GFAN REPORT
GLOBAL FUND 48TH BOARD MEETING

The Global Fund's 48th Board meeting took place from the 15th to the 17th of November 2022; it was the first full in-person Board Meeting to take place since 2020. This report will share highlights from the meeting. Rather than trying to capture in full the detailed level of rich, complex, and nuanced discussions that took place and developed throughout the meetings, this summary represents the GFAN Secretariat's experience and interpretation of the meetings. It should not be considered an official or authorized accounting of events and positioning.

You can find some of the documents submitted to the Board by the Secretariat here (you need to click on the + sign under Board Meeting Documents to see the full list). The complete list of decision points has already been uploaded, as well as a participants' list, but at the time of writing no other document is available on the website.

A de-brief call from the Board Meeting was held with the Communities and 2 NGO Delegations on November 30th and you can access the recording and materials from that call here.

Acronyms:

C19RM  COVID-19 Response Mechanism
GAC    Grant Approval Committee
KPI    Key Performance Indicator
KVP    Key & Vulnerable Populations
MOPAN  Multilateral Organisation Performance Assessment Network
MIC    Middle Income Country
M&E    Monitoring and Evaluation
MLE    Monitoring Learning and Evaluation
OIG    Office of the Inspector General
PPPR   Pandemic Prevention, Preparedness and Response
RSSH   Resilient and Sustainable Systems for Health
TERG   Technical Evaluation Reference Group
TRP    Technical Review Panel

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RESOURCE MOBILIZATION AND THE 7TH REPLENISHMENT

The Board Meeting opened with an update provided by the Global Fund Secretariat on resource mobilization and the 7th Replenishment. The key message shared during the presentation was that even though the target of $18 billion had not been reached, a record amount had been raised for the fight against HIV, TB and Malaria – and that the amount raised in New York, $14.25 billion, had been further increased in the lead up to the Board Meeting by two major pledges, from the United Kingdom for £1 billion and from Italy €185 million, as well as pledges from India and Thailand. In total, the Secretariat calculated that $15.669 billion had been raised ahead of the Board Meeting; which was critical to updating documents the Board needed to discuss that were related to the Sources and Uses of Funds decision point (see later section in this report).

The Secretariat gave a thorough break down of contributions, between public and private donor and per regions. The team indicated that they would organize an in-depth lesson learned exercise with regard to the 7th Replenishment Campaign, some of which is already underway and would go through March 2023, and that the outcomes would be shared with the Board. In the meantime, they shared some early reflections on success factors and challenges (see Figure 1), stressing in particular the key leadership role played by the United States administration, as well as the support from the 5 co-hosts of the preparatory meeting. Key challenges, as had been shared in a number of spaces including GFAN Calls, were identified as the unprecedented political and economic context, the compressed timeline and the challenges of in-person engagement throughout the Pandemic.

![Figure 1. Early Reflection on Success Factors and Challenges](image-url)
The Secretariat updated the board on the ongoing effort to convert pledges made during the 6th Replenishment, indicating that all appeared on track in that regard, and highlighted that efforts for ongoing, continuous resource mobilization would be made to ensure that all US funding would be unlocked.

The delegations all highlighted their gratitude towards the United States administration for its leadership, the work of the Global Fund Secretariat teams, and the public and private donors. Many delegations noted that CSO networks and communities advocacy played a critical role to the many individual successful efforts to raise additional funds or maintain funds in these very challenging circumstances – particularly for a Replenishment where Global Fund staff could not travel and meet decision-makers in person for much of the campaign.

Concerns regarding how to increase the funding available for Tuberculosis were raised by several delegations, as well as the central importance of the role of the Global Fund in investing in RSSH, and the role of efficiencies and innovation considering the tight budgetary constraints. More thorough reporting of figures, accounting in particular for the matching considerations, and the share of funding that was restricted and unrestricted respectively, was asked from the Secretariat.

REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director of the Global Fund, Peter Sands, opened his remarks by stressing how much 2022 had – once again - been a horrible year for the communities served by the Partnership. While Covid-19 continues to cost lives and disrupt health services, conflicts flared up in Ukraine and other parts of the world, climate change stopped being a future thread and became evident in the present, crystallizing the deep links between health and climate for many. The challenges made resource mobilization even more difficult.

The ED stressed that the impact of the work is what matters most, but there should be some pride throughout the partnership in terms of the scale of resources generated because what has been accomplished is pretty good. He went on to thank all those who worked within their organizations and institutions – and made special note to appreciate the work of CSOs and communities – to make replenishment as successful as it was even though the road ahead will be a bit bumpier than we would have liked having raised less than the minimum target in the Investment Case.

He closed with comments about noting that the Global Fund has to be and remain a player in the global health architecture which is evolving and changing. There are already too many organizations that are underfunded for their mandate and instead of addressing that, we create more, new mechanisms. In his view, the Global Fund needs to engage in some of the "big picture" conversations that are taking place.

Many of the Board delegations started by thanking Peter for his leadership through this turbulent time and commending the Global Fund Secretariat team for their work during this past year, highlighting in particular the hard pivot because of COVID, the efforts on resource mobilization,
and the work on the new strategy. The Delegations spoke in length of the trade-offs that may be needed because of having raised fewer funds than targeted. Many emphasized the need to have more clarity about the way the Secretariat would prioritize funds secured after the Replenishment and the need for an in depth reflection on how the Global Fund could achieve more with less.

The challenges posed by the ongoing underfunding of the fight against tuberculosis, worsened by the shortfall of the replenishment, and the rising threat of insecticide resistance in Africa and the cost implications on the procurement of nets, were stressed by several delegations as worrying. The importance of maintaining investments in RSSH, human right and gender, pillars of all aspects of disease response, were also stressed. All of these themes were recurring throughout the meeting.

**PANDEMIC PREPAREDNESS AND RESPONSE: GLOBAL FUND ENGAGEMENT WITH THE PPPR FIF**

The Strategy Committee leadership shared in their opening remarks the overall approach taken by the committee to the question of engagement with the new financial intermediary fund: an important discussion, needing thoughtful reflections around the role of the Global Fund in pandemic preparedness and response, but also a concern not to jump too fast or too hard.

The Secretariat presentation to the Board opened with a summary of the work done by the Global Fund around pandemic preparedness since July. Under the steer of the Strategy Committee, pandemic preparedness was incorporated in the new grant cycle, with the scope and nature of the RSSH and Pandemic Preparedness investments depending on country demand and prioritization.

The Global Fund is in discussion with CEPI and GAVI, the two other implementing entities announced during the launch of the Pandemic fund (beside UN agencies and Development Banks). Whether the Pandemic Fund model will be compatible with the Global Fund’s remains to be seen, and a first step would be authorization from the Audit and Finance committee to receive funds from the Pandemic Fund.

During the discussion, the delegations stressed the importance of ensuring that any additional funding does not come at the cost of significant additional effort, threatening the quality of proposals, especially if the overall amounts are small. Concerns were also expressed on the importance of coordination across mechanisms, to ensure that investments were truly additive.

Some delegations went further and stressed that considering the function of the type of investment prioritized by the Pandemic Fund, the comparative advantage of the Global Fund might be limited (in particular regarding One Health), and priority should be given to coordination to ensure complementarity. Others stressed the importance of Global Fund engagement, at least in the short-term, to help shape the Pandemic Fund and ensure it would be inclusive, consultative and responsive to country’s priorities.
The Secretariat welcomed the comments, confirmed that the Secretariat would maintain its engagement while being mindful of the trade-offs and focusing on areas where it could provide value-added and ensure coordination. The presenter noted that “we fight the unknowns by investing in the known, fix the health issues of today to build resilience for the future.”

THEMATIC DISCUSSION – COMMUNITIES

The Board has requested that there be more thematic “deep dives” within their deliberations. This discussion opened with a presentation by the Community, Rights and Gender Strategic Initiative on the approach taken to community engagement in the new strategy, and the plans to ensure that Communities are put in the center. The Secretariat opened their presentations with a series of relevant definition (see Figure 2 & 3).

<table>
<thead>
<tr>
<th>Definitions</th>
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<tbody>
<tr>
<td>Communities</td>
</tr>
<tr>
<td>Within the Global Fund context, communities are people living with and/or most affected by HIV, TB and malaria. This includes key and vulnerable populations.</td>
</tr>
<tr>
<td>Meaningful community engagement</td>
</tr>
<tr>
<td>Meaningful community engagement is where the role of communities is consistently and continuously acknowledged in decision making and processes, and where communities' unique expertise, perspectives and lived experiences are sought and valued.</td>
</tr>
<tr>
<td>Key populations in the context of HIV and TB</td>
</tr>
<tr>
<td>Key populations in the context of HIV and TB are people who experience increased exposure or risk to and high epidemiological impact from one of the diseases, combined with decreased access to services. This includes criminalized or otherwise marginalized populations.</td>
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<tr>
<td>Malaria at-risk and underserved populations</td>
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<tr>
<td>People that are at considerably higher risk of contracting malaria and developing severe disease as well as people with low immunity moving to areas with intense malaria transmission.</td>
</tr>
<tr>
<td>Vulnerable populations</td>
</tr>
<tr>
<td>Groups who do not meet the criteria of the definitions above, but still face heightened risk and reduced access to HIV, TB and/or malaria services.</td>
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Figure 2. Community Engagement - Definitions in the Global Fund Context

The presenters detailed some of the mechanisms in place in the new strategy to achieve this objective, specifically the Community Engagement Minimum Expectations, improvements to the functioning of CCMs, the Community Engagement Strategic Initiative (CE-SI), the strengthening of coordination with community stakeholders and the Community Engagement KPIs.

The Secretariat presentation stressed the importance to do more to engage TB survivors, young people, and migrants with regard to malaria, and the hope that through demonstrable enhancements in community engagement and leadership across the grant life cycle, measurable progress will be achieved in the next three years.

The presenters went on to discuss community-led and community-based responses, share a set of definitions in the context of the Global Fund's work, and identify the Secretariat's ambition on the basis of the new strategy. Key to achieving the vision of the new strategy will be to provide support to community leadership to achieve greater resilience, ensure access to higher levels of funding, in particular for KVP-led organizations. In their view, this will allow for more effective and routine used of community-led monitoring (CLM) data and opportunities to feed back into the next steps.
of implementation. Key identified barriers include financing, measurement limitation, inadequate Technical Assistance and lack of integration across the Secretariat. The funding issue, considering the outcome of the Replenishment, will be especially challenging in the next three years.

| Community-led organizations (CLO) | Self-determining and autonomous organizations whose governance, leadership, staff, spokespeople, membership, and volunteers represent the experiences, perspectives, and voices of their constituencies, who have transparent accountability mechanisms to their constituencies, and who are not influenced by government, commercial, or donor agendas. |
| Community-based organizations (CBO) | Organizations that have arisen within a community in response to needs or challenges and are locally organized by community members. |
| Key and vulnerable population-led organizations (TB) | Organizations where most of the governance, leadership, staff, spokespeople, membership, and volunteers, reflect the experiences, perspectives and voices of their constituencies and are led by people disproportionately - currently or previously living with - affected by TB. |
| Key and vulnerable population-led organizations (HIV) | Organization where most of the governance, leadership, staff, spokespeople, membership, and volunteers, reflect the experiences, perspectives and voices of their constituencies and are led by people living with HIV, female, male and transgender sex workers, gay men and other men who have sex with men, people who use drugs, and transgender people. |
| Community Health Workers | Community health workers (CHWs) are health and care workers who live in (and ideally are from) the community and population they serve. CHWs provide a broad range of services and typically have less formal training than professional nurses and doctors. The Global Fund recognizes CHWs of all types as workers, including peers and outreach workers. |

Figure 3. Community Systems & Responses - Definitions in the Global Fund Context

On community engagement, the Secretariat focused in particular on Minimum Expectations (see Figure 4), a new mechanism aimed at ensuring that community engagement remains above certain threshold throughout the grant cycle, by setting clear guidelines. An annex to the Funding Requests detailing community engagement during its development will be required of all applicants; and timely access to relevant information to community and civil society representatives on the CCM is ensured during grant making and grant implementation. The hope is that if the minimum can be achieved across the board, it will be a solid foundation to move forward.

The new Minimum Expectations for community engagement (CE) at three stages across the grant life cycle respond to multiple assessments which have shown that CE across the full grant life cycle remains variable with weaknesses more pronounced during grant making & implementation oversight. The three expectations are:

1. **Funding Request and Allocation Letter**: A transparent and inclusive consultation process with populations most impacted by HTM (across gender and age) during FR development resulting in an Annex of Funding Priorities of Civil Society and Communities Most Affected by HTM as an output

2. **Grant Making**: Community and civil society representatives on the CCM have timely access to information on status of grant negotiations and changes to the grant to support their involvement in oversight

3. **Grant Implementation**: Community and civil society representatives on the CCM have timely access to information on program implementation

Figure 4. Community Engagement Minimum Expectations

The presenters made a series of observations regarding the contributions of community health worker (CHW) programs. Though visible and effective, they need to improve and we need in particular to shift away from piecemeal implementation, and move towards medium/long term
planning with investments across systems components – which requires support spanning several funding cycles. Large scale investment will reduce fragmentation, improve readiness and allow for the scaling up of programs to ensure institutionalization and sustainability into NFM6.

In the discussion following the presentation, Delegations welcomed the work of the Secretariat on the issue. A number of specific points were raised, including:

- The importance of Minimum Expectations to address country dynamics contributing to the exclusion of communities from key decision spaces, in particular Key and Vulnerable Populations.
- The risk of over-reliance on a successful mechanism – CE-SI – and the importance of formalizing community in the Management Executive Committee.
- The importance for CHWs to be recognized as formal workforce.

THEMATIC DISCUSSION – GENDER

The Secretariat opened its presentation by highlighting the need for change, without which ending the three diseases would be impossible. Gender-based inequalities limit choices and heighten inequalities, and broad negative effects on health. Success will require gender transformative approaches across the Global Fund Portfolio.

The goals that the Secretariat has set for itself to achieve in three years:

- Gender equality becomes a key consideration in the design, delivery and evaluation of all Global-Fund supported programs, not only in standalone initiatives
- Sex and gender-disaggregated data is routinely used for programme design, delivery, adaptation and evaluation
- Clear roles, responsibilities and accountability within the Secretariat and across the whole Global Fund Partnership

The presenters offered some reminder on basic definitions (see Figure 5), their applicability/understanding in the Global Fund context, and discussed the routes through which the objectives of the new strategy on gender would be achieved, in particular the broader use of the Gender Equality marker (GEM), see Figure 6, a dual track approach based on reports from the Technical Evaluation Reference Group (TERG), the Technical review Panel (TRP) and MOPAN recommendations that will promote in parallel the integration of gender across portfolio and specific interventions in critical areas.
The presentation concluded with a series of questions from the team to the Board:

- How can we better incentivize grants that tackle longer-term, complex issues such as gender equality?
- Are we willing to accept fewer quantitative results in the short-term to focus resources on longer-term but more transformative issues such as gender equality in the context of health?
- Do we need to rethink and redefine what success looks like to us as a Partnership, including how we hold ourselves to account and demonstrate accountability to donors?
- How can we better articulate roles and responsibilities across the Partnership, and hold partners to account for their role delivering on gender equality?
- How do we most effectively engage our partners and governments to make gender equality a top priority?
- What practical steps can we take to mobilize the whole Partnership to deliver our commitments on gender equality?

During the discussion the delegations thanked the Secretariat for being willing to ask tough questions. Several welcomed the use of GEM, and stressed in particular its usefulness to identify un-targeted areas (the ‘zeros’) in the framework. The definitions provided by the Secretariat around gender were noted, and more work with community members was encouraged so that more would be considered to ensure that nothing is left to assumptions. The need for disaggregated data was also noted by some delegations to be far from a new idea, and that is was past time to move to implementation. Finally, it was stressed that the mandate of the CE-SI team was crucial, through better staffing and better integration and a larger role within the Secretariat.
The Office of the Inspector General presented their Progress Report for January-September 2022. They focused on two areas where management progress was deemed slow: the prevention of Sexual Exploitation and Abuse (SEA) and in-country supply chain use. Both had been targeted by Agreed Managerial Actions (AMA), but progress on both has been slow. On SEA, Secretariat level actions have yet to lead to meaningful changes on in-country programs, and risks remain high – the OIG team stressed that doing nothing, for all identified problems, meant that the risks levels were deemed acceptable. On supply chain management, the report highlights that in several implementation countries extensive stockouts were caused by supply chain issues and limited availability of data on these in-country supply chains led to further delays in identifying and addressing the issues.

The discussions followed up on the report's key findings, in particular the high risk identified for SEA. In its response to the discussion, the Secretariat highlighted some of the challenges associated with the reduction of the risk of SEA, and specifically the balancing act of ensuring that PRs and SRs did not simply stop implementing necessary high-risk activities, but instead took steps to mitigate risks. On supply chains, they acknowledged the risks of stock-outs and the harm associated, and noted that in some cases the issues had less to do with supply and more with demand – that successful programs would at times have higher than expected consumption rates.
EXTENSION OF COVID-19 RESPONSE MECHANISM (C19RM)

The Board was presented with a decision point proposing to extend the period during which C19RM funds could be invested to December 2025, and to allow for up to 4.5% (from 3% originally) of these funds be used for the management of the extension.

The Strategy Committee jointly with the Audit and Finance Committee presented the decision point, explaining it came after a discussion with constituency and countries where it was highlighted that 1.5 years, the current period for C19RM, was too short for meaningful investment in health systems strengthening and more complicated investments in pandemic preparedness, and that many countries have avoided including such requests in their original submissions to focus instead on the immediate needs of COVID-19 response. The investment of the remaining C19RM funds, the committees leadership stressed, had to take place in collaboration with other entities including in particular the African CDC and national pandemic response bodies.

The Secretariat took the floor after the committees to present their proposal and reminded the board that C19RM was designed to encompass 3 areas: the Covid-19 Response, mitigating the impact of the pandemic on HIV/AIDS, TB and malaria programs, and improving health and community systems. As time went on and the need for support in the COVID-19 response lessened, a shift in priorities towards building pandemic preparedness took place and the Secretariat launched new guidelines for countries and a portfolio optimization exercise, taken on by 49 countries. It was clear that the need for investment in RSSH is increasing, with over 50% of unfunded quality requests falling under that category. The presenters highlighted however that if system strengthening is integral to impact, it also takes time, needs to be well prioritized and coordinated to avoid overlap or spreading money too thinly.

The shift towards using C19RM funds for RSSH will also present administrative and management challenges, in particular with regard to CCM engagement. The CCMs will need additional funding to support new C19RM requests, for effective engagement in the process and to ensure alignment between C19RM investment and the funding requests for NFM4 – the two need to remain clearly separate, including in reporting, but they can be complementary and countries will be encouraged to plan holistically to avoid overlap. Under the proposed plan, countries would have until June 2023 to present new proposals.

During the discussion, a number of delegations expressed concerns that the deadline for submission, June 2023, would give limited time for countries to prepare quality proposals, and present a challenge for the TRP and the CCMs in terms of workload – a number of precisions regarding why the TRP could not provide full review of proposals were also requested, and more work to provide data on how the funds were spent, and in particular the share going to community and civil society organizations.

Delegations also wondered what steps had been taken to ensure readiness in case of COVID-19 resurgence, and a new variant.
The Secretariat invited the TRP leadership to address the board on the issue of TRP involvement, and they shared the importance of TRP oversight, but stressed that the model as it was presented to the board was satisfactory, as the investment did require the Secretariat to be able to be nimble. The Secretariat suggests that the TRP be integrated with the COVID-19 Advisory Group (CTAG) to have access to the applications.

The Board then voted and the Decision Point was passed.

SOURCES AND USE OF FUNDS

The Audit and Finance Committee (AFC) and the Strategy Committee (SC) leadership opened their presentation by thanking the Secretariat for its hard work and managing to get the Global Fund to a record number in New York further increased since, to reach $15.7 billion (see Figure 7). The AFC shared its initial concern with the sharing of scenario without final numbers, but its confidence at the time of the Board meeting as additional pledges were secured that week. The SC brought attention to the Catalytic Fund number in particular, which was increased significantly compared to the initial scenario thanks to securing the Italy and U.K. pledges.

The Secretariat opened its presentation on an acknowledgement of the unprecedented nature of the 7th Replenishment, in a context of overlapping crises. The Secretariat shared that it considered in that regard the outcome of $15.7 billion to be acceptable. The record fundraising will allow for a 3.3% increase in country allocation, $400 million to go to catalytic funds and additional funds for OPEX.

On the question of foreign exchange variation, the Secretariat shared that the relative appreciation of USD against other currencies was a double edged sword: it may mean higher purchasing power
in-country with the funds on hand, but lowered the overall amount raised. For scale, the presenter estimated that had change rates remained at their 2019 levels, an additional $900 million would have been raised.

In discussing the 5% “over-allocation” adjustment, a tool to facilitate absorption but not representing funds that the partnership has available; the Secretariat reiterated their commitment never to disperse funds that they do not have nor will they borrow to fund grants.

The Secretariat then discussed the impact that missing the $18 billion target would have on the implementation of the new Global Fund strategy (see Figure 8) and disease allocation (see Figure 9), keeping in mind that the same factors that made the replenishment campaign difficult would also be pressures faced by implementing countries mobilizing domestic resources to meet co-pay requirements and increase overall investments. The funds will not increase enough to compensate for an increased funding gap; according to the Secretariat, existing funds will have to have more impact. To fully achieve the strategy objective, additional funds will be necessary, whether through carry-over, engagement with donor set-asides, a Pandemic Fund application or further resource mobilization ahead of the next replenishment.

The Secretariat team noted that during the last cycle, for every dollar pledged the partnership used to receive 94 cents as Source of Funds, whereas in the 7th Replenishment the amount has dropped to 87 cents. That is a significant difference, and we could see it as a decline or as a big opportunity to do what is right for the money not flowing through the Global Fund eco-system, to maximize impact and efficiencies.

**Urgent actions and decisions will help deliver the Strategy within current resource constraints**

<table>
<thead>
<tr>
<th>Increase Total Funds</th>
<th>Increase the Impact of Future Funding</th>
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</thead>
<tbody>
<tr>
<td>✓ Approve use of 6th replenishment positive ALM balance for carryover into the 7th (Board decision)</td>
<td>✓ Reprioritize funding and efforts across OPEX, CIs, allocations and C19RM holistically to maximize impact of available funding</td>
</tr>
<tr>
<td>✓ Engagement on donor set-asides to address critical needs (Sec/SC/Board)</td>
<td>✓ Extend C19RM to continue support for RSSH/PPR (Board decision)</td>
</tr>
<tr>
<td>✓ Continue consideration of applying for FIF funding for PPR objectives (Sec/SC/Board)</td>
<td>✓ Reallocate and increase CI funding to leverage funds while preserving allocation levels (Board decision)</td>
</tr>
<tr>
<td>✓ Continue resource mobilization (Secretariat)</td>
<td>✓ Ensure adequate resourcing within OPEX to drive key strategic priorities (Board decision)</td>
</tr>
<tr>
<td>✓ Continue domestic and innovative financing efforts (Secretariat)</td>
<td>✓ At least sustain 6th replenishment sources of funds for country allocations (result of Board decisions)</td>
</tr>
</tbody>
</table>

The Partnership Model is essential to our collective efforts

Push for significant efforts (i.e., through CCMs) to support design of prioritized country funding requests to maximize impact toward the Strategy’s objectives (all)

**Figure 8. Delivering the Strategy despite limited funds**
Some of the other decisions made to maximize impact include multi-country HIV grants to optimize Private Sector matches and increase the reserve in the Emergency Fund by $20 million. The additional funding going to catalytic investment in the final scenario vs the original one will go a long way to bring change on issues that require less funding but a lot more work.

![Figure 9. Impact on Allocations](image)

In the discussion, a number of delegations expressed parallel concerns regarding TB and malaria:

- In Malaria, the spread of new vectors in eastern Africa is presenting a new and worrying threat that will specifically require investment in more expensive Long Lasting Insecticidal Nets (LLINs) and broader changes in Malaria programs that will necessitate investments to match.
- In Tuberculosis, the funding gap has been compounding for a long time, and because of the new disease split formula, increase in funding is a lot more limited than hoped. The Board had been assured that Catalytic Investment would make up for some of the difference, but the way the current envelope is being split, that promise will not be kept. Meanwhile risks levels have remained elevated across TB portfolios, and the Board needs to have an open conversation on how to address the chronic risk of TB underfunding.

Delegations also stressed the importance of the allocation letters to provide clear guidance and ensure that community-based and community-led programs are included at the center of country Funding Requests.

The Board was presented with a decision point on the final breakdown of pledged funds:

- $13.128 billion as source of funds for country allocation
- $400 million for Catalytic Investment

The Decision point was passed.
2023 WORK PLAN AND OPERATING EXPENSES BUDGET

The Secretariat, on the basis of the Audit and Finance Committee recommendation, requested an increase in OPEX of $30 million, for a total of $1.025 billion over the next three years, and a 2023 budget of $340 million, including $272 for the Secretariat and $68 million for in-country and independent bodies. These increases were requested in view of the increases in the amounts managed by the Secretariat, the need to invest to strengthen Secretariat capacity, in particular with regard to transparency, community, rights and gender work, CCM and in country strengthening.

In the discussion, delegations shared their appreciation of the work of the Secretariat of the need to maintain and increase capacity, and expressed appreciation for the clear plans with regard to the allocation of the requested additional OPEX funding, and the fact that additional funds were going to where they appeared the be most needed.

The Decision point was passed.

GOVERNANCE BRIEFING: UPDATE ON THE BOARD LEADERSHIP SELECTION PROCESS

The Board was briefed on the Board Leadership selection process. Candidates will need to be nominated by voting constituencies, which can each nominate as many people as they want. The selection process itself will be done by the newly established Board Leadership Nomination Committee (BLNC), who will recommend a final pair of candidates for approval to the Board. The deadline for nominations will be January 10th, and the appointment is scheduled for April 2023 at the latest.

The presenters highlighted that confidentiality was key throughout the process; that nominations should not be divulged at any stage, and that constituencies should refrain from discussing candidates nominated or considered.

RISK MANAGEMENT

The Secretariat presented their Semi-Annual Risk management Report. Highlights from the report included key thematic risks, in particular:

- Disease Program Quality for HIV, TB and Malaria: residual risk and appetite are matching but high for HIV and Malaria, which residual risk is Very High for TB though decreasing in Q-2 2022. Across the three diseases, the impact of the pandemic explains elevated risk
levels, especially with regard to TB, but risks levels are on track to decrease and meet June 2024 targets.
- In-Country Supply Chain: Also disrupted by COVID-19 since 2020, but on path to recovery and to reach June 2024 targets, despite additional volatility caused by fuel prices, impacting in particular last-mile delivery costs.
- Procurement: risks are high and not on track to meet December 2022 targets; fuel prices volatility and its impact on freight cost are the key factor to explain procurement challenges.
- Grant-Related Fraud and Fiduciary: Risk is high and increasing, not on track to reach December 2022 targets. Inflation, the food and energy crisis are creating both increased opportunities and incentives for frauds, and the need for increased flexibility during COVID-19 has weakened oversight.

Other highlight thematic risks in the report include:
- Domestic Health Financing, as the Secretariat finds a continuous impact of pandemic-induced financial stress on implementing countries worsened by the later shock of the invasion of Ukraine. The impact on global growth will be significant and felt across government budgets, including health. This, in particular, will threaten co-financing mechanisms, especially if made in EUR or USD, as high inflation in implementation countries is likely to depress their currencies.
- Sexual Exploitation, Abuse Harassment (SEAH) and Misconduct. The Secretariat finds high risk and growing, as service disruption caused by COVID-19 have limited personnel available for oversight and protection of vulnerable populations.

The presenters stressed that the Board had recommended a revision to the partnership’s risk appetite in the light of a volatile environment during COVID-19, when the risk of inaction was great and flexibility was essential. As a new phase of the pandemic has started, the objective of the Secretariat is to now bring these risks down; but a challenging environment, with the war in Ukraine and its repercussions, means that objectives will almost certainly not be met in that regard.

During the discussion constituencies congratulated the Secretariat for bringing down risk in TB programs, though regretted the elevated level, and shared their concerns regarding increases in fraud and SEAH risks.

M&E FRAMEWORK INCLUDING KPIS AND MULTI-YEAR EVALUATION CALENDAR

The Audit and Finance Committee and the Strategy Committee leadership shared the outcome of the Monitoring and Evaluation (M&E) and Key Performance Indicator (KPI) functions (see Figure 10) – with the M&E framework setting variables at the strategic level and KPIs ensuring tracking and complemented by evaluations. Operationalizing past Board decision points, the Global Fund also recruited a new Monitoring, Learning and Evaluation (MLE) officer, and a new independent evaluation panel, marking a new era for evaluation of Global Fund programs.
The Secretariat welcomed the outcome of the consultation process and the new framework, and stressed that it was now ready for implementation.

**The new Evaluation Function and Multi-Year Evaluation Calendar for the 2023-2028 Strategy**

Leveraging the 2022 Measurement Consultations process to set an adaptable Multi-Year Evaluation Calendar at onset of Strategy period in order to:

1. Maximize the use of evaluation resources on areas of high strategic value to the Board and Secretariat
2. Under oversight of IEP ensure effective planning to promote timeliness and utility of independent evaluations
3. Enhance effective coordination with other M&E components, OIG and partners to boost learning
4. Reduce the number of ad hoc evaluations requests that are not well-aligned with the Strategy

Figure 10. The New Evaluation Function

During the discussion, delegations welcomed the long and participatory process, and shared their appreciation to see their inputs reflected in the final product. They described M&E as absolutely essential to the impact of the Global Fund and the success of its mission. In the challenges ahead, they pointed out the importance of a good understanding of the framework and KPIs at the country level, from CCMs to country teams and implementers, and for the discussions around sustainability to start before the end of the cycle.

The Framework was put to a vote, and the decision point passed.

**NEXT GEN MARKET SHAPING**

The Secretariat shared an update on its market shaping approach, aiming to leverage the scale of the Global Fund to ensure “equitable access to quality-assured health products”. The approach, integrated as one of the mutually reinforcing objectives of the new strategy, hinges in particular on the timely introduction of innovation at scale, in close partnership with Unitaid, strengthen local manufacturing and promote sustainable local procurement (see Figure 11).

In support of these objectives, the Global Fund will continue its investment in its pooled procurement mechanism, wambo.org, including a pilot allowed for non-Global Fund-financed
procurement to be made through wambo.org as to improve country access and further reduce costs.

Figure 11. Market Shaping - Overview of 2021 Achievements

The Board was presented with a decision point regarding the continuation of non-Global Fund-financed procurement channels, with no change in eligible buyers (government and NGO in Global Fund eligible and transitioned countries), no cap on the value of transactions and no expansion of the product catalogue to Non-Communicable Diseases (NCDs).

The decision point was passed.