



Independent observer
of the Global Fund

Global Fund Observer

NEWSLETTER

Issue 300: 18 November 2016

GFO is an independent newsletter about the Global Fund.

[GFO Live >>](#)

[Aidspan Website >>](#)

[Contact GFO >>](#)

CONTENTS OF THIS ISSUE:

1. [NEWS: Main decisions made at Board meeting](#)

BY DAVID GARMAISE

This article provides a summary of the main decisions made by the Global Fund Board at its meeting on 16-17 November 2016 in Montreux, Switzerland.

2. [NEWS: \\$10.3 billion is available for the 2017-2019 allocations to countries](#)

BY DAVID GARMAISE

Although \$12.9 billion was raised at the 5th Replenishment, the amount available for allocations to countries in 2017-2019 will be just \$10.3 billion because of a series of adjustments that had to be made to the initial amount, such as Global Fund operating costs and currency modifications. One of the adjustments actually increased the amount available for the allocations: the addition of \$1.1 billion in forecasted unutilized funds from the 2014-2016 allocations. The Developed Country NGO delegation issued a statement outlining some concerns and advancing some recommendations.

3. [NEWS: Executive Director of Global Fund highlights efforts at maximizing efforts to increase impact in the fight against TB and MDR-TB](#)

BY LARSON MOTH

In his Report by the Executive Director of the Global Fund, Mark Dybul states there has been progress made on the challenges and opportunities that lie ahead in the fight to end HIV, tuberculosis and malaria as epidemics. His report highlights major developments, trends and topics discussed at the Global Fund Board Meeting in Montreux, Switzerland (Nov16-17), with this article presenting the refocused and renewed approaches the Global Fund is taking towards accelerating the fight against TB and MDR-TB.

4. [NEWS: KPI results for 2014-2016 show mostly strong results](#)

BY MARY LLOYD

The Board has been told that the Global Fund is on track to meet 10 of the 14 key performance indicators due for reporting this year, and that among those it is showing strong progress on achieving its strategic goals of saving lives and averting infections. The Fund is unlikely to meet its targets for measuring the quality and coverage of its services, and is still unable to effectively measure its health system strengthening activities.

5. [NEWS: Catalytic investments: \\$800 million for matching funds, multi-country approaches, and strategic initiatives](#)

BY GEMMA OBERTH

The Global Fund Board has approved \$800 million in catalytic investments: \$244 million for matching funds, \$272 million for multi-country approaches, and \$184 million for strategic initiatives. Matching funds will replace former incentive funding requests, making these investments more strategic. Funding for multi-country approaches and strategic initiatives will increase by more than 50% compared to the 2014-2016 period.

6. [NEWS: Operating budget and workplan for 2017 approved](#)

BY LARSON MOTH

The Fund's 2017 work plan and budget was presented at the 2016 Global Fund Board Meeting in Montreux, Switzerland. This article outlines the two new components that have been added to the Global Fund's planning structures, the core and strategic objectives of the Fund in 2017, and the budget it will utilize to achieve them.

7. [NEWS: Process launched for recruitment of next E.D.](#)

BY DAVID GARMAISE

The Board has formally launched the process to replace Dr Mark Dybul as Executive Director when his term expires on 31 May 2017. Dr Dybul has indicated that he does not wish to be considered for a second term.

8. [NEWS: New criteria adopted for the review of funding requests by the TRP](#)

BY DAVID GARMAISE

Revised terms of reference for the Technical Review Panel, adopted by the Strategy Committee, include a new set of criteria for reviewing funding requests. In addition, 117 experts were added to the TRP reserve pool as a result of a recruitment drive.

9. [NEWS: OIG highlights successes and challenges in meeting its operational objectives in 2016](#)

BY LARSON MOTH

Collaboration between government implementers and partners has improved in Pakistan, Tanzania, Nigeria, and Sudan. This is one of the observations in the Office of the Inspector General's Progress Report presented to the Board at its meeting this week in Montreux, Switzerland.

10. [NEWS: Africa constituencies call for the strengthening and better coordination and capacity building of CCMs](#)

BY NATHAN MAGUME

Two constituencies representing countries in West, Central, East and Southern Africa met over two days, from 31 October to 1 November 2016 in Kigali, Rwanda to prepare for the 36th Global Fund Board meeting. They discussed emerging issues concerning absorption capacity and current functioning of the CCMs.

ARTICLES:

1. NEWS: Main decisions made at Board meeting

David Garmaise

18 November 2016

On 16-17 November 2016, the Global Fund Board held its 36th meeting in Montreux, Switzerland. GFO was present, with observer status. The main decisions made at the meeting, in chronological order, were as follows. (*For precise wording of what the Board agreed, see the decision points document that is available at www.theglobalfund.org/en/board/meetings/36. Background documentation will also, in time, be posted by the Global Fund at the same location.*)

Resource Mobilization. The Board requested that the Secretariat, under the oversight of the Audit and Finance Committee, develop an ambitious plan for attracting additional resources. The Board said that the plan, which may include providing additional pledging opportunities for donors, should maintain visibility of both unfunded quality demand and progress in achieving impact. The Board asked that the plan be shared with the Board at its 37th meeting, and be subsequently reported on by the AFC to the Board on a regular basis. [See Decision Point 03.]

Comprehensive Funding Policy. The Board approved an amended and restated Comprehensive Funding Policy. Further details are provided in a separate [article](#) in this issue. [See Decision Point 04.]

2017-2019 Allocations. The Board decided that the amount of sources of funds for allocation for the 2017-2019 allocation period is \$11.1 billion, of which \$10.0 billion is derived from the 5th Replenishment and \$1.1 billion represents forecasted unutilized funds from the 2014-2016 allocations period. Of the \$11.1 billion, \$800 million is reserved for catalytic investments, leaving \$10.3 billion available for country allocations. Finally, the Board said that of the \$10.3 billion, \$800 million will be used to ensure scale up, impact and paced reductions. Further details are provided in a separate [article](#) in this issue. [See Decision Point 05.]

Catalytic investments. The Board approved \$800 million for catalytic investments. Further details are provided in a separate [article](#) in this issue. [See Decision Point 06.]

Selection of next Executive Director. The Board approved revised terms of reference for the E.D. position as well as the voting procedure for the selection of the next E.D. Further details are provided in a separate [article](#) in this issue. [See Decision Point 07.]

Work plan and budget. The Board approved a corporate work plan and budget narrative. The Board also approved a 2017 operating expenses budget in the amount of \$300.0 million, which included \$17.1 million for the expenses of the Office of the Inspector General. Further details are provided in a separate [article](#) in this issue. [See Decision Point 08.]

Key Performance Indicators. Board member discussed proposed performance targets recommended by the Audit and Finance Committee and the Strategy Committee for 2017-2022 but did not adopt them. Instead, the Board requested that: (a) Board constituencies submit statements, questions, concerns, or suggested revisions regarding the performance targets, including how country-level information or estimates will be considered, to the Secretariat by 30 November 2016; (b) that the Secretariat provide a response by 9 December 2016; (c) that the chairs and vice-chairs of the Audit and Finance Committee (AFC) and the Strategy Committee (SC) determine the performance targets to be addressed by each committee; and (d) and the chairs and vice-chairs of the AFC and the SC establish a joint-committee advisory group to work with the Secretariat to present by 9 December 2016 revised performance targets for the Strategic KPI Framework – based on country-level estimates where relevant and available – to the AFC and SC for recommendation to the Board by the first week of March 2017.

Further, the Board decided that the Advisory Group will: (a) be comprised of four individuals identified by the implementer constituency and four individuals identified by the donor constituency and two representatives of the technical partners, in consultation with the Chairs and Vice-Chairs of the AFC and SC, to work with the Secretariat to present revised performance targets for the Strategic KPI Framework; (b) consult with the Technical Review Panel and the Technical Evaluation Reference Group; (c) consider statements, questions, concerns, or suggested revisions by Board constituencies, as well as responses provided by the Secretariat, to advise the Secretariat on presenting the AFC and SC with revised performance targets for the Strategic KPI Framework; and (d) be dissolved upon the Board’s approval of performance targets for the Strategic KPI Framework. [See Decision Point 09.]

Next meeting. The Board welcomed the invitation of the Government of Rwanda to host the Global Fund’s 37th Board meeting on 3-4 May 2017. [See Decision Point 10.]

[TOP](#)

2. NEWS: \$10.3 billion is available for the 2017-2019 allocations to countries

Includes \$1.1 billion in unutilized funds from the 2014-2016 allocations

David Garmaise

18 November 2016

The amount of money available for country allocations for 2017-2019 is \$10.3 billion. This amount includes \$1.1 billion in unutilized funds from the 2014-2016 allocation period. See the table for details on how the final amount was calculated.

Table: Calculation of amount available for allocations to countries in 2017-2019 (\$US)

Item	Balance
5 th replenishment results as announced 2016-09-17 (\$12.9 billion)	\$12.9 b
<i>Minus</i> adjustment of \$0.89 billion to reflect spot rates as at 2016-09-22	\$12.02 b
<i>Minus</i> adjustment of \$1.12 billion for technical assistance and other donor conditions	\$10.9 b
<i>Minus</i> Global Fund operating costs of \$0.9 billion	\$10.0 b
<i>Plus</i> \$1.1 billion in forecasted unutilized funds from 2014-2016 allocation	\$11.1 b
<i>Minus</i> \$0.8 billion set aside for Catalytic Investments	\$10.3 b
Amount available for allocations to countries	\$10.3 b

When the Global Fund announced that the Fifth Replenishment had generated US\$12.9 billion, it used a five-year simple moving average (SMA) to convert pledges made in local currencies into U.S. dollars. However, for the purposes of determining how much money is available for the allocations, which are made at the end of 2016, foreign exchange spot rates were used. This explains the downwards adjustment of \$0.89 billion.

The downwards adjustment of \$1.12 billion for technical assistance and other donor conditions is broken down as follows:

- \$0.35 billion to account for certain donors withholding portions of their announced pledge amounts to finance technical assistance in countries where Global Fund grant program are implemented;
- \$0.16 billion to account for Debt-to-Health pledges or other permitted earmarked pledges that cannot be considered for allocation purposes given the restricted, targeted nature of such pledges; and
- \$0.61 billion to account for other donor-specified conditions, including any matching pledge amounts from certain donors, up to any predetermined amounts or according to any pre-announced ratios or performance conditions, as well as risk provisions based on historical and anticipated pledge performance across donors.

Bottom line: Only \$9.2 billion of the \$12.9 billion raised for the 5th Replenishment will go towards allocations to countries. (This figure is arrived by deducting the \$1.1 billion in forecasted unutilized funds from 2014-2016 allocation from the \$10.3 billion total in the above table.) This may surprise and even disappoint many people, but the Global Fund was simply following the same process used for the 2014-2016 allocations.

The inclusion of unutilized funds from the 2014-2016 means that the allocations for 2017-2019 will once again consist of a mix of new funding (from the 5th Replenishment) and existing funding (from the 2014-2016 allocations).

The Global Fund decided that no money from the \$1.1 billion in unutilized funds from the 2014-2016 allocations would be used to finance initiatives on the Unfunded Quality Demand (UQD) register. The rationale for this decision is as follows: Many initiatives initially registered as UQD have now been financed through grant-making efficiencies and optimization efforts have partially or fully addressed other 2017 funding priorities. Initially, the Secretariat recommended using funds from the 2017-2019 allocation to finance \$36 million of the remaining registered UQD. However, of the \$700 million validated by the Finance and Operating Performance Committee in March 2016 as available for portfolio optimization, nearly \$40 million remains available after covering all 2017 priorities with respect to shortened grants and early applicants. So that \$40 million more than covers the \$36 million required for the UQD initiatives.

Comprehensive Funding Policy

The Board made some changes to the Comprehensive Funding Policy, most of them of the housekeeping variety. Some changes were required to reflect the allocation methodology adopted by the Board in April 2016.

The revised policy includes a description of the methodology for portfolio optimization, including clarification that during an allocation period, new funding may become available due to additional pledges and contributions; unutilized funds from a grant from a previous allocation period; and forecasted unutilized funds from grants in the current allocation period.

Other changes included clarifying how the announced replenishment results are derived, and updating the methodology for determining how much money is available for allocations to countries.

The revised policy clarifies that the proposed methodology for a given allocation period is decided by Secretariat but approved by the Audit and Finance Committee prior to its application.

Civil society concerns

The Developed Country NGO Delegation issued a statement on 13 November which raised some concerns and advanced some recommendations to the Board.

The delegation said that the decision to use the spot rate for currency conversions rather than the SMA rate meant that the U.S. pledge was effectively \$3.86 billion rather than the maximum \$4.33 billion. (According to U.S. law, the country can only contribute 33% of total contributions.) “Access to the full \$4.33 billion will rely on the Global Fund raising additional funds to reach the target of \$13 billion by September 2017,” the delegation said.

The delegation said that the \$13 billion replenishment target was estimated as the minimum amount needed to keep the fight against the diseases “at the right side of the tipping point.” However, the delegation added, UNAIDS, the Stop TB Partnership, and Roll Back Malaria estimate that even with a \$13 billion Global Fund contribution, and even after accounting for contributions from other external funders and domestic investments, “there is a gap of \$20 billion between available resources and global need.”

The delegation said that using the amount of money available for allocations to country, it has done some calculations concerning the funding countries and regions can expect to receive. Its calculations reveal three trends that it labels “problematic”:

1. Most countries face a level of support that is flat-lined compared to previous allocations.
2. The region of sub-Saharan Africa is also expected to receive a flat-lined allocation.
3. Dramatic funding reductions are expected in three regions: Eastern Europe and Central Asia; Latin America and the Caribbean; and the Middle East and North Africa.

However, there is one important caveat: The delegation’s calculations could not take into account the qualitative and other adjustments that the Global Fund will perform after it runs the income level/disease burden model to determine initial allocations to countries. These adjustments can have a considerable impact on what some countries receive.

The delegation recommended that the Secretariat develop an ambitious strategy to mobilize additional resources for the 2017-2019 replenishment cycle. The delegation said that a concrete action plan should be presented to the 27th Board meeting, and that a mid-term replenishment meeting should be organized for 2018 and should include a pledging session.

Regarding the Comprehensive Funding Policy, the delegation criticized the requirement in the current policy that all grants approved in a given replenishment period be funded by money available in that period. It said that the Fund should “explore flexibilities” to ensure that funds raised in one replenishment period are spent in that period. “A substantial part (if not all) of the funding of grants that are mainly implemented in a subsequent replenishment term” – i.e. period – “could be funded from resources mobilized in that new replenishment term,” the delegation said.

The information for this article came from two Board papers – Document GF-B36-02 Comprehensive Funding Policy; and Document GF-B36-03 2017-2019 Allocation: Sources and Use of Funding. Both documents should be available shortly at www.theglobalfund.org/en/board/meetings/36.

Additional information came from a statement released by the Developed Country NGO Delegation, a copy of which is on the NGO delegation’s website: <http://globalfund-developedngo.org/>.

[TOP](#)

3. NEWS: Executive Director of Global Fund highlights efforts at maximizing efforts to increase impact in the fight against TB and MDR-TB

Larson Moth

10 November 2016

One of the major themes in the Executive Director’s Report is that multi-drug resistant TB is creating a real threat to global health security and now is the time for a rapid and urgent

response on TB. The disease has become a public health crisis as more people die from drug-resistant TB than any other antimicrobial resistant agent. The Report of the Executive Director to the Global Fund Board meeting in Montreux on 16-17 stated that if the global community is going to tackle antimicrobial resistance and global health security, it must tackle drug resistant TB. Aidspace recently published an article on ways in which the Fund could improve efforts in the fight against TB [here](#).

Figures from the WHO show that TB is now the leading cause of death from an infectious agent, killing 5000 people a day. Investment in the fight against TB fall far short of the targets set in the Global Plan to End TB 2016-2020, the End TB Strategy milestones and the 2030 SDG target of ending TB.

TB often results from the inadequate care of people with drug-susceptible TB, resulting in the development of drug resistance, as well as ongoing person-to-person transmission. TB infection therefore becomes a vicious circle of transmission due to the fact that so many missed cases of drug-resistant TB occur. MDR TB is simply a symptom of not investing enough resources to prevent, find and treat people from a curable disease fast enough to make the necessary progress.

According to the report, among Global Fund eligible countries, India, Indonesia, Nigeria and Ukraine have the largest number of estimated cases of MDR-TB. The Eastern European region has been highly affected by MDR-TB. In fact, the region has some of the highest rates of drug-resistant TB in the world. In Belarus, for example, about half of individuals diagnosed with TB have the drug resistant form.

Tactics and tools

In order to more effectively fight TB and MDR TB, the Executive Director's report presents some strategies the Fund intends to employ such as:

- Aggressively support the introduction of new drugs and novel, shorter regimens for treatment of the disease in over 35 countries.
- Provide special funding to address MDR-TB among migrant workers across borders with a focus on Syrian refugees.
- Support more cost-effective ambulatory treatment of MDR-TB cases in Eastern Europe and Central Asia, TB among mining communities in southern Africa region, and strengthening laboratory networks in east and southern Africa.

In the report the Fund identifies the need to use scientific advances to defeat tuberculosis in its ordinary and resistant forms:

- **New drugs:** Bedaquiline and Delamanid—the development of Bedaquiline and Delamanid show great potential.

- **New regimens:** The WHO recently endorsed a shorter treatment regimen for MDR-TB cases, including pediatric patients. This shorter treatment regimen is cheaper and has better treatment outcomes.
- **Lab tools:** GeneXpert technology has significantly influenced the way the disease is diagnosed among drug resistant cases of tuberculosis and the Fund is investing heavily in expansion of this technology.
- **Expand testing for resistance to second line medications.** This is important in helping identify patients with drug resistant TB who are eligible for short treatment regimens so they can be put on quicker and more efficient treatment, saving more lives and resources.

Increased Funding

The report states that the amount of MDR-TB funding facilitated by the Fund is growing, and has more than tripled over the last 6 years through reprogramming of existing grants. However, funding has fallen far short and more is needed. According to the Global Tuberculosis Report 2016, US\$6.6 billion was available for TB care and prevention in low and middle-income countries in 2015, of which 84 percent was from domestic sources.

National TB programs in low-income countries continue to rely on international support for almost 90% of financing. Investments in low and middle-income countries are almost *US\$2 billion short* of the US\$8.3 billion needed in 2016 for the basic response package and far below the Global Plan’s budget to accelerate the response to end TB. It is critical for the Global Fund to support countries in order to strategically address their epidemics before transitioning out of the countries.

Focus on partnerships

The Fund is the minority investor in some high burden TB countries but has an opportunity to partner with them in different ways. The greatest burden of disease, in part due to population size, is in areas with more limited investment – 50% of the TB burden is in Brazil, Russia, India China and South Africa. In light of this, the Fund should consider innovative approaches to partnerships with these countries in order to play an even greater and more effective role in driving greater domestic investments and impact.

In its report, the Fund reiterates it must continue to invest strongly in community health systems in order to address issues of patients lost by inadequate health systems. Progress against the disease has been far too slow and calls for radical expansion. TB and MDR-TB will be key priorities for the Fund’s catalytic investments (for more on catalytic investments see the article on it{LINK}in this issue) over the 2017 – 2019 allocation period. TB remains one of the best ‘value for money’ interventions in global development. Every dollar spent on TB results in an economic benefit of US\$43. TB treatment coverage is a proxy measure of Universal Health Coverage.

The Executive Director’s report states it is critically important to find the 4.3 million people with TB who remain “missing” – undetected and untreated or not reported to national

programs - every year. These missing people with TB constitute a major global health challenge and an important reason for the slow decline in TB incidence. Partners continue to work to find the missing people using innovative tools and approaches such as Stop TB Partnership's TB REACH initiative.

Reaching these missing people is a key priority for the Fund and its technical partners and has guided the investment priorities identified for catalytic funding, including:

- Systematic screening for active TB/Active case finding
- Engaging private sector health care providers to improve notification and treatment
- Accelerating investments to address TB-HIV co-infections
- Active case-finding among high-risk and under-served groups
- Strengthening country and regional capacity in DR-TB care delivery
- Building resilient and sustainable systems for health, essential for an effective and efficient response to drug-resistant TB

The Fund, through this report, has recognized and identified these important areas in which it needs to refocus and renew its approaches and accelerate its fight against TB and MDR-TB. The Fund's response to TB and MDR-TB requires urgent and coordinated action and the ED's report is the first step in that ongoing process.

The Executive Director's Report Board Document GF-B36-10, should be available shortly at www.theglobalfund.org/en/board/meetings/36.

[TOP](#)

4. NEWS: KPI results for 2014-2016 show mostly strong results

Four targets are at risk of not being met, but 10 indicators delivered positive results

Mary Lloyd

08 November 2016

The Global Fund is on track to not just meet, but surpassed its target for the number of infections it averted between 2012 and 2016, according to the mid-year KPI results presented to the Board this week. This is one of 10 areas in which the organisation's targets are on track, but four of the performance measures are below expectation or are at risk of not being met.

The Fund's goal for the time it takes to disburse funds will not be met, and neither will its aims for the number of human rights complaints identified and resolved by the Secretariat. The number of HIV positive women receiving anti-retrovirals (ARTs) is unlikely to be as high as the Fund wanted, nor will the number of HIV-positive TB patients given ARTs during TB treatment. There is still not enough data available for the organisation to know whether it has met the performance indicator it set to measure Health System Strengthening.

Among the targets that have been achieved, one that stands out is KPI 1, which measures the number of lives saved and infections averted. The target for 2012 -2016 is to save ten million lives. The results show that from 2012 to 2015 the Fund saved 8.5 million lives, which is well on track to meeting this target. The target for new infections averted for the same period is 140 million. To date, 146 million new infections have been averted.

A decline in malaria infections is driving this strong result. The target assumed that the 3% rate of decline seen from 2006 to 2010 would continue, but instead a 4% rate of decline was noted from 2011 to 2015.

The Fund also performed well against the KPI measuring value for money. The organisation had hoped to reduce spending on certain commodities by 7% this year by making use of its purchasing power. The mid-year result shows that spending is down 12.5% saving the Fund \$64 million. That will bring this KPI back on track after last year's underperformance.

Here's a closer look at the KPIs that are unlikely to be met by the end of the year.

KPI 2 - Quality and coverage of service

This measure gauges how well the organisation is performing in seven service areas. The targets for two of them look unlikely to be met by the end of the year.

The Fund had set a target of getting anti retrovirals to 90% of HIV positive pregnant women to reduce mother-to-child HIV transmission. The 2015 results show that 76% of relevant mother received treatment in 2015, and that projecting this forward to the end of this year will not hit the target. The Board has been told three countries account for one third of the burden in this area and they face clear challenges achieving their targets.

Another area with disappointing results is the percentage of HIV-positive TB patients given anti-retroviral treatment during TB treatment. The aim was to achieve 90% coverage, but the final 2015 figures show just 80%, which projected forward to the end of this year would be 84%.

One country is said to be responsible for this result. The Fund says there retention rates dropped from 77% to 73% percent, which is the result of incomplete reporting. The Fund and PEPFAR are working to improve the data system there.

KPI 5 Health System Strengthening

The target for this measure is at risk of not being met for 2016. It is based on a score that rates service ability and readiness. The aim was to see at least a 5 percentage point improvement in 60% of countries surveyed, but so far data is only available for two countries and they show a 4% and 6% improvement.

Further results from seven countries are expected this year, but just two of these will provide the repeat scores needed to calculate this KPI.

To address this deficiency and provide better data, the Global Fund is providing consultants to support Health Facility Assessments, the first of which was conducted in August. Twelve others are expected to start this year so that better results are available by the middle of next year.

KPI 7 Access to Funding

The Fund has been aware since late last year that it was likely to miss this KPI and has already revised down the target from the original one presented to the Board in November 2015. The intention of this indicator is to measure the organization's progress towards reaching its 2012-2016 strategic goal of evolving its funding model so that it provides predictable funding opportunities.

The target was for 75% of grants submitted in 2015-2016 to take 10 months from submission of the concept note to receipt of the first disbursement. That was originally set at 8 months. So far just 56% of grants have taken 10 months or less.

To fix this, the Fund is looking to refine its application and review process, and provide some portfolios access to the "program continuation process" Project AIM, which is intended to streamline grant management processes is also expected to improve the Fund's results in this area.

KPI 12 Human Rights Protection

The Global Fund is seeking to have all human rights complaints made against programs it supports identified through risk management tools, and resolved through Secretariat

procedures. The target for this KPI is year-on-year improvement, but for the past two years there have been no qualifying complaints.

Of the 87 allegations received by the Office of the Inspector General, only 7 related to human rights, and none of those met the requirements for a full investigation.

To better understand why complaints have not been received, the OIG will this year assess the mechanisms used to monitor human rights violations. The Secretariat will also commission an independent evaluation of the procedures.

Information in this article comes from the Board paper GF/B36/25 presented at the 36th meeting of the Global Fund Board on 16-17 November 2016 in Montreux, Switzerland. All Board documents will be made public on the Global Fund's [website](#).

[TOP](#)

5. NEWS: Catalytic investments: \$800 million for matching funds, multi-country approaches, and strategic initiatives

There will be a lot more funding for strategic initiatives and multi-country programs

Gemma Oberth

7 November 2016

The Global Fund Board has approved \$800 million to be set aside for catalytic investments over the 2017-2019 grant cycle. These investments are intended to catalyze country allocations to ensure they deliver results against the aims of [2017-2022 Global Fund Strategy](#).

The 2017-2019 allocation methodology provided for “up to” \$800 million to be spent on catalytic investments, meaning it could be less, depending on available funds. Following the [success of the Fifth Replenishment](#) in Montreal in September, where nearly \$13 billion was pledged, the Global Fund’s Strategy Committee recommended to the Board that the full \$800 million be made available for catalytic investments.

Catalytic investments will have three distinct modalities: (1) matching funds, (2) multi-country approaches and (3) strategic initiatives.

- **Matching funds** are intended to incentivize the programming of allocations towards key strategic priorities, including for key and vulnerable populations, human rights, data strengthening, among others. Matching funds will be awarded at the time of funding request review.
- **Multi-country approaches** will target a limited number of key, strategic multi-country priorities deemed critical to meet the aims of the Global Fund’s 2017-2022 Strategy. These approaches will include those which are unable to be addressed through country allocations alone.

- **Strategic initiatives** will provide limited funding for centrally managed approaches that cannot be addressed through country allocations due to their cross-cutting nature, or because they do not align neatly with grant cycles. These initiatives are deemed critical to ensure country allocations deliver against the Global Fund’s 2017-2022 Strategy.

The specific catalytic investment priorities, by modality, are presented in the Table below:

Table: Catalytic investments for the 2017-2019 allocation period

Modalities and Investment Priorities	Amount to be invested over 2017-2019
Matching Funds	\$356 million (44.5% of catalytic funds)
HIV - Key Populations Impact	\$50 million
HIV - Human Rights	\$45 million
HIV - Adolescent Girls and Young Women	\$55 million
Incentivising Programming of Allocations to find missing TB Cases	\$115 million
Catalyzing Market Entry of New Long Lasting Insecticide Treated Nets (LLINs)	\$33 million
Integration of Service Delivery and Health Workforce Improvements	\$18 million
Data systems, data generation and use for programmatic action and quality improvement	\$40 million
Multi-country Approaches	\$272 million (34% of catalytic funds)
HIV Key Populations Sustainability and Continuity	\$50 million
TB Multi-country Responses	\$65 million
Malaria Elimination: Southern Africa	\$20 million
Malaria Elimination: Mesoamerica	\$6 million
Malaria in the Greater Mekong Sub-region	\$119 million
Procurement and supply chain management - Developing Local Resources	\$12 million
Strategic Initiatives	\$172 million (21.5% of catalytic funds)
Addressing Specific Barriers to Finding Missing TB cases, Especially in Key Populations and Vulnerable Groups	\$7 million
Development of Community and Innovative Approaches to Accelerate Case Finding	\$3 million
Malaria Elimination: Cross-cutting Support in 21 Low Burden Countries	\$7 million
Catalyzing Market Entry of New Long Lasting Insecticide Treated Nets (LLINs)	\$2 million
Piloting Introduction of the RTS,S Malaria Vaccine	\$15 million
Sustainability, Transition and Efficiency	\$15 million
Technical Support, South-to-South Collaboration, Peer Review and Learning	\$14 million
Data systems, data generation and use for programmatic action and quality improvement	\$10 million
Procurement and supply chain management - Diagnosis and Planning	\$20 million
Procurement and supply chain management - Innovation Challenge Fund	\$10 million
Pre-qualification of Medicines and in vitro diagnostics (IVDs)	\$12 million
Community, rights and gender (CRG)	\$15 million

TERG Prospective Evaluations	\$22 million
Emergency Fund	\$20 million
TOTAL	\$800 million

These catalytic investment priorities represent several significant differences from the last grant cycle in 2014-2016. Most notably, incentive funding is no longer part of the Global Fund’s grant-making architecture. Instead, matching funds will stimulate investment within country grants that are evidence-based, high-impact and which perform against the objectives in the Global Fund’s new Strategy.

There is broad consensus that incentive funding was not achieving its desired effect – to stimulate ambitious and innovative approaches in the concept notes. In its [consolidated report](#) on concept notes submitted during the 2014-2016 grant period, the Global Fund’s Technical Review Panel noted that incentive funding in its current form has not fulfilled its purpose of stimulating ambitious programs and innovative approaches in the concept notes. Instead, countries would often include essential services or core programming in their incentive funding requests rather than within allocation, while others who were eligible to apply for incentive funding did not request any at all. With matching funds, the Global Fund will be able to focus additional investments on innovative and impactful programming at country level with better precision. It is important to note that the funding level for this modality is significantly less than it was previously. In the 2014-2016 grant cycle there was \$950 million set aside for incentive funding, whereas matching funds have been allocated about a third of this amount (\$356 million).

For multi-country approaches, there are several important changes. First, there is no longer a distinction between regional grants (a grant with a value-add from taking a regional approach) and multi-country grants (one that brings together several small island economies and/or other small countries that would typically not apply individually due to inherent administrative inefficiencies); now, they are all called multi-country approaches. There is also far more money in the multi-country approaches pot. In the 2014-2016 grant cycle, regional grants were allocated \$200 million. In 2017-2019 there is \$272 million set aside.

Priorities for multi-country approaches are now pre-defined by the Global Fund, whereas before, prospective applicants would submit expressions of interest on a region and a program of their choosing and be invited to submit a concept note if the approach was deemed relevant and technically sound. As examples, multi-country approaches for HIV must now focus squarely on the sustainability and continuity of key populations programming, while multi-country approaches for malaria must be targeted at elimination in Southern Africa and Mesoamerica or at programs in the Greater Mekong Sub-region.

Strategic initiatives also look quite different than they did in 2014-2016. As with multi-country approaches, they have also been re-branded: what was called a “Special Initiative” in 2014-2016 is now a “Strategic Initiative” for 2017-2019.

While there were 6 Special Initiatives in the 2014-2016 period (see [GFO article](#)), there are 14 Strategic Initiative for the coming grant cycle. Many of these are new, some are continuations and others have been changed significantly. There are three new Strategic Initiatives specifically for malaria - one targeting elimination, another to support the roll-out of new long-lasting insecticide treated bed nets, and a third to pilot a new malaria vaccine.

The Community, Rights and Gender (CRG) Strategic Initiative has been approved for \$15 million, the same level of investment as the 2014-2016 CRG Special Initiative. The Emergency Fund Strategic Initiative will be allocated \$20 million, which is \$10 million less than the Emergency Fund Special Initiative received in 2014-2016. Other former Special Initiatives, like the WHO-Stop TB Partnership Agreements have been changed and expanded significantly, though both partners will remain involved in providing technical assistance and in strengthening malaria and TB Global Fund grants.

The value for money and sustainability Special Initiative, which received \$9 million over the 2014-2016 period, no longer exists. Instead, there will be a new Sustainability, Transition and Efficiency Strategic Initiative, receiving \$15 million. This Strategic Initiative is particularly critical, given the Fund's new [Sustainability, Transition and Co-Financing Policy](#) as well as its recently published [list of countries projected to transition](#) from Global Fund support by 2025. The Developed Country NGO Delegation to the Global Fund Board has issued a statement, raising concern that large amounts of money from the Sustainability, Transition and Efficiency Strategic Initiative could easily be swallowed on addressing low domestic spending on health across the development continuum. The Delegation indicates that this funding should address the highly urgent funding needed for those countries that are transitioning immediately or in the near future.

There is also significantly more money to back these Strategic Initiatives. \$172 million has been allocated for Strategic Initiatives in 2017-2019, compared to \$100 million for Special Initiatives in 2014-2016.

Some areas of investment have both matching funds and Strategic Initiatives dedicated to them. These include Catalyzing Market Entry of New Long Lasting Insecticide Treated Nets as well as Data systems, data generation and use for programmatic action and quality improvement. This means that these strategic initiatives will need to work closely with the country level programs to ensure that matching fund investments are leveraged for optimal results against the Global Fund's new Strategy.

Information in this article comes from the Board paper GF/B36/04, should be available shortly at www.theglobalfund.org/en/board/meetings/36.

[TOP](#)

6. NEWS: Operating budget and workplan for 2017 approved

Larson Moth

November 17 2016

USD 276 of the 300 million budget will be devoted to core activities of the Global Fund which have been orientated in the direction brought about by the Fund's new strategy. The difference of USD 24 million has been earmarked for priority activities established for 2017.

The Secretariat has proposed to continue the USD 900 million three-year operating expense budget for the 2017-2019 period. This will allow the Secretariat to maintain the lower ceiling set for its key operational expense ratio adopted in 2015.

Graphic is courtesy of the Global Fund

Two new components have been added to the Global Fund's planning structures:

- **Formal planning for strategy implementation:** The Secretariat details the strategic drivers and key milestones required to deliver on strategic objectives. The Fund is aiming to support planning for strategic priorities and forming a framework for management oversight, staffing, skills, process and budget required for implementation, reporting and monitoring.
- **Project Management Office:** The PMO was created to further improve management and integration of crosscutting projects and to support the monitoring of major initiatives critical for successful strategy implementation.

Strategic objectives identified

Through formal planning for strategy implementation, activities and major initiatives required, the Fund aims to deliver some key strategic objectives:

Maximize impact Against HIV, TB and malaria

Priority activities the Fund intends to implement in achieving this objective include planning collaborative impact modelling workshops with UNAIDS and priority countries from 2017

onwards to optimize program design. A similar process is planned with technical partners for TB and malaria and will be pilot tested and implemented in 2016-2017.

An initiative has been launched in close collaboration with technical partners to design and implement differentiated care delivery models. Pilots of quality improvement approaches began in 2016, with evaluation, economic analysis, and collection of lessons learned planned for 2017.

Additionally, the Secretariat has significantly increased human resources dedicated to challenging operating environment portfolios. Implementation of the Challenging Operating Environment Policy, facilitating knowledge sharing cross country teams, the adaptation of operational policies and the strengthening of partnerships will be a key area of focus for the Fund in 2017.

Build resilient and sustainable systems for health

Insofar as priority activities identified for achieving this objective, new initiatives have been launched to achieve the ambitious goals of the strategic objective to build resilient and sustainable systems for health-RSSH. Development of the Global Fund's Supply Chain Investment Strategy aimed to support in-country partners will be refined and finalized, and a new approach to Supply Chain Assurance piloted. The availability and quality of data is key for maximizing impact and to address identified weaknesses, the Fund has designed a comprehensive Program and Data Quality Strategy pairing its long-term investments in data within countries, to a differentiated Secretariat approach to program and data quality assurance. The report on the budget and work-plan for 2017 stated that the Secretariat will develop a modular evaluation approach, tailored to key country needs and risks and that budgets for evaluations will be integrated into grants.

In addition, The Fund intends to strengthen community systems by updating policies to allow for funding of community organizations, and providing tools for implementers to better plan and cost their activities. The Fund has stated that partnerships, targeted advocacy, and technical support to strengthen the knowledge base and tools for effective community systems and responses will be a priority.

The 2017 work-plan and budget narrative states that the Fund will work at country level in coordination with partners (including WHO & USAID) to harmonize Human Resources for Health-HRH support in 5 priority countries to eliminate duplication and imbalances in external HRH support.

Promote and protect human rights & gender equality

2017 will see the Fund emphasize collaboration with its partners to carry out studies in 15-20 countries to address major data gaps that will inform investment decisions. These studies will identify human rights (and gender)-related barriers to services, including for key populations. The Fund has stated it plans to work closely with partners to agree on best practices and

integrate these into impact and financing models.

The Fund will continue to promote the engagement and participation of affected communities in health governance in 2017. Activities to document community engagement and the development of an action plan for promoting demand for engagement and accountability are to continue as is improving data and data systems regarding key populations.

The Fund has stated that it will further emphasize its response to gender related barriers, including gender equality by increasing Secretariat and in-country capacity on gender, and strengthening accountability to addressing gender and age disparities, including the integration of sex and age disaggregation into data systems for better decision-making, a problem which the Fund has been stating it will address for some time.

Mobilize increased resources

The support to countries in their efforts to increase domestic investments in health will continue with the implementation of the Domestic Financing Strategy into 2017 in 10 countries, with launches in up to 5 additional priority countries in Africa.

In the work-plan, the Fund reiterates its renewed support and will continue to incentivize governments to invest domestic resources in health in order to complement Global Fund investments and maximize impact. The Fund's Investment Case' for the 2017-2019 replenishment is based on leveraging USD \$3 in domestic financing for every USD \$1 contributed by the Global Fund.

Wambo.org, the online tool used by the Global Fund and partners to strengthen sustainable procurement practices, increase transparency across the market, shorten lead times, and enable critical savings, will play an even bigger role in Global Fund operations in 2017.

Staff make up over 50% of the total 2017 budget. Professional fees and travel show notable decreases from last year.

Information in this article comes from the Board paper GF/B36/05B, which should be available shortly at www.theglobalfund.org/en/board/meetings/36.

[TOP](#)

7. NEWS: Process launched for recruitment of next E.D.

Deadline for applications is 5 December 2016

Selection expected to be made on 1 March 2017

David Garmaise

19 November 2016

The Board has formally launched the recruitment process for a new executive director to replace Dr Mark Dybul, whose term expires on 31 May 2017. Dr Dybul has indicated that he is not seeking a renewal of his term.

The Board is expected to make a selection of the new E.D. during a Board retreat scheduled for 28 February-1 March.

Some steps in the recruitment process have already happened. The Ethics and Governance Committee (ECG) undertook a comprehensive consultation with Board constituencies in September concerning the composition and terms of reference (TOR) of a Nomination Committee; the Board decision-making process; and the TOR and selection criteria for the new E.D.

In addition, a search firm, Russell Reynolds Associates, was appointed; terms of reference for the Nomination Committee were approved; and a call for nominations for positions on the committee was issued.

The consultations and the discussions on the ECG resulted in a consensus that no major changes are required to the existing TOR for the E.D. position. However, the TOR adopted by the Board at its meeting in Montreux included one new clause: The E.D. is expected to appoint a Deputy E.D. to ensure that his/her managerial responsibilities may be efficiently carried out without interruption throughout the year, in particular during his/her absences for business-related travels.

There was also a consensus that the voting process used for the selection of the current E.D. had worked very well. The voting process approved by the Board in Montreux incorporates only a few minor changes. For details of the voting process, please see Board Document GF-B36-07.

Members of the Nominations Committee were appointed at the Board meeting. The Chair of the committee is Jan Paehler from the European Commission constituency. Other members are as follows:

- Sarah Boulton (U.K.)
- Vinand Nantulya (Eastern and Southern Africa)
- Amy Baker (Canada, Switzerland and Australia)
- Michèle Boccoz (France)
- Hristijan Jankuloski (Developing Country NGOs)
- Filipe da Costa (South East Asia)

Two non-Board persons were appointed to the committee as independents: Eric Goosby, currently the U.N. Special Envoy on Tuberculosis, and previously U.S. Global AIDS Coordinator; and Mphu Keneiloe Ramatlapeng, Executive Vice-President of the Clinton Health Access Initiative and previously past Vice-Chair of the Global Fund Board.

Timelines

The timelines are very tight. The deadline for applications is 5 December. In the next few weeks, Board constituencies will be canvassed and a broad search will be undertaken to identify the most suitable candidates. The search will include advertisements in leading international publications in English, French, and Spanish. Social media and internet recruitment channels will also be used. In addition, Russell Reynolds Associates will contact each constituency not only to solicit their views and opinions on the ideal candidate but also to identify potential candidates for the E.D. position within the constituencies themselves.

After the 5 December deadline, an assessment and comprehensive review of the applications will be undertaken. The goal is to compile by mid-December a long list of potential candidates to be reviewed by the Nomination Committee at a meeting in mid-December. The Committee will provide the Board with an overview and update of the process in an interim report which will be submitted at the end of December 2016.

In January 2017, the long list of candidates will be refined through a series of interviews and psychometric testing. A short list of up four of the highest ranking candidates will be identified by the Nomination Committee and presented to the Board by the second week of February. A final report to the Board will outline in detail how each candidate was assessed.

The short-listed candidates will be presented and discussed at Board Retreat. The Board will meet the candidates, who will be interviewed by a Board panel. Questions for the candidates may be submitted by Board Members and the Nomination Committee; the Board interview panel will have discretion in terms of how the interview process will be carried out. It is expected that the Board will take the final appointment decision on the second day of the Board Retreat (i.e. 1 March 2017).

Gender considerations

One thing that is different this time around is that there is no provision for a certain number of short-listed candidates to be women. In 2012, when the process was launched that resulted in the selection of Dr Dybul, there was a requirement that at least two of the four short-listed candidates be women (see [GFO article](#)).

Board Document GF-B36-07, Board Direct Reports Selection Process, should be available shortly at www.theglobalfund.org/en/board/meetings/36.

[TOP](#)

8. NEWS: New criteria adopted for the review of funding requests by the TRP

Recruitment drive completed for TRP reserve pool

David Garmaise

17 November 2016

The criteria used by the Technical Review Panel (TRP) to review the technical soundness of funding requests have been completely revamped. The new criteria, which were approved by the Strategy Committee in October 2016, as part of revised terms of reference, are in line with the Global Fund's 2017-2022 Strategy. The revised TORs were outlined in a report that the TRP sent to the Board for its meeting in Montreux, Switzerland on 16-17 November.

The previous review criteria were based on four factors: soundness of approach; feasibility; potential for sustainability and impact; and value for money. The new criteria focus on the following five factors:

1. maximizing impact against HIV, TB, and malaria towards ending the epidemics;
2. building resilient and sustainable systems for health (RSSH);
3. promoting and protecting human rights and gender equality;
4. investing in increasing the effectiveness and efficiency of program implementation through shared ownership and mutual accountability; and
5. sustainability and co-financing.

The table provides a list of the criteria for each of the five factors. More information is available in the TRP's revised terms of reference.

Among the other changes to the TORs is one that allows the TRP to differentiate review modalities in line with the core guiding principles of differentiation adopted by the Strategy Committee at its June 2016 meeting.

As a result of a self-assessment conducted recently, the TRP is implementing a series of actions. For example, the TRP is developing more dynamic and tailored approaches to iteration and clarifications. These approaches include establishing clear criteria and rationales

for its requests; conducting remote reviews when appropriate; and delegating some issues to the Secretariat and to partners.

The TRP is also developing review methodologies to assess requests for catalytic investments and above allocation requests. In addition, the TRP is developing an operating procedures manual to document review modalities, support quality and consistency of its reviews of funding requests, and enhance institutional memory.

Table: New TRP review criteria (summary)

Factor	Criteria
Maximizing impact against HIV, TB, and malaria towards ending the epidemics	<ul style="list-style-type: none"> • Strategic focus • Technical soundness • Prioritization • Evidence-based programs for key populations • Scale-up and ambition • Leveraging partnerships • Monitoring and evaluation for impact
Building resilient and sustainable systems for health	<ul style="list-style-type: none"> • Leadership and governance • Reproductive, maternal, neonatal and child health, and integrated service delivery systems • Strengthen community systems and responses • Invests in health information systems • Invests in procurement supply management systems • Invests in human resources for health • Strengthens financial management systems
Promoting and protecting human rights and gender equality	<ul style="list-style-type: none"> • Invests in programs to reduce human rights-related barriers to accessing services • Invests to understand and reduce gender-related barriers to accessing services, and advance gender equality • Engages key and vulnerable populations in decision-making • Empowers and engages key and vulnerable communities
Investing in increasing the effectiveness and efficiency of program implementation through shared ownership and mutual accountability	<ul style="list-style-type: none"> • Has the necessary technical and implementation capacity • Value for money (efficient distribution of investments) • Adequate risk mitigation • Strategies to address bottlenecks
Sustainability and co-financing	<ul style="list-style-type: none"> • Increased emphasis on domestic financing • Complies with application focus requirements • Promotes sustainability • Transition planning and investment

Further, the TRP said that it will refocus its review meetings around larger, more complex funding requests, with sufficient time for review and dialogue with the Secretariat and partners.

Finally, with respect to its own operations, the TRP said it is developing a framework to monitor performance, as well as a structured mechanism for “communicating and collecting individual TRP member performance.”

Recruitment

A recruitment drive was conducted in 2016 to fill the TRP reserve pool from which new TRP members will be selected, as needed. One hundred and seventeen candidates were chosen, representing 49 nationalities. Forty-four percent were women, compared to 34% in the 2013 recruitment drive.

(See the figure for a breakdown by region.) The TRP noted that some sub-regions are still “somewhere under-represented.”

The TRP said the recruitment drive expanded the range of expertise on the TRP to align with the new strategy, including human rights and gender, community systems strengthening, strategic investments, sustainable financing, and RSSH.

The new candidates constitute a robust pool of TRP members with a good mix of expertise and skills which are expected to perform the mandate of the TRP to a high level of quality and standard.

Funding requests for 2017-2019

In an [article](#) on 5 October in GFO 297, Aidsplan reported that there will be three types of funding requests for the next allocation period: full review, tailored review, and program continuation. In its report to the Board, the TRP provided additional information on these modalities.

The TRP said that it expects that a full review will involve a comprehensive overall review of an applicant’s investment approach and strategic priorities. It added that full reviews will likely be carried out on components from high impact countries; components from focused and core countries referred to the TRP for a full review; and components not reviewed by the TRP in the previous allocation period.

(In line with the differentiation principles of the Global Fund, operational policies and processes are differentiated according to three portfolio categories: **focused** [smaller portfolio, lower disease burden, lower mission risk]; **core** [larger portfolios, higher disease burden, higher risk]; and **high impact** [very large portfolios, mission critical disease burden]. The list of countries by category for the 2017-2019 allocation period is available in in the [Operational Policy Manual](#) – see “Overview of the Operational Policy Manual” at the beginning of the document.)

The TRP said that tailored reviews will be adapted to the objective of the funding request and to the applicant type. Tailored reviews will likely be done:

- for components requiring material change in defined program areas;
- for components receiving transition funding or otherwise using a transition work plan as a basis for their request;
- for components from countries in challenging operating environments requesting a material change in programming; or
- in situations best described as learning opportunities (e.g. national strategy pilot, results-based financing).

Finally, the TRP said that program continuation reviews would entail a streamlined process and would be done in focused or core country components (a) with less than two years of implementation; or (b) with demonstrated performance and no material change needed. The

TRP said that that to maximize impact, program continuation components may also reprogram at any time (during grant-making or implementation).

Dr Lucie Blok, Chair of the TRP, said: “The newly developed differentiated application and review modalities enable the ‘right level of efforts’ being invested in different grant applications. The new application and review modalities and related formats also allow better alignment with country planning cycles by emphasizing the possibilities for reprogramming of grants whenever new information becomes available through program reviews rather than demanding revised planning and full concept notes for each grant at the time of application.”

“TRP Matters,” Board paper GF-B36-13, should be available shortly at www.theglobalfund.org/en/board/meetings/36. This paper contains the new review criteria. The criteria should also be posted in due course on the TRP pages of the Global Fund website [here](#).

[TOP](#)

9. News: OIG highlights successes and challenges in meeting its operational objectives in 2016

Larson Moth

13 November 2016

Up until this point, the OIG is expected to deliver on its work plan within its given budget and has achieved progress regarding its Key Performance Indicators. So far this year, the OIG has published 24 audit and investigation reports, conducted fieldwork for an additional three audits from the 2016 work plan, closed 36 investigations, received 128 allegations of wrongdoing and opened another 29 new investigations and created 73 new Agreed Management Actions and closed another 91.

In 2015, the OIG identified a number of strategic themes, notably, “Optimising partnerships”, “Tackling procurement and supply chain challenges” and “Risk management and assurance framework” which it identified needed further progress in order for the Fund to achieve its mission. The OIG devoted one section of the progress report to progress on three strategic themes previously identified: (1) optimizing partnerships; (2) tackling procurement and supply chain challenges in a holistic manner; and (3) the risk management and assurance framework. This article summarizes what the OIG said about these themes. Aidsplan plans to report on other aspects of the OIG report in future issues of GFO.

Optimizing partnerships

With regard to optimizing partnerships, in 2015, the OIG noted a lack of cooperation between government implementers and partners in a number of countries, including Pakistan, Tanzania, Nigeria, Sudan and Kenya. However, progress regarding enhanced collaboration between country actors has been noted. For example, the report states in the Democratic

Republic of Congo (DRC) that despite its severely degraded infrastructure, fragile institutions and political instability, the Fund has stated that better alignment between country actors now exists, interventions have been scaled-up, supply chain systems redesigned, programmatic reporting has improved, and data is of a better quality.

In Zimbabwe, despite substantial economic problems, the country has successfully increased interventions across the three diseases with support from the Fund and its partners. The Fund cites a 30% increase in the number of people on antiretrovirals in 2014 and 2015, and says there is now almost universal diagnosis of malaria cases before treatment.

Tackling procurement and supply chain challenges

With regard to tackling procurement and supply chain challenges, the report states a more holistic approach is in order. A supply chain study that explored different options for the future, a realignment of the work of Health Product and Medicine Specialists and the launch of a new supply chain strategy project along with the appointment of a Head of Supply Chain, were conducted which all contributed to progress in this area. OIG audits in 2016 continue to show a number of significant weaknesses in supply chain distribution and drug management, particularly at the local facility levels. In fact, in DRC, grant objectives run the risk of being seriously compromised because of supply chain issues.

In Malawi, where drug procurement represented more than 80% of expenditures in the period from 2009 to 2015, the Secretariat and Principal Recipients (PRs) in Malawi, put in place mechanisms to safeguard commodities. The report states that an audit of the effectiveness of in-country supply chain mechanisms in supporting grant implementation is currently underway in the country. The audits objectives being to better understand the root causes of supply chain challenges at the country level and to assess whether in-country supply chain management processes are adequate and effective in ensuring that the necessary products are delivered in the right quantities, condition, place, time, and cost.

Risk management and assurance framework improvement

The Global Fund has invested heavily in risk management and there has been progress in made in mitigating risk. Notably, a recent operational policy note provides guidance to Country Teams on how to embed risk management across the grant lifecycle. It is designed to help teams better identify, mitigate and monitor risks that may negatively affect the achievement of grant objectives. The Secretariat has announced that the Risk Department's engagement will be expanded incrementally covering both High Impact and Core countries as of January 2017.

In the report, the OIG stated its work in 2016 found weaknesses in risk management and assurance at the implementer level. In India, the Fund's second biggest portfolio in terms of

allocation, the report admitted that mitigating actions have not adequately addressed outstanding issues. In Malawi, the work of a Fiscal Agent has contributed significantly to safeguarding Fund resources through better financial management. In DRC, the Fiscal Agent performs a control function despite having been engaged to help build up skills and resources at the Ministry of Health. The OIG is currently auditing risk management at the Global Fund and expects to issue an audit report this year.

The information in this article comes from the Board paper GF/B36/11, presented at the 36th meeting of the Global Fund Board on 16-17 November 2016 in Montreux, Switzerland. All OIG reports available at this address: <http://www.theglobalfund.org/en/oig/reports/>

10. NEWS: Africa constituencies identify strategic issues for the 36th Global Fund Board meeting

Nathan Mugume

14 November 2016

In preparation for the 36th Global Fund Board meeting that took place on 16 to 17 November 2016, the Africa Constituencies Bureau convened from 31 October to 1 November 2016 in Kigali, Rwanda, to look at critical issues that will be brought to the attention of the board.

For better planning of the 2017-2019 Global Fund allocation period, the African constituencies used the 36th Global Fund Board meeting as an opportunity to advocate for issues of strategic importance to the African Constituencies. Firstly, the occasion will be used to advocate for more benefits from the available Catalytic Funds. The Catalytic Funds represent an additional funding opportunity for countries to serve three purposes: to incentivize innovative strategies; to fund multi-country or regional approaches to ending the epidemics; to fund strategic initiatives in line with the priorities outlined in the new 2017-22 strategy. Catalytic funding has been capped at \$800 million, subject to the amount and timing of the fulfillment of donor pledges. The name ‘catalytic investment’ is new but the concept is not: under the New Funding Model these were called ‘incentive’ or ‘above-allocation’ funds. Currently, Africa-based catalytic investments equal some \$144 million (\$31m in West/Central Africa; \$113m in East/Southern Africa).

Furthermore, members of the African Constituencies resolved that issues like Health Strengthening Systems (HSS) should be given paramount importance during the upcoming 36th Global Fund Board meeting. Health Strengthening Systems is priority number one for the African Constituencies. Other strategic important issues to be brought forward include calling for more emphasis on the issue of women and girls since they suffer a disproportionate burden for HIV/AIDS, increasing domestic funding with a proposal to the Global Fund to leverage its position as a significant contributor to country programs dealing with AIDS, Malaria, and Tuberculosis. The allocation approach with a proposal to the Global Fund to revisit and reconsider the present allocation approach by giving more weight to the disease burden since African Constituencies bear the greatest disease burden for AIDS,

Malaria and Tuberculosis and it's the one with greatest unmet need for interventions, this should go hand in hand with reconsidering the necessity of provisions in the current funding model such as incentive funding and unfolded quality demand.

Other operational issues that were discussed

Other issues included the low absorption capacity by the Principal Recipients (PRs) which affects funds disbursement and budget execution, present structures and available resources for the Country Coordinating Mechanisms (CCMs), concerns on the existing coordination within Global Fund actors, looking at how the Global Fund Strategy can be linked to other national and agendas, the role of different technical partners and other measures on how to improve performance.

During the meeting, delegates stressed the need to strengthen CCMs to guarantee the highest possible level of performance and to reach the expected impact set in the new Global Fund strategy in line with the Sustainable Development Goals (SDGs) era.

They pointed out that capacity building and strengthening of the CCMs requires assessing the current structure and roles of various CCMs Sub- Committees, reviewing of the present Country Coordinating Mechanism Strategic Plans, assessing how the new Global Fund strategy can be linked to other national and Global strategies, and regular orientation of members to new developments.

The call comes at a time when the Global Fund is changing focus from timely grant implementation and absorption capacity of the Global Fund recipients to focus on the new era of the Sustainable Development Goals. The latter approach takes into consideration some of the core principles of the Global Fund such as country ownership, and partnership. Therefore, CCMs being the national coordinating structures of the Global Fund need to be strengthened and supported in order to be aligned to the new focus.

To ensure a harmonized working framework and better coordination mechanisms, the participants at the Kigali meeting called on the Global Fund Secretariat to develop Standard Operating Procedures (SOPs) and Terms of Reference (TORs) for the Country Teams and FPMs. Having TORs and SOPs for Country Teams and FPMs will help provide clarity on their roles and responsibilities, and the scope of their decision-making in the recipient countries.

In the same spirit, they requested for better coordinated Country mission visits by the Country Teams and FPMs. This should be accompanied by well scheduled mission visits. The objectives and the schedules should be shared with the CCMs, PRs, Governments, Partners and various stakeholders in advance of the mission visits to the recipient countries. as some of this visit do slow down implementation of activities and some actors are feeling left out.

During the discussions, it was noted that strengthening of the CCMs requires reconsidering their mandate and establishing Resilient and Sustainable Systems for Health (RSSH) since it is one of the objectives of the Global Fund Strategy 2017-2022 and it is in harmony with the Universal Health Care agenda.

In addition, members acknowledged that CCMs need capacity building and adequate resources since they are expected to work in partnership with other health sector stakeholders to contribute to Universal Health Care. This will root out duplication of roles, increase accountability and ownership. It will also entail dealing with aspects that are detached from the health sector. Such aspects include finance and good governance. CCMs must be able to actively engage in decision-making processes to ensure planning of integrated services for the Global Fund programmes.

Delegates noted that to achieve those requirements not only calls for strengthening of the CCMs but also the need to reconsider the mandate of the Country Coordinating Mechanisms, adding that CCMs need to be consulted, supported, strengthened and most importantly, empowered to reach the objectives. And that the capacity development for CCMs members needs to be provided to foster a common understanding of the appropriate interventions required to comply with their mission while building Resilient and Sustainable Health Systems in their specific context. They affirmed that the current functioning of the CCMs needs to be overhauled to enable them to become innovative drivers during the implementation of the new Global Fund Strategy. They cited a number of changes that need to be reviewed in order to create a functional environment for the Country Coordinating Mechanisms.

Identified challenges include lack of a capacity building strategy, complicated procurement and supply chain systems that delay the delivery of supplies. The effects of complicated procurement and supply chain systems can be manifested in other critical areas such as low absorption of funds, thus slowing down activity implementation. Other challenges that were identified include, inadequate resources including human and capital resources, the increasing involvement of Global Fund Portfolio Managers that delay the approval of funds, and poor coordination among the Global Fund actors such as the Local Fund Agents (LFA).

They also called for the review of the existing structure of the CCMs and the legal status in accordance with the local context, strengthening the capacity of the CCMs secretariats by equipping them with the right skills that can enable them to analyze programmatic and financial documents hence making it easy for the CCM members.

Proposed solutions and recommendations include being innovative and tapping into other in country existing sources of funds from domestic partners and other available domestic resources in order to address the issue of inadequate funding, better coordination with the LFA, timely feedback on audit findings, using and taking advantage of the Global Fund initiatives to strengthen harmonized country systems and coordinated country systems. To address the challenge of procurement and supply chain management systems, it was

recommended that CCMs should work with the Principal Recipients, and the Sub Recipients to embrace the culture of early planning, have procurement plans prepared and approved early, and put an effort sensitizing and advocacy of line ministries to embrace mainstreaming of procurement systems.

This is issue #300 of the GLOBAL FUND OBSERVER (GFO) Newsletter. Please send all suggestions for news items, commentaries or any other feedback to the GFO Editor at <mailto:laron.moth@aidspan.org>. To subscribe to GFO, go to www.aidspan.org.

GFO Newsletter is a free and independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org).

Aidspan (www.aidspan.org) is a Kenya-based international NGO that serves as an independent watchdog of the Global Fund, aiming to benefit all countries wishing to obtain and make effective use of Global Fund resources. Aidspan finances its work through grants from foundations and bilateral donors. Aidspan does not accept Global Fund money, perform paid consulting work, or charge for any of its products. The Board and staff of the Fund have no influence on, and bear no responsibility for, the content of GFO or of any other Aidspan publication.

GFO Newsletter is now available in English and French. Some articles are also available in [Russian](#).

GFO Editor: Larson Moth (laron.moth@aidspan.org)

Reproduction of articles in the Newsletter is permitted if the following is stated: "Reproduced from the [Global Fund Observer Newsletter](#), a service of Aidspan."

Are you a newcomer to Global Fund issues? See Aidspan's "A Beginner's Guide to the Global Fund – 3rd Edition" at www.aidspan.org/node/934.

Click [here](#) to unsubscribe.

GFO archives are available at www.aidspan.org/page/back-issues.

Copyright (c) 2016 Aidspan. All rights reserved.

