated national health systems, capable of

dealing with the three diseases, ensuring that every newborn received the necessary vaccinations and addressing a range of other health conditions as identified in SDG 3.

4. Governance and Donor Seat Allocation

(Reference Documents: GF/B39/14; GF/B39/15; GF/B39/16; GF/B39/17)

Referring to the objective of the **Governance Action Plan**³ to align the Board structure and composition with the context in which the GF operates, significant progress has been made in the last six months. Following the decision point at the 38th Board meeting to **integrate additional public donors into the GF governance** structure (GF/B38/DP05), the Donor Voting Group had extensive discussions on this important issue. The new framework document now clarifies the circumstances under which new public donors are integrated into a voting public donor constituency. Whereas *voluntary* integration is always possible, there are also cases, where like-mindedness cannot be easily identified. Hence, the framework had to **balance** the potential of new financial contributions and new donors' expectations with honoring traditional donors who supported the GF for long periods with significant contributions. The framework underlines that in addition to **donors' financial contributions, their commitment to the GF's principles and shared values are considered** when introducing them into the Board. It now provides **transparent criteria** and opens a way to **guarantee access to the GF's governance structures**.

- ⇒ First and foremost, we would like to **thank** the Donor Group, especially the **Chair of the Donor Group**, the EGC and the **secretarial departments** involved in the consultation process for the **constructive collaboration** in developing the public donor seat allocation framework.
- ⇒ We would like to point out again that certain **common values and a clear commitment to the GF's mission and principles** are the basis for the effective work of the GF just as the collaboration at Board and committee level. We therefore **value the declaration of commitment** as a requirement for the integration of donors into the GF governance structure. Although the declaration focuses on donors (represented or seeking to participate in the GF governance structure), the thoughts are in our opinion **valid to the entire GF Board**.
- ⇒ We **support the action items** prioritized under the **Governance Action Plan** for improving Board governance, whose relevance was confirmed by the GF committee performance assessment in early 2018. In particular, the review of the GF Board structure, composition and discussion culture, the enhanced committee leadership selection and membership process, just as clarity of committees' mandates and responsibilities for managing cross-cutting issues are important tasks ahead of the GF.

5. GF's Eligibility Policy and approach non-eligible to countries in crisis

(Reference Documents: GF/B39/02; GF/B39/03)

Since its approval in 2016, the Board and committees of the GF continuously discussed the determinants and exceptions of the *Eligibility Policy*. The respective consultations on the policy revision **revealed diverse and partially opposing positions** and opinions on a number of elements.

- ⇒ In general, we **welcome the revised Eligibility Policy proposal** and the consultation process by the Secretariat along with the support from technical partners to simplify disease thresholds and provide analysis. In the interest of fairness, transparency and comprehensive responsiveness to countries' needs, we envisioned a policy that is principle based and as transparent, clear, simplified and coherent as possible (i.e. with as few exceptions as possible). Even if there is room for further improvements concerning the now presented version, the proposed changes simplify the policy (e.g. in terms of disease burden metrics and thresholds for upper middle income countries (UMICs)) and **contribute to more clarity** on a number of provisions. We very much appreciate the revised TB metrics which more accurately reflect the actual disease burden in a country as well as the growing threat of drug resistance in countries and globally.

Within the scope of the *Eligibility Policy* revision process and the developments in Venezuela in early 2017, a debate about ways to **respond to emerging health threats in ineligible countries** to the GF

³ The *Ethics and Governance Committee* (EGC) developed the action plan in response to an OIG advisory governance review.

emerged. In May 2017, the Board tasked the Strategy Committee (SC) and the Secretariat to explore how the GF could support ineligible countries that face severe health crisis.

- ⇒ We appreciate the work of the informal working group to the SC that dealt with this question and developed an approach for potential GF engagement in ineligible countries in crisis. We **welcome the present paper and decision point** presented to the Board for approval. It is **crucial that the GF engages** in ineligible non-high income countries⁴ in a health crisis to avoid potential **adverse effects on the global response against the three diseases**.

6. Transition, Sustainability and Co-Financing and Innovative Financing

(Reference Documents: GF/B39/12; GF/B39/13; GF/B39/14; GF/B39/25)

The question of ‘**transition readiness**’ is ultimately linked to the question of ‘**health systems readiness**’. However, a large number of MICs will transition from international financial support in the coming years despite of having weak health systems. With its *Sustainability, Transition and Co-Financing (STC) Policy* in place, the **GF takes on a pioneering role** in addressing these challenges, similar to Gavi. Their policy implementation experiences and cooperation arrangements will have a special importance in **setting a path towards responsible transition** as well as long-term impact and sustainability of GF-financed interventions and beyond.

- ⇒ In this context, we highly **appreciate that the TERG and OIG (will) take a closer look at the ongoing STC policy rollout** as well as the design and effectiveness of transition planning and monitoring processes respectively. We are interested to learn more about the status and results of these assessments and how they will be linked to and benefit from each other. Moreover, we would like to understand if and how the **review** and the GF’s approach on transition is addressing the participation and integration of civil society and key populations after transition, the **resilience of countries’ health systems and where countries stand on their way towards UHC**.
- ⇒ We **welcome the dialogue and orientation event** on transition, sustainability, and co-financing providing an opportunity to focus on the successes and lessons from the Macedonian experience. In particular, we are interested to hear more about the **role and participation of civil society and key populations in transition processes**.
- ⇒ We would also like to draw the Board’s attention to a gap described in the annual report on *Community Rights and Gender*: namely that ‘**not all middle-income countries** are including human rights-related programming in funding proposals (as required under the STC-Policy)’.

The 2016 STC Policy foresees an analysis of **innovative financing mechanisms** to encourage increased co-financing and program sustainability.

- ⇒ We **appreciate the work of the Secretariat** to explore innovative financing options for the GF. As with any investment, the GF **should carefully analyze the merits and risks**, and **look at the evidence base** for the respective mechanism. Having said this, we need to ensure that innovative financing instruments are applied in a reasonable and sustainable manner. This means, for example, that principles such as **debt sustainability should be seriously taken into account**. It also implies that the **oversight roles of the Secretariat, OIG and CCMs should not be bypassed**.
- ⇒ We welcome that the GF has teamed up with other development partners for a **review of innovative financing**. Gavi, for example, applies a variety of innovative financing approaches and gained its own experience, which could be considered in the review.

We are looking forward to your comments and questions!

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⁴ The approach proposed by the SC only applies to ineligible UMICs, as well as to MICs who are currently ineligible due to the malaria-free criteria.

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STATEMENT ON INNOVATIVE FINANCING

39TH BOARD MEETING – GF/B39/25

The Communities Delegation supports the exploration of innovative ways to:

- a. Leverage additional resources for the response to HIV, Tuberculosis and malaria; and
- b. Increase the effectiveness and efficiency of investments to deliver greater impact in the response to HIV, Tuberculosis and malaria.

We emphasise our position, which we hope the Board will share **that additionality of funds is a guiding principle in the exploration of financing innovations of the Global Fund, i.e. that innovative financing mechanisms should supplement but never replace traditional sources of funds.**

We believe that there has been insufficient discussion and alignment by the Global Fund Board on the role of innovative financing mechanisms, and welcome the opportunity at this Board Meeting to do so especially on the priority aims in which they are particularly well-suited to serve, and how to reconcile potential tensions with core Global Fund principles.

Though we reiterate our appreciation for the work of the Secretariat to date to produce materials and facilitate discussions for the Audit and Finance Committee (AFC) and Strategy Committee (SC), from the sample of innovative financing pilots known to date, we are concerned that continuing without broader, strategic discussion by the board risk setting precedents before we have aligned on key aspects such as the overall rationale, the suitability of mechanisms, limits or parameters that need to be in place, coherence with other Global Fund policies, and how to evaluate and learn.

We propose the following concerns, observations, recommendations, and/or questions aimed to guide or help frame the Board conversations going forward:

1. **Guiding Principles:** We refer to the guiding principles of impact, country ownership, debt sustainability, additionality, appropriateness, and reputational risks in GF/AFC05/06, and recommend that these be included on top of the project guiding principles listed in the current paper.
2. **Scope:** Innovative financing is comprised of a variety of mechanisms, instruments and approaches. Each of these with different actors, size and potential impact, transaction costs, repayment obligations, lead times, or opportunity costs. The discussions need to focus on specific mechanisms, instruments and approaches; and specific criteria should be used to develop a methodology for assessing the suitability of a mechanism for Global Fund purposes, including its alignment with Global Fund policies and specific parameters under which it could be utilized.
3. **Maximising Traditional Financing:** The narrative around innovative financing, particularly blended financing instruments such as loan buy-downs, focuses on the potential to leverage the additional resources needed to address estimated funding gaps. Before exploring new methods, we need to understand whether we have exhausted all avenues for investing traditional resources in the most effective and efficient manner. This entail technical efficiencies, allocative efficiencies, and ensuring access to affordable diagnostics and medicines.

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4. **Demand Driven**: We should avoid a situation where innovative financing tools are seeking problems to solve. The starting point should be ensuring we have a clear, comprehensive understanding of the key interventions needed to achieve our priority outcomes – the costs and the gains attributed to them – so there is a clear investment case for what we need to achieve. This can then guide the selection of the financial mechanism, instrument, or approach most conducive to its delivery.
5. **Policy Coherence**: As mentioned further below, given the changed modalities of delivering grant funds, any pilot or longer-term roll out should reconcile inconsistencies with existing policies. We request an analysis of the exceptions to policy required by the existing pilots and discussion of the long-term implications if the Global Fund continues to pursue them.
6. **Sustainability, Transition and Co-financing**: Under the Sustainability, Transition and Co-financing Policy (STC Policy) of the Global Fund, innovative financing mechanisms can be tools to “encourage increased co-financing and programme sustainability”¹. As such, we request analysis to show how mechanisms promote both financial and programmatic sustainability in accordance with focus of application and co-financing requirements, as outlined below:
 - a. How is the programming of proceeds of a loan buy-down factored into or derived from health financing strategies, transition readiness assessments, and transition plans?
 - b. How is the programming of proceeds of a loan buy-down aligned with the required progressive uptake of key national disease plan costs and key programme components, which include programmes for human rights and gender as well as key and vulnerable populations²?
 - c. How is the programming of proceeds of a loan buy-down meeting the focus requirements of domestic investments required to access the co-financing element of the Global Fund allocation?
 - d. How are the proceeds of a loan buy-down complementing the focus and scale-up driven by the focus of application requirements?
 - e. How can the way in which countries are situated in the overall sustainability and transition framework under the STC Policy inform the identification of countries and programming areas that could benefit most from blended finance, loan buy-downs, or other mechanisms?
 - f. What broader measures beyond those of the IMF and World Bank to assess a country's resources and ability to repay indebtedness will be used to assess the suitability of any mechanisms that include indebtedness such as loan buy-downs?
7. **Programming Funds in the Innovative Financing Context**: In a blended financing arrangement, such as loan buy-downs, the Global Fund should ensure that the activities funded by the blended arrangement (e.g. bought down loan), any increased fiscal space of the government borrower, and the remaining Global Fund grant remain aligned to Global Fund technical standards, strategic aims and related policies, as follows:
 - a. Programming should confirm to the prioritization and uptake of activities for key and vulnerable populations, as well as gender equality and human rights, as required under the STC Policy;

¹ As set forth in Annex 1 to GF/B35/04 – Revision 1 and approved under decision point GF/B35/DP08 in April 2016.

² As set forth in Annex 1 to GF/B35/04 – Revision 1, these include “human resource, procurement of essential drugs and commodities, and programs that address human rights and gender related barriers and programs for key and vulnerable populations.”

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- b. Through financing aims to achieve health outcomes, doing so often requires investments not in the health system alone, but across social, economic and environmental sectors, as well as community responses, to ensure all systems for health are resilient and sustainable and necessary structural interventions are in place; and
 - c. Funding for prevention, evidence-based interventions or structural interventions, including activities for human rights, gender, and key and vulnerable populations should be protected and promoted in the programming of the remaining grant, proceeds from the mechanism, and any additional fiscal space created by the mechanism.
8. **Risks and Opportunity Costs:** We request analysis on the opportunity cost of mechanisms like loan buy-downs, specifically the impact of reducing grant budgets and activities. Patients cannot be taken off treatment, which means prevention, evidence-based interventions and structural interventions risk being deprioritized despite the need to frontload their investment. As such, the cost of not investing in them now needs to be compared to the benefits generated by the loan buy-down and factored into the overall cost effectiveness of the mechanism.
9. **Results-Based Financing:** Both loan buy-downs and social impact bonds rely on defining concrete, measureable indicators that are well-linked to overarching outcomes and goals. How they are defined and how their targets are set determine the triggers for buy-down payments and the returns paid to a social impact bond investor. Evaluations and assessments of past and existing results-based financing approaches should be collected to identify lessons learned on their overall impact, relative effectiveness or efficiency compared to traditional grant financing, and the methodology for defining indicators and setting target.
10. **Country-led Ownership and Governance:** Demand for using Global Fund grant funds as part of an innovative financing mechanisms, such as a loan buy-down or social impact bond, should be driven by national and community stakeholders, as part of the multi-stakeholder country dialogue to develop Global Fund funding requests. People and communities living with or affected by HIV, Tuberculosis, or malaria, including key and vulnerable populations, should be part of the development of any such request. How can we ensure the aim and purpose of the Country Coordinating Mechanism (CCM) extends to the design, approval, implementation and monitoring of mechanisms like loan buy-downs and social impact bonds?
11. **Meaningful Participation by Communities and Key and Vulnerable Populations:** The Global Fund uniquely includes and promotes meaningful participation by affected communities and key and vulnerable populations in all processes. This should be protected throughout the design, approval, implementation, and monitoring stages of mechanisms involving Global Fund grant funds.

We request for the Secretariat to propose mechanisms for ensuring such meaningful participation per innovative financing mechanism. Consultation with communities and civil society about CRG-related pros and cons per innovative financing mechanism is a step towards this.
12. **Evaluation of Mechanisms:** Evaluation is needed on the impact of each piloted or considered innovative mechanism. The specific operational structure of each mechanism, including the roles, responsibilities and contributions of all actors also needs assessment. Indicators or measures of success should be defined in advance through prospective analysis of the elements of each mechanism, parties involved and overall aims. We request the AFC and SC to work with the Technical Evaluation Reference Group (TERG) to design and plan for evaluations of current pilots.

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13. **Monitoring, Evaluation, Reporting and Access:** We expect the standards for monitoring, evaluation, reporting as well as Secretariat and OIG access for an innovative financing mechanism to be the same as is applicable for all Global Fund financing to safeguard their strategic use. Any deviations, like other policy exceptions or inconsistencies, should be reconciled based on the recommendations of the Secretariat and OIG. The involvement of the Global Fund, along with that of relevant country-level stakeholders, in the design of monitoring frameworks, definition of indicators, setting of targets and selection of parties conducting monitoring and evaluation is particularly important when mechanisms include performance-related payment triggers, as in the case of loan buy-downs, social impact bonds, and results-based financing mechanism(s).
14. **Alignment and Coordination with New Actors:** Depending on the innovative financing mechanism, instrument or approach, new actors from the public and private sector may enter at the design implementation and monitoring stages as lenders, investors, evaluators, intermediaries, implementers, or in other roles. Their incentives and interests, including potential conflicts, add complexity to the overall coordination and management behind blended finance or social impact bonds. Due diligence on their alignment with global compacts and core policies of the Global Fund, including human rights, gender and vulnerable populations are a prerequisite. Furthermore, their sector and areas of business, particularly in the case of private commercial investors, require screening and assessment according to applicable private sector engagement policies – potentially reviewing whether these policies require updating. For example, screening and mitigation measures should be in place to prevent perceptions that a private investor could influence procurements in favour of their goods or services.
15. **Involvement in the Design:** As many of the points raised above indicate, the involvement of the Global Fund as well as country stakeholders (including communities and key populations) in design and programming, is critical for maintaining policy and strategy coherence; promoting sustainability, transition and co-financing approaches; programming or conditioning funds coherently across Global Fund grants and domestic spending (portions resulting from an innovative mechanism and freed fiscal space); establishing clear, measurable and outcome-linked monitoring, evaluation and reporting systems; and managing or aligning the diverse interests across actors.
16. **Transaction Costs and Lead Times:** Evaluations of mechanisms and their operational modalities must include analysis of the transaction costs, including intermediaries and their management or cost-recovery fees, as well as the likely cost of evaluating mechanisms. Tracking the flows of funds against roles and responsibilities could support this assessment as the costs of structuring and operating a mechanism must be factored into the overall cost-effectiveness assessment of a mechanism. Analysis is needed to ensure that the cost of leveraging, or acquiring, additional capital is commensurate with the economic and social gains from the increased flow of funds. Relatedly, a mapping is also needed of the time it has taken to design, structure and approve the social impact bonds, and loan buy-downs piloted to date, and the possibility these lead times can be reduced over time.
17. **Size, Scale and Potential Impact per Transaction:** To complement the transaction-costs and lead-time analysis, stratifying mechanisms based on their likely size of financing, the scale and timeframe of investments and expected impact would help assess whether they are worth pursuing. An estimate of the likely number of each type of transaction as well as the potential amount of financing per transaction and in aggregate is necessary to support this assessment. This should then be factored into methodology to assess the suitability of mechanisms.

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18. **Specialised Skills and Expertise:** The economic analysis, financial valuation, deal-structuring, and legal or regulatory analysis required to design, structure and execute certain mechanisms require specialised expertise and skills. It would be important to assess the capacity in the Secretariat and consider the costs of building up in-house expertise. This should factor together with the transaction cost, lead time, size, scale and potential impact analysis to determine if it remains strategic and cost-effective to prioritise from a work plan and budgeting perspective.
19. **Total Cost-Effectiveness Analysis:** Before rolling out any mechanism, the total costs of designing, structuring, managing, implementing and monitoring the mechanism, long-term debt repayment obligations of a country, and the opportunity cost of foregoing the earlier investment of funds through traditional grants should be compared against the benefits derived from the proceeds of the innovative financing mechanism.

The issues above require discussion by the Global Fund Board, review by the AFC and SC, and analysis by the Secretariat. Accordingly, the Communities Delegation recommends:

1. Including innovative financing on the agenda of the 40th Board Meeting to:
 - a. Review experiences to date with Product (RED), Debt2Health, loan buy-down pilots, social impact bond pilots and other results-based financing approaches. The review should also provide us with the lessons learned such as successes, challenges, and risks of different innovative financing mechanism modalities;
 - b. Consider input from the Technical Review Panel on their experiences reviewing request for social impact bonds, loan buy-downs, and other results-based financing approaches;
 - c. Weight the pros and cons of the current approach in which funding requests that include a loan buy-down a reported to the Board through the Grant Approvals Committee (GAC) of the Global Fund Secretariat;
 - d. Discuss the needed evaluations to understand the degree in which strategic focus and quality of programmes can be improved to maximise the efficiency and effectiveness of traditional financing;
 - e. Provide direction to the Secretariat on the purpose of innovative financing in the Global Fund context and the parameters in which they should be entered; and
 - f. Discuss the total cost effectiveness analysis and methodology for assessing suitability of mechanisms that needs to be conducted.
2. Requesting the AFC to lead the cost-effectiveness analysis of each mechanism; due diligence, screening and engagement with key actors (e.g. multilateral development banks, private investors, intermediaries, evaluators); monitoring, evaluation, reporting and access parameters.
3. Requesting the SC to lead how mechanisms adhere to and deliver the STC Policy; evaluating results-based financing experiences; TRP feedback on reviewing innovative financing requests; TERG feedback on designing evaluations of past and existing mechanisms or approaches; programming proceeds from a loan buy-down, the related increased fiscal space and the remaining Global Fund grant; and evaluating the opportunity cost of foregoing frontloaded use of grant funds versus loan financing over a longer horizon.

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4. Forming a joint SC-AFC working group led by the leadership of the committees with members from both committees, which will steer relevant cross-cutting issues to the appropriate committee that will lead and engage more regularly with the Secretariat.
5. Request the formal status of the loan buy-down pilots and any implications for the information to the Board, and for the Secretariat to provide the Board as previously requested with a clear Monitoring & Evaluation Framework on loan buy-downs to monitor the progress, challenges and/or successes of the pilots.



AFRICA CONSTITUENCY BUREAU
FOR THE GLOBAL FUND

DÉCLARATION DES CIRCONSCRIPTIONS EN VUE DE LA 39ÈME RÉUNION DU CONSEIL D'ADMINISTRATION DU FM À SKOPJE

Dans le cadre de leurs réunions respectives, les circonscriptions d'Afrique de l'Est et Australe et d'Afrique de l'Ouest et du Centre se sont rencontrées récemment (entre le 26 février et le 15 mars 2018) pour débattre des questions essentielles permettant de maximiser l'impact du soutien du Fonds mondial (FM) face aux trois épidémies en Afrique. Au cours de ces réunions, les pays se sont réunis en groupes plus restreints et thématiques pour analyser en profondeur les progrès accomplis dans l'éradication des trois épidémies, échanger sur les réussites et identifier des solutions aux obstacles et problèmes communs en vue de l'éradication des trois épidémies dans leurs pays respectifs. Lors de la dernière série de réunions, les principaux thèmes identifiés et discutés visaient entre autres à :

- Maximiser les ressources disponibles en adoptant les meilleures pratiques, en investissant dans des gains d'efficacité et en tirant parti de financements innovants pour fournir des ressources supplémentaires afin de réduire le déficit de financement des trois maladies (la tuberculose, le paludisme et le VIH) ;
- Encourager l'appropriation par les pays, insister sur le rôle des ICNs et augmenter le financement national pour la santé ;
- Assurer la viabilité à long terme de l'impact et des investissements du Fonds mondial par le biais des systèmes de santé puissants et résilients (RSSH) ;
- La résurgence du paludisme

Les groupes ont également été heureux de constater des progrès significatifs dans les domaines suivants :

I. Mobilisation des ressources : Nous félicitons le Secrétariat du FM pour les efforts visant à assurer que le FM dispose du financement nécessaire à la mise en œuvre de la Stratégie. Principal bénéficiaire des ressources du Fonds mondial, l'Afrique est extrêmement reconnaissante et souhaite féliciter l'équipe des relations extérieures pour ces réalisations. Nous sommes heureux de constater que le groupe de donateurs s'est élargi et qu'il intègre à présent, des donateurs non traditionnels, des petits et nouveaux donateurs.

II. Processus d'octroi des subventions du cycle 2018-2020 : Nous félicitons également l'équipe de gestion des subventions pour la mise en place d'un processus d'octroi de subventions plus rapide et plus souple. Nous recommandons que les leçons apprises soient exploitées pour que le prochain cycle d'allocation des subventions (2020-2022) soit encore simplifié.

III. Collaboration entre FM et GAVI : Nous tenons à souligner les excellentes opportunités offertes par la collaboration entre le FM et GAVI, notamment le partage des leçons apprises aux niveaux mondial et national. En outre, cette collaboration offre des possibilités d'améliorer la coordination et l'identification des déficits de financement au niveau des pays, ainsi que de réduire ou d'éliminer les doubles emplois. Ce qui permettrait de réaliser des gains en termes d'efficacité dans la mise en œuvre des programmes au niveau des pays, en particulier, en ce qui concerne les programmes financés en grande partie par des ressources nationales. Les domaines cruciaux de collaboration comprennent :

- Les RSSH dont plus de 70% du financement provient de ressources nationales. Les RSSH sont donc un domaine d'intervention susceptible de bénéficier énormément de l'amélioration de l'efficacité de la programmation ainsi que de l'amélioration de l'identification des meilleures pratiques et des interventions ciblées ;

- L'intensification de la vaccination contre le virus de l'hépatite B, en particulier les liens entre la Prévention de la Transmission du VIH entre la mère et l'enfant et l'hépatite B ;
- L'intensification de la surveillance des données, et des outils innovants visant à améliorer la programmation de la lutte contre le paludisme

Nous souhaitons toutefois attirer l'attention du Conseil d'administration du Fonds Mondial et des différentes délégations sur les questions suivantes d'une importance cruciale pour les circonscriptions africaines :

1. LA POLITIQUE EN MATIÈRE D'ÉLIGIBILITÉ

Les circonscriptions africaines se félicitent de ce que les changements proposés à la politique d'éligibilité protègent les Investissements du FM dans les pays à faible revenu et à morbidité élevée et continueront de garantir que ces pays (HBLIC) sont prioritaires.

Cependant, les discussions récentes portant sur **la clé de répartition des ressources du Fonds Mondial suscitent de nombreuses interrogations** sur la manière de soutenir efficacement la riposte contre le VIH, la tuberculose et le paludisme dans les HBLIC, sur le long terme. Ces interrogations doivent être au centre de la 6ème reconstitution ainsi que du cycle d'allocation des subventions de 2020 à 2022.

Le rapport publié récemment - « *Incertitudes sur le Financement de la lutte contre le VIH / Sida au plan international* », **indique une tendance inquiétante à la baisse de l'aide au développement pour la lutte contre le VIH / SIDA de 12 milliards de dollars en 2012 à 9,1 milliards de dollars en 2017** et ladite aide devrait poursuivre sa diminution. Les augmentations du financement national n'ont pas été suffisamment importantes pour compenser le déficit de financement résultant de la baisse de la DAH.

De plus, les **réductions de la DAH ont fortement affecté le financement de la prévention du VIH**. Nous avons observé des tendances similaires dans le portefeuille de prévention du VIH de la part du Fonds mondial. En Afrique, région du monde où la prévalence du VIH est la plus élevée et où le taux de croissance des 15-25 ans est particulièrement élevé, cela suscite de sérieuses inquiétudes quant à la pérennisation des acquis récents. Compte tenu du niveau actuel des nouvelles infections au VIH parmi les adolescentes et les jeunes femmes, la morbidité liée au VIH en Afrique pourrait exploser. En outre, l'Afrique subsaharienne est particulièrement menacée par la baisse de financement accordés à la lutte contre le VIH puisque 64% du financement du VIH dans la région provient de l'aide au développement.

Ces **évolutions soulèvent des questions épineuses** qui doivent être examinées lors de la préparation de la sixième reconstitution ainsi que du cycle d'allocation des subventions 2020 -2022 :

- **Comment maintenir l'élan dans les HBLIC** et préserver les acquis réalisés jusqu'ici dans la réduction de la mortalité due au SIDA et des nouvelles infections au VIH ?
- **Stratégies efficaces permettant de combler le déficit de financement.** L'augmentation du financement national sera-t-elle suffisante pour combler ce déficit ? Les stratégies alternatives consistent à :
 - ✓ Tirer parti des gains d'efficacité dans le secteur de la santé. Les différents pays auront besoin de conseils sur la meilleure manière de parvenir à ces acquis en termes d'efficacité ;
 - ✓ Cela pourrait également inclure des stratégies de développement du marché, notamment à travers une intensification de l'utilisation de Wambo.org. Wambo.org est une excellente opportunité pour les pays de réaliser des économies sur les achats de produits, en particulier pour les HBLIC dont les subventions se présentent essentiellement sous forme de produits de base.
- **Identifier des stratégies efficaces pour les adolescentes et les jeunes femmes-** qui vont au-delà du secteur de la santé. Par exemple, l'intégration et les approches multisectorielles. Nous

réitérons notre contribution antérieure aux discussions du Comité concernant les AGYW. Nous recommandons que les disparités rencontrées par les adolescentes et les jeunes femmes soient traitées dans les programmes des différents pays en veillant à ce que les interventions en faveur de l'égalité des sexes et de l'inclusion sociale soient cernées et figurent en bonne place dans les schémas de subvention et les processus nationaux. Les tentatives de lutte pour l'égalité des sexes sans s'attaquer de manière globale aux facteurs conduisant à l'exclusion sociale à la fois au niveau des ménages et de la communauté peuvent difficilement permettre d'atteindre les points essentiels.

- **Augmentation du financement de la prévention du VIH dans le cycle d'allocation des subventions 2020 - 2022.** Le nouveau comité stratégique doit continuer de débattre de la prévention du VIH et de veiller à ce que des orientations efficaces soient fournies à l'approche du cycle d'allocation des subventions 2020 - 2022.

2. EVOLUTION DES ICNs

Nous nous félicitons de l'initiative du FM visant à améliorer la performance des ICNs dans des domaines qui les positionneront efficacement pour contribuer aux objectifs stratégiques du FM, ainsi que pour renforcer la durabilité des acquis du FM et soutenir les processus de transition. L'Afrique apprécie énormément le rôle des ICNs dans la supervision des subventions du FM, tout en veillant à ce que les principes de représentation du FM, une voix égale et une concentration sur les populations clés, soient efficacement intégrés dans le processus de mise en œuvre. Nous sommes également convaincus que les ICNs doivent être soutenus pour développer des liens solides avec les structures nationales de planification et de politique de santé et doivent être également soutenu afin qu'elles commencent à avoir une bonne compréhension de la planification de la santé et de la prestation des services au niveau infra national. Et par là même, elles devraient être au centre de l'appropriation par les différents pays.

Par conséquent, **nous soutenons donc fortement la politique de révision (évolution) des ICNs** ainsi que la proposition de fournir un financement supplémentaire à l'initiative Évolution des ICNs en dehors du budget de l'OPEX. Cela apportera la souplesse nécessaire pour décider du niveau d'ambition approprié à cibler. Nous sommes également d'avis que l'Initiative d'évolution des ICNs peut être classée et financée dans le cadre des initiatives stratégiques.

Cependant, compte tenu du récent rapport qui indique des baisses de financement consacrés au VIH / SIDA pour les pays les plus pauvres, dont la plupart se trouvent en Afrique, et l'Afrique étant le continent avec la morbidité la plus élevée par rapport aux trois maladies et le plus grand bénéficiaire des ressources du FM, nous sommes préoccupés par les points suivants :

- Le discours qui semble indiquer que seul un financement supplémentaire peut permettre de parvenir à un renforcement des capacités.
- Notre préoccupation est d'autant plus grande que cette approche détourne potentiellement des ressources de la mise en œuvre d'activités clés au niveau local.
- Nous pensons que le retour sur investissement peut ne pas être garanti et / ou pourrait être minimal et ceci amènera à se poser d'autres interrogations.

Nous **mettons en garde contre le fait que le financement de l'Initiative « Évolution des ICNs » ne se fasse au détriment de l'intensification des activités essentielles au niveau des différents pays.** Nous proposons donc une approche plus prudente et progressive de la mise en œuvre et ne soutenons par conséquent que l'option « intermédiaire ».

Nous exhortons le FM à avoir des discussions plus approfondies sur la façon de poursuivre l'Evolution des ICNs dans le cadre du cycle d'allocation des subventions de 2020-2022.

3. RÉSURGENCE DU PALUDISME DANS BEAUCOUP DE PAYS AFRICAINS

La morbidité liée au paludisme en Afrique reste le plus élevé du monde ; 90% de tous les cas et de décès dus au paludisme surviennent sur le continent. Même si des progrès considérables ont été

accomplis dans la réduction de la morbidité liée au paludisme entre 2000 et 2015, les progrès semblent s'essouffler et nous assistons maintenant à une résurgence. Cela est dû en grande partie aux baisses de financement associées à la résistance toute récente aux insecticides ainsi qu'à une mobilité accrue, aux personnes déplacées et aux réfugiés.

En outre, les pays d'Afrique - en particulier en Afrique Australe et de l'Ouest-, qui ont réalisé des progrès significatifs dans l'élimination du paludisme - ont des difficultés à mettre en œuvre les interventions les plus importantes pour parvenir à l'éradication (dernière ligne droite). Ceci est dû en grande partie au manque de données permettant de lancer des interventions ciblées et au manque d'outils innovants sur le marché pour répondre efficacement aux difficultés rencontrées.

Nous nous félicitons donc des engagements pris récemment par le gouvernement britannique, le Fonds Mondial et le secteur privé pour investir des ressources supplémentaires afin de faire face à la résurgence du paludisme. Nous sommes particulièrement heureux que le gouvernement du Royaume-Uni apporte un soutien de 50 millions de livres sterling au programme de lutte contre le paludisme au Nigeria, ainsi que du soutien accru de la Fondation Bill et Melinda Gates. Nous saluons également les pays africains qui ont pris la responsabilité de la lutte contre le paludisme - Le *Presidential Malaria Fund Uganda*, qui a été lancé récemment à Kampala en est la parfaite illustration.

Cependant, le FM étant le plus grand donateur dans la lutte contre le paludisme en Afrique, **un certain nombre de questions doivent être considérées au niveau du FM** pour assurer de nouveaux progrès dans la réduction de la morbidité liée au paludisme en Afrique :

- La nécessité **d'accroître les investissements dans** les ripostes au paludisme en Afrique ;
- La nécessité **d'étendre la surveillance** en s'appuyant sur les données pour mieux cibler les interventions ;
- **L'augmentation des allocations de fonds** en vue d'une utilisation plus généralisée des moustiquaires imprégnées d'insecticide de longue durée plus efficaces, par exemple les moustiquaires imprégnées d'insecticide Piperonyl butoxy récemment approuvées par l'OMS (PBO LLTIN). Les PBO LLTIN ont fait leurs preuves dans la lutte contre le paludisme mais restent relativement plus chers par rapport aux LLTIN standard des pyréthrinoides;
- L'appui et l'entretien des partenariats avec le secteur privé pour en développer de nouveaux ;
- L'élaboration des stratégies permettant de réagir rapidement aux cas de paludisme au sein des populations transhumantes, des personnes déplacées et des réfugiés.

4. FINANCEMENT INNOVANT

L'Afrique se félicite beaucoup du rôle du financement innovant dans la mobilisation de ressources supplémentaires pour les trois épidémies et de la réduction du déficit de financement existant. Nous apprécions également que des financements innovants puissent être utilisés pour modéliser des activités ainsi que pour changer les comportements et renforcer l'efficacité des programmes.

Nous pensons que des financements innovants doivent être utilisés pour relever certains des défis programmatiques auxquels nous continuons de faire face, dans les domaines suivants en particulier :

- Le renforcement de la transition dans les pays STC ;
- Leur utilisation comme une incitation à un comportement lié à une bonne performance ;
- Une incitation à l'augmentation du financement national ;
- Des dépenses énormes pour l'accès aux soins de santé ;

Cependant, nous avons besoin de clarté de la part des équipes du secrétariat du FM sur les points suivants :

- Comment expliciter et sauvegarder les principes et les valeurs du FM dans le cadre de ces initiatives, en particulier la représentation, l'accent mis sur les populations clés, etc. ;

- Quels sont les coûts de transaction ainsi que les coûts d'opportunité associés à la mise en œuvre de ces approches ?
- Comment mesurer l'efficacité et la rentabilité des mécanismes de financement innovants ?
- Les approches visant à assurer la protection contre les risques financiers vis-à-vis des populations vulnérables et les modèles d'état final disponibles (par exemple : l'assurance maladie sociale, l'assurance communautaire, l'assurance maladie privée, les modèles mixtes, etc.);
- L'identification et l'articulation des risques à la fois pour le FM et les différents pays ;
- Les stratégies visant à renforcer les capacités des ministères de la santé et des ministères des finances et du développement économique afin de jouer efficacement les rôles de leadership transformationnel.

5. SYSTÈMES RÉSILIENTS ET DURABLES POUR LA SANTÉ -RSSH

Nous notons avec acuité que bien que le rapport sur la mise en œuvre de la stratégie signale des progrès sur les RSSH ; à l'avenir, il sera nécessaire de repenser la programmation des RSSH tant la mise en œuvre reste difficile. L'expérience et les données concrètes de nombreux pays montrent la nécessité d'une approche plus aboutie, plus claire et systématique de la planification et de la mise en œuvre des questions de RSSH afin d'assurer la préparation à la transition ainsi que l'impact et la viabilité à long terme des initiatives de RSSH appuyées par le FM.

Actuellement, les programmes de RSSH se fondent sur une théorie linéaire du changement au terme de laquelle les processus suivant une certaine séquence sont censés atteindre un objectif donné - contributions, retombées, résultats, impact-. Notre expérience semble suggérer que le RSSH pourrait être un système adaptatif plus complexe dépendant fortement de facteurs multiples, dont le comportement des acteurs humains. En l'état, cela rend difficile la reproduction des meilleures pratiques et la prédiction linéaire des résultats. Il est donc essentiel d'identifier les changements mineurs dans les processus de mise en œuvre nécessaires pour donner un effet substantiel aux résultats.

Nous nous félicitons donc que l'OMS ait rapidement procédé à l'évaluation des subventions du Fonds Mondial en faveur de RSSH dans certains pays à impact élevé. L'évaluation a permis d'obtenir des informations précieuses susceptibles d'apporter aux différents pays une meilleure compréhension des lacunes existantes ainsi que des points essentiels pour le renforcement de leurs systèmes de santé. Cela permettrait d'améliorer le ciblage des investissements dans les RSSH, de favoriser la collaboration entre les différents acteurs, ainsi que d'éliminer les doublons dans les actions de différents donateurs.

Par conséquent, nous proposons que l'objectif principal du financement d'appui du RSSH soit l'analyse en profondeur des systèmes de santé afin d'identifier les facteurs déclencheurs ou les changements requis dans le processus de mise en œuvre pour atteindre les résultats souhaités. Ceci permettrait alors de contribuer au réalignement des programmes (à la reprogrammation).



AFRICA CONSTITUENCY BUREAU
FOR THE GLOBAL FUND

JOINT AFRICAN CONSTITUENCIES STATEMENT TO THE 39TH GLOBAL FUND BOARD MEETING, SKOPJE, MACEDONIA

In their respective cluster meetings, the Eastern and Southern Africa, and West and Central Africa constituencies met recently (between 26th February and 15th March, 2018) to deliberate on issues critical to maximizing the impact of Global Fund (GF) support to effectively respond to the three epidemics in Africa. In these cluster meetings, countries met in smaller and theme-focused groups to do an in-depth analysis of the progress in eliminating the three epidemics, share success stories and identify solutions to common barriers and challenges to eliminating the three epidemics in their respective countries. In the last round of meetings, key themes identified and discussed included:-

- Maximizing the impact of available resources through adoption of best practices, investing in efficiency gains and leveraging innovative financing to provide additional resources to reduce the funding gap for the three diseases – TB, Malaria and HIV;
- Nurturing country ownership and the role of CCMs and increased domestic financing for health;
- Sustainability of the Global Fund impact and investments through strong Resilient and Sustainable Systems for Health (RSSH);
- Malaria resurgence.

The Clusters were also glad to note significant progress in the following areas:

- I. **Resource Mobilization**: We commend the GF Secretariat on the efforts to ensure the GF has the funding required to implement the Strategy. As the largest recipient of GF resources, Africa is extremely grateful and would like to congratulate the External Relations team for these achievements. We are glad to see the donor-base widening to include non-traditional, smaller and new donors.
- II. **2018-2020 Grant Allocation Process**: We also commend the Grants Management Team for an expedited and smoother grant allocation process. We would recommend that lessons learned be harnessed to ensure the next grant allocation cycle (2020-2022) is further simplified.
- III. **GF and GAVI Collaboration**: We would like to emphasize the excellent opportunities that the collaboration between GF and GAVI provides especially the sharing of lessons learned at both Global and Country levels. In addition, the collaboration provides opportunities for improved coordination and identification of funding gaps at country level as well as reduce or eliminate duplication. This could help gain efficiencies in program implementation at country level especially for programs largely funded from domestic sources. Critical areas for collaboration include:
 - RSSH where over 70 percent of the funding is from domestic sources. RSSH is therefore an intervention area that could benefit immensely from improving efficiencies in programming as well as improving identification of best practices and targeted interventions;
 - Scaling up Hepatitis B Virus Immunization especially the linkages between eMTCT of HIV and Hepatitis B;
 - Increased Data surveillance and innovative tools for improved malaria programming

We however, would like to bring to the attention of the GF Board and respective delegations, the following issues that are critical to African Constituencies:

1. ELIGIBILITY POLICY

The African Constituencies are happy to note that the proposed changes to the Eligibility Policy protect GF Investments in High Burden Low Income Countries (HBLICs) and will continue to ensure that HBLICs countries are prioritized.

However, the recent discussions around how GF resources are allocated raises serious questions around how to effectively sustain the response against HIV, TB and Malaria in HBLICs in the long-term. These issues should be the focus of the 6th replenishment as well as the 2020-2022 Grant allocation cycle.

The recently published report – “Global HIV/AIDS Financing Amidst Uncertainty”, points to a worrying trend in the declining Development Assistance for HIV/AIDS from \$12billion in 2012 to \$9.1billion in 2017 and this is projected to decline further. Increases in domestic funding have not been large enough to compensate for the funding gap resulting from declining DAH.

Moreover, the reductions in DAH have impacted heavily on HIV prevention funding. We have noted similar trends in the Global Fund HIV prevention portfolio. For Africa, a region with highest HIV prevalence as well as high population growth rate among the 15-25 age group who are disproportionately affected, it raises serious issues around sustaining the recent gains. At the current level of new HIV infections among AGYW, Africa’s HIV burden could explode out of control. In addition, Sub-Saharan Africa is particularly at risk from HIV funding shortfalls since 64% of HIV funding in the region comes from development assistance.

These trends raise critical issues that needed to be deliberated upon as we prepare for the 6th replenishment as well as the 2020-2022 Grant allocation cycle:

- How to sustain the momentum in HBLICs and protect the gains so far achieved in reducing AIDS mortality and new HIV infections;
- Effective strategies to fill the funding gap. Will increased domestic funding be sufficient to fill this gap? The alternative strategies include:
 - Leveraging efficiency gains in the health sector. Countries will require guidance on how best to achieve these efficiency gains;
 - This could also include market shaping strategies especially through wider-use of Wambo.org. Wambo.org provides an excellent opportunity for countries to make savings on commodity procurement especially for HBLICs whose grants are highly commoditized.
- Identifying effective strategies for AGYW that go beyond the health sector. For example, integration and multisectoral approaches. We reiterate our earlier input into the Committee discussions around AGYW. We recommend that inequality faced by AGYW is addressed in respective country programs by ensuring that gender-equality and social inclusion interventions are identified and reflected in GF grant designs and country processes. Attempts to address gender inequality without comprehensively tackling factors leading to social exclusion at both household and community levels are bound to miss the critical entry points.
- Increased funding for HIV prevention in the 2020-2022 grant allocation cycle. The incoming Strategy Committee should continue to deliberate on HIV prevention and ensure effective guidance is provided as we move into the 2020-2022 grant allocation cycle.

2. CCM EVOLUTION

We welcome the GF’s initiative to improve CCM performance in areas that will position them to effectively contribute to the GF strategic objectives as well strengthen sustainability of GF gains and support transitioning processes. Africa greatly appreciates the role of CCMs in providing oversight over GF grants as well ensuring the GF principles of representation, equal voice and focus on key populations are effectively integrated in the implementation process. We also strongly believe that CCMs should be supported to develop strong linkages with national health policy and planning

structures and begin to have a good understanding of the health planning and service delivery at sub-national level. At the same time, they should be at the centre of nurturing country ownership.

We therefore strongly support the revised CCM Policy as well as the proposal to provide additional funding to the CCM-Evolution initiative outside the OPEX budget. This will provide the required flexibility in deciding the appropriate level of ambition to target. We are also of the view that the CCM Evolution Initiative can be classified and funded under the Strategic Initiatives.

However, in view of the recent report that points to declines in HIV/AIDS funding to the poorest countries most of which are in Africa, and Africa as the continent with the largest burden of the three diseases as well as largest recipient of GF resources, we are concerned by the following:

- The narrative that seems to indicate that it is only through additional funding that improved capacity can be achieved.
- Even more concerned that this approach potentially diverts resources from implementation of key activities at county level.
- We think that the Return on Investment may not be guaranteed and/or could be minimal and this will need further interrogation.

We strongly caution, that funding the CCM-Evolution Initiative should not be at the expense of scaling-up of critical activities at country level. We therefore propose a more cautious and phased approach to the implementation and therefore only support the "intermediate" option.

We urge GF to have deeper conversation on how to proceed with CCM Evolution under the 2020-2022 grant allocation cycle proceed under the 2020-2022 grant allocation cycle.

3. MALARIA RESURGENCE IN MANY AFRICAN COUNTRIES

Africa continues to bear the largest burden of malaria worldwide with 90% of all malaria cases and deaths occurring in the region. Whereas there was tremendous progress in reducing the malaria burden between 2000 and 2015, progress thereafter seems to have stalled and we are now witnessing a resurgence. This is largely due to declines in funding coupled with emerging resistance to insecticides as well as the large number of mobile and displaced persons and refugees.

In addition, those countries in Africa - especially in Southern and West Africa, that had made significant progress towards elimination of malaria face challenges in implementing the most important interventions to reach elimination (last mile). This is largely due to lack of data to initiate targeted interventions and lack of innovative tools on the market to effectively respond to the challenges.

We therefore welcome the recent commitments from the UK Government, the GF and the private sector to invest additional resources to deal with the malaria resurgence. We are particularly glad for the UK Government's £50m support to Nigeria's malaria program as well as the increased support from the Bill & Melinda Gates Foundation. We also commend African countries that have taken the ownership to tackling malaria - a typical example is the Presidential Malaria Fund in Uganda which was launched recently in Kampala.

However, GF as the largest donor for malaria responses in Africa, there are issues that need to be considered at GF level to ensure renewed progress in reduced the malaria burden in Africa:

- Need to increase investment in malaria responses in Africa;
- Need to expand surveillance and leverage data for better targeting of interventions;
- Increased funding allocations for wider use of the more effective long-lasting treated insecticidal nets, for example the recently WHO-approved Piperonyl Butoxide-treated insecticidal nets (PBO LLINs). PBO LLINs have showed improved control of malaria transmission compared to the standard pyrethroid-only LLINs but are significantly more expensive;
- Catalyze and nurture partnerships with the private sector to develop new opportunities for additional resources to deal with the malaria resurgence;

- Develop strategies to respond in a timely manner to malaria amongst mobile, displaced persons and refugees.
- Partnerships with the private sector for innovative new tools to deal with the resurgence.

4. INNOVATIVE FINANCING

Africa greatly appreciates the role of Innovative Financing in raising additional resources for the three epidemics and reduce the existing funding gap. We also appreciate that innovative financing can be leveraged to model activities as well as change behavior and increase program efficiencies.

We think that innovative financing should be used to tackle some of the programmatic challenges that we continue to face especially in the following areas:

- Strengthening transitioning in STC countries;
- Utilize it as an incentive for good performance behavior;
- An incentive for increased domestic financing;
- Huge out-of-pocket expenses for accessing healthcare;

However, we need clarity from the GF secretariat teams on the following:

- How to explicitly describe and safeguard GF principles and values under these initiatives especially, representation, focus on Key populations, etc.;
- What are the transaction costs as well as opportunity costs associated with implementing these approaches?
- How to measure efficiency and cost-effectiveness of innovating financing mechanisms;
- Approaches to ensuring financial risk protection for the vulnerable populations and available end-state models (for example: Social Health insurance, Community-based Insurance, Private Health insurance, Mixed Models etc.);
- Identify and articulate risks to both GF and respective countries;
- Strategies to strengthening capacity of Ministries of Health and Ministries of Finance and Economic Development to effectively play the transformational leadership roles.

5. RESILIENT AND SUSTAINABLE SYSTEMS FOR HEALTH –RSSH

We note with urgency that although the Strategy Implementation Update report indicates positive progress on RSSH, going forward there is need to rethink RSSH programming as implementation remains challenging. Experience and evidence from many countries show the need for a refined, clearer and systematic approach to planning and implementing RSSH issues in order to ensure transition readiness as well as long-term impact and sustainability of GF-supported RSSH initiatives.

Currently, RSSH programming is approached from a perspective of a linear Theory of Change where sequential processes are expected to achieve a given objective – Inputs, Outputs, Outcomes, impact. Our experience seems to suggest that RSSH could be a more complex adaptive system that is heavily dependent on multiple factors including the behavior of human actors. This makes it difficult to replicate best practices as well as predict the outcomes in a linear fashion. What is critical then, is to identify those minor changes in the implementation processes needed to give a substantial effect on the outcomes.

We therefore welcome the rapid review by WHO of the GF grants for RSSH in selected high-impact countries. The review provides valuable information that could provide Countries with deeper understanding of existing gaps as well as the critical entry points to strengthening their health systems. This has the potential to improving targeting of investments in RSSH, nurturing collaboration between various actors, as well as eliminating duplications by multiple donors.

Therefore, we propose that the main focus for catalytic funding for RSSH should be the in-depth analysis of the health systems to identify those triggers or changes in the implementation process required to achieve the desired outcomes. These would then feed into re-alignment of the programs (reprogramming).

LAC Delegation

Constituency Statements on Issues of the 39th Board Meeting

The 39th Board meeting provides the opportunity to define crucial and relevant issues to enable progress on the GF policies and initiatives. As part of our joint collective efforts, the GF Board should contribute with its decisions to ensure the achievement of the expected results and the realisation of our vision, especially to continue accelerating progress towards ending the three diseases.

We are providing some comments as well as a presenting a proposed amendment.

Eligibility Policy GF/B39/02

We acknowledge the thorough review including consultations on the new Eligibility Policy and we would like to stress the importance of maintaining the policy as a high level framework with enough flexibility to allow for countries to be considered on an exceptional basis even if they may be identified in the end as non - eligible.

We propose the following addition, item b, in the “Annex 1: Revised Eligibility Policy section: II. Eligible Countries/Disease Components, item 9”

9. In addition to the above:

- a. Upper-middle income countries classified by the International Development Association (IDA) as ‘Small Island Economy Exceptions’¹¹ are eligible for an allocation regardless of national disease burden.
- b. Upper-middle income countries under the IMF structural adjustment programs (SAPs) with balance of payment problems and debt relief agreements, with aggravated development banks loans conditions, may be considered for exceptions based on burden of disease and key populations and for additional transition periods.
- c. Upper-middle income countries meeting the disease burden criteria in Paragraph 8a, but that are not on the OECD-DAC List of ODA recipients, may be eligible for an allocation for HIV/AIDS to directly finance non-

governmental and civil society organizations¹², if there are demonstrated barriers to providing funding for interventions for key populations, as supported by the country's epidemiology. Eligibility for funding under this provision will be assessed by the Secretariat as part of the decision-making process for allocations.

Risk Appetite Framework: Progress Update and Steps for Advancement

GF/B39/07

We would like to raise the following critical issues that we consider should be explained in detail and broadly addressed in the document to prevent failures in Risk Management process at country level.

- Review CCM level of engagement, scope and in country capacities to define Risk at Grant level moving to Risk level aggregation and Risk Target Setting
- Consider potential contingencies that could hinder the success in reaching Target Risk levels especially in COEs.
- Budgetary implications mainly related to the increased needs of M&E and tracking responsibilities.

Global Fund approach to Non-eligible countries in crisis

GF/B39/03

Regarding the SC proposal on “Global Fund approach to Non-eligible countries in crisis” to be discussed at this board meeting in response to the request from Venezuelan CSOs, we consider the proposal too restrictive in terms of the country being requested to be declared grade level 3 emergency by WHO or level 2 and 3 by the Inter-Agency Standing Committee. There is sufficient evidence that the country qualifies to this level of emergency even if the government is reluctant to formally request it. HIV, TB, and Malaria situation is out of control and has become a regional and cross-border health crisis, mainly due to the inaction or insufficient action during the last two years, the same time the Board have been discussing a way to respond to the Venezuela crisis.

Constituency statement, Point 7: Global Fund 39th Executive Board

- P7 appreciates the attention sexual harassment and abuse in the wake of the “Me too” campaign receives in the report from “Communities, Rights and Gender”. Point 7 also thanks the Secretariat for providing information on the Global Fund’s policies and actions taken to prevent and address bullying and harassment, including sexual harassment. However, we note that despite its importance, this issue is not on the formal Board agenda. Point 7 urges that the Fund’s efforts to prevent and address sexual harassment is discussed thoroughly at the Global Fund’s 39th Board meeting.
- The Global Fund is an important mechanism to save lives and help achieve the ambitious 2030 agenda. In order to do this we are concerned that we work efficiently and prioritise time and efforts through a continuous attention to ensuring effective governance. Looking back over the past few months, for example, we have spent a disproportionate amount of time and effort on making relatively small changes to the eligibility policy. Point 7 encourages the Board and committees to be as strategic as possible, and urges that further discussions be undertaken to ensure more strategic Board and committee discussions, and to review the division of roles between the board committees and the secretariat.
- In the Board meeting document GF/B39/04 ‘CCM Evolution: CCM Code of Conduct, CCM Policy and Level of Ambition’, the principles for Coordinating Mechanisms – Paragraph 16 mentions the CCM role in oversight. Point 7 is concerned that the CCM’s role should not compromise the formal lines of accountability, from the Board to the Global Fund Secretariat to the Principal Recipient.
- As part of strategy follow-up, Point 7 suggests that a more strategic discussion at the next board meeting in terms of whether the global fund is on the right track and is doing well enough in relation to current HIV, malaria and TB situation and trends. The discussion should position the Global Fund in the broader landscape to be able to review the role of the Global Fund, and discuss whether we are on track to achieve our strategic objective of maximizing the impact of the global fund’s investments.

South East Asia (SEA) Constituency Position Papers at 39th Board Meeting

Alexsandar Palace, Skopje Macedonia

- I. ***Displaced population from Myanmar temporarily housed in Bangladesh:*** The Global Fund (GF) SEA Constituency Meeting held on 23 – 24 April 2018 in IIHMR New Delhi having noted very poor living condition of the large number of displaced population from Myanmar temporarily housed in Bangladesh, and also noting the potential increasing cases of TB, HIV and Malaria in this displaced population expressed serious concern of their health situation and potential risk of disease outbreaks. The progress made by the Global Fund supported program is already facing challenges with additional number of cases and there is risk of spreading these diseases to the nearby local host population. The Global Fund Board is requested to consider additional allocation to Bangladesh to adequately cover this displaced population so that there is no setback to the ongoing programs.
- II. ***SEA Constituency Position on Global Fund grant closure for TB and Malaria programme in DPR Korea:*** The Global Fund (GF) SEA Constituency Meeting held on 23 – 24 April 2018 in IIHMR New Delhi having learnt that an executive decision has been made by the Global Fund Secretariat to close the grants for DPR Korea is requesting the GF Secretariat to reconsider the decision as the country has made tremendous progress in reducing the disease burden and mortality from Malaria and TB. The meeting further requests the Board to review the Secretariat decision and in future adequate consultation be carried out with CCM and the government prior to undertaking such decisions.
- III. ***SEA Constituency Position on Global Fund allocation to EndTB in the Maldives:*** The Global Fund (GF) SEA Constituency Meeting held on 23 – 24 April 2018 in IIHMR New Delhi having noted that Maldives has a target to end TB, and the president of Maldives has declared that Maldives will end TB by 2022, the total budget for the initiative is 11 million, of which the government commits to invest in treatment and other health system related cost; with the additional local resources, total local investment will be around 40 - 50 percent of the total budget, this leaves a funding gap of around 6-7 million USD. Therefore, The Global Fund Board is requested to consider an allocation to support the country to end TB, a country in a very unique situation, that will make Maldives the very first country in the region to End TB.

The UK's position on collaboration across the global health initiatives

1. The scale of the global health challenge is increasing and becoming more complex. Achieving the SDGs will require more resources, but it will also require resources to be spent more wisely. Effective and efficient delivery of development assistance will support this, and ensure real impact and value for money.
2. The UK welcomes the ongoing efforts by the Global Fund to collaborate with the global health initiatives and other partners. The consecutive upcoming replenishments of the global health initiatives provide an opportunity to enhance this collaboration across the global funds, globally and within countries. The UK and Canada have been working together, in consultation with a number of development partners, to identify areas that would benefit from greater collaboration. We believe that the Global Fund can further enhance collaboration with other health initiatives in a number of areas: health financing; health systems strengthening; monitoring and evaluation; risk management; and global public goods.
3. We recognise there are areas where harmonisation across the global health initiatives would not add value. However, there are opportunities to implement concrete actions to enhance collaboration in a number of specific areas that would result in a more effective global health response. The Global Fund has a key role in supporting this.
4. The UK appreciates the uniqueness of the Global Fund and does not want to lose this. The focus needs to be on practical benefits from collaboration, while retaining the Global Fund's core mandate and its ability to continue to deliver results. The end point should be that actors in global health work seamlessly together in every country in support of an agreed nationally owned, prioritized and costed national plan for health with an investment case which maps out the transition path.
5. We would particularly highlight the importance of better collaboration between the global health initiatives on health financing and domestic resource mobilisation. This may include: a harmonized approach to co-financing; a coordinated approach to technical advice to support stronger approaches to prioritization based on knowledge of what works; and shared country analysis of health financing challenges and opportunities.
6. A more reflective and collaborative approach to health systems strengthening is also an area where the UK would like to see progress. We believe there are opportunities for the Global Fund to collaborate with others on assessing current health system impacts and further incentivising systems strengthening, particularly on supply chain management and information systems and data. This should be supported by common results indicators to monitor impact and a more coordinated approach to providing high quality technical assistance to respond to country demands.
7. Finally, the UK would support greater collaboration across a wide range of other areas, both opportunistic and systematic, wherever these add value. This might include: joint missions for planning and oversight, joint dialogue with partner governments and collaborative approaches to monitoring and evaluation; joined-up approaches to risk management; and sharing approaches to global public goods around market shaping and procurement. It will be important to clearly identify and articulate these opportunities, and to put in place concrete and monitorable actions to take them forward.



CONSTITUENCY STATEMENT

39th Global Fund Board Meeting 9-10 May 2018 Skopje, Macedonia

The Western Pacific Region constituency, comprised of 22 countries in the Asia and Pacific regions, joins the Global Fund constituencies and delegations in welcoming the leadership at the GF Secretariat, acknowledges the partnership 'anchor' which has progressed the strategic vision of Global Fund and applauds the Board membership in ensuring the Fund's commitment to advance investments in ground breaking initiatives, protecting and promoting the rights of persons and communities living with the three diseases.

The WPR Constituency provides the following statements, informed by the consensus of the WPR members at its 02nd WPR Constituency Meeting, held in Siem Reap, Cambodia last 25-26 April 2018.

GF/BM39/02: Eligibility Policy

1. WPR constituency appreciates the commitment to ensure that current resources are allocated to countries that are most in need of the investment
2. WPR agrees with Global Fund's Strategy focused on ensuring available resources are allocated to countries with the highest disease burden and the lowest economic capacity and with specific emphasis of ensuring key populations remain at the heart of the investment decisions
3. Low and lower-middle income countries should continue to be eligible to receive allocation for HIV/AIDS, tuberculosis and malaria, regardless of disease burden, this is of particular importance in our Region given the socio-economic profile of many of our small island states (or large ocean states)
4. The new metrics and thresholds for TB, the revised thresholds for malaria and approach to malaria resurgence, and the unchanged HIV thresholds have improved the strategies for disrupting the incidence of the three diseases
5. WPR supports the recommendation to move the TB Burden Matrix from case notification to incidence and drug resistance, which is consistent of the disease burden in countries. We believe that this is timely and relevant given the increase of drug resistant TB cases, especially in our region
6. We also agree that UMIC criteria, as stipulated under this amended policy, become eligible unless the country has 'high' disease burden of among the 3 diseases.

7. We further agree that UMIC, may be eligible for an allocation for HIV/AIDS to directly finance non-governmental and civil society organizations given the strength of these partners in conducting national response
8. We are also pleased to see the proposed removal of the G-20 rule and support the proposed restrictions' as this will sustain the efforts currently invested by GF in critical countries before the onset of transition.
9. With respect to the malaria resurgence we agree to have WHO, in coordination with technical partners to undertake the risk assessment using the WHO Emergency Response Framework. We also support the position that the results inform the assessment case put forward by the Secretariat to the GF Board in determining a country's eligibility for funding.
10. Our constituency has always expressed its concern with the use of GNI as a primary criteria for eligibility, given its disconnect with the 'reality on the ground', we therefore echo the call from the Developing Country NGO delegation for the Secretariat and the Strategy Committee to continue looking for other ways of measuring fiscal space.

GF/BM39/03: Global Fund Approach to Non-eligible countries in Crisis

1. WPR is pleased to see progressive discussion on this issue, given the fluid global geo-political landscape. We further urge the formalization of a framework that will highlight the humanitarian responsibility of the Global Fund community
2. WPR agrees on the criteria being set up for ineligible countries under normal circumstance and we further note the unpredictability of crisis, natural or otherwise, which would have a detrimental roll-on effect on targeted and key populations funded by GF. It is therefore imperative that GF have a framework in place. WPR supports the proposed way forward.

GF/BM39/04: CCM Evolution

Overview:

1. The Constituency of the WPR notes the recommendation of the Ethics and Governance Committee of a Code of Conduct for Country Coordinating Mechanisms (the "CCM Code")
2. WPR further acknowledges the significant thought and work that has gone into the CCM Evolution project and we further agree with the approach based on differentiation and maturity; and WPR would like to encourage the work towards achieving the "Ambitious Vision" for CCMs.
3. WPR endorses the four aims of CCM Evolution: to strengthen CCM performance, linkages, oversight and engagement.
4. WPR is also in agreement that there is the need to invest more in CCMs to achieve the aims of CCM Evolution but takes note of the concerns raised by the SC and AFC regarding substantiation of such investment in terms of results – better grant performance, reduction of disease burden, and strengthening health systems.

Issues of Concern:

1. WPR is concerned that the position of regional and multi-country CCMs is not sufficiently clear in the current document or thinking about CCM Evolution. Of specific concern is the need to clarify the role of RCMs vis-à-vis the national CCMs in the countries covered by grants implemented by an RCM, and their respective responsibilities regarding implementation and oversight.
2. Whilst WPR endorses the proposed differentiation of CCMs to reflect Standard, Transition Preparedness and Challenging Contexts, we think there is need for more thought to be given to transition of CCMs between the three categories; how the differentiation will translate into resource allocation to CCMs; and what degree of flexibility there will be to capture country specific needs.

Decision Points:

1. WPR agrees with the revision of the current Guidelines and Requirements for CCMs and the adoption of the new CCM Policy.
2. WPR supports the proposed investment to roll out the Code of Conduct to all CCMs.
3. WPR favours the adoption of Option 4 for CCM Evolution project but recognizes that it is unlikely that new resources will be available to implement this option. WPR would not want to see dilution of current commitments to disease and HSS grants, and so sees the adoption of the Intermediate Option as the more realistic in the immediate term.
4. WPR would however look forward to close monitoring of implementation of the Intermediate Option so that it could be scaled up to the more Ambitious Option 4 should the evidence demonstrate achievement of the aims of CCM Evolution.

GF/BM39/05: Strengthening the Board Leadership selection process

1. WPR constituency supports the proposed way forward and therefore supports the decision point.

GF/BM39/06: 2017 Annual Financial Report & Statutory Financial Statements

1. WPR constituency endorses the 2017 Annual Financial Report & Statutory Financial Statements and congratulates the Secretariat and the ED for the excellent work.

GF/BM39/07: Risk Appetite Framework

1. WPR welcomes the progression on developing a Risk Appetite Framework and the corresponding decisions made are consistent with the overall goal and aspirations of the GF

2. Further, since all decisions made by GF will have an impact at the country level, it is important that countries contexts are considered, as this agenda item is being finalized and implemented.

GF/BM39/08: OIG 2017 Report & Opinion

1. WPR applauds the excellent work that the OIG and the Office of the OIG carried out in 2017.
2. We are satisfied with the improvements made in terms of reducing the time it takes to deal with an audit and for investigations and encourage the OIG to continue the great work that he and his team is doing on behalf of the GF.

GF/BM39/010: Collaboration between Gavi and the Global Fund

1. As both GAVI and GF are the two main multilateral financing mechanisms in the health sector, although having different missions and priorities, both are committed to save lives and ending epidemics, hence, WPR welcomes this kind of unique collaboration.
2. WPR observes that despite this approach on working closely together in many aspects, there are still gaps, such as the issue on eligibility through to funding, the fund allocation to strengthen health systems as we move towards building a resilient and sustainable systems for health towards UHC and the SDG2030.
3. WPR also agree on the approaches of both GAVI and GF in sharing knowledge, information and lessons learned when dealing with the same implementing countries, such as collaborating together to manage fiduciary risk, sharing information on risk management, ensuring implementers' capacity in managing grants, use of LFA for M&E, mobilization of resources and others
4. WPR would like to see better collaboration between the two in supply chain management of pharmaceutical products and health commodities, especially now, to ensure countries who are at the implementing level will implement this without disaggregation.
5. WPR also supports both GAVI and GF in shaping the global political discourse to ensure that health remains high on the policy agenda and to optimize the global development and health architecture in support of the SDGs, as we are in the situation of resources limited settings.
6. We also support fully the move to the new Global Health Campus of both institutions to foster better collaboration, enable new ways of working and inspire innovation that can deliver greater impact and value for money with oversight on cost efficiency resulting to better services to people.
7. We also would like to highlight that both institutions have a focus to strengthen supply chains and data systems including roll-out of District Health Information System 2 (DHIS2), the leading health management information system
8. However, in the logistics system there should be a uniform platform like DHIS2 across implementing countries. There are concerns from UMICs, who already have their own health information system, to fully embracing DHIS2 when we are talking about country ownership and program sustainability.
9. We are also pleased to see GAVI and the Global Fund seek, wherever appropriate, to align their programmatic policies and approaches to reduce transaction costs for countries, and ensuring that both are using best practice approaches.
10. WPR also support that both organizations collaborated closely to develop policies and operational guidelines on topics including fragility, financing human resources capacity and incentives in implementing countries and the creation of country teams.
11. WPR further wants to see how both GAVI and GF would approach harmonizing monitoring indicators and aligning cost frameworks to reduce the reporting burden for implementers.

GF/BM39/12: Community Rights and Gender Report

1. Although real progress has been made in ensuring key and vulnerable populations are included from the planning to implementation, and emphasizing of human rights and gender equality at all levels of the GF, it is a concern that KPI 8(Gender and age equality; SO3 a & b) are both tracking slower than expected.
2. Likewise, the progress on KPI 9 (Human Rights; SO3 c & d) can be further be worked out and probably more relevant measures can be devised for the GF as an Organization to be able to perform adequately on these areas.
3. The implementation tools developed for engagement of key population groups is a step in the right direction and we encourage the Secretariat to work with the partners of the Global Fund to widely disseminate these tools for use in country programs for greater involvement of key populations.

GF/39/14: GF ethics office annual report

1. As we all be reminded on the core ethical values of the Global Fund: integrity, duty of care, accountability, dignity and respect and where ethical decision making is a daily matter, WPR highly appreciate and support this GF initiative in recognizing that ethics is fundamental to GF mission and successes.
2. WPR noted that despite GF's recent establishment of the ethics office, the office so far have achieved many things within the GF management body, including LFA, CCM and implementers.
3. WPR would recommend to expanding these training activities on ethics, code of conducts and combat of fraud to CCM and implementers. Suggesting further that if face to face meeting would be not possible then e-learning could provide alternatives in raising awareness on this matter.
4. WPR also regards the selection of GF board members , executive board as critical and due caution should be undertaken to address issues that have been raised especially on Board nomination and selection process
5. WPR suggests further that the ethics office to work closely with the HR department to consider seriously the Col. It would be good that CVs from candidates be circulated among the wider audience, such as implementers, NGOs, donors etc... so that screening of individuals be recognized and averted in time.
6. Ethics office should set up a platform where clarification or questions could be raised and answers from both the individuals and institutions concerned
7. As this code of conduct will be applied to CCM members in the new CCM evolution process WPR is interested to know more how the ethics office or the Secretariat in general could manage it given its relative limited number of staff and a broader implementing countries geographical coverage.