

GFAN Report:  
40th Global Fund Board Meeting  
14-15 November 2018  
Geneva, Switzerland

*Key Outcomes, Decision Points, Advocacy  
Opportunities, and Issues of Interest for GFAN  
Members from the Global Fund's biannual Board  
Meeting*





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## Context

The GFAN Secretariat was invited as a Guest of the Chair to the 40<sup>th</sup> Global Fund (GF) Board Meeting in Geneva (Switzerland), and to attend the meetings of the Developed Country NGO Delegation as a permanent observer. This document provides an overview of the Board Meeting process, key documents and important issues, and potential advocacy opportunities for civil society.

Key issues that were on the agenda for this Board Meeting included (among many other things);

- The first full report from the new Executive Director, Peter Sands
- An OIG Audit of Transition Management Process
- A discussion on Resource Mobilization and the 6<sup>th</sup> Replenishment
- The Global Fund's 2019 Workplan and Budget (OPEX)

## The preparatory process

All delegations start their preparations weeks before the actual Board meeting, when Board documents are slowly filling their inboxes. All have their own processes to do so, but obviously consultation with the wider constituency (not only the people that travel to the actual Board meeting) is key in this phase.

For 4 days before the Board Meeting, all 3 civil society (CS) delegations (Developed Country NGO, Developing Country NGO and Communities) held separate as well as joint preparatory meetings. For those who have never participated in a Board Meeting: the delegations meet – separately and jointly - ahead of time to determine what key interventions are needed: sometimes they agree to take those forward jointly, sometimes not.

Following that, the CS delegations have a series of meetings together and separately with various officials and other delegations of the Board (donors, implementing governments or constituencies such as Foundations and Private Sector) to raise and solicit support for the steps identified to address or move forward the key issues.

Sometimes, issues can be “resolved” through these meetings, and positions or even decision points can be presented with a known majority. Other times they are raised at various points during the Board Meetings and voting needs to determine whether a decision point will pass. Delegations can always choose to put a Decision Point forward or amendments to a decision point that are tabled by the Committees or other delegations.

## The documents

The agenda, official report, Board decisions, and all other relevant documents for the Board Meeting can be found on [the Global Fund website](#). Hyperlinks to relevant documents related to items are provided throughout the document.

There were approximately 20 documents and presentations shared from the Global Fund Secretariat, the Office of the Inspector General and the Committees of the Board (Audit and Finance Committee, Strategy Committee, Ethics and Governance Committee, Technical Evaluation and Reference Group and the Technical Review Panel).

In addition, delegations submit “constituency statements” – short statements of key positions on the agenda items that are circulated in the days leading up to the start of the Board Meeting. The intention of this process is to allow delegations to understand potential agreement or differences of opinion and



reach out to other delegations on a timely basis. It is expected that this will help the Board meeting to run more effectively.

In this report the “Background” and “Report on Issue” sections are summaries or key quotes from the reports. The “Of Note” and “Outcome” sections reflect the conversations and discussions in the room.

### **Understanding the issues**

What follows below is a summary that identifies some of the most relevant issues that have been discussed, comments made by the civil society and other delegations and some of the possible advocacy follow-up opportunities.

Please note: It is impossible to capture the detailed level of rich, complex and nuanced discussions that took place and developed throughout the week. This summary represents the GFAN Secretariat’s experience and interpretation of the meeting and should not be considered an official or authorized accounting of events and positioning.

The Global Fund Secretariat always issues a report with all Decision Points right after the meeting (and made available on their website) and the Board Meeting report is made available before the next Board where it needs to be approved.

### **Recognizing civil society with critical roles at the Global Fund Board**

Do you know who represents us as civil society and communities at the Global Fund Board?

**Communities Delegation:** Maurine Murenga (Board Member), Erika Castellanos (Alternate BM) and Rachel Ong (Communities Focal Point)

**Developing Country NGO Delegation:** Allan Maleche (Board Member), Edona Deva (Alternate BM) and Lesley Odendal (Communications Focal Point)

**Developed Country NGO Delegation:** Mike Podmore (Board Member), Robin Montgomery (Alternate + Incoming BM), and Jack MacAllister (Communications Focal Point)

In addition to participating in delegations, civil society (including many GFAN members!) actively participate in Board structures like committees and Working Groups. We also think it’s important to acknowledge the important contributions and advocacy around civil society and community issues in the various Board committees and working groups etc. which is a significant, additional amount of work for these individuals and those who support them from their delegations. These outstanding contributions are being made by:

#### **Strategy Committee:**

Mike Podmore, Developed Country NGOs

#### **Audit & Finance Committee:**

Beatrijs Stickers – Chair of the Audit and Finances Committee  
Maurine Murenga, Communities  
Allan Maleche, Developing Country NGOs

#### **Implementers Group:**

Maurine Murenga – Chair



*Thank you to all for the extraordinary efforts on delegations and committees on behalf of your colleagues in civil society!*

### Executive Director's Report

#### Background

Board discussion of the Executive Director's Report and opportunity for interaction.

The report can be found here: [GF/B40/04](#)

#### Report on Issue

This was the first Report of the new Executive Director, Peter Sands, in which he spoke about the GF achievements, shared perspectives on the challenges, and outlined priorities for the year ahead.

The report of the ED was built around 5 main topics:

1. The State of the Fight: an overview of progress made and challenges we face for each of the diseases. The ED makes a strong plea for getting better data faster.
2. Scaling up and Stepping up: here the ED takes stock of how the GF executed against the GF strategic priorities in grant-making and delivery, the priorities in specific areas such as human rights, gender, supply chain etc., and in the implementation of critical policies such as Sustainability, Transition and Co-Financing (STC).
3. Transforming for Efficiency and Effectiveness: discusses progress made with the organization's systems and processes, a review of initiatives to improve the partnership models, including CCM Evolution but also the role of the GF in the SDG 3 Global Action Plan that was launched at the World Health Summit in October in Berlin.
4. 2019 and the Path Forward: priorities for 2019, both to deliver optimal success in the current and in the new (2020-2022) grant cycle. Here he also speaks about the importance of the Sixth Replenishment process.
5. Conclusions and Reflections: the report closes with personal perspectives on issues such as the scale of the GF's ambitions and the extent of its resources: "Despite the extraordinary generosity of our donors, there is a big gap between what we have set out to do and the resources we have to do it."

Sands also addresses what he calls "disconnects" between the global level and realities of in-country implementation, and speaks about the need for integration, the key role of communities and the struggle to get the balance right between fiduciary risk and programmatic risk.

#### Outcome of Board Deliberations

Peter started off with very personal stories about people he met in the field and the encounters that humbled and inspired him. He provided a short summary of where we are in fighting the epidemics, focusing on the main challenges. The paragraphs on this in his report are worth reading because they give the reader a great snapshot of where we are and frankly also where we are off track.



An interesting element in his presentation was to highlight the opportunities of the SDG3 Action Plan ([here](#)) that in his mind represents a great opportunity - through collaboration among the international health and development institutions around the identified accelerator “Align sustainable financing approaches, including support for domestic resource mobilization” - to increase and improve the mobilization of resources for health, through mobilizing donor and domestic investments.

**The most important point that he highlighted maybe was that the GF is at a cross roads and can either step up and be more innovative, effective and increase its impact in global health, or we can stay at the current cruising altitude.**

There was broad support and appreciation in the Board for the ED’s report and presentation. Developing country NGO’s pointed to the need to “get back on track”; not in a couple of years’ time, but now! They also referred to the TB HLM which represents an opportunity to make TB a central piece of the Global Fund’s Investment Case that will be presented in February in India.

Many delegations, including Germany, UK and P7 supported a proactive role of the Global Fund in driving the coordination around the health architecture (SDG3 Action Plan – launched at the World Health Summit, October in Berlin) at international as well as country level. Germany acknowledged the added value that the GF can bring to the global health architecture. GF has an immense influence through its investment of 1 billion in RSSH in making UHC a success. Germany also announced that the budget committee of the German government recommended an increase of the GF contribution and if parliament agrees this would bring + 40 million of additional funds.

The World Bank raised a concern about the increased debt position of some countries and pointed out the overall out of pocket expenditure currently amounts to half a trillion USD. The World Bank representative challenged the Board: just imagine if we could re-channel this funding stream via health systems?

Quite a few delegations welcome the candid tone and the strategic level of the report (P7, EU and Developed Country NGOs).

Peter Sands in his response confirmed that the IC Report will take on board the SDG and the SDG3 Action Plan. He acknowledged the WB comments and pointed again to the potential role of the collaboration on financing in the context of the SDG3 Action Plan; but that the real problem is political will. We have to make sure there is no excuse from a (financial) technical perspective, and (then) address the lack of political will.



*1 Peter Sands sharing the message that we need to Get Back on Track.*



## Of Note / Interest for GFAN Members

Sands presented a frank report with many strong statements regarding sometimes sensitive issues. The report is worth reading from an advocacy perspective (many helpful quotes in here):

“We will not achieve the SDG 3 target of ending the epidemics of AIDS, TB and malaria by simply continuing along the current path. We need more resources, more innovation and better execution.”

The new ED seems to take a very open and proactive position towards enhanced collaboration with partners, IN both health delivery and financing. In this context he welcomes the SDG3 Action Plan for better collaboration between the international health and development agencies such as WHO, GF, GFF, GAVI, UNICEF, UNDP, the World Bank, etc. Along similar lines he makes a plea for strengthened collaboration on the financing side through collaboration with the multilateral development banks, to work together innovative financing, building on experience of the World Bank and IADB, and engaging more deeply with the ADB, AfDB, EBRD and others.

The report provided a balanced overview of progress and challenges, and the ED should be commended for pointing out some of the challenges. From an advocate’s perspective however, and particularly given that we are at the start of the Sixth Replenishment, we would have liked to see much stronger statements about how off track we are. The civil society delegations pointed to these issues in their interventions and pushed for more urgency and for the [GFAN replenishment target of US\\$16.8-18 billion](#) that was presented at the AIDS 2018 Conference.

Examples mentioned:

- The 2018 World Malaria Report to be launched next week in Mozambique will show that global progress on malaria remains stalled with real jeopardy of resurgence threatening and already being seen in many countries. Countries lack the resources needed to respond to this threat. There remain significant gaps in sustaining essential services and national coverage levels for malaria prevention and case management. Countries funded by the GF for malaria are still estimating a 50% resource gap 2018-20.
- At the TB HLM alarming information was shared. We are missing 4 million people each year and millions of those who are diagnosed do not have sufficient access to health care. To meet our targets, we need annual reductions in TB incidence at 10% per year, but we are currently only reaching 1.5% per year.
- The AIDS 2018 conference provided ample evidence of where we are off track: AIDS deaths have stalled at 940 000 people per year. Some regions are losing ground – with no reduction in AIDS-related mortality in Eastern Europe and Central Asia since 2010 and a 11% increase in deaths from AIDS-related illness in the Middle East and North Africa over the same period. Treatment coverage in West and Central Africa is drastically behind the global and regional average at only 40%, with PMTCT and pediatric treatment coverage even further behind. The funding gap to reach 90/90/90 target is at 81% compared to funds available in 2017. New infections among adolescent girls and young women and key populations are an indictment.



## Strategic Performance Reporting

### Background

Presentation, discussion on the (1) Strategic KPIs mid-2018 performance reporting, (2) Progress on Strategy Implementation and (3) Board discussion and interaction with Secretariat on progress, challenges and priorities in relation to the implementation of the Strategy

The report can be found here: [GF/B40/14](#)

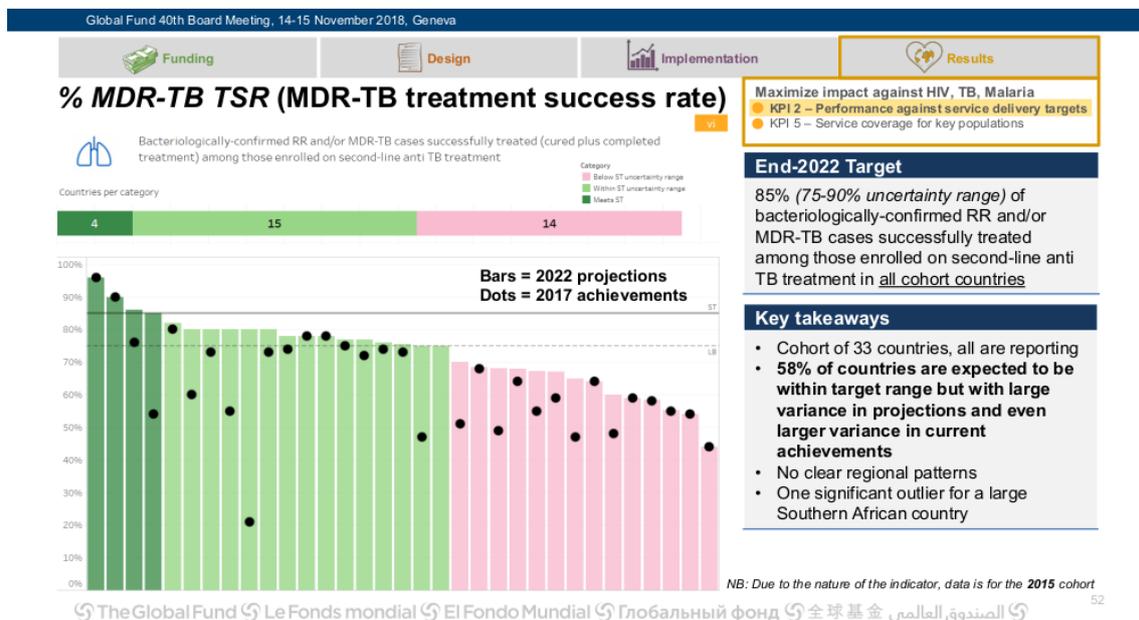
### Report on Issue

The performance reporting framework will now include both Key Performance Indicators (KPIs) and Strategy Implementation (SIP) reporting, which the Global Fund believes will provide greater oversight over a broader set of metrics, visibility into leading indicators of progress, follow-up on remedial actions and deeper contextual information and analysis.

The report breaks down Performance reporting into four categories: Funding, Program Design, Implementation and Impact/Results. There are detailed reports on each KPI and indicators under which category they fall under. Country results examples for each of the 3 diseases are also included with examples of both high and low Global Fund funding.

Two key KPI's are at risk of being off track:

- Risk for KPI for human rights re TB. You can see the slide below the projections for 2022 remain well below the strategic target (ST).



- Service coverage for Key Populations (out of 50 countries only 45% can report on Key Population service coverage). The slide below highlights some of the struggles of finding accurate data and commits the Global Fund to providing better data in Spring 2019



Global Fund 40th Board Meeting, 14-15 November 2018, Geneva

Funding

Design

Implementation

Results

## KPI 9b: Funding for Key Populations in HIV grants

- results to be shared in Spring 2019, as rigorous manual methodology needed to accurately illuminate KP investments

### KP baseline & target setting used heavily-manual approach

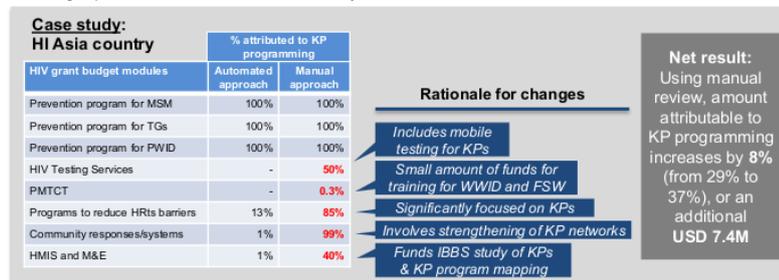
- **Original assessment of KP investment not for KPI purposes**, but for longer-term initiative to assess investment for KPs across specific intervention areas
- As a result, **methodology was rigorous, time-consuming and heavily-manual**, involving manual searches of detailed budgets, funding request supporting documents, etc.

### To maximize efficiency, automated method used for 2018 KPI reporting

- **Automated search of detailed budgets** (interventions, modules, activities) for KP-designated interventions and 100+ 'key words' in 3 different languages (including misspellings)
- On review, this approach **broadly understates KP investment** as reported in 2018 KPI reports
- **Why?** It excludes modules/interventions/activities without 'key words' but which funding request narrative & other documents identify as KP-related

### Revised approach to be used for Spring 2019

- Secretariat will use a **more rigorous approach to accurately capture KP investment** and is developing prioritized workplan & timeline



## Outcome of Board Deliberations

In the past there have been frustrations with KPI reporting. This report introduced a new format that the GF hopes will be useful.

Communities and Developed delegations both pointed to the crucial role of Community Responses/Systems – and how the KPIs show that we are off track. The Developing delegation highlighted that the early reports on outcomes are concerning and shared concerns regarding the quality of the data. The Developed Delegation flagged their concerns for KPI 2 – where a large number of countries are not expected to meet the targets and flagged the need for strategic action and shared their concerns about how country performance data is actually tracked by the Secretariat.

Lucica Ditiu from the Partners Delegation spoke optimistically about the uptake in TB on HR work, also thanks to the collaboration with the work of the CRG team. For more information on TB Key Populations, have a look [at our report](#).

## 2019 Corporate Work Plan and Operating Expenses Budget

### Background

Discuss financial matters and approval of the 2019 Corporate Work Plan and Operating Expenses Budget

The reports can be found here: [GF/B40/02 A&B](#)



## Report on Issue

The Global Fund Work Plan and Budget Narrative is a key component of the financial reporting, planning and control structure of the organization. The document sets out key priorities and provides an overview of operational budget alignment and planning.

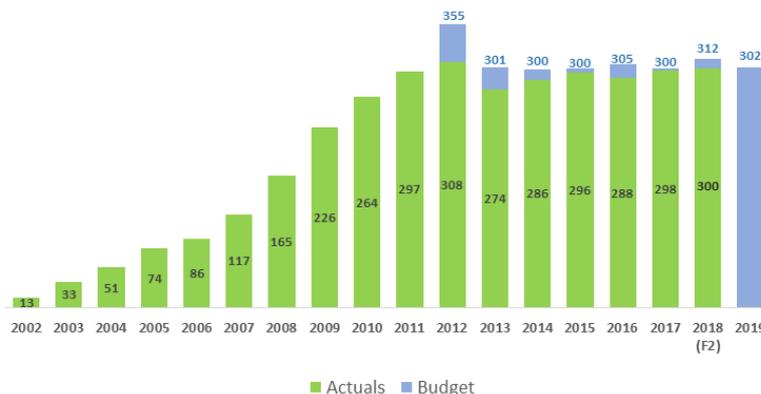
The work plan identifies 5 key priorities for 2019:

1. Supporting a successful sixth replenishment – continue the work to make the case for investment in the Global Fund; culminating in the October 2019 replenishment conference;
2. Driving impact from the current grant cycle – focus on optimizing investment decisions and improving fund absorption to maximize impact of supported programs;
3. Preparing for the next cycle of grants – ensure timely Board decisions and engagement with implementers and partners to increase the efficiency of program design;
4. Enhancing efficiency & effectiveness – focused on efforts at country, secretariat and governance levels, and with Sustainable Development Goal (SDG) 3 partners
5. Investing in people - ensure a highly motivated and performing workforce.

The major part of the organization’s operating expenses (OPEX) investments covers the Secretariat’s recurrent activities and these see a reduction from USD 292m in 2018 to USD 286.7m in 2019. This budget discipline has enabled an increase (from USD 8m to USD 15.7m) in investments across the five priorities in areas of work in need of development, or work to enhance performance above the costs of recurrent operations:

Priority	Above recurrent budget (USD m)
i. Supporting a successful sixth replenishment	2.5
ii. Driving impact from the current grant cycle	1.4
iii. Preparing for the next cycle of grants	1.4
iv. Enhancing efficiency & effectiveness:	
- Core IT business systems	4.9
- Capabilities & structures (incl. S&SC)	2.0
v. Investing in people	3.5

The 2019 budget maintains the Secretariat commitment to remain within the USD 900m operating expense budget envelope that was agreed for the 2017- 2019 5th Replenishment.





### Outcome of Board Deliberations

Many Board members expressed appreciation for the stable and efficient budget of the GF Secretariat. Quite a few delegations expressed the preference for having the CCM and TERG costs in OPEX and not in catalytic funding. Developed Country NGO's asked for more detail on how the US\$ 7 million investments in WAMBO are going to be used. The AF chair confirmed that the TERG and CCM funding will be reviewed as part of the AFC review of the allocation discussion.

The Board unanimously approved the 209 Plan and budget. Decision Point [GF/B40/DP03](#).

### Resource Mobilization

#### Background

Briefing and discussion on Resource Mobilization, including the costed Action Plan, and preparations for the 6th Replenishment

The reports can be found here: [GF/B40/17](#)

#### Report on Issue

The Resource mobilization document addresses the following issues:

- The overall strategy towards mobilizing resources.
- The progress made on resource mobilization since the Fifth Replenishment.
- The Global Fund priorities in the lead up to the 6th Replenishment Pledging Conference in 2019.
- The key risks and how are to manage them?

To achieve Sustainable Development Goal (SDG) 3, the framework for resource mobilization extends beyond the Global Fund's replenishment for 2020-22 to encompass catalyzing domestic resource mobilization and the deployment of other donor funds and private sector resources towards the Global Fund's mission.



*2: GF staff presenting Resource Mobilization Report*

Since the last Replenishment in September 2016, the Secretariat's resource mobilization efforts have focused on getting the promised contributions in, incorporating insights from the OIG's 2107 Advisory Report, and implementing the Action Plan for Ongoing Resource Mobilization (Board May 2017).

President Macron's announcement that France will host the Replenishment Conference in 2019, during its G7 presidency, and the announcement of India's hosting of the Preparatory Meeting are critical milestones in the preparations



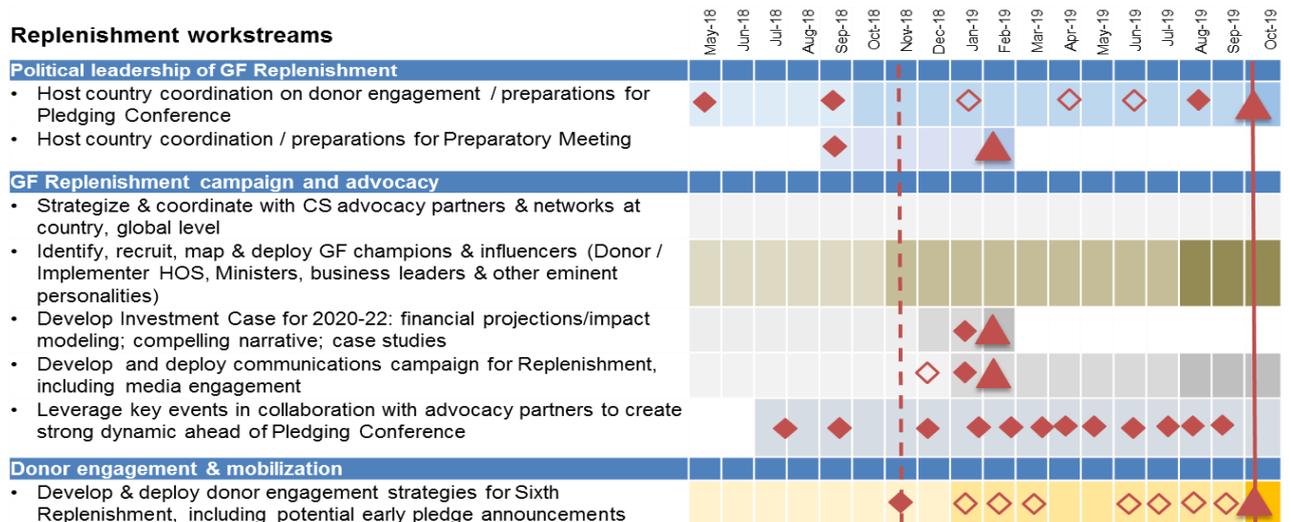
for the Replenishment. The primary focus for 2018-2019 is to maximize the success of the 6th Replenishment Pledging Conference, that will have to deliver the bulk of the funding for 2020-22. This includes:

- Executing a 6th Replenishment campaign anchored around the Replenishment Conference hosted by France in October 2019 and a Preparatory Meeting hosted by India in February 2019
- The development of a compelling narrative and Investment Case within the broader context of SDG3 and UHC
- Conducting a dynamic, creative and robust replenishment communications campaign that fits with key thematic priorities
- Strengthening outreach to new/returning public donors to ensure they have the materials and arguments needed to justify new and increased funding
- Expanding engagement with emerging economies, including implementing countries, to encourage their co-investment with and financing to the Global Fund
- Leveraging platforms for private sector engagement, including (RED) and others
- Demonstrating the catalytic effect on domestic resource mobilization through implementing country commitments and counterpart financing.

The Investment Case will be shared with some stakeholders in the weeks prior its launch at the Preparatory Meeting that will take place in India on 7-8 February 2019, along with the related campaign materials that the Board, civil society and other partners can adapt and amplify in the lead up to the Pledging Conference.

The Investment Case is led by the Global Fund in collaboration of technical partners - WHO, UNAIDS, Stop TB and Roll Back Malaria. The overall approach, tools and methods for the Investment Case were endorsed by these partners in May 2018. The 6th Replenishment Investment Case will be aligned with the SDGs and the Universal Health Coverage agenda, as well as the underlying disease global plans. The Investment Case takes into account a projection of domestic financing which is based on current country commitments and assumes an ambitious implementation of the Global Fund’s co-financing policy. The presentation highlighted some new elements that we have not seen before: resurgence in malaria, new TB burden estimates, resistance (drugs/nets) and new data on HIV infections.

Some key workstreams, events and timelines:





▲ Major milestone    ◆ Key deliverable due    ◇ Deliverable (tentative delivery date)

The Board document explicitly addressed the important role of (civil society) advocacy:

*“Our approach vis-à-vis our advocacy partners is often summarized as an ‘aligned not alike’ approach, .....*

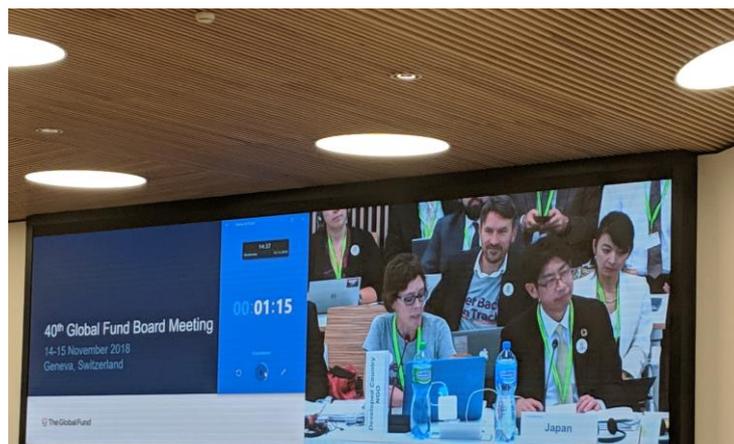
*At the International AIDS Conference in Amsterdam, GFAN launched its ‘Get Back on Track to End the Epidemics’ Report, calling for significant increase in international funding to meet the 2030 SDG targets of ending HIV, tuberculosis and malaria. The next cycle of strategy meetings of advocacy partners is planned in March 2019, facilitating the mobilization of advocacy partners around the Investment Case. ....*

*The aligned global strategies inform donor country advocacy work. In key donor markets, the support of advocacy partners such as the Friends Organizations and members of the GFAN network is critical in helping the Global Fund gain visibility and access to high-level decision makers. They support our efforts to sensitize key stakeholders and to raise public awareness by organizing events, launching communications and media campaigns and generally facilitating the Global Fund’s outreach.”*

### Board delegation responses and comments

All, the Board delegations expressed strong support after the Resource Mobilization and Replenishment update. The Developed country NGO Delegation did as well, but also raised the GFAN [Get Back on Track](#) report (as did the Communities Delegation) and raised the fact that we cannot wait because we are already off track. The Developed NGO delegation also explicitly mentioned the funding need of US\$16.8-18 billion that is presented in the Get Back on Track report.

For GFAN members this might be an important issue to understand and explore: what explains the lack of urgency and how can we best communicate and advocate to bring this back to our conversations and actions.



3 *Get Back on Track buttons and shirts were on display at the meeting.*

France, being the host of the pledging meeting in October 2019, reiterated (again) its commitment to and expressed being happy with the GFS preparations of the Replenishment. France will also chair the G7 in 2019 and stated that it will take the opportunity to put development issues at the center of the G7 agenda. They additionally stated that they will position the issue of “inequalities” as a global threat and therefore emphasize the need to work on environmental issues, education as well as health, in combination with the issue of gender. In this context France is also considering organizing a ministerial event alongside the upcoming World Health Summit in Geneva. Together with Japan they are coordinating follow-up at the G20 next year. France also mentioned that it has already increased its aid budget with 1 billion euros this year, partly to be invested in health.

Quite a few donor delegations (P7, Germany and the UK) really understood the message that we will see a bigger financial ask this time around, since we have no left-over funds from the former replenishment. No donor of course spoke about their own contribution, but many pointed to the importance of increased domestic investments and the need for the GF to make this part of the whole Replenishment



narrative. The EU suggested to have implementers speak to this at the two replenishment meetings. Others (UK) wanted to learn more about the level of funding that innovative finance could bring to the table.

Reflecting on the lessons learned from the former replenishment and the increased funding need, Canada asked what we will do differently this time? GF Secretariat in response pointed to the following:

- We will be clear about the need for more resources (incl. domestic resources) and we will have a different approach to domestic investments (no details were provided)
- Partnership with private sector: we now offer a platform for much broader engagement from the private sector (see the agenda item later during the Board meeting)
- Innovative finance: we understand much better than before what the opportunities are and will use them. Peter Sands established an internal Task Force on IF and domestic financing, to further develop the work on this.

Developing Country NGO's pointed to the strong results that the Global Fund is achieving, and the new Head of External Relations – Francoise Vanni – confirmed that being able to demonstrate results and impact is the most successful risk management tool of the Global Fund.

Germany - in so many words - made the size of their next contribution dependent on the GF's ability to demonstrate how it enhances Resilient and Sustainable Systems for Health (RSSH) and also pointed to the need for the Global Fund to develop adequate measures for supporting domestic resource mobilization.

At the end of the session Foundations made an interesting observation about the apparent need that some delegations express to position the GF better in the context of the SDGs, security, etc. They argued that the Global Fund is already playing a key role vis-à-vis these issues, and that it doesn't require much to communicate this as a core strength of the Fund.

Lucica Ditiu pointed out that the theme – It's time – for world TB day, March 24<sup>th</sup> 2019 should maybe rephrased into "It's time to get back on track."



#### Of Note / Interest for GFAN Members

Aligning ourselves with France in the preparation of the pledging meeting in Lyon seems a smart strategy for GFAN members. For this to work we need strong collaboration with our French colleagues, and good alignment with our Indian colleagues. Making GF Replenishment part of a much broader conversation about the threat of global inequalities, could be a helpful way of broadening our networks and strengthening our narrative.

In terms of the links made by Foundations and described above about the Global Fund already being integral to SDGs and security themes, it might be worthwhile for GFAN to develop some materials



describing the Fund unique role in global health and vis-à-vis the SDG's (the health SDG has linkages to 14 of the 17 SDG's).

At the end of the discussion the Board took a moment to recognize the efforts and work of ICSS director Peter van Rooijen, who has served the Board in many different capacities during his tenure. Peter is stepping down as Executive Director of ICSS and this was his last board meeting with an official role. Statements were made by the Communities Delegation and the Developed Countries Delegation and the Vice Chair of the Board. The Communities Delegation statement [can be watched here](#).

### Reviewing the Allocation Methodology for the 2020-2022 period

#### Background

Board discussion and interaction with Strategy Committee Leadership and the Secretariat on ongoing work and discussions to review the Allocation Methodology, ahead of a Board Decision in May 2019 on the Allocation Model and Catalytic Priorities for 2020-2022.

The report can be found here: [GF/B40/07](#)

#### Report on Issue

The Technical Evaluation Reference Group (TERG) and the Technical Review Panel (TRP) concluded that the "allocation methodology is effectively delivering on its objectives by increasing funds to countries of higher burden and lower economic capacity while accounting for populations disproportionately affected by the three diseases."

In 2017-2019, US\$10.3 billion was available for country allowances and adhering to the Board approved disease split. In addition, US\$800 million was made available for catalytic funding, and US\$800 million for balancing needs for countries needing to scale-up, or enter into a paced reduction.

The report recommends that for the 2020-2022 allocation the current disease split is maintained "to avoid creating critical programmatic gaps" and recommends an analysis be done for future allocations. The current disease split is HIV 50%, TB 18% and Malaria 32%.

Catalytic funding provides needed funding when country allocations are insufficient. Catalytic priorities for 2017 -2019 cycle were set too close to the beginning of the funding cycle, the recommendation is that these be set 6 months earlier (May 2019) so that programs and resources are not delayed or rushed.

#### Outcome of Board Deliberations

The Board will approve the allocation methodology and catalytic investment priorities for 2020-2022 at the board meeting in May 2019.

#### Of Note / Interest for GFAN Members

The three civil society delegations highlighted the importance of Catalytic funding and shared their concerns about any loss of this critical funding. The Developed Countries NGO Delegation highlighted the



importance of catalytic funding for finding TB cases and supporting human rights and called for an increase of available funding from \$800 million to \$1 billion dollars.

Communities highlighted that the Global Fund is about saving lives and this funding is critical to that, the scenarios proposed by the Global Fund are unacceptable and that the funding should remain at a minimum of \$800million. The Developing Countries NGO delegation pointed out that any changes to funding mechanisms should be based on lessons learned, but there is no information on what has been learned (for example, as mentioned earlier in this report regarding the lack of evidence related to KPI's related to key populations).

The Secretariat was clear in their response to concerns about catalytic funding. The GF wants to keep the allocations as high as possible, and if there is a reduced fund, catalytic funds would then become backfill for country allocations and not serve as their intended purpose of catalytic funding. They also reiterated to the board that the Secretariat is not opposed to catalytic funding.

There were also several delegations calling for a renewed look at the disease split. The committee recognized the need to do this but stressed there was not enough time due to the amount of analysis needed to do a proper reallocation. It was also suggested to the board that any changes of 3-5% would not result in significant changes on a country level.



4 Delegations around the table.

## Progress Report of the Inspector General

### Background

Board discussion of the mid-year progress report from the Inspector General and opportunity for interaction.

The report can be found here: [GF/B40/05](#)

### Report on Issue

The Office of the Inspector General reported to the Board that they are on track for both audits and investigations to reach their KPI of 80% by end of year. This year 17 investigations have closed, and eight reports published. The work plan for next year includes 19 audits, 12 investigation reports, and 4 advisory engagements.

Regarding investigations that the OIG undertook, over 50% of the allegations received and followed up on were related to fraudulent and abusive practices. And the “most significant impact in many investigation



*cases is the resulting improvements made in internal control processes, risk management activities or governance over grant funds.” There were “significant and hard-fought achievements which should be celebrated. However, supported programs have not been as successful in addressing some recurrent challenges in the quality of services provided. In the long run, these challenges constitute a risk to the Global Fund’s aim of sustaining the gains already achieved.”*

Highlighted in the report, was the need to find missing TB cases and managing transition from the Global Fund. On Transition, the report suggested that “the transition process is complex, presenting many challenges that are country-owned and to a significant degree, beyond the Secretariat’s control.”

#### Outcome of Board Deliberations

Board asked to approve inclusion of OIG’s 2019 operating expenses of the Budget of the GF. Decision Point GF/B40/DP03 - [Approved](#).

#### Of Note / Interest for GFAN Members

Some board members expressed frustration with the inability of the OIG to hold people to account. The OIG stressed that while it can recover funds, their investigations are not criminal investigations. Any legal action is up to the countries themselves, and that is not something that the OIG can dictate.

The OIG committed to an advisory review and to working with civil society to address human rights and human rights complaint management better. They highlighted the delicate balance between funding and ensuring money is spent appropriately. If they do not ensure money is spent as per the grants, there will be no money to spend.

The Communities delegation highlighted issues regarding program quality and key populations and made a pointed statement – when you lose money, you can recover it, but you cannot recover when you lose lives.

The Delegation from Canada shared their concerns regarding the high vacancy and turnover of staff at the OIG and how that has impacted the work of the OIG. The OIG pointed to recent hiring as well as plans to finish the hiring process in the upcoming weeks and indicated that the work of the OIG was not impacted as the existing staff increased their own workloads to ensure work was completed.

### Update from the Inspector General on the Audit of Transition Management Processes

#### Background

Discussion following conclusion of OIG audit on Transition Management Processes.

The report can be found here: [GF-OIG18-017](#)

#### Report on Issue

The OIG presented an Audit of the GF’s Transition Management Processes. OIG audits look at systems and processes, both at the Global Fund and in country, to identify the risks that could compromise the organization mission to end the three epidemics. Overall, the objective of an audit is to improve the



effectiveness of the Global Fund to ensure that it has the greatest impact using the funds with which it is entrusted.

The Global Fund Board approved the Sustainability, Transition and Co-financing (STC) policy in April 2016. In many ways, transition is not primarily a Global Fund process. Rather, it is first a country process supported by the Global Fund. Therefore, factors such as the political will, the level of commitment or the legal framework of countries, are key enablers of successful transition. While the Global Fund continues to play an advocacy role in most transitioning countries, the OIG report makes the case that these factors are country led and beyond the Secretariat's direct control.

As Global Fund investments gradually decrease and eventually end in-line with eligibility policies approved by the Board, the Global Fund's leverage also declines. Thus, successful transition requires focused engagement on the part of all stakeholders, including governments, the Global Fund Secretariat, the Board, partners, donors and civil society organizations.

Since the STC policy was approved, the Global Fund Secretariat has enhanced existing governance mechanisms and instituted new ones to support its implementation. The Secretariat has also tailored and enhanced key processes underlying transition including early planning. The OIG found however, that the need remains to leverage existing mechanisms to support countries post transition and improve Global Fund monitoring of transition grants. The design of governance mechanisms is rated as effective and key processes to operationalize the policy and support transition planning and preparedness are rated as partially effective.

The OIG identified as key achievements and good practices:

- Approval of the STC policy.
- Improved Secretariat oversight to support transition planning.
- Improved and tailored funding application and grant making processes to support transition.

Key issues and risks are:

- Identification of alternative mechanisms to support countries post transition (such as transition challenges related to access to quality-assured medicines)
- Improvement required in monitoring transition grants; there is a need to define a formal and systematic approach to monitor the performance of transition grants and to ensure that transition-related challenges are promptly identified, and mitigating actions put in place.

The report is actually worth reading for those who are interested in following the STC policy in practice. To illustrate some of the struggles in this effort, we copy here the paragraph on the "need for advocacy support" – page 13:

*"Need for advocacy support in transition countries: Countries with transitioning components are at different levels of maturity and have different needs. Some partners have supported countries such as Cuba and Costa Rica in identifying specific transition challenges and targeted requirements. Other countries are yet to fully identify their challenges and needs. However, across all countries, advocacy at the senior government level during and after transition remains a key need. This is crucial, in particular, to ensure that services to key affected populations are continued after transition. Most donors have already exited well ahead of the Global Fund's transition and, as a result, the donor landscape may be relatively narrow in many of these countries. In the absence of traditional funding through grants or other financial aid, there is an opportunity and a need for partners to leverage bilateral ties and diplomatic presence ties to support advocacy efforts and help the countries address several of the transition-related challenges identified above."*



## Outcome of Board Deliberations

The OIG made the point that the report was not about the outcomes of the STC implementation so far, simply because it is too early to review outcomes and because this would be more the work of the TERG. He also pointed out that many comments that he received were actually more linked to the eligibility instead of the STC policy – making the distinction is important.

Finally, he pointed out that the GF has a critical role to play in ensuring that transitions are successful. Some may have gotten the impression that the OIG has taken the position that the GF's responsibility is limited. He highlighted that although the GF Secretariat's role has limitations, there is an important role and opportunity in influencing that the right processes take place and actions are taken.

The Chair of the Strategy Committee spoke before the Board discussion started. He highlighted the TERG deep dive on STC and the review of the STC policy and will include the comments of the Board constituencies shared and will actively reach out to them for collecting questions and input.

The TERG review will be discussed by the SC in July 2019, followed by a presentation at the November Board. The TERG Market Shaping review will also be discussed before the November Board which allows for identifying and addressing cross cutting issues between both topics (for example in relation to Procurement challenges in the STC implementation).

Developed Country NGO's explained that they believe that Global Fund needs indicators to measure whether transitions are achieving sustainability in key areas where the Global Fund can have significant impact. There must be effective monitoring and evaluation of all transition activities throughout the "continuum", including for co-financing, to learn about how successfully they are being prepared, assessed, implemented and, crucially, the effect that they are having on disease outcomes. They closed by saying that the Delegation wants to register their concern with the long timeline which means a framework for monitoring and learning could only be available 3.5 years after the adoption of the STC policy. For more details please have review the delegation's [report here](#).

Germany and Japan provided strong support to these points and also called for enhanced M&E before, during and after transition with particular attention for challenges around procurement.

The OIG suggested that GF should consider where PPM or WAMBO could be made available, within the legal frameworks and GF's mandate to work via grants.

Mark Eddington, Head of Grant Management at the GF highlighted the need to bring the country ownership and especially the need for country leadership front and center to the discussions. There is maybe too much attention now focused on the role of the Secretariat. GFS is also concerned about procurement and therefore suggested a WAMBO pilot that is now happening. The experiences with the pilot will be brought back to the Board and will help in determining whether the use of WAMBO in these countries could be expanded.

Peter Sands assured the room that Secretariat is open to using this comprehensive process to consider adaptations in the STC policy or including additional KPI's that will help monitoring the STC implementation process. Because of this, he expressed reluctance to develop a separate M&E Framework.



The Developing Country NGO's Delegation asked for publication of the TRA's (Transition Readiness Assessments). Edington responded that this could create a moral hazard, because TRA's include very sensitive information on political willingness as well as GF considerations about funding. It was clear that this topic will require further discussion.

## Risk Management Report

### Background

Board discussion of the biannual Risk Management Report, and opportunity for interaction.

The report can be found here: [GF/B40/16](#)

### Report on Issue

Overall the Global Fund's risk profile remains stable and *"for some risks there is a downward direction of travel."* Some of the risks highlighted in the report were discussed in previous reports, as some of the *"greatest challenges"* are *"deep rooted and systemic, requiring multiple years of investment."*

Near-term risks highlighted in the report included future funding, insecticide resistance, and HIV prevention. Grant related risks included program quality, in-country supply chain, quality of health products, human rights and gender inequality. Other risks outlined were improving internal data management and safeguarding against harassment, sexual harassment and bullying at the Secretariat.

The direction of travel for most risks remain steady, with only drug and insecticide resistance increasing. Only integrated grant policies, and risk management internal controls have a decreasing trajectory of risk.

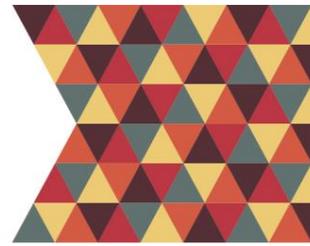
In 2018 over 200 grants signed, now the focus is on implementation and replenishment.

### Outcome of Board Deliberations

The Secretariat made it clear that balancing risk is at the heart of every decision they make and stressed that risks will materialize – as they are taking risks, so things can and will go wrong, however they strive to minimize those risks and continue to do the work of the Global Fund. For instance, in the area of data fraud, where there have been issues, the Secretariat feels it is making progress and building protections.

Board members shared their concerns about the recent funding issues in Zambia. The Secretariat is confident it will get recoup funds from Zambia, as they have a good record of paying, and have had assurances that they will receive the money owed within the timeline laid out.

Questions were also raised on the balancing of cost savings vs. new technology in particular how the new insecticide nets, while more expensive, cover more Malaria strains. The GF pointed out that the new nets are still at the trial stage, and they are targeting the new nets in key areas, while maintaining coverage using older nets. To use only new nets would reduce net coverage by 40%.



The World Health Organization (WHO) brought up concerns over access to quality affordable medicines. The Secretariat highlighted that for GF programs there is quality assurance and they are working towards building capacity for countries to buy their own.

## Private Sector Engagement

### Background

Present conclusions of the Secretariat's review of approach to private sector engagement, overview of updated internal Framework, and outcomes of EGC discussion.

Decision Point: Private Sector Engagement

The report can be found here: [GF/B40/03](#)

### Report on Issue

A new framework for private sector engagement was introduced at this board meeting. There was an attempt to align the framework with the World Health Organization's new private sector framework.

The goal of the framework was to support the "need to expand partnerships that are impactful and to collaborate with organizations that are aligned with the Global Fund's goals and principles as well as manage the risks of partnerships." The types of partnerships the GF hopes to engage in include: mobilizing funds, delivery innovation, financial innovation and advocacy and awareness.

The new framework aims to enhance transparency & facilitate communications, ensure stakeholders are consulted as appropriate and enable relationship managers to apply risk controls & monitoring.

The private sector partnerships have grown substantially at the Global Fund. There is a desire to develop shared value partnerships because it is critical that the Global Fund expand and increase its resources. This framework will give the Secretariat the ability to build these relationships. There are currently 20 private sector partnerships with the Global Fund.

### Outcome of Board Deliberations

Decision Point GF/B40/DP04 - [Approved](#).

Motion: Passed.

### Of Note / Interest for GFAN Members

Delegations around the table were generally supportive of the new private sector framework.

The Developed and Developing countries delegations were both very supportive of the Communities Delegations concerns regarding the exclusion of pornography as a potential private sector partner. All three delegations highlighted their concerns about the rights of sex workers and the message that restricting pornography sends and called for a decriminalization of sex work.



A request was made by the Developed Country delegation for communication in advance of new partnerships so that there is time to prepare campaign and answer questions once the partnerships are announced.

## Innovative Finance: A Structured Approach

### Background

Present the structural approach to Innovative Finance Mechanisms, following conclusions of the Secretariat's review.

The report can be found here: [GF/B40/18](#)

### Report on Issue

In 2017 the Board requested the Secretariat to develop a more structured and prioritized approach to innovative finance ("IF") and the document provided is a description of this approach. The document addresses the following questions:

1. What is the prioritized IF toolkit that the Global Fund will actively support in partnership with countries, communities, CCMs, and other IF partners?
2. What are the guiding principles upon which the approach is based, and what are the key risks related to implementation of specific instruments?
3. How does the Global Fund intend to manage implementation of the approach?
4. What are the next steps for implementation?

Here is a summary of the conclusions:

1. Given the changing financing landscape and existing financial and programmatic gaps, the Global Fund should leverage opportunities to use IF to increase funding flows for itself and other actors.
2. The IF approach and engagement in financial innovation will be guided by core GF principles and processes, implemented in an "impact first" manner where there is clear additionality to core grant mechanisms, and where it aligns with country demand.
3. With the goal of increased impact, the aim of the GF's IF approach is to define a toolkit of IF instruments that complement the GF core grant model and support country innovation.
4. To exploit the potential of IF, the GF needs to take both direct (funding) roles and indirect (non-funding) roles in supporting financial innovation by countries, partners, and other stakeholders.
5. The approval of IF transactions will happen through existing Secretariat grant processes.

The Board paper proposes a toolkit of IF mechanisms that have potential for high additionality (to the core grant model), and that are scalable and/or replicable. Within this toolkit the GF will continue to grow IF mechanisms currently in use (including philanthropic platforms, consumer donations and Debt2Health). It will prioritize additional IF efforts in high impact additionality areas using, as relevant:

- Blended finance: which GF Secretariat expects to play a significant role to mobilize and focus additional financing for health from IFIs/DFIs and others.
- Results and Outcome Based Financing: the GF, with its partners, will continue to explore the priorities for the use of Results Based financing (RBF) and Outcome Based financing, which they expect could incentivize performance and innovation in critical areas such as Malaria elimination, TB case finding and HIV in AGYW, as well as key population programming.

The document is clear about the fact that IF is not a panacea but suggests that IF could add significant value as part of the Global Fund's overall approach to supporting countries to fight the three diseases and



strengthen health systems. The Global Fund will focus on a relatively small number of transactions, where it sees high potential additionality and where these transactions are at scale or can be scaled or replicated.

### Outcome of Board Deliberations

There was broad support from the board for the presented approach. Communities expressed support for ambition as well as caution with regards to loan buy downs, given fiscal space considerations. The delegation also highlighted other potentially innovative financing approaches in which the GF could play a role such as risk pool building. Developed Country NGO's emphasized the need for including equity as a principle that could guide selection and developments of IF. At the end of the session Peter Sands mentioned the importance on further collaboration on the implementation on this approach with the World Bank.

### Audit and Finance Committee Priorities

#### Background

Presentation, discussion on the Audit and Finance Committee (AFC) priorities leading to May 2019 Board meeting.

The report can be found here: [GF/B40/10](#)

#### Report on Issue

The report shared with this agenda item was actually from the Coordinating Group (CG) that provides this report on a biannual basis and not from the AFC on its own. The CG plays a key role in ensuring that the work of the committees supports the priorities identified by the Board<sup>1</sup>.

The main areas of focus of the CG have been:

- increasing the effectiveness of the governing bodies;
- committee alignment with Board priorities;
- collaboration between the three committees.

The CG received updates around the Global Fund's actions in relation to Venezuela as well as initiatives around Domestic Financing for Health.

The CG reviewed and updated the current priority areas that are aligned with the upcoming priorities of the Board and include:

#### AFC

- 3 year allocation to OPEX in relation to allocation methodology for next cycle
- Implementation of Innovative Financing
  - Moving this work from development to action
- Embedding Risk Management into decision-making
- Resource mobilization plan for replenishment
- Domestic Financing Strategy



#### EGC

- Governance Action Plan
- Board Culture
- Committee selection processes
- Framework for private sector engagements

#### SC

- Allocation Methodology
- Main focus of SC work through May 2019
- Ensure measured approach to Board, providing information and clarity to
- enable an informed decision at Board meeting May 2019
- Schedule of thematic reviews by TERG
- Setting priority topics for TERG review
- Thematic reviews can lead to policy discussions/decisions, timings need to align with Global Fund activities
- Domestic Financing

### Ethics and Governance Committee Priorities

#### Background

Briefing on EGC priorities leading to May 2019 Board meeting, including: Committee selection processes, Governance Action Plan initiatives, including Board culture, and Ethics-related policy revisions

The report can be found here: [GF/B40/10](#)

#### Report on Issue

There were 15 consultations with constituencies. The Priorities that were determined for the upcoming period:

- Governance Action Plan
- Board Culture
- Committee Selection Process
- Framework for Private Sector Engagements



## Outcome of Board Deliberations

Board culture was described as how we define who we are and relate and communicate to each other. The review will look at how we do our work and how we can be more efficient and effective as a group. The committee selection process will be reviewed and the committee will look at process, as well as efficient and thoughtful decisions. One question that will be addressed is what happens if committee member can no longer do their work, what is the process for changes or replacements on that committee.

## Strategy Committee Priorities

### Background

SC priorities to May 2019 Board Meeting.

The report can be found here: [GF/B40/10](#)

### Report on Issue

Priorities for the upcoming period:

- Allocation Methodology
  - Main focus of SC work through May 2019
  - Ensure measured approach to Board, profiling information and clarity to enable an informed decision at Board meeting May 2019
- Schedule of thematic Reviews by TERG
  - Setting priority topics for TERG Review
  - Thematic reviews can lead to policy decisions/discussion, timings need to align with GF activities.
- Domestic Financing

The committee reported that they had an update on disease trends from partners and had deep dives on key populations. They also highlighted their work in approving funding for Venezuela.

### Of Note / Interest for GFAN Members

The committee want to bring voices of constituencies not on the committee. They are reaching out, one to one and bring ideas inside and be inclusive and will make sure reviews feed into the committee and board as needed.

## Launch of the Board Leadership Selection Process

### Background

There was no background paper nor a DP.

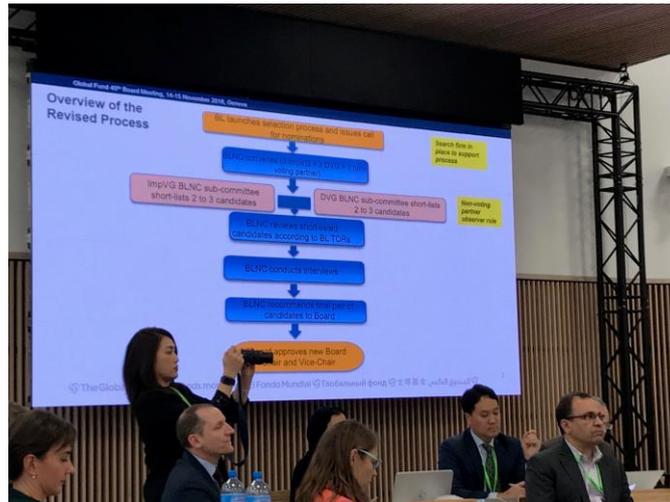
### Report on Issue

Presentation was given by EGC leadership on the nomination and selection process of the new Board leadership:

- EGC revised board leadership nomination committee (BLNC).



- A call was issued for members and EGC recommended members in October.
- This was adopted by the Board via an electronic voting process.
- Russell Reynolds Associates was selected as the search firm through a competitive process to support the process. The EGC now encourages the Board to consider nominations.
- EGC has developed the process and timelines (picture).



*5 Slide of the Overview of the Revised Process*

Process presented:

- Any constituencies can nominate candidates.
- Only voting constituencies can formally nominate a candidate. There is no limit per constituency.
- This time around: donors can nominate candidates for the chair position and implementers for the vice-chair position
- Process to be finalized before May
- An Electronic board vote will finalize this process before the 41<sup>st</sup>BM in May 2019

#### Outcome of Board Deliberations

After a short Q&A the Board Leadership process was launched.



Members of the CG are: the Board Chair and Vice Chair as well as the Chair and Vice-Chair of each of the standing committees. The composition of the CG changed following the 39th Board Meeting in May 2018. The current membership includes: Aida Kurtovic (Board Chair); John Simon (Board Vice-Chair); Beatrijs Stickers (Chair, AFC); Anthony Garnett (Vice-Chair, AFC); Sandra Thurman (Chair, EGC); Grace Rwakarema (Vice-Chair, EGC); Kieran Daly (Chair, SC); and Abdalla Osman (Vice-Chair, SC). The Head of the Office of Board Affairs, Carole Presern, serves as the Secretary of the CG.

