

34th Board Meeting

Report of the Executive Director

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Board Information

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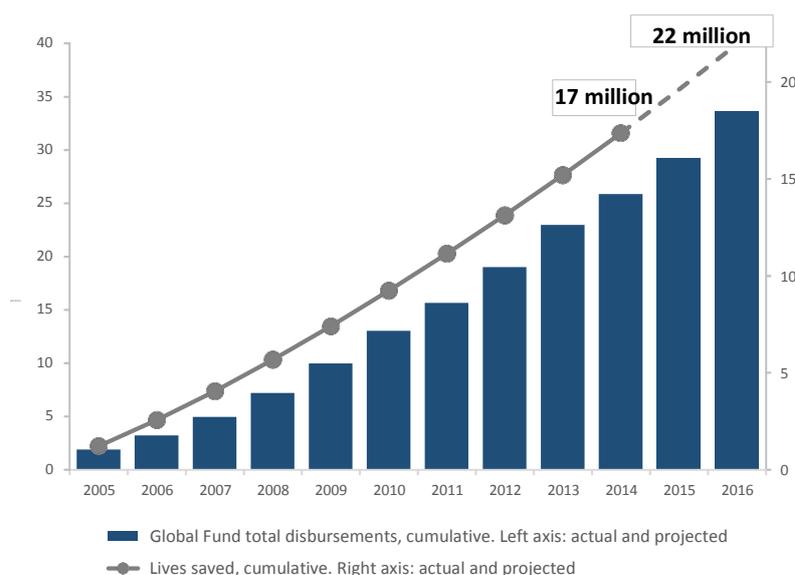
Dear Board members, colleagues, friends:

It is once again a great privilege to discuss this year's progress and learning, and to reflect on the challenges and opportunities in our collective mission to end the epidemics of HIV, tuberculosis and malaria. As in the past, this report is intended to highlight major trends and offer some relevant perspective on global health, rather than try to cover all of the work underway or to repeat information that you receive through many other channels, including documents for this Board meeting. On behalf of the Secretariat, deep thanks for your continued support and engagement on the issues that face us all.

When the Global Fund was formed as a partnership, it was the beginning of a journey driven by great determination to fight three devastating infectious diseases, and also carrying a high degree of uncertainty about what could be achieved. At that time, HIV looked unstoppable, and tuberculosis and malaria, having impacted human beings since the beginning of recorded medical history did, too. There were many voices questioning whether anything meaningful could be achieved in this effort; the challenges just looked too big and complex.

Today we can thank the optimists who believed that we could make a transformative difference – including those who are no longer with us, who gave themselves for others. Many people with diverse strengths were willing to come forward and work through the obstacles to serve, and on a scale that is breathtaking. It has taken hard work, solidarity, resources, and compassion – and a bit of luck. The results of the partnership are extraordinary. More than 17 million lives saved, through the end of 2014. Each life saved represents expanding opportunity and greater social justice for individuals, families and communities worldwide. It inspires even greater belief in the power of the human spirit and what we can achieve by working together.

Lives Saved



A [new report](#) published recently by AidData analyzed the attributes of multilaterals and other organizations on what contributes most positively in development, such as constructive agenda-setting influence and helpfulness in reform implementation. There are many ways to evaluate impact, and this is just one, but the Global Fund ranks highly in all major categories. It is worth highlighting the way the Global Fund is recognized for innovation and for aligning well with country priorities and communicating frequently with governments.

The challenges on the journey to end the HIV, tuberculosis and malaria epidemics are so great that we actually run an increasing risk of winning the battle and losing the war – and of leaving too many behind. We need to acknowledge that setting up a partnership model was in itself not enough. We have to continue to innovate, to work faster, better, and smarter. Achieving progress in the last decade was relatively easy because the need was so great and the impact was clear and visible. However, ending epidemics is a greater challenge, and for HIV and tuberculosis it requires dealing with deep-seated socio-cultural issues. The last mile is always the most difficult, and can be the most expensive. To end these epidemics by 2030, our investments have to be more focused, nuanced and interwoven. The choice before us is like that between a trader looking to accumulate short-term gains, and an investor who can stay focused on the long-term. Either/or is usually the wrong approach – a balanced portfolio will get us there.

A person-centered approach is at the heart of the Sustainable Development Goals (SDGs) that world nations adopted in September. The SDGs squarely state that the fabric of humanity is made of diverse yet interconnected threads. A child fleeing Syria or Somalia needs food, education, shelter, health. More important, that child and her family and community need investment in systems that provide elements of basic human dignity, and that help stabilize a society so that fewer people need to flee in the first place. To serve the person, we must make smart long-term investments in health and support efforts in connected disciplines. We have to invest in the long term, for more holistic gains.

We are only beginning to fully acknowledge that fundamental inequality and discrimination against women and girls is the key driver of HIV infection in many parts of Africa. Rates among adolescent girls and young women are shockingly high, and stubbornly resistant to attempts to bring them down. The marginalized and left behind – the LGBTI community, sex workers, persons who inject drugs, migrants, prisoners and the urban poor – are heavily affected by HIV and tuberculosis.

An important finding in the Lancet showed that cash incentives to keep girls in school can reduce the risk of acquiring HIV by as much as 12 percent per year. Although such studies are imperfect, and could be difficult to replicate in some communities, they reflect the importance of a person-centered approach. Combined with programs to end gender-based violence and other social protection and interventions, they point to an opportunity to reduce HIV while transforming society. When a girl stays in school, she is much less likely to become a child-bride or get pregnant early, and more likely to have an income and to make decisions about family size. One particularly sobering statistic shows that for every dollar, euro or shilling earned, a woman will spend around 90 percent of it to feed, educate and provide health care to her family, while for men it's closer to 30 percent. The Global Fund is squarely and aggressively focused on this challenge, outlined in the next section of this report. We were early leaders on this issue, from political engagement and speaking out to

pursuing an active partnership with the education and social development sectors globally and also engaging where it matters most – in countries. When we imagine a world where every community is focused on the education, health and protection of girls, we can clearly see a more just and healthy world. We cannot achieve *any* of the SDGs unless we do.

Data on the two-way street of health and education can be surprising. A study conducted in southwestern Uganda and recently published in the *Journal of Health Economics* found that a malaria eradication campaign increased years of schooling by 11 percent for males and 21 percent for females, indicating the tremendous impact that malaria has on education, especially schooling for girls. Among females, primary school completion increased 34 percent. Children in households affected by malaria tend to have less educational attainment because of reduced income and greater care-giving demands.

As our partnership works to build connections across sectors to achieve health and development outcomes, we must acknowledge that there is still much to be done within the “sectors” of health to achieve the SDG vision of universal health coverage that delivers quality health for all. We take heart that more than a third of the Global Fund’s investments go toward systems for health. As we evolve, we are even more focused on the role of the Global Fund to support each country to build resilient and sustainable systems for health that link the clinical parts and the community parts of the system. It is always a challenge to shift from a “one size fits all” approach to the specific status of health and specific mix of partners in each country. However, a review of countries that are not utilizing funds as rapidly as needed has revealed deep systemic weaknesses, often related to procurement and supply chain, data management and health workforce. Through the Implementation through Partnership initiative, described in a section below, we are using data on use of funds to drive a collective and accountable approach to support countries to strengthen systems, use money, and use it well. This initiative is one to watch.

It might also be useful to consider whether our current financing model optimizes incentives well enough to really accelerate impact and leave no one behind. Our current model has achieved a lot, but to accelerate gains and reach the most vulnerable and marginalized, we might need greater flexibility and innovation. The Secretariat welcomes the opportunity to support the Board as it evaluates whether the incentive pool could be better focused on promoting all sectors in countries to innovate and accelerate impact on adolescent girls and young women, key populations, strengthening civil society, data management and other key areas of resilient and sustainable systems for health to achieve the SDGs.

Efforts to link sectors, to reach the vulnerable and marginalized people, are essential for successful transition across the development continuum and, ultimately to self-sufficiency. The focus on financial sustainability is important, but supporting countries in their efforts to advance the systems and programs to succeed is even more important. With some humility, we can admit that in development work, including global health, there have been a lot of exits but not many successful transitions. Programmatic and financial sustainability takes time, planning and a balanced portfolio of trades and investments along the development continuum. An exciting partnership to do just that is underway and is described in more depth, below, in this report.

We must acknowledge shortfalls, and point out that we are behind on some KPIs. Our status on KPIs is more fully addressed in the mid-year 2015 Corporate KPI Results & 2016 Targets, yet I note specific KPI shortfalls at places in this report. For some KPIs, reasons for inadequate progress are readily explained. For instance, in the tuberculosis KPI, we are behind because of inconsistencies in how programs attribute the services they deliver to Global Fund support, and we are working with partners to better standardize how this is done. In other KPIs where we are behind, the reasons are more complex. Overall, it is clear that there are great benefits from developing KPIs alongside the strategy and allocation formula, as we are doing. We are now using the KPIs and data for their intended purpose – as the beginning of an analysis to understand fundamental issues that prevent achieving maximum impact and developing a clear and accountable plan to fix them. Within the Secretariat, we have analyzed internal pieces needed to most effectively deliver on the current and the new strategy so that the Global Fund can contribute significantly to the achievement of the SDGs. We've created a series of initiatives, some designed to overcome insufficient progress in key areas and some designed to reboot existing efforts to get them back on track. Several are discussed in the report. We strongly believe that we are creating the innovative partnership we were created to be, to better serve the remarkable array of constituencies that make up our Board, our partnership, our Global Fund.

The tremendous success that our partnership has accomplished can keep growing if we revitalize the cause with ambition and determination. We must invest in the long-term while having impact now with a portfolio that balances trading and investment. That is how we can make sure we don't lose the war, by settling for minor gains. Greater success is possible if we rise to the challenge to serving people, which is essentially coming back to our roots. Our whole wonderful journey began when people and communities affected by the three diseases stood up and demanded to be counted – counted as equals, with the dignity and the rights they deserve. Our cause is not just about the most significant epidemics of our time, it is a cause of social justice, moral progress and greater humanity.

Cheers,
Mark

I. INVESTING TO ACCELERATE IMPACT

Girls and Women

On 26 April 2001, at a gathering of African leaders in Abuja, Nigeria, then-UN Secretary General Kofi Annan proclaimed that to defeat HIV, the world needed “a deep social revolution that will give more power to women, and transform relations between women and men at all levels of society.” He warned that “it is only when women can speak up, and have a full say in decisions affecting their lives, that they will be able to truly protect themselves – and their children.”

It is still true today, which is why we need significant change. We are determined to bring intensive focus and effective investment in programs that address the challenges women and girls face. The Global Fund invests an estimated 55-60 percent of its resources in programs and services that reach women and children. Through a strong partnership between countries and the partners that support them, between 2005 and 2014, there was a 58 percent decline in AIDS-related deaths among women 15 years and older in 13 high-burden African countries where the Global Fund invests, reflecting the rapid expansion of access to antiretroviral therapy.

UNAIDS, UNICEF and other multilaterals have led a global effort to virtually eliminate the transmission of HIV from mothers to children. External financing from PEPFAR and the Global Fund has supported countries to significantly decrease new infections. Cuba, with substantial support from the Global Fund, has achieved virtual elimination and several African countries are on course to succeed. But the best way to keep mothers alive and prevent HIV transmission to babies is to keep the women HIV-free in the first place. While a key challenge in recent years in the fight against HIV has been that the rates of new infections are dropping faster among men than among women, a look at 11 high-burden countries in Africa shows that the rate of new HIV infections is going downwards equally for both men and women: 22 percent and 23 percent respectively. That is the good news.

The bad news is that the rate of infection among adolescent girls and young women is shockingly high. And so HIV is still the leading cause of death for women of reproductive age worldwide. In the hardest-hit countries, girls account for more than 80 percent of all new HIV infections among adolescents; 7,000 adolescent girls and young women aged 15-24 are infected with HIV every week. Even if the rate declined by 50 percent, there would still be an increase in new infections because of the significant population growth among young people now entering the age of sexual activity. The fuel to this epidemic fire is gender inequality, gender-based violence and basic discrimination. We should admit that, collectively, we have failed adolescent girls and young women.

We are determined to turn it around, and we committed with partners to support countries to reduce HIV by 40 percent among adolescent girls and young women in areas where rates are high. We have increased staff in the Secretariat to add expertise and prioritization to engage with partners and achieve far more. We need everyone’s renewed determination and focus on this issue.

We are now taking specific actions to find innovative solutions to end the epidemic. Investing in programs that increase access to critical HIV prevention and treatment services is not enough; we also support programs that seek to change environmental and social factors that put women and girls at increased risk. There are multiple efforts underway, and I describe some of them here:

Empowering Girls to Become Women with Opportunity: Education and Health

The Global Fund was among the earliest and strongest advocates for addressing the gender inequality that fuels HIV infection. Country ownership is a core principle of the Global Fund, and within this model, we spoke out and engaged Heads of State and Ministries of Health, Education and Social Development. At the global and country level, we have energetically promoted the need to address underlying social and cultural issues, in particular the link between education and health among girls, to ensure that every woman has equal opportunity.

Keeping girls in schools is tremendously effective in preventing HIV and promoting gender equality, and has the potential to create a critical mass of healthy, educated and financially independent women who make well-informed decisions about their lives. When Botswana changed their national policy to add an additional year to secondary education, researchers were able to document the effects of the additional schooling. The effects were especially great among young women, with an additional year of secondary schooling reducing infection risk by 12 percent.

In South Africa, Kenya, Swaziland and Zambia, the Global Fund is supporting efforts to link education and health, from high-level political level engagement to country dialogues with many sectors and partners at the table.

In South Africa, we are currently supporting programs to empower girls and young women, and shift environmental and social factors that contribute to their risk. This includes supporting more than 750 youth clubs for girls in approximately 20 cities with the highest HIV prevalence, where girls learn to address issues of gender and power, and protect themselves from HIV. The next grant starting April 2016 increases funding to programs for young women and girls, with US\$63 million for comprehensive prevention programs for young women and girls, both in and out of schools, in prioritized high disease burden districts. We will also support innovative approaches that include cash incentives program, combination prevention interventions for vulnerable young women who attend vocational education colleges, programs with a family-centered approach and programs for caregivers, and including boys and men in the response to gender inequality.

In Swaziland, we are investing in initiatives aimed at keeping girls in school and providing them with information that allows them to make well-informed decisions that can reduce unintended pregnancies and diseases like HIV. Working with the World Bank, the Global Fund is supporting conditional cash transfers for girls, which allow young women to delay sexual activity or to use protection. Providing hygiene products for girls also stems truancy and reduces high dropout rates.

We are also deeply involved in partnerships that amplify impact: All-In to #EndAdolescentAIDS is galvanizing action among young people, while DREAMS, the initiative launched by PEPFAR, aims to reduce HIV incidence amongst adolescent girls where prevalence is highest. The Global Partnership for Education, the World Bank, DFID, and NORAD are also working with us to find new ways to protect adolescent girls in eastern and southern Africa, and we are also supporting the *Every Women Every Child* strategy.

Using the Grant-Making Process to Address Challenges to Women & Girls

An internal review of concept notes in the first three windows under the new funding model noted an improvement in gender analysis, but in many cases programmatic interventions for addressing gender inequities lacked a corresponding budget and implementation plan. Together with the Technical Review Panel, we took action to address that during the iterative process of grant-making, we are now expanding the role of interventions for gender equality.

For instance, Zambia submitted a concept note that did not clearly define interventions to deal with norms and values that are key to addressing vulnerability among young women and girls. During the grant-making process over a period of four months, we cited evidence, convened partners and quickly made decisions to redirect money so that there was swift action to support programs working with men to address harmful gender norms and working with women to prevent unwanted pregnancies and help them make better choices about sex.

In another example, Papua New Guinea's concept note for an HIV grant identified high prevalence of gender-based violence as a highly significant factor in vulnerability to HIV infection, but included gender based violence sensitization only in the services for key populations. After review, the Country Team worked with partners to re-invest cost savings to integrate additional funds for gender-based violence responses throughout the grant, particularly in the expansion of clinical and psycho-social services for women and girls.

Reproductive, Maternal, Neonatal, Child and Adolescent Health

Since the founding of the Global Fund, we have invested heavily in reproductive, maternal, child and adolescent health. Concept notes submitted last year allocated 10 percent of available funds to RMNCAH interventions. More than 90 percent of those funding requests came from low-income, high-burden countries, where women, children and adolescent girls are among the most vulnerable to HIV and malaria infection.

In Ethiopia, with Global fund support, the Health Extension Workers program trained 38,000 women, providing work that not only improved national health but allowed those women to gain respect from the communities they serve – an important contribution to transforming gender roles in the community. Meanwhile, they contributed to a sharp increase in the coverage of antiretroviral therapy among pregnant women in Ethiopia, with a rise from 2 percent in 2009 to 55 percent in 2013.

With the World Bank, we are supporting selected countries to expand access to essential health services for women and children through facility-level performance-based financing. In the Democratic Republic of Congo, we are working together with the government to expand programs to cover larger geographical areas, and aim to see that essential health commodities reach populations most in need, particularly women and children. The World Bank supports the design and management of the program and the verification of results.

We worked closely with partners for the development of the Global Financing Facility and are working together in setting the stage for our partnership in other countries.

Addressing Gender-based Violence

The links between violence and HIV are well established. In South Africa, 20-25 percent of HIV infection among girls and women is attributed to violence, and the Global Fund is the largest external funder of gender-based violence programs as a part of the national HIV response in South Africa. In 2013 and 2014, programs supported tens of thousands of women with psycho-social and legal services, and those efforts will be further expanded in a new grant. In Papua New Guinea, as noted above, girls and women suffer extremely high rates of violence, additional efforts are also being made to scale up clinical and psycho-social services for women and girls. Many other countries face similar challenges, and gender-based violence must be addressed with determination and focus on all of them.

Community Engagement and Preventing Child-Brides

There are countless ways to empower adolescent girls, and specific efforts are underway in many countries. For example, as part of the community response to HIV in Mozambique, with the leadership of Graça Machel, the civil society organization Fundação para o Desenvolvimento da Comunidade supports vulnerable groups including young adolescent girls 10-14. They get information about HIV prevention and are trained in negotiation. Early marriage is common in Mozambique, with a high percentage of girls married before their 20th birthday. It is important to provide information and start empowering girls at an early age, not only to reduce vulnerability to HIV infection, but also to give them better opportunities in life.

Gender Advocates

In many countries, the Global Fund works collaboratively with technical partners to integrate gender into the national decision making processes. Since 2013, the Global Fund has worked closely with UNAIDS to develop a gender assessment tool for HIV and support countries undertaking gender assessment in more than 41 countries to inform the development of the national strategic plans and concept notes. In 2014, the Global Fund supported the Stop TB Partnership in the development and piloting of a complementary TB component in the UNAIDS gender assessment tool to enable undertaking of joint TB/HIV gender assessments.

With the support of Germany's BACKUP Initiative, women's organizations and gender advocates in South Africa, Malawi and Uganda are more actively engaging in country dialogues and concept note development. In Uganda, they were able to successfully advocate for a gender technical working group which provided technical advice throughout concept note development. In South Africa, women's sector representatives helped integrate gender into the concept note, which now has more than US\$50 million for HIV prevention programs targeting adolescent girls and young women.

Impact of Malaria on Children, Especially Girls

As I mentioned in the opening of this report, reduced exposure to childhood malaria has a great impact on educational attainment. A study conducted in southwestern Uganda and recently published in the *Journal of Health Economics* found that a malaria eradication campaign increased years of schooling 11 percent for males and 21 percent for females, indicating the tremendous impact that malaria has on education, especially schooling for girls. Among females, primary school completion increased 34 percent. Children in households affected by malaria tend to have less educational attainment because of reduced income and greater care-giving demands.

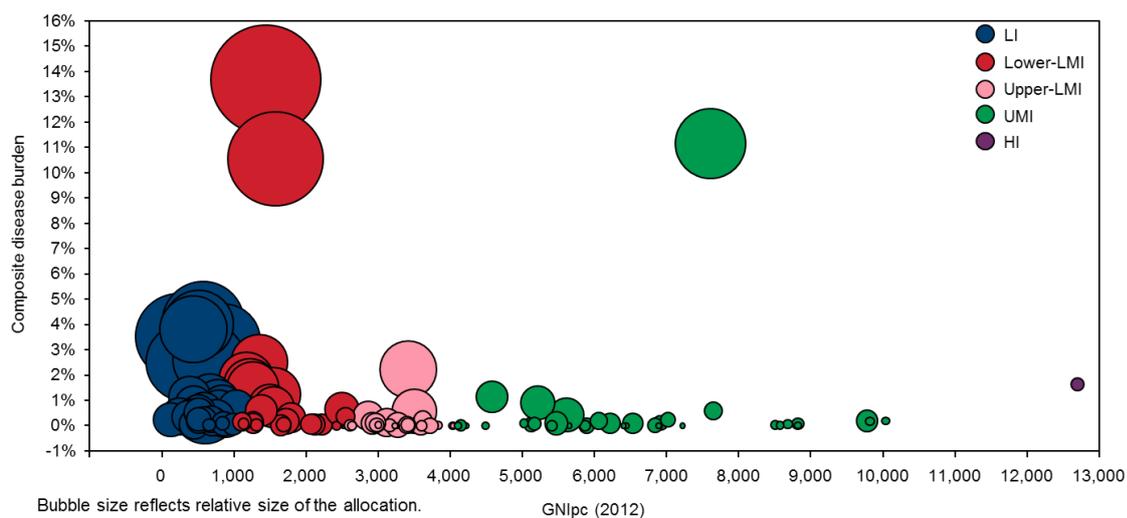
We are also expanding our investments to protect pregnant women from malaria, responding to a WHO-recommended prevention strategy by using mosquito nets and effective case management of clinical malaria and anaemia. These investments create ancillary health benefits, such as reducing anaemia in pregnancy. For example, in Nigeria where up to 11 percent of maternal mortality is estimated to be caused by malaria, we will invest about US\$15 million in expanding preventative medicine to pregnant women, and project an increase in coverage from 5.8 percent in 2013 to 50 percent in 2016.

Differentiated Investments along the Development Continuum

In the Global Fund's Strategy 2012-2016, evolving the funding model was a central change, in order to invest for greater impact. With your hard work and extensive support, we devised and implemented a funding model that more effectively drives funding to the highest burden countries with the least economic capacity. Now we have to take differentiation to the next level, factoring in each country's position in the development continuum, including not only disease burden and income levels, but epidemiologic context, financing gaps, fiscal space, absorptive capacity, risk and where Global Fund partnership can have the most catalytic impact to achieve our mission.

The evolution of the allocation model is delivering on the Board's strategic focus on resources for the highest disease burden countries with the lowest economic capacity. The current allocation delivers more than 90 percent of investments to low- and lower-middle-income countries, and more than 95 percent to high-burden countries.

Allocations by Disease Burden and GNI per capita



Overall, analysis shows that the current allocation methodology has achieved success in shifting the Global Fund towards a more predictable, active and impactful approach to supporting countries.

In managing our grants, we are faced with the need to find innovative ways to differentiate our investments and processes guided by the unique circumstances along the development continuum including:

The need to engage both federal and state levels in large and high burden countries;

- The needs of challenging operating environments and emergency situations;
- The needs in concentrated epidemics that disproportionately affect key populations, including in upper-middle income countries;
- The need to address human rights barriers to access services that continue to impede progress and reduce impact of our grants in many contexts;
- The different needs of countries with endemic malaria vs. countries approaching malaria elimination;
- The need to support sustainability across the portfolio and the unique needs of countries approaching transition from Global Fund or external financing.

Investing in Key Populations and Human Rights

The Global Fund has been an important investor in serving key populations, and is increasingly investing in human rights programs. In middle- and upper-middle income countries, we are refocusing investments from commodities and disease-specific services, so that they can increasingly flow to human rights and civil society programs. An important first step in that approach was to ensure that countries assumed financial responsibility for the disease-specific services during this allocation cycle. As indicated below, by working with in-country partners, we have seen some good successes.

Middle-Income Countries Taking Over Disease Program Costs

Country	Intervention	Global Fund contribution	
		Pre-Allocation	During Allocation
HIV/AIDS			
Honduras	To absorb 100% of treatment costs within 5 years, in line with the regional strategy		
Moldova	First line ARV	100% support	0% (by 2015)
Mongolia	ARV	100% support	0% (by 2015)
Dominican Republic	ARV	100% support	0% (by 2015)
Sri Lanka	ARV	100% support	0% (by 2015)
Georgia	First line ARVs	100% support	0% (by 2015)
El Salvador	Human Resources	GF Support - HIV/TB	100% absorbed (by 2014)
TB			
Mongolia	First line drugs	100% support	0% (by 2015)
Tajikistan	First line drugs	100% support	0% (by 2015)
Georgia	First line drugs	100% support	0% (by 2015)

While the countries assume financial responsibility for disease-programs, the Global Fund's investments are now focused on key populations. For example, Honduras is absorbing all antiretroviral treatment costs over a period of five years. Many other countries listed above are doing so more immediately.

Of course, for the long-term, countries will need to self-finance such programs. Here again, with the leadership of countries and support of many partners, we are seeing some success. Several countries in Eastern Europe are now committed to government financing of aspects of harm reduction programs.

Increased Domestic Commitments for Key Populations

Country	Addressing key affected populations
Azerbaijan	During country negotiations, Azerbaijan increased its domestic financing for key populations from 0% to 68% by 2018.
Philippines	The Philippine HIV/AIDS program will absorb over 90% of ARV costs during the current allocation period, freeing GF resources to be targeted on key populations.
Kazakhstan	Gradually taking over needle exchange programs from the GF with 100% domestic funding as of 2016, as compared to 0% in 2013.
Belarus and Moldova	Increased domestic funding for needle and syringe programs to cover 80 percent to 100 percent of the costs by 2018 being negotiated.

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Despite these successes, we still have substantial work to do. In many countries, governments remain reluctant to make any or substantial investments in programs for key

populations, despite the fact they represent by far the largest percentage of new infections in those countries. In at least some of these countries, the Global Fund is one of the few and sometimes the only remaining global investor in health programs, which have supported the majority of work focusing on key populations. When the Global Fund and other external funders transition out of these countries, research has shown these populations are often left behind and their ability to access essential prevention and treatment programs is severely compromised. The global health community needs to evaluate how best to support these populations in a health and human rights perspective, while using its collective influence to encourage governments to appropriately address the diverse needs of their people. There is much the Global Fund can and will do to contribute to this effort, which is central to the effort to end the epidemics. This includes even greater work with a goal of seeing that Global Fund investments in middle-income countries and particularly in upper middle-income countries flows to the interventions that are most needed and that have the greatest impact – reaching key populations that are otherwise left behind, reducing human rights barriers to services, strengthening community systems and responses and building greater local and national commitment and ownership. We need to be clear about what we must achieve in these settings, and how we can best achieve it, working with old and new partners, and measuring our progress against agreed-upon indicators of success before countries take over programs.

Collectively, we have also made progress in increasing investment in the programs that reduce human rights barriers to access, such as discrimination reduction, human rights literacy, human rights training of law enforcement officials and health care workers, legal services, law reform, and the reduction of violence against women and harmful gender norms. Most countries now acknowledge that serious human rights barriers to access exist, and an increasing number include some funding for programs that can reduce or eliminate these barriers. Two examples: The Botswana HIV/TB concept note includes slightly over US\$1 million for legal aid services; legal and policy review and advocacy to address barriers to accessing health services, including gender and age-related barriers; and human rights trainings for health care workers and law enforcement officers. The South Sudan HIV concept note invests in human rights programs to address gender-based violence against women and girls, including among refugees and displaced people and sex workers. These programs include training health care workers on gender-based violence and referral of victims to appropriate health care and other services. They also include increasing access to justice through legal aid and legal services; and engaging and training community leaders and law enforcement officers and stigma and discrimination reduction programs.

However, overall, investment in these programs remains too small, and too few countries include them in concept notes. We have made major efforts to see that Global Fund investments do not lead to human rights infringements, including the launch of the Human Rights Complaints Procedure in May. We are now giving more attention to this area, which can enable the Global Fund to make a unique contribution to the promotion and protection of human rights. The Global Fund is not a human rights organization. But we have a human rights objective in our strategy because in many settings the impact of our grants can be affected by human rights barriers to access. That is evident in concentrated epidemics where women and girls suffer stigma and discrimination and gender-based violence, or where certain groups of people are vulnerable to multiple kinds of discrimination and violence in the hands of local police. We hope to make a major difference by incentivizing greater

investment in programs that reduce human rights barriers to services. At the same time, we are working with partners to gather more evidence on the health impact of these human rights programs through better monitoring and evaluation.

Differentiation in Managing Grants

The Global Fund partnership operates with the understanding that each challenge must be met with its own solution. However, we have relied on “one-size-fits-all” processes for too long. We now must energetically seek ways to evaluate and integrate the differences and specifics of each environment as we invest for maximum impact. Different country needs require differentiated approaches, so country context must be a pillar of our investment approach. The same \$10 million in a country can be streamlined and catalytic, or diffuse and ineffective. How we operate in a country where we invest \$10 million should be very different from a country where we commit \$500 million.

To allow us to serve countries in the best way possible, we continue to restructure our portfolio management to better prioritize and focus our resources to achieve maximum impact while managing risk globally. At the Secretariat, we are shifting the structure of Country Teams to increase our ability to tackle the biggest and most complicated portfolios. For instance, we are increasing staffing for Nigeria and India to enable engagement at the state and sub-national level. In certain environments, a County Coordinating Mechanism might not be appropriate. We have identified 35 countries with low burden of disease and low-risk operations where we can right-size processes and Country Teams. We aim to achieve a more simplified end-to-end process, from application to grant closure, so that these portfolios can reduce process, information and verification needs to a level that allows Country Teams to make key decisions and focus staff time where it is most urgently needed.

Simplified processes should result in a 50 percent reduction in grant management workload for a number of Country Teams and in reporting burden for the identified country portfolios. By integrating the reduction of processes with other simplification work streams, we can achieve additional efficiencies.

We will only succeed with Board support, and with the Board’s understanding of benefits and risks.

Resilient and Sustainable Systems for Health

Ebola taught us powerful lessons. Countries that had better health systems such as Nigeria, Senegal and Mali detected cases quickly and imposed swift control measures. These countries used infrastructure set up to fight other diseases to confront the Ebola outbreak with much success. We strongly believe that building resilient and sustainable systems for health is critically important to end HIV, TB and malaria as epidemics, and to address multiple health issues and outbreaks. We have invested more than one-third of our investments in building resilient and sustainable systems for health, and must do more as we seek to end the three epidemics.

The Global Fund partnership’s investments in HIV, TB, and malaria create substantial benefits on the systems for health in countries where these diseases are rife. This mutually

reinforcing relationship between funding for disease-control programs and funding for cross-cutting systems is a cornerstone of the Global Fund's approach to investment.

However, insufficient data on performance of health systems has hampered our efforts to effectively monitor the effectiveness of these investments. To address this setback, a program of health facility assessments is planned for 2016, supported through KPI 5, which focuses on health systems strengthening. Projects range from community level mobile phone networks to collect diagnostic, treatment and drug delivery information, to sophisticated laboratory analysis data. Integrating multiple data collection systems into national systems can greatly improve decision-making. In Ethiopia, the Global Fund supported the expansion of integrated health management information to 93 percent of hospitals and 80 percent of health facilities. Wherever the burden of HIV, TB and malaria eases, hospitals and systems for health can more effectively treat other illnesses.

In a world where the resources required to end the three epidemics are bigger than the need, stronger information systems assist in making rational resource allocation decisions. This data-driven process, often called "allocative efficiency," has been embedded into the Global Fund grant-making process. Countries are required to complete an epidemiological analysis to identify disease, trends and data gaps prior to submitting their concept notes. By focusing support to the right populations in the right places, a more effective response is realized. To support this effort, the Global Fund also works with countries to better map and estimate the size of key populations. Twenty-five countries now have nationally adequate estimates for at least two key population groups.

Training health workers is also critically important to building resilient health systems. In Zimbabwe, the Global Fund financed an emergency health worker retention scheme to reverse the enormous brain drain of health staff from the country due to its economic decline in 2008-2009. Between 2009 and 2014, the Global Fund supported nearly 20,000 critical health workers. This was highly successful in motivating staff to return to work, decreasing vacancy rates, improving retention rates of nurses and doctors, and overall, greatly improving coverage of health services. Similar projects are happening in other Global Fund implementing countries.

While improved information and human resource systems are an achievement, real success comes from ensuring people have universal access to health care. We are supporting partners such as the Government of Rwanda to expand community-based health insurance and support performance-based financing. Similarly, Kenya and Senegal are working with the Global Fund to find efficiencies in the delivery of services and health insurance coverage, boosting both coverage and sustainability of their health systems.

Communities were the first to respond to the HIV pandemic – and to the recent Ebola outbreak. The Global Fund is supporting their role as they implement and evaluate health services, and reach those who may lack access to health care. The Global Fund increasingly provides HIV, TB and malaria programs at the community level – a more cost-effective and efficient approach that strengthens the link between health and community services.

For a more complete discussion of the Global Fund's role in supporting countries to build resilient and sustainable systems for health, please see a [report](#) on this topic.

Implementation through Partnership

Data focuses attention. Analysis of financial metrics, made available by the Finance Step-Up initiative, has enabled the Secretariat to clearly identify the slower rate of use of funds at a country level than initially forecast. Service delivery projections developed this year enabled us to identify risks that may stop us from achieving strategic service delivery targets as laid out in KPI 3 – performance against service delivery results. We have identified a potential risk to three of the seven service delivery targets: TB treatment, delivery of insecticide-treated nets for malaria and prevention of mother-to-child transmission of HIV. Our performance indicators have enabled us to isolate these risks in a timely manner and take measures to manage them.

The data also identified key opportunities to support countries to increase access to programs and services to accelerate impact toward the Global Fund strategy and SDGs.

Twenty countries that received an allocation of more than US\$150 million met one of these criteria:

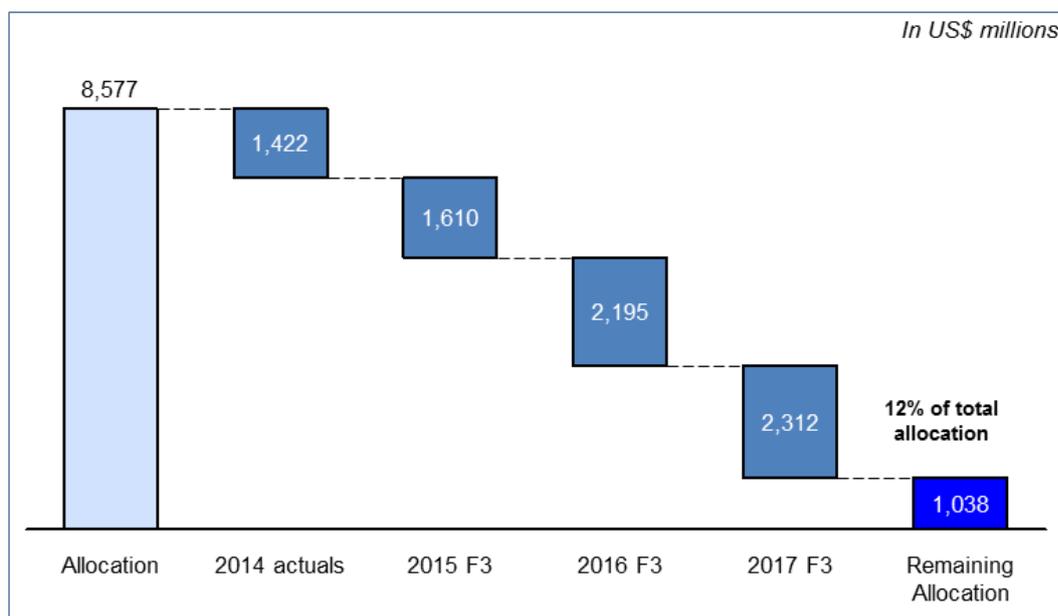
- Expenditure rate of grant funds historically at less than 70 percent;
- A need to increase annual expenditure of grant funds by more than 50 percent to deliver on targets;
- Forecasted expenditure of grant funds to remain undisbursed by the end of 2017.

We can only accelerate investment in these countries by working with partners in a coordinated way. Each specific country requires specialized attention, and grant implementation is the major part of how we do this together. From conversations among the Joint Working Group, Combined Situation Room and Disease Stakeholder consultation and the Expanded Core Group, as well as through other informal meetings, a number of shared priorities have surfaced, and plans are currently underway. We are grateful for the input and participation by many partners in recent weeks as we set up ways to maximize collective work and support investments in disease programs.

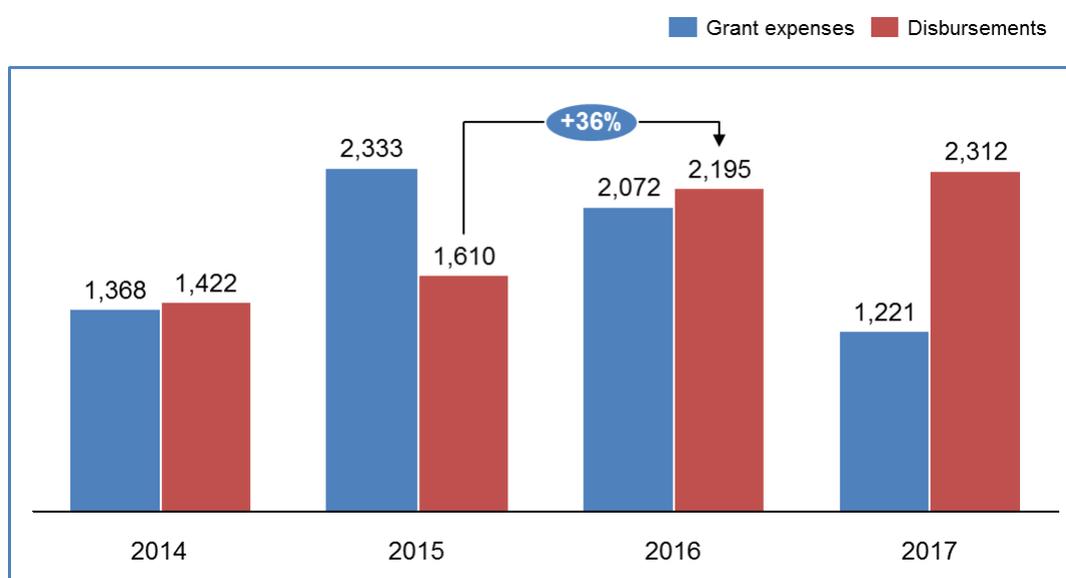
This is challenging work, so we are striving for an inclusive approach, with a strong intent to participate in diagnostic analysis with countries. We want to create space for cross-disease collaboration on operational issues and solutions, and to build upon existing structures, maintaining flexibility to leverage on-going work-streams. We want to think beyond existing “technical assistance” structures and work from country needs, whether they be short, medium or longer term. Above all, we want to take collective action to avoid unneeded delay.

The diagram below illustrates an overview of our projections, year by year, of how we plan to be able to realize fuller implementation of existing grants money, by working together with partners. The current allocation period includes US\$8.577 billion for the top 20 countries identified with the criteria listed above. Only US\$1.422 billion was invested by the end of 2014, and a further US\$1.6 billion is expected by the end of 2015. Current projections for investing US\$2.195 billion in 2016 and US\$2.3 billion in 2017 still leave an estimated \$1.0 billion at the end of the allocation period, unless we can further accelerate investment by working with partners to maximize our collective efforts.

Top 20 Countries – Allocation Consumption 2014-2017



Top 20 Countries – Target: Rapid Increase of Funds/Access in 2016



In all of this work, our collective focus is on supporting countries, in partnership and with accountability. We plan to update Board committees and the full Board twice a year.

Global Public Goods

Improving Procurement

The ITP analysis indicates that efficient country procurement can be a key impediment to expanding access to services. From the perspective of successful transitions, including when countries still supported by the Global Fund decide to procure commodities with their own resources, getting the procurement system right is absolutely essential.

One potential solution is to build an online platform, or e-Marketplace, that can provide increased transparency and improved reliability for medicines and health products, leading to lower prices for quality-assured medicine and health products. KPI 10 – value for money – shows that the impressive gains seen in commodity cost savings over the past three years are beginning to be constrained by the limited volume of procurement spending that can access the lower prices available through the Global Fund’s strategic tendering process. The e-marketplace initiative will extend availability of these quality and cost-effective products well beyond countries participating in the current pooled procurement mechanism. An online platform has the potential to drastically improve the effective delivery of health products and other associated goods in the most reliable, cost-effective and transparent way. It is a public good that will be available to serve countries and partners in global health by providing them with access to affordable, accessible and high-quality products.

The e-Marketplace aims to build country procurement capacity while providing every country – even those that have or will transition from Global Fund support – access to quality health products at the lowest possible cost. The platform is designed as an open source, cloud-based e-Market exchange that Global Fund implementers in country, and ultimately other organizations as well, will gain access to. The e-Marketplace will enable countries transitioning from external funding to put in place simplified, sustainable procurement practices, and increase transparency across the market, reducing costs and securing quality. A prototype has been developed, and it is generating considerable excitement.

For the implementers of Global Fund programs alone, the e-Marketplace could add an additional US\$100 million per year in efficiency savings by 2020.

For long-term programmatic sustainability and greatest impact, once the e-Marketplace is firmly established, we will work with partners to create a spin-off for health commodities.

Equitable Access Initiative (EAI)

As you know, the purpose of EAI is to explore potential ways to enhance the approach to assessing countries’ state of development, which is currently based on average Gross National Income (GNI) for health. Conveners include: WHO; the World Bank, Gavi, the Vaccine Alliance; UNAIDS; UNICEF; UNITAID; UNDP; UNFPA and the Global Fund.

Following the Initiative’s first high-level meeting in February 2015, four analytical groups have been tasked with developing candidate frameworks for consideration by EAI stakeholders. Alongside the analytical work, an extensive consultation process has engaged technical partners, civil society, the private sector, academic institutions and think tanks in order to provide feedback and streamline the proposed approaches based on different

organizational needs and country perspectives. The findings of this ongoing research will be available by the end of 2015, and a presentation and discussion of the final report will take place during a high-level meeting in February 2016. Updates are regularly provided on the Global Fund website.

From a Global Fund perspective, the draft recommendations by the Expert Panel could be used to inform the Strategy Committee and Board decision on the allocation formula.

Value for Money: Investing in Program Quality

As we work to end HIV, tuberculosis and malaria as epidemics, we must focus on quality and efficiency of services to achieve the best possible impact with the resources available. That requires analyzing and using data effectively, and finding efficiencies that can significantly increase impact. We have to invest in data systems to really improve program quality, and to meaningfully engage communities affected by diseases and to deploy of community-based systems.

We support countries in building holistic and integrated country data systems, to shape investments at national, local and community level. The Global Fund is investing more than US\$200 million each year in country data systems, approximately 5 percent of total grant budgets, a trend that we expect to build on in the current funding model, with more focused investments in national health facility assessments and data quality reviews that support national planning.

At the facility level, we are supporting countries as they identify and expand successful quality improvement approaches. Community-based models to deliver drugs, focused outreach strategies and differentiated adherence monitoring based on an assessment of the risk of non-adherence are each examples of differentiated approaches to better respond to the needs of people that hold potential for significant increases in access to quality services and greater impact. It is important that these approaches do not necessarily require major policy changes or significant additional resources given that many are already under implementation at the facility level, albeit not at a national level. Looking for positive deviants, programs in similar environments with the same national guidance and indicators had much greater success, and we found that site- and program-level effectiveness could be as much as 20 percent higher, increasing value for money. With partners, we are working to widen the scope of the effort in terms of program areas evaluated and, through the development of quality assurance tools to have maximum impact.

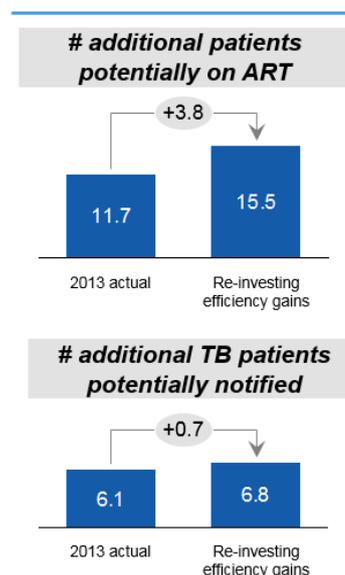
Potential impact of differentiated models of care is significant

Examples of 3 differentiated service delivery approaches

Savings potential for differentiated approaches in HIV & TB

	Site-level efficiency	Potential GF savings
Community HIV drug delivery	<ul style="list-style-type: none"> 20% reduction in cost per patient Low coverage (<1% in most countries) 	\$150 million yearly
3-month ART refill	<ul style="list-style-type: none"> 20% reduction in cost per patient Countries routinely implementing 3-month ART refills are rare 	\$120 million yearly
Community-based DOTS	<ul style="list-style-type: none"> 30% cost savings Most countries allow community-DOT but coverage is low (20-30%) 	\$20 million yearly

Additional lives impacted



Note: Site level efficiencies estimated based on literature and field visits; Impact calculation based on top 10-15 countries accounting for 60-65% of disease burden, 55% of active HIV grants and 35% of active TB grants; cost saving potential converted into # additional patients on ART / TB based on average HIV treatment cost and expenditure per notified TB patient

II. SUCCESSFUL TRANSITION

Recognizing that all countries live along a development continuum, from challenging operating environments to self-sufficient states with more equal opportunity for their citizens, we are learning better to understand how a 21st-century partnership can support countries as they move from one stage to the next. While we tend to think of transition as the final stage of moving beyond external financing, transitions happen all along the development continuum. An increasing number of countries are already preparing to transition from low-income to middle-income status.

If we are honest, as a development community, we will acknowledge that we have engaged in more exits than transitions so far, when countries move beyond external financing. We must work together to change that. Our approach to supporting countries as they sustainably transition to self-sufficiency has progressed significantly over the past year. This work began in earnest earlier this year when members of the Development Continuum Working Group provided a number of concrete recommendations on sustainability and transition to the Board. These recommendations, in addition to the Sustainability Review completed by the TERG, have helped us evolve our approach to supporting countries, so that we consider sustainability holistically and take into account both the programmatic and financial aspects of transition.

Programmatic Sustainability

The Global Fund must engage with all countries now to ensure that the necessary elements are eventually in place for a sustainable transition. The first section of this report, Investing to Accelerate Impact, describes what is the core business of the Global Fund, as we support countries to move along the development continuum with ever stronger programs and systems to contribute to programmatic sustainability. In many ways, the Global Fund has a larger role in programmatic sustainability than in financial sustainability. But often our engagement has been more about immediate results – about trading – rather than focusing on the essential pieces of programmatic sustainability and successful transitions.

We are becoming more intentional in supporting the wide range of investments needed to build a resilient and sustainable health system; such as providing technical support to strengthen national health strategies and national strategic plans to control HIV, tuberculosis and malaria, ensuring that they are costed and on budget; and investing to strengthen specific aspects of the health system. The Global Fund is collaborating closely in this space with partners such as the World Bank, WHO, UNAIDS, and PEPFAR to ensure greater coordination both globally and at country level. We are currently in the process of identifying priority countries where the Global Fund can work jointly with others on key issues that contribute to longer term sustainability planning such as health sector wide sustainability assessments and targeted investment in areas deemed not ready to transition, such as procurement and supply chain or PFM systems.

We are also becoming more intentional about investing in the programmatic sustainability related to the marginalized and vulnerable, as described in Section I. Despite these successes, we still have substantial work to do. In a number of countries that are becoming eligible for less Global Fund support, we are the last donor standing. In some, we fund the majority of work targeting key populations who, in some cases, engage in behaviors still criminalized by their governments. Research shows that with transition, these populations are often left behind and their ability to access essential prevention and treatment programs is severely compromised. Clearly, as a global health community, we need to evaluate how best to approach this issue together, support these populations from both a health and human rights perspective, while using our collective influence to encourage governments to appropriately address the diverse needs of their population.

Financial Sustainability

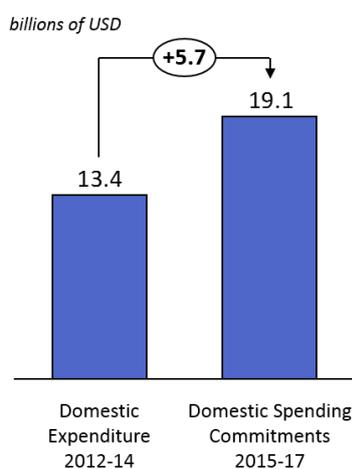
Of course, programs cannot be sustained if there are insufficient resources to do so. Although the Global Fund has a role in the complex requirements of financial sustainability, many partners have key roles to play. The most important actor is the country. With more than 50 percent of HIV programs, 80 percent of tuberculosis programs, nearly half of malaria programs and large portions of systems for health being funded by low- and middle-income countries, it is time to change the way we think and act: to change from how international partners leverage domestic resources to how countries leverage the resources of international partners to reach their national health goals.

A strong plan for financial sustainability that leverages international partners is complex but includes: increased domestic finance, adequate revenue capture (e.g. health insurance, collecting and managing taxes already part of national law); transition from grants to loans and, where appropriate, innovative finance. We are working with partners, including the World Bank, WHO and others to systematically develop sustainability plans in several countries, beginning with those closer to transitioning beyond external financing. Ultimately, there is a need to do such planning in each country, beginning when they are low-income countries. Recognizing that such expertise is beyond many global health staff, we are considering a “transition team” with the necessary expertise to support Country Teams in their engagement with the array of partners needed to ensure successful financial transition.

Domestic Resource Mobilization

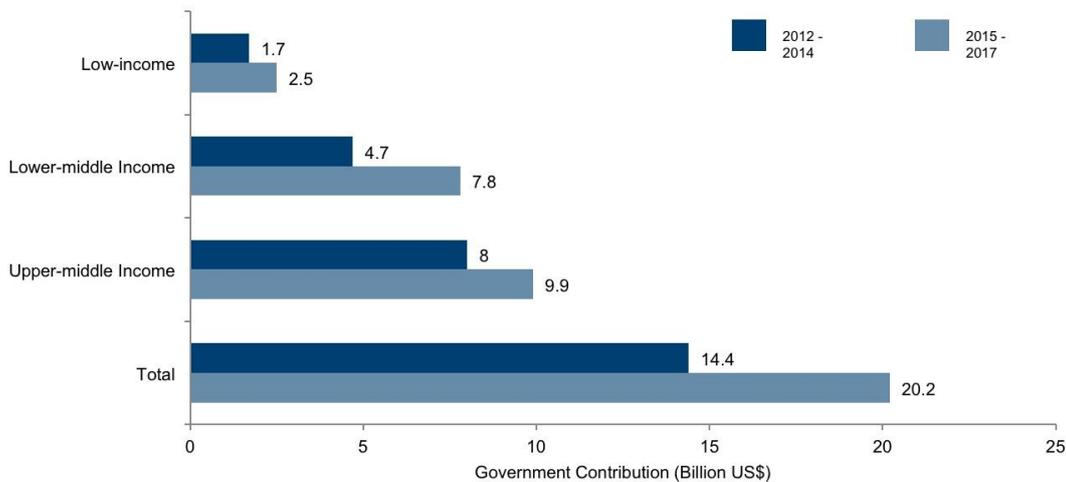
Effectively encouraging and stimulating domestic investments in health is an essential component of our move toward sustainability. Implementation of our domestic resource mobilization strategy and policies has led to additional government commitments of US\$5.7 billion to health – a remarkable increase from the previous four-year period.

Co-financing policies have significantly increased domestic financing commitments



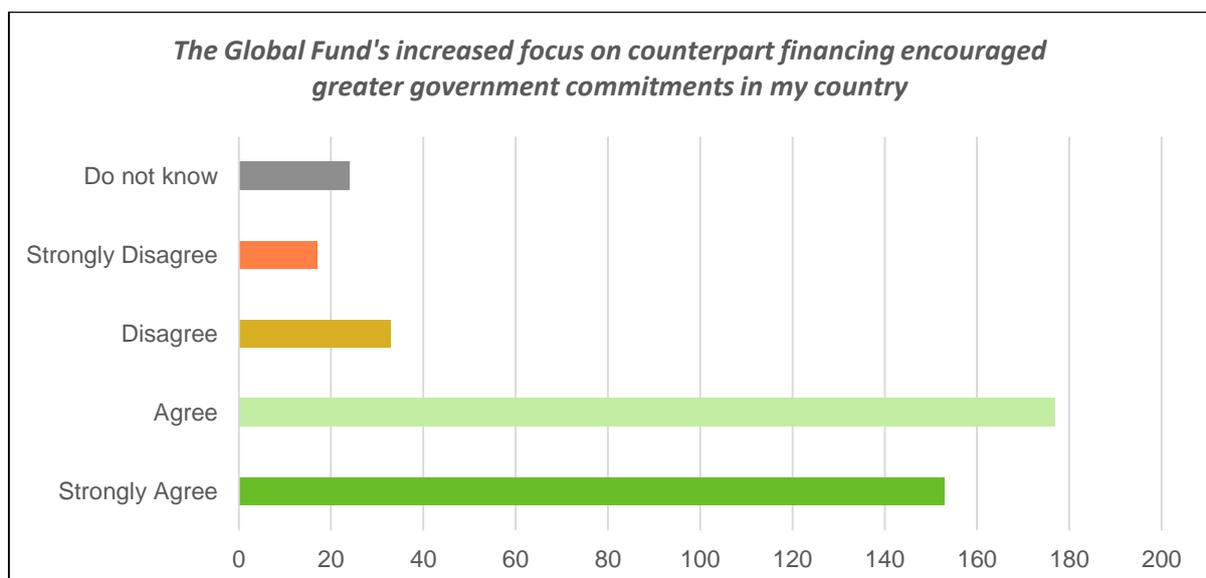
The graph below demonstrates how domestic financial for health is increasing in the current period:

PARTNERING TO INCREASE DOMESTIC FINANCING FOR HEALTH



An additional **US\$5.9 billion** – an increase of **41%**

Governments in several countries will for first time make substantive direct co-investments in Global Fund supported programs – an important step towards longer term sustainability of programs. Countries implementing the funding model say its requirements for counterpart financing are valuable in unlocking more resources for health in their countries. In a survey conducted among participants in country dialogue and concept note development in the first five funding windows, a majority (82 percent of 404 survey respondents) believed that the Global Fund's increased focus on counterpart financing encouraged greater government commitments in their countries.

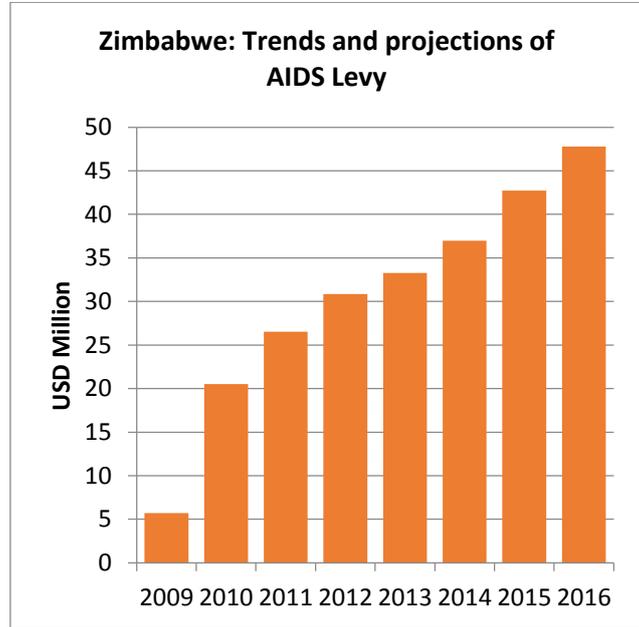


We recognize great work by other partners who are catalyzing domestic investments in health. With the support of partners such as UNAIDS, bilateral programs and others, African countries have increased their domestic resources to respond to HIV by 150 percent in the last four years.

Also, partnerships between UNITAID and Clinton Health Access Initiative (CHAI) are catalyzing innovative mechanisms for increased domestic investments in health. CHAI's entrepreneurial approach to providing access to health care and UNITAID's innovative financing mechanisms have emphasized creating partnerships and fostering strong country investments and ownership of programs.

Increasing domestic finances for health is a tremendously important pillar in our collective effort to end HIV, TB and malaria as epidemics. Increased domestic investment in health signals country ownership and is a pathway to real sustainability of programs. While seeking to catalyze domestic investments in health, the Global Fund partnership is also supporting in-country innovations that increase domestic investments in health, the surest way to build sustainable systems for health. Such systems can help end old epidemics and spring into action in case of outbreaks. Pursuing long-term goals of promoting more domestic investments in health is an approach that will bring transformative returns to global health.

Zimbabwe's AIDS levy, charged on individuals, companies and trusts at a rate of 3 percent, has increased significantly since 2009, when the country's economy became more stable. Resources generated through the AIDS Levy jumped significantly from US\$5.7 million in 2009 to US\$30 million in 2012 and is expected to increase over the next phase in line with economic growth. The country's National AIDS Council Board has indicated that at least 50 percent of total funds collected from the AIDS Levy would be spent on the antiretroviral therapy.



III. MANAGING FOR IMPACT

As we take on these complex challenges, we must ensure the Secretariat is set up to deliver and fit for purpose. Delivering on this ambitious agenda will require courageous decision-making, coordination across departments, data for monitoring progress and impact, and a nuanced understanding of the risks of both action and inaction. We have recently launched three work streams to get us there.

Integrated Project Management

As we work to bridge between development and health sectors, we need to break down silos within the Secretariat. We are building a stronger team approach, but we could have greater impact and better work to achieve the Global Fund strategy and SDGs if we ensure synergies within the Secretariat. We have many exciting projects underway, but many of them overlap with others, just as education, health and economic growth overlap. So we have created a project management coordination function within the Office of the Executive Director to ensure project managers and their senior manager sponsors are aware of and supporting the common direction in which we are headed. We also seek to integrate and sunset projects to maximize value for money within the Secretariat.

Related to that, project management, from inception through to change management within the organization, is a discipline that has not been developed within the Secretariat as much as it needs to be. The Director of Project Management Integration will wear a second “hat” and have a small team within the Finance Division to provide support and ensure excellence in project management in every project. This will be linked to a broad effort within Human Resources so that the dual competencies of excellence in collaboration and project management at differing levels will be an aspect of competencies required for promotion within the organization.

Data for Better Results and Impact

We can only accelerate the end of epidemics if all partners operate with data that is accurate and up-to-date. Strong work to frame and operationalize available data is necessary to use it effectively.

We launched a data management initiative in January 2015, to strengthen the collection, management and use of data to maximize the impact of Global Fund investments. We identified six critical areas of work, including steps to improve data accuracy and quality, to align country and global target setting, and to facilitate assessment and reporting of impact.

Developing a consistent approach to impact assessment and measurement, so that epidemiological data can be used effectively through an investment cycle, is a critically important ingredient to ending the epidemics. To ensure that investments are well-coordinated with partners, to harness new technologies and benefit from evolving standards, we must invest in better data management.

By monitoring KPI 7 – Access to Funding – we identified inadequacies in our own data systems. Despite advances made to date, we need a fresh and innovative approach to framing and organizing our basic grant data, so that our managers can accurately identify themes and trends and take proactive moves to come up with solutions. We are seeking to fully integrate the use of data and information in our core systems, a necessary and strong enabler for efficient portfolio management. In September, we launched Project AIM to address these needs.

AIM, or Accelerated Integration Management, is helping us access and use available data and information, and to have it integrated in our core systems – for example, with Step Up – to create a portal between grant and programs data and financial data, so that our portfolio management will use information strategically and in a fully aligned way and be used by countries to maximize investments in high yield interventions and impact. Unfortunately, there were significant delays and insufficient collaboration across the Secretariat. AIM was created to reboot the effort and it is imperative that we get our systems quickly and successfully up to speed. Project AIM's immediate focus is on a building the foundation phase, to be completed before the end of this year. The objective is to establish the basis for structured project management, engage with teams across the Secretariat and mobilize resources and expertise to work collectively on core business design, data and solution insights.

We continue to work with many partners to enhance data systems and explore new and innovative approaches of working with data. We have actively participated in the Measurement and Accountability for Health process, which produced a Roadmap and 5-Point Call to Action (<http://ma4health.hsaccess.org/>) that was endorsed by global health and country partners. We will remain engaged in this process. We are also working with a range of public and private sector partners on specific projects to implement aspects of program and data quality. In close cooperation with countries and key partners such as PEPFAR, Bill and Melinda Gates Foundation and UNAIDS, we are aligning implementation of programs and leveraging opportunities for expansion. We are consolidating this work on use of data to improve management of our programs during this funding cycle, and are eager to engage with partners, countries and the Board for possibilities of more ambitious support for this work in the next round of our grant making.

Risk Management

We now have a full-fledged risk team at the Secretariat, which is working to embed risk management practices in all grants. While the Global Fund does not shy away from investing in vulnerable communities that are most in need, we are responsible risk takers who seek to secure our investments by galvanizing a diverse group of partners – from international, national and community level – to help with oversight over investments. The partnership has built a strong risk framework that balances fiduciary and programmatic risk management and seeks to guide the partnership to grow toward achieving the best results from investments.

One of the new areas of growth is finding ways to enroll communities benefiting from our investments to be part of the process that monitors the performance of the grants to reduce possible risks. People affected by the diseases not only care most about the availability of the health services they are also the ones with the most intimate knowledge of what is needed in

implementation of the disease programs that affect them. We are very excited about initiatives that explore having them as part of the process of monitoring and reporting on service and program performance. We are exploring diverse forms of community monitoring with an aim of adopting them. We hope to see these approaches integrated in programs that we support.

CONCLUDING NOTE

We are often reminded that progress in global health only comes through the cooperation and collective effort of many partners, with contributions by governments, civil society, the private sector and people affected by HIV, TB and malaria. The people whose lives have been saved owe most to partners on the ground, who do the hard work of preventing and treating and caring for those affected by these diseases.

Working together is not enough. Going forward, we will have to work smarter, and be more creative. Our investments have to be more focused and nuanced and interwoven to make progress towards ending these epidemics by 2030. I am more and more convinced that we have to embrace ambition with a long-term view, and to have the courage to make energetically innovative changes now, in order to keep accelerating our progress. It is not enough to make incremental improvements. To make a transformational difference in the lives of the millions of people affected by HIV, TB and malaria, we must think and act in a transformative way.