

34th Board Meeting

Report of the 34th Board Meeting 16-17 November 2015

GF/B34/25 – Revision 1
Board Decision

Report of the 34th Board Meeting

Purpose

This document presents the Report of the 34th Global Fund Board Meeting, held in Geneva, Switzerland, from 16-17 November 2015.

Agenda items. The Meeting comprised seventeen (17) agenda items. Eight (8) agenda items included Decision Points. Nine (9) agenda items were for information. One executive session was held.

Decisions. The Report includes a full record of the meeting including the eight Decision Points adopted by the Board (Annex 1). Of the eight (8) decision points approved by the Board, three (3) were amended prior to approval (GF/B34/DPO3, GF/B34/DPO7 and GF/B34/DPO8) and one (1) resulted from a new motion (GF/B34/DPO6). One (1) decision point proposed in the background documents shared with the Board was deferred until after the Board Meeting

Documents. A document list is attached to this Report (Annex 2). Documentation from the 34th Board Meeting is available at:

<http://www.theglobalfund.org/en/board/meetings/34/>

Presentations. Presentation materials are available to Board Members on the *BoardEffect* platform.

Participants. The participant list for the 34th Board Meeting can be consulted at:

<http://www.theglobalfund.org/en/board/meetings/34/>

Glossary: a glossary of acronyms can be found in Annex 4.

[Subject to approval: The Report of the 34th Board Meeting was approved by the Board of the Global Fund via electronic vote on [X] February 2016 (GF/B34/EDPO9).]

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Agenda Item 1: Welcome Remarks from Chair and Vice-Chair of the Board

1. Norbert Hauser, Chair of the Board, opened the meeting by expressing deep regret for the tragic recent events in Paris and Beirut, extending condolences and heart-felt solidarity to families and friends of victims. Board Meeting participants later joined with the people of France in a minute of silence.
2. The Chair welcomed participants to the meeting, and recognized the work of the leadership and members of the Board's standing committees and the Transitional Governance Committee (TGC), the Secretariat, the Office of the Inspector General (OIG), participants of the Partnership Forums, and other colleagues and partners, in the months prior. He extended a warm welcome to new Board and Alternate Board Members, to invited guests and observers, and members of the Privileges and Immunities Advisory Group¹.
3. The Chair emphasized the importance of the meeting's decisions and discussions, and the overall objective of strengthening the organization's results-oriented mind-set for its operations, partnerships and governance. He noted key planned side events, including thematic booths providing interactive information on Global Fund work streams.
4. The traditional candle of remembrance was lit by Dr Anita Asimwe, Board Member for the Eastern and Southern Africa constituency, who paid tribute to health workers, patients, and family members of people affected by the three diseases. She paid tribute to Dr Albert Peter Okui, Head of Uganda's National Malaria Control Program, who had recently passed away. Dr Asimwe urged the Board to continue its good work in order for future generations to be free from the burden of the three diseases.
5. Aida Kurtovic, the Vice-Chair of the Board, recalled the Global Fund's fundamental purpose of saving lives. Multiple meetings, retreats, consultations and Partnership Forums were held throughout 2015, at which discussions had progressed to support informed decision-making and deliberation at the Board Meeting, with a focus on the next strategy. She thanked the Board for the ambitions expressed in these discussions, and recognized the importance of prioritization in a resource-constrained environment.
6. **Decision.** The Board unanimously approved the appointment of Kieran Daly, Board Member for the Private Foundations constituency, as Rapporteur. (Decision Point GF/B34/DPO1).
7. The Report of the 33rd Board Meeting was approved electronically on 7 July 2015.
8. **Decision.** The Board unanimously approved the Agenda, which had been developed through a consultative process and incorporated constituencies' inputs. (Decision Point GF/B34/DPO2).
9. Finally, the Chair referred to the Report on Status of Board Decisions (GF/B34/23), noting that the Board would follow up on a number of past decisions over the course of this meeting. These include discussions relating to the next Strategy, the Allocation Methodology, the proposals of the Transitional Governance Committee, and the amended and restated Market Shaping Strategy. Referring to the follow-up action of the 33rd Board Meeting regarding governance meeting locations, the Chair confirmed that an internal procedure had been developed. Governance meeting locations would be proposed to the Board for approval, based on a comprehensive assessment of the country's legal and political context. Mr Hauser stressed that the Coordinating

¹ www.theglobalfund.org/en/board/meetings/34

Group and the Office of Board Affairs pay close attention to tracking Board decisions, incorporating required actions or reporting into relevant work plans and meeting agendas.

Agenda item 2: Report of the Executive Director

10. Dr Mark Dybul, the Executive Director, presented his Report to the Board (GF/B34/02), and opened the session by thanking those who had provided written comments in advance of the meeting. Dr Dybul pointed out that his Report highlighted key issues for discussion and reflection, but was not intended to be an exhaustive accounting of the Secretariat's achievements over the past year, and was instead positioned to complement the body of papers submitted to the Board for discussion at this meeting. The Executive Director noted the strong focus on gender equality, in the context of the deep-seated social issues requiring renewed attention in order to end the epidemics. He suggested that the next Report may focus on a separate issue such as tuberculosis and MDR-TB. In addition, he said the Secretariat remained fully engaged on preparing for the next Replenishment, which informs all areas of activity. Finally, the Executive Director expressed his thanks to Board Members and partners for the support provided to the Secretariat in all of the numerous work streams underway to advance the mission of ending the epidemics.

Board discussion

11. The Vice-Chair of the Board opened the floor for discussion. Several constituencies thanked the Executive Director for a particularly informative, cohesive and effective report, and applauded the special focus on women and girls, CSS, human rights and raising a critical importance of building resilient and sustainable systems for health (RSSH) to end HIV, TB and malaria as epidemics. Unfortunately, insufficient data on performance of health systems hampers an effective monitoring of investments made on the systems for health. To address this issue a program of health facility assessments is planned for 2016, supported through KPI 5. Also, projects range from community level mobile phone networks to collect diagnostic, treatment and drug delivery information, to advanced laboratory analysis data. Training health workers and integrating multiple data collection systems into national systems to improve decision-making are as important. Constituencies' views are summarized below.
12. The USA constituency commended the Secretariat for increasing the focus on women and girls in the fight against HIV, and called for a clear roadmap to achieve the Sustainable Development Goals (SDGs) and eradicate the three diseases. Referring to the Strategic Framework, the constituency noted the need for Strategic Objective 1, Maximize Impact Against HIV, TB and malaria, to clearly indicate how to achieve those goals. The USA noted that the Global Fund is a contributor, rather than sole responsible party, for building health systems. On the allocation model, the constituency emphasized that it must represent a public health, rather than a political response, with allocation focused on attaining impact through investment in highest burden countries and countries where governments are unwilling to support service delivery for the most affected key populations. Special consideration should be given to countries in which malaria is in the pre-elimination phase or which are struggling with MDR-TB. Regarding the Corporate Key Performance Indicators, the constituency called for detailed analysis of the 2015 results, based on disaggregated data, prior to approval of 2016 targets.
13. The Communities constituency expressed appreciation for the work of the Community, Rights and Gender (CRG) Department aimed at ensuring human rights and key affected populations are at the focus of the response to the three diseases, for impact at the community-level. The constituency called for progress to be made on Agreed Management Actions.

14. The Developed Country NGO constituency welcomed the Implementation through Partnership (ITP) project as a much-needed initiative to respond to bottlenecks to absorptive capacity at the country level. The constituency underlined the importance of effective absorption to achieve impact, specifically in the context of the next replenishment. The constituency requested quarterly progress updates on the project. Secondly, the constituency expressed strong concern about the replenishment, given the changing funding environment that suggests possible reductions in donor contributions to the Global Fund. The refugee crisis is an example where new challenges and priorities compete for ODA budgets. The constituency noted this would require an honest and transparent debate and the Board needs to be more actively involved in replenishment efforts and in conveying strong messages on how ending the epidemics is only possible with increased investments. The constituency emphasized the Board's resource mobilization responsibility, and a new motion was proposed later in the meeting expressing commitment to the next replenishment.
15. The UK supported the need for focus on women and girls, emphasized the importance of strong and responsible financial and programmatic sustainability for effective transition, and noted the role of the Board in ensuring the Secretariat is set up to manage for impact. The UK emphasized that KPIs are critical to this oversight. The constituency underlined some concerns with respect to risk management, and called on the Board to ensure the lessons identified in the Strategic Review are incorporated into the next Strategy.
16. The Eastern Europe and Central Asia constituency emphasized that sustainability and transition are critical issues, noting particularly the need for well-planned, responsible transitions based on partnerships. Human rights protection still needs to be improved in the region. Moreover, health systems are not strong enough to maintain public health gains without technical and financial support. Echoing the Executive Director's report, the constituency observed that when the Global Fund transitions out of countries, key populations often lose access to essential prevention and treatment programs. The Board is responsible for ensuring effective transitions so no lives are put at risk.
17. The Partners constituency welcomed the focus on tuberculosis planned for the next ED report. Commenting on the focus on women and girls, the constituency underlined the importance of integrating partner efforts in pursuit of gender equality and human rights. The constituency noted the ongoing importance of ensuring access to treatment and prevention for the most marginalized and vulnerable. With respect to transitioning countries, proper planning is imperative, including guidance on timeframes and innovative funding. Finally, there is a need for better data at the country level, but also for an improved understanding of the significant amount of data already available.
18. WHO commented on the SDG framework, and its impact on the Global Fund's way of working, saying the Global Fund must manage its transition into the SDG space to achieve the ambitious goal of ending epidemics by 2030, by applying a transformative approach of working with partners, strengthening national and community leadership, and enhancing domestic financing. New approaches are required to tackle gender disparities and social inequities. A system-wide approach is necessary, underpinned by the target of universal health coverage (UHC). Global plans for the three diseases, designed with a strong focus on the SDGs and the universal health coverage target, offer a strong platform to guide national health strategies and health system strengthening. They can also serve as a framework for Global Fund investments. The UHC target presents a number of opportunities for a more balanced and sustainable approach to achievement of HIV/AIDS, TB and Malaria targets while contributing more substantially to building resilient health systems. This will require a positioning of Global Fund financing, planning, budgeting, and partnering to ensure a more comprehensive reach of the affected and vulnerable populations.

Credible and transparent data are critical for transition and sustainability planning. Finally, the constituency noted WHO's role in the ITP project.

19. The European Commission called for focus on implementation, specifically with respect to addressing issues of human rights and gender, differentiation in grant management, and critical work to resolve programmatic bottlenecks in country. Focusing on three key issues, the constituency first emphasized the need to understand country ownership as supporting national governments, including national health strategies, and supporting countries to raise standards in alignment with Global Fund principles. In this context, clear definition is required regarding the approach to countries with policies towards marginalized key populations which contradict Global Fund principles. Secondly, clarity is also needed regarding the meaning of differentiation. Third, the constituency emphasized the need for more effective risk management, both for assurance purposes, and to better respond to programmatic underperformance.
20. Germany reflected on the work of the Global Fund in the context of the new SDG paradigm, reflecting on the need for an increasingly holistic approach to global health, calling for comprehensiveness, encapsulating key issues including women and girls, within the next strategy. On implementation, the constituency noted the importance of sustainability in program delivery. Regarding the Global Fund's operating model, the constituency suggested consideration of more significant changes for increased impact, including flexibility and a country-specific approach to grant implementation. Regarding transition, the constituency reflected on the need to focus not only on development effectiveness, but also on humanitarian considerations. Finally, partnerships will be critical for increased financial sustainability.
21. The Eastern and Southern Africa constituency welcomed the focus on the most vulnerable group, girls and young women, highlighting their cross-cutting positioning in the social fabric, hence the need to provide services to them at different levels. Secondly, with regard to challenges in grant implementation, the constituency welcomed and called for planning and differentiation in grant implementation according to country context.
22. UNAIDS referred to the difference between the SDGs and the Millennium Development Goals (MDGs), calling on the Global Fund to keep sight of the positive targets ahead, despite the challenges. Partnerships and synergies within the response are critical, and the constituency reminded the Board of the recently-approved ambitious global strategy to respond to HIV. Reflecting on resources, UNAIDS noted the need for increased funding, to end the epidemics, and recognizing that domestic financing has increased. A successful Global Fund replenishment is key to the success of the global strategy to respond to HIV, and the SDGs.
23. The South East Asia constituency called for increased domestic financing, greater inclusiveness and more focus on communities, rights and gender issues. In the context of the socioeconomic and environmental focus of the SDGs, it is crucial for the Global Fund to review and adapt its strategic direction and core functions to accommodate global goals. The constituency specifically highlighted the need to incorporate and strengthen the roles of communities and civil society. Finally, the constituency expressed concern regarding transition in several countries, stating that clear strategies and investments are needed.
24. Japan emphasized the importance of health systems strengthening in the context of the SDGs, as a critical feature of the global development agenda, the ability to have a positive impact on poverty, education and gender issues through development of sustainable and resilient systems. The constituency underlined that through HSS, Global Fund expertise could be utilized beyond its focus of the three diseases. Finally, the constituency called for broadened and strengthened

cooperation, with human security and a people-centered approach serving as guiding principles for improved justice and humanity.

25. The Point Seven constituency emphasized the important role of education in combatting HIV among young women. The constituency welcomed the openness to implement improvements to the funding model. Specifically, the scope to ease the burden of the application process, and the need for increased funding, more health personnel, more participation and involvement by civil society and donor communities. In addition, the constituency noted the need for improved donor alignment, and scaling up access to HIV testing and treatment combined with strengthened efforts for prevention.
26. France thanked the Board Leadership for the solidarity with France and all victims of terrorism worldwide. The constituency commented on the need to address systems and socioeconomic challenges, calling for the Global Fund to have greater outreach in its current work and its future plans. Specifically, the constituency recognized the value of the strong updated global strategies for the three diseases, set out by WHO and UNAIDS, with the Global Fund's own Strategy forthcoming. Second, France noted the need for priorities focused on vulnerable populations and gender equality, and for national ownership in order to attain sustainable results. Third, a roadmap is required to define the approach to transition, on a country-by-country basis, with due caution to ensure a successful transition. Next, the constituency supported the views expressed by Japan regarding the Global Fund's role in HSS and efforts to achieve universal health coverage. Finally, regarding the upcoming replenishment, the constituency called on the Board to be ambitious and to seek financing beyond traditional donors to the Global Fund.
27. Canada, Switzerland and Australia welcomed the way the Executive Director's report links education with reductions in infection rates, flagging the need for cross-sectorial thinking to ensure a coherent approach to meeting the SDGs. The constituency applauded keeping maternal, newborn and child health a priority and supported looking into strengthening strategic and regional initiatives to ensure that vulnerable groups, including women and children, are not left behind. In the same way as the Executive Director's report frames issues in relation to impact, rather than discussing the strategic framework, allocation model and market shaping strategy in isolation, the Board should consider the overall impact that can be achieved. In addition, the constituency noted the need for attention to context in the lead-up to the replenishment. Specifically, the SDGs and the Addis Ababa Agenda for Action on innovative financing and increased domestic finance need to be considered. Finally, the constituency called on the Board to articulate the principles underpinning its work, citing flexibility, differentiation, evidence-based decision-making, partnership, and simplification, as necessary to achieve the desired level of impact.
28. The Eastern Mediterranean Region recognized the impact of civil war, terrorism and refugees on the health systems of both countries in conflict and neighboring states, noting the disproportionate impact on women and girls. Regarding transition, the constituency noted the challenges associated with a low rate of health coverage and high burden of HIV. The constituency called for a transition strategy for countries in the region, taking into consideration regional specificities, and emphasized its availability to work on this transition strategy.
29. Western and Central Africa pointed to malaria as an area where the Global Fund is not doing so well, noted an excessive investment in bed nets, use of which depends on behavioral patterns, and called for adopting new and different approaches. Secondly, the constituency called for a special meeting of all partners and agencies that are working to combat the three diseases in order to find more innovative ways forward, with clear role definition for all parties for increased efficiency. Regarding transition, the constituency underlined the need for a country-by-country approach in

identifying vulnerable groups that are financially excluded. Next, the constituency noted that procurement issues continue to require attention, and called for further support to the Joint Inter-Agency Task Force. Finally, the constituency referred to the need for data on absorptive capacities, particularly in the African constituencies, and on how to better address HSS.

30. The Western Pacific Region encouraged the Secretariat to track actions taken to address the challenges of vulnerable populations affected by the three diseases, especially girls and women, and to report on success stories, as women and girls are a very important issue for the common SDG agenda on health. The constituency emphasized that the SDGs are people-centered. As such, the approach to transition needs to be considered not solely in economic terms, but also from the perspective of public health trends and disease burden. This is important for the new strategic framework. Regarding differentiation, the constituency observed that the move away from a one-size-fits-all approach is not yet tangible at country level. Finally, the constituency suggested some of the KPIs needed to be refined.
31. The World Bank commended the Global Fund for focusing on young girls and women and multi-sectoral determinants, particularly education and social protection. The constituency cited a recent study commissioned by the Government of Norway and the Global Fund to look at the return on investments to health showed that investments in education are comparable to direct investments in health. The constituency emphasized the opportunity to harness the World Bank's contributions to education and social protection. Furthermore, the constituency commended the Global Fund's partnership with the Global Partnership for Education. In addition, the Global Financing Facility (GFF) offers a further opportunity to reinforce the focus on girls and young women. Finally, the constituency noted that it is working with the Global Fund on a publication outlining how to maximize the joint benefits of the Global Fund and the Global Financing Facility.
32. The Latin America and Caribbean constituency commended the focus on women and girls, and recalled the success of Cuba as the first country in the region to eliminate mother-to-child transmission of HIV. The constituency noted that the region is also making strong progress with malaria elimination and the continuing challenges of tuberculosis. Much of this has been achieved through the contributions of the Global Fund and other organizations and technical partners. The commitment of the governments, health workers and NGOs of these communities has also been key. The constituency expressed the wish for frank discussions on strategies that acknowledge the achievements of middle-income countries, and on how to consider issues such as transition criteria, and whether greater emphasis should be placed on numbers of health workers, wealth distribution, and key populations within the allocation methodology.
33. The Executive Director welcomed all the comments and noted that many of the issues raised would be the focus of dedicated agenda sessions over the two days of the Board Meeting, and offered his availability for side conversations as well.

Agenda item 3: Update from the Coordinating Group

34. The Chair of the Board began by referring to GF/B34/03, which highlights that the Coordinating Group (CG), in response to Board comments, has made risk a standing agenda item. The CG asked the committees to more systematically consider if all the risks they have identified have been included in the Risk Register, and would appreciate more detail in the Risk Register on *why* risks occurred, *whether* risks have been addressed, and which mitigating actions have been implemented. Further, an analysis on successful and failed mitigation actions would be appreciated as well.

35. The Chair emphasized the cross-cutting remit of the CG to consider committee agendas in advance, to check on cross-cutting issues and ways to leverage a coordinated discussion. The CG is also looking at reducing the volume of documentation, and ensuring that committee minutes focus on the key analytical points.

Board Discussion

36. The Board commended the first-ever CG report and the CG's decision to play a stronger role, particularly in risk and risk oversight, and in bringing committees together to ensure coordination.
37. Role of CG. One constituency urged the CG to focus on cross-cutting areas that are not dealt with in standing committees, for example, the risk and assurance project, differentiation, and Secretariat follow-up of Board recommendations. Another constituency highlighted that the CG's key role is coordination, ensuring that issues like risk are not sectioned off, and pointed to potential overlaps between the CG and committee work, asking about the added value of the CG. The constituency suggested that a change in the business model might be needed for greater efficiency and asked the CG also to determine if issues could be dealt with at committee level only, instead of the Board as a whole. One constituency encouraged the CG to continue scanning key critical issues, for example, considering if the current Global Fund operational model is fit for purpose in a changing world of universal health coverage, and a focus on health systems.
38. Division of labor of Board Leadership. One constituency questioned the efficiency of the current approach of not clearly articulating who does what, and noted that the Board Leadership (BL) prefers to jointly tackle all six core responsibilities. The constituency said this would not address some of the governance weaknesses identified in the Governance Review conducted by the OIG and enquired as to who holds responsibility for tracking the implementation of the recommendations from this Review. The constituency recommended that the BL define their respective roles. However, another constituency supported the approach taken so far, and said that the leadership team should determine how it wished to work.
39. Inspector General. One constituency asked for feedback from the Board Leadership on the findings of the survey conducted on the lessons learned from the recent appointment process undertaken to recruit the Inspector General.

Coordinating Group Response

40. The Board Leadership commented that dividing responsibilities does not work, noting that a split in tasks is only a recommendation of the Governance Review - it is not mandatory. Strategy and replenishment, or governance and strategy, cannot be split, for example.
41. On the survey on recruitment of the Inspector General, the Chair said there had been few responses, but these are now being analyzed and results will be shared soon.
42. The Board Chair emphasized that the CG report is not a Board Leadership report. It is based on inputs from the chairs and vice-chairs of the standing committees. With respect to added value of the CG, the Chair noted that the BL only started in April 2015, and is still formulating its role as a CG team. On risk, added value has been demonstrated, which can be also partly seen in the Chief Risk Officer's (CRO) report.

Agenda item 4: Transitional Governance Committee (TGC) work on Governance Structures (part 1)

43. The Chair of the Board welcomed Viorel Soltan, Chair of the TGC, and Ton Coenen, member of the TGC, thanking the committee for work done.
44. Mr Soltan outlined the proposed five structures: the Board; the Coordinating Group and three standing committees - the Strategy Committee, the Audit and Finance Committee and the Ethics and Governance Committee. Mr Coenen covered the functions, committee size and composition and noted additional revisions made to the core governance documents (GF/B34/18 and its Annexes 1-6). These documents capture inputs provided by constituencies during the Board retreat in July 2015 and consultations conducted in October 2015.

Board Discussion

45. Overall, there was general support among constituencies for the proposed governance structure including the distribution of current and newly identified tasks across three committees.
46. Three constituencies stated smaller committees would be more efficient and that current consultation mechanisms, such as circulation of background committee documentation, and committee chair calls enable sufficient engagement of constituencies that are not represented.
47. The two Africa constituencies argued for greater representation given the burden of disease, highest Global Fund investment and, therefore, the greatest possibility for impact.
48. Committee of the whole. There was an exchange about the difficulties of managing (e.g., the Strategy Committee with all Board constituencies being represented) in terms of logistics, costs, time for discussion and decision-making. Several noted the challenges of efficient committee oversight and equitable representation across the three committees. A potential benefit could be smoother decision-making subsequently at the Board.
49. Observers. The majority asked about the possibility of Board Members and Alternates having the right to attend any committee as observers.
50. Division between committees and the Board. One constituency referred to the need for a clear division of duties and altitude of work between the committees and the Board. If the main discussions and decisions are performed at the committee level, it would allow the Board to focus on higher level strategic and financial matters.
51. Committee member competencies. One constituency emphasized the need for committee members to have the necessary skills and competencies based on the areas of work under each committee charter. Two constituencies highlighted the important contribution of the technical partners noting the possibility of WHO having a permanent, non-voting seat in the Strategy Committee.
52. Audit and Finance Committee workload. Two constituencies referred to the large workload that is mandated for the Audit and Finance Committee and the specific expertise of its members to effectively perform their functions. Also, the appropriateness of having the same committee responsible for financial and audit oversight was questioned as a possible conflict of interest. Others felt that having audit and finance functions under the same mandate was in line with good practice.

53. Operational portfolio oversight. One constituency highlighted missed opportunities and risk in terms of not having meaningful oversight of operations as with the Portfolio and Implementation Committee prior to the 2011 governance reforms. It also called for a revision of the role and the representation of the implementers in the governance of the Fund.

TGC Response

54. Mandate and workload. The TGC Chair acknowledged comments on governance, and agreed that governance functions should be in the mandate of the Ethics and Governance Committee. Mr Soltan also noted that the TGC had discussed at length the distribution of workload across the proposed committee structure and considered that the combination and number of tasks allocated to the Audit and Finance Committee are manageable and based on good practice (e.g., having internal and external audit and finance functions overseen by a single committee).
55. Selection of committee members. The TGC proposal highlights competency as the main criteria for membership. It also presents the minimum number of external committee members with a specific skills-set to fulfill finance, audit and ethics functions. Once the new committees are established, the respective chairs can assess the need for any additional expertise, for example in the form of external independent experts participating in committee activity on an ad-hoc basis, which is current practice.
56. Observers. Mr Soltan commented on the implications of allowing observers. If this is desired by the Board, the TGC view is that the associated costs should be borne by each Board constituency. Alternative options are, for example, using video conferencing or submitting written inputs on the background documentation supporting committee discussions, which is always posted on *BoardEffect* when made available to committee members.
57. The Board Chair closed the session by confirming the general agreement on the proposed enhanced governance structures. However, he stressed that committee composition and several procedural matters such as broad constituency engagement in committee discussions warranted further discussion. As such, he asked the TGC Chair to make any pertinent amendments to the core governance documents supporting the TGC recommendation ahead of the second part of the Board discussion on 17 November 2015.

Agenda item 5: Report from the Chief Risk Officer

58. Graham Joscelyne, Chair of the Audit & Ethics Committee, introduced the agenda item chaired by the Vice-Chair of the Board. The Executive Director first informed the Board that Cees Klumper, Chief Risk Officer (CRO), had decided to leave the Global Fund and would be returning to the US in early 2016. Dr Dybul thanked Mr Klumper for building up a risk foundation at the Global Fund, acknowledged his good work, and wished him well on the future. On behalf of the Board, the Board Leadership added their words of thanks and gratitude to the CRO.
59. Mr Klumper presented the third biannual Risk Management Report (GF/B34/05), containing the Organizational Risk Register, and the first Risk Management Assurance Statement. The latter provided the Board with the CRO's independent view as to the robustness and effectiveness of the Secretariat's risk management. The conclusion of the CRO assurance statement is that risk identification is satisfactory. The Risk Register (Document GF/B34/05 Annex 1) illustrates that there is a good view of the key risks and the contributing factors to those risks. What needs to improve further are the responses to those risks - mitigation. The Portfolio Risk Index (PRI), which

is the most important risk measurement available, is well within the ranges of the level set by the Board in 2014 and has remained stable.

60. The CRO concluded that the risk profile is currently acceptable and is improving. Improvement actions include the launch, or re-launch, of several important projects, including on re-defining grant making and grant management processes and their enabling IT platform; achieving better differentiation, also tailored to risk; and removing bottlenecks to grant implementation. Management is also putting in place an over-arching project coordination capability, will strengthen project management skills within the Secretariat and has committed to accelerating the pace of implementation of agreed management actions stemming from OIG reports. The CRO called for faster implementation of AMAs and more portfolio risk management on a grant-by-grant, country-by-country basis in order to have more complete management information to inform discussions on KPIs.
61. The CRO confirmed that there had been no difference of opinion between himself and the Executive Director on important matters related to risk management. Providing opinion on the quality of risk management at the Global Fund, the CRO noted that risk management identification was satisfactory, with further improvements needed to risk mitigation, specifically in the context of differentiated risk management, and in obtaining assurance over grants. The CRO's presentation also covered progress on the Risk and Assurance Project, which despite some delays in 2015 will move ahead with a number of management actions taken, and aims to achieve its goals in 2016. The CRO ended by referring to an innovative approach which aims to seek real-time monitoring at community level, in order to provide feedback to CCMS, partners and the Secretariat on whether and how the services provided are actually meeting the needs of the people served. The next assurance statement will be issued ahead of the 35th Board Meeting to align with other assurance statements, including from the OIG and external auditor.

Board Discussion

62. Constituencies welcomed the Risk Management Assurance Statement, thanked the Risk Management Department for facilitating improved engagement of the Board in oversight of risk management matters, and noted satisfaction with the increased attention to risk management matters by the three committees and the Coordinating Group. The Board encouraged the Secretariat to accelerate and sustain its various initiatives, particularly the Risk and Assurance Project, and the implementation of OIG Agreed Management Actions. Furthermore, constituencies called for increased focus on risk mitigation and in-country collaboration. Key commentary is outlined below.
63. Assurance Statement. One constituency sought clarification regarding the rating's basis, comparators, and required improvements. In addition, the constituency noted that the Assurance Statement should in future be recommended to the Board by a lead committee, and called for a management response to the next edition. Finally, the constituency sought clarification regarding the development, approval and methodology for the assurance plans for evaluating key risks at the grant- and country- levels, in order to provide evidence-based opinion within the Assurance Statement.
64. Secretariat role in risk management. A number of constituencies requested further feedback, at the next Board Meeting, on the challenges of integrating risk management into Secretariat operations and culture, and the steps being taken to address this issue. Constituencies expressed interest in multiple issues, including: (1) the level of ownership of risk by the Secretariat; (2) management's view on the effectiveness of the control environment; (3) evidence that risk management is fully embedded in Secretariat functions, with timely indicators provided to detect such risks, and staff

equipped to manage risk; (4) how to improve risk identification and mitigation in future; (5) grant management and the impact and effectiveness of grants; (6) monitoring of the Organizational Risk Register.

65. Reporting and oversight. Constituencies requested more information on issues including AMAs, progress against off-track deliverables, and operational risk actions stemming from committee oversight reports, for inclusion in the semi-annual Risk Management Report. In addition, one constituency requested clearer information on risk trends, for example, information on performance failure in individual countries to see whether trends were being corrected. Finally, two constituencies called for regular review of issues related to risk tolerance and the portfolio risk index.
66. Strategic risks. Constituencies highlighted a number of additional strategic risks for the organization. In the context of the upcoming Fifth Replenishment, one constituency emphasized the reputational risks associated with behind-schedule deliverables and initiatives.
67. Organizational Risk Register. One constituency stressed that the Register should be closely monitored and followed up on. Another considered that the Register should incorporate risks associated with: lack of privileges and immunities; human rights; and access to health services. Furthermore, one constituency sought clarification regarding the representation of fraud and corruption-related risk within the Register.
68. In-country risk management and assurance. One constituency recognized the effective work at country level through Regional Risk Forums, where country implementers are able to address issues and challenges related to risk and risk management. Another constituency noted the need for deeper insight into the in-country oversight functions of CCMs and local fund agents (LFAs).
69. Embedding risk management. A number of constituencies emphasized the need to embed risk assessment and mitigation more closely into core business processes including grant-making. One constituency emphasized the need for risk management to be embedded in the Strategic Framework, and to be assigned appropriate KPIs.
70. Differentiation. Constituencies supported the differentiation of risk management processes, and noted the importance of clarity as to the meaning of a differentiated approach to risk management.
71. Country-level collaboration. Two constituencies encouraged the Secretariat to collaborate with partners in developing country-level risk management strategies, and joint implementation reviews, particularly in complex operating environments. This could include capacity building for implementers, in the context of strengthening in-country assurance over grants.

Secretariat Response

72. The CRO thanked constituencies for their inputs, reconfirming that the Secretariat was already focusing carefully on many key issues raised. With respect to the CRO's opinion, he noted that a rating system for the Assurance Statement could be developed in the future. Regarding the request for more granular information on trends and developments country by country, the CRO referred Board Members to the annual Grant Risk Management Report, an internal report available to the Board on *BoardEffect*. The CRO also agreed that future editions of the Risk Management Report to the Board could present more detailed information. Finally, the CRO clarified that the risk of fraud and corruption was captured in the detail of the Organizational Risk Register, and is tracked grant by grant.

73. Dr Dybul emphasized that risk management is a cross-cutting function that engages all parts of the organization, and that the head of the organization is ultimately responsible for risk management overall. He noted strong progress made over recent years, and also mentioned focus areas for continued improvement, including risk mitigation, internal controls, tracking and assurance.
74. The Executive Director spoke of the Implementation through Partnership (ITP) project, aimed at increasing the effectiveness and efficiency of grant implementation and scale-up with countries by working together with partners to overcome obstacles. Dr Dybul emphasized that this project represented a significant risk mitigation effort, focusing on the systemic issues identified through data analysis to be impeding success, and on collective support to countries with partners.
75. Finally, regarding supply chain risks and concerns expressed in relation to funding for the Joint Inter-Agency Task Force, Dr Dybul noted that issues such as counterfeit products were part of a broader set of supply chain issues. The Secretariat will evaluate supply chain matters, including with partners, and will report back to the Board.

AEC Response

76. Mr Joscelyne reiterated that the next Assurance Statement would come to the Board and committees alongside assurances from the external auditor, the OIG and the Ethics Official. He commented that the AEC looks at whether the Secretariat is responding in the right way and at the right time to AMAs. He noted that the Secretariat's risk management function was maturing. Finally, he recalled the review process for the Risk Management Report, and gave the view that the CRO's response to questions from the three committees had been satisfactory.

FOPC Response

77. Referring to risk identification and mitigation, the FOPC Chair, Soltan Mammadov, confirmed that the FOPC had requested further analysis on risk mitigation activities. He advised that the FOPC had also requested the inclusion of privileges and immunities on the Organizational Risk Register.

Agenda item 6: Report of the Inspector General

78. In a session chaired by the Vice-Chair of the Board, Mouhamadou Diagne, the Inspector General, presented the OIG Progress Report for 2015 (GF/B34/06). The presentation covered: (1) Progress updates against work plans from the Audit and Investigations Units respectively; (2) Information and analysis regarding significant trends and issues identified in recent audits, including reflections on Secretariat progress with respect to key material issues; and (3) OIG priorities for 2016, including improvements to internal processes with focus on supporting the Global Fund mission. The agenda item also covered the update on Status of Implementation of Agreed Management Actions (AMAs). (GF/B34/07).

Board Discussion

79. Many constituencies congratulated the Inspector General and his office for the review of evolving trends, and for the strategic focus of their work. Constituencies recognized good progress on audits and investigations, an intelligence-based approach to investigations, and welcomed the increased

focus on human rights. More information was sought on the “I Speak Out Now” Campaign. Key comments from constituencies are outlined below.

80. Agreed Management Actions (AMAs). A number of constituencies commented on long-overdue AMAs and associated risks, requesting accelerated implementation, with the involvement of partners where applicable. A joint presentation on AMAs by the OIG and Secretariat was requested for the 35th Board Meeting.
81. Recoveries. Three constituencies expressed concern regarding progress on recoveries, requesting that the OIG review this issue as soon as possible. One constituency observed that a third of outstanding recoverable amounts related to one specific PR, and requested an update from the Secretariat to the Board on the progress made in this specific case.
82. Procurement. One constituency recognized the financial benefits of pooled procurement, but cautioned as to the impact on the growth of local capacity for procurement. Further, beyond the procurement mechanism it is very critical to invest in supply chains which are often weak and corrupt, and result in products not reaching patients. Another constituency requested OIG views on progress in procurement matters in the next OIG annual opinion, due to be submitted to the Board at the 35th Board Meeting in April 2016.
83. Corruption and fraud. One constituency expressed satisfaction with the OIG’s intention to focus on supply chain management in order to combat corruption and fraud. The same constituency welcomed the plan for in-country dialogue, noting the need for countries to lead anti-corruption initiatives. Another constituency emphasized the impact of fraud and corruption on achieving public health objectives.
84. QUART assessment. One constituency called for more consistent risk mitigation across the grant portfolio of risks identified in QUART risk assessments, requesting close collaboration between the Risk Management Department and the OIG on this matter.
85. CCMs. One constituency suggested the need to conduct in-depth analysis of CCMs, with focus on financial oversight, issues of sustainability, and review of the alignment of national health strategies.
86. Human rights. Two constituencies commended the OIG’s work in the context of human rights-related allegations, and emphasized the need for ongoing partnerships with key stakeholders to promote changes in national policies and practices related to human rights.
87. Program evaluation. One constituency highlighted a need to invest in research and evaluation programs (10% to 15% of a budget) and that it should be conducted by an independent body. It was recommended that the impact of programs be evaluated with focus on the long-term socio-political impact, and that good examples and lessons learned should be disseminated among regions and globally.

OIG Response

88. Mr Diagne clarified that OIG review of the recoveries process is planned for 2016, following the launch of the new reporting methodology. The latter will include reporting on recoverable amounts identified in the course of grant management, as approved by the AEC. Furthermore, he confirmed that the Secretariat had engaged a Senior Recoveries Officer. In relation to comments on procurement, Mr Diagne noted that the pooled procurement mechanism had improved cost and predictability of procurement processes, and had strengthened oversight of procurement.

At the same time, he acknowledged the concern regarding balancing short-term cost controls versus long-term sustainability and capacity building.

AEC Response

89. Graham Joscelyne, Chair of the AEC, commended the Inspector General for progress made since his appointment in March. Mr Joscelyne informed the Board that the OIG leadership transition had been effective, and formally thanked Katie Hodson and Tracy Staines, Head of Investigations and Head of Audit respectively. Finally, Mr Joscelyne confirmed the AEC's satisfaction with the quality of OIG work, and the effective collaboration and robust dialogue between the OIG and AEC, the OIG and the CRO, and the OIG and the Secretariat.

Agenda item 7: Corporate Key Performance Indicators

90. The Chair of the Board introduced the session, to review the 2015 mid-year performance of the Global Fund (GF/B34/08) and to approve the 2016 performance targets. Soltan Mammadov, the Chair of the FOPC, began by explaining that the mid-year 2015 performance assessment and progress update had already been presented to all three standing committees, as had the 2016 targets. All committees recommended approval of the 2016 targets.
91. In summary, there were concerns about the need for further information and analysis on performance against 2015 KPI targets, before the Board could approve the 2016 targets. Improvements in data and reporting were acknowledged, alerting the Board to upcoming problems and risk mitigation actions. Moreover, one constituency stated that the KPIs were too complicated, saying this came out very clearly in the Strategic Review 2015 and that sub-indicators are needed for real-time monitoring and problem solving. Further information will be provided before the end of 2015, for the Board to consider if it is ready to take an Electronic Decision on the 2016 Corporate KPI targets in early 2016.
92. Some concerns had been raised by the FOPC on the difficulty in measuring some KPIs and the need to adjust them to better reflect the organization's performance. The FOPC Chair emphasized that management actions were in place to address underperforming KPIs (KPI 7 Access to Funding) and those KPIs at risk of not achieving the targets (KPI 3 Performance against strategic service delivery targets, KPI 5 Health system strengthening, KPI 10 Value for money, KPI 12 Human rights protection).
93. Daniel Camus, Chief Financial Officer, then gave an overview of the mid-year status of the underperforming or 'at risk' KPIs and the related management actions (see GF/B34/08). He highlighted that eight out of thirteen KPIs showed strong, above-target performance. The CFO drew the Board's attention to the fact that the information on corporate and operational KPIs was now available on the Global Fund's Financial Dashboard.
94. Mr Camus indicated that four KPIs (3, 5, 10 and 12) were at risk of not meeting the full-year target, and one KPI (7) is 'below expectation'. A full 12 month report on the KPIs will be presented to the 35th Board Meeting.
95. Performance against strategic service delivery targets (KPI 3). This indicator is at risk on three sub-indicators: tuberculosis treatment, long-lasting insecticidal nets (LLINs) and Prevention of Mother-to-Child HIV Transmission (PMTCT).

96. Health Systems Strengthening (KPI 5). This is a core priority, but there are measurement challenges. At Q2 2015 there was only data available for one country.
97. Access to funding (KPI 7). At Q2 2015, 54% of grants had a first disbursement within the 10 month target. The management actions taken on this KPI include the launch of the Implementation through Partnership project.
98. Value for money (KPI 10). There had been a 13% and 9% saving per year over the past 2 years, which is substantial. Mr Camus raised the issue of the narrow definition of value for money, which refers to goods purchased. He recommended a wider definition for the new strategy.
99. Human rights protection (KPI 12). The CFO suggested KPI 12 needed to focus more on the added-value brought by the Global Fund in addressing human rights.

Board Discussion

100. Development of new KPIs (for the 2017-2022 strategy). Constituencies urged that work should begin quickly, in Q1 2016. This should be done consultatively. New KPIs should be measurable, representative, meaningful, aligned to the strategy, and easily tracked. A successful replenishment will depend on a high-level of stakeholder confidence in Global Fund performance and planning, including confidence that the KPI framework and underlying targets going forward are credible. Timing, simplicity, accuracy and feasibility are key issues to consider.
101. Performance against strategic service delivery targets (KPI 3). Constituencies made various comments: on the need for more granular analysis, to understand the difference between reporting failures and programmatic failures in the 10 countries; the need for a more consistent approach to the attribution of tuberculosis treatment to Global Fund resources. One constituency expressed satisfaction with the excellent result on KPI 3 on the number of people alive on antiretroviral therapy but argued for better examination of PMTCT data to understand 'initiation on treatment' figures.
102. Health systems strengthening (KPI 5). Comments were made on ascertaining where HSS funding is being spent; which sub-indicators actually make sense; the need to define a strong HSS indicator before replenishment; looking at WHO's experience with Universal Health Coverage indicators. On the service availability readiness assessment (SARA) tool there were varying views, one constituency felt it was important to continue to invest in it. Another felt it was inadequate for measuring key areas, like procurement or data systems.
103. Access to funding (KPI 7). Procedures remain complex, and it is important to streamline grant-making. A constituency also asked if the lack of signing of the Privileges and Immunities agreements delayed grant signing. One constituency felt that lack of progress on this KPI suggested that the funding model needed improvement.
104. Value for money (KPI 10). Questions were asked about why the 2016 target is set at an 'underperforming' level and why there was not a better focus on added value, rather than primarily on cost saving.
105. Grant expense forecast (KPI 11). Some constituencies commented that this KPI does not signal anything on absorption issues and noted that it is reported as 'on track' whereas 20 out of the 30 key impact countries are identified to have absorption problems. The Secretariat has rightfully shifted its focus to address blockages to implementation. Given the issues, some constituencies asked how this KPI could be considered on target.

106. Human Rights Protection (KPI 12). Several pointed to the need to develop a KPI that better captures protection and promotion of human rights, rather than documenting violations. Such an indicator will help the Board to better understand how the Global Fund is progressing in terms of protecting and promoting human rights. Two constituencies asked for a report at the next Board Meeting on protection and promotion of human rights.
107. Domestic financing for AIDS, TB & Malaria (KPI 14). One constituency asked for clarification on why the 2016 target for KPI 14 is 90 percent, which is lower than the 93 percent achievement in Q2 2015. It called for being more ambitious in terms of achieving a higher target or maintaining the same level of the target.
108. Results framework. One constituency expressed doubts about the pyramid approach being used for the results framework with a seeming disconnect between the high-level impact KPIs and operational indicators. The constituency recommended that lessons from results frameworks used by other organisations be considered.
109. Management actions. One constituency requested more detail and granularity from the Secretariat on the relevant management actions. Another constituency asked that the Secretariat provide a paper to the FOPC and SIIC when indicators are off track.
110. Board responsibilities. One constituency expressed the opinion that the Board has to hold itself accountable for the current situation, because discussions on KPIs have been very limited in committees. This implies that the Board is not asking at the right time for the right level of detail.
111. The Chair of the FOPC asked for a straw poll to see if constituencies were ready to vote to approve the 2016 performance targets. The straw poll indicated the Board needed more information. The Chair of the Board asked the Board to clarify exactly which information it wished to receive and when the Board might be ready to vote.

Secretariat Response

112. The Chief Financial Officer (CFO), Mr Daniel Camus, emphasized the importance of having the discussions based on statistics, even if there were data weaknesses. Regarding the need for speed in developing the new KPIs, the CFO said work was already quite advanced on this, the draft new KPIs were taking shape and would be ready for consultation in early 2016. He added that more granularity can only be provided to the extent that the data is available.
113. Mark Edington, Head of Grant Management, added information on KPI 7, saying extensions were in place for some grants to ensure program continuity. A breakdown of the five stages of this KPI was given to explain the numbers.
114. Grant making happens between GAC 1 and GAC 2 and was planned for 90 days, however is taking 238 days. Clearly improvements are needed and the Secretariat needs to do more analysis of bottlenecks and potential efficiencies. For example, better differentiation could reduce processes for smaller, less complicated countries or grants. The Accelerated Integration Management (AIM) project will also help in understanding the underlying processes. Hypothetically, grants could be signed in less than 90 days, or even 30 days, however, the trade-off of the risk would be immense.
115. Between GAC and Board approval was planned to take 30 days. It is currently taking 32 days thus that is on track.
116. Time between Board approval and grant signing was estimated at 21 days, but is taking about 62 days. The reasons include bottlenecks at the Ministry-level as well as issues around framework agreements.

117. Grant signing to the disbursement decision had been estimated at 7 days, but it is taking about 21. The reason seems to be that countries that still have cash balances hold on disbursement. Country teams are now asked to make a decision as soon as the grant is signed, but to hold cash until it is needed.
118. Mark Edington concluded that the Secretariat had done a good level of analysis and would continue streamlining where possible. However, the 8-month target for grant signing and the first disbursement remains a stretch target.
119. Dr Osamu Kunii, Head of the Strategy, Investment and Impact Division (SIID), commented that some of the targets related to KPI 3 were optimistic. On KPI 5, he commented that the Global Fund is in full consultation with WHO and other partners but there are challenges with different instruments on Health Facility Assessment. He asked that partners agree on a harmonized instrument. As suggested by the Board, KPI 5 could also focus on some core areas of HSS like supply chains and the availability of quality data.
120. On the grant expenses forecast (KPI 11) Mr Camus clarified that this tracks commitments and not absorption or disbursements as these are measured through operational KPIs. He assured the Board that the commitment target is on track.
121. On KPI 10 and why the 2015 target for reducing spending by 8 percent per year in the period 2013-2015 was only 4 percent in Q2 2015 and forecast as 4 percent for 2016, the CFO explained that leveraging efficiencies is challenging if grant signing is delayed. In addition, even if the Global Fund conducts efficient tenders, it cannot reduce the prices negotiated for major commodities by 8 percent each year indefinitely, as there is ultimately some plateauing of prices. On data collection and the special initiative, the CFO agreed that it was important to push improvements as it is crucial for any KPI measurement.
122. The Chair of the Board proposed the vote on the Decision Point be postponed until the following day and that the leadership of the standing committees and the head of SIID provide further information to the Board.
123. Ralf Jurgens, Senior Coordinator for Human Rights, expressed his agreement with many comments made on KPI 12, although he added that the current KPI had been helpful in ensuring that Global Fund investments do not infringe human rights. However, he also agreed that it was time to move to a KPI that really looks at the impact of the human rights investments. He confirmed work had begun on this and that he would provide an update to the Board on this work.
124. Referring to the postponement of the Board's vote to approve the 2016 targets, the Chair of the Board summarized the following additional information had been requested by the Board before it would be ready to vote:
 - KPI 3: the reasons driving projected underperformance and the countries affected
 - KPI 5: a portfolio review detailing HSS investments and outcomes to date
 - KPI 7: a written submission of additional insights by the Head of Grant Management
 - KPI 10: additional explanation on the reasons behind lower savings than anticipated
 - KPI 11: better understanding on performance on a year-to-date basis
 - KPI 12: additional details on human rights investments
125. The Chair of the Board said the Secretariat had reviewed the requests and concluded it would be able to provide most of the information to the Board by mid-December in time for the Board to

review it and approve the 2016 targets by the end of 2015 through an electronic decision point. More time than the December deadline will likely be needed by the Secretariat to provide information on KPI 12 and one component of KPI 5. All Board Members agreed with this proposal.

Agenda item 8: Strategic Review 2015 and Reflections from Leadership of TERG and TRP

126. Dr Anita Asiimwe, Vice-Chair of the SIIC, introduced the session and explained that the presentation on the Strategic Review 2015 (GF/B34/10) would be given together with some reflections from the Technical Review Panel (TRP) and Technical Evaluation Reference Group (TERG) on the funding model, and key issues for the development of the next strategy (GF/B34/09). She informed the Board that the SIIC had received a friendly amendment to the proposed decision point from the UK and European Commission constituencies (see paragraph 131), and this would be shared with the Board following the presentations.
127. Jim Tulloch, the Chair of the TERG, presented the conclusions and recommendations of the Strategic Review 2015². These are discussed here in more detail than usual, because of their critical importance for strategy development. He explained that there were two main objectives (MOs) of the Strategic Review. The first (MO1) reviewed progress in the implementation of the current (2012–2016) Strategy to date. The second (MO2), assessed the impact against the three diseases over the past 10-14 years. One limitation to the SR 2015 was that it was not possible to look at all aspects of the current strategy, as some initiatives were at an early stage and it was difficult to evaluate their effectiveness.
128. Dr Lucie Blok, the Chair of the TRP, noted that the current strategy had made good progress with funds mostly deployed to achieve highest impact, not only in terms of the overall portfolio but also in countries. However, in relation to implementation, two issues were identified as extremely important from the TRP perspective: to focus more on Community, Rights and Gender (CRG) interventions, and to strengthen the systems in a consolidated way. Given this, the TRP was very supportive of the proposed 2017-2022 strategic framework, which gives increased attention to CRG and makes resilient and sustainable systems for health a separate objective, a key to success.
129. The TERG Chair presented main conclusions (SR2015). Overall, the current strategy remains valid and does not require major adjustment in the near future, although implementation challenges were identified. As a result, the Strategic Review key recommendation was to continue the current strategic objectives without many changes, but to focus on improving prioritization and to implement measures to ensure sustainability. He noted the need for a significant shift of effort from the access to funding part of the Global Fund's work to implementation, and to consider making National Strategic Plan (NSP) grants the norm, with concept notes being used on an exceptional basis, alongside a need for less process and more focus on results.
130. Allocation methodology. The TERG recommended increasing focus on government spending or ability to pay as the reference point rather than the past level of Global Fund spending. The TERG also proposed a trial of country-level decision-making on the disease and HSS splits to allow countries to explore potential alternatives to the current methodology. The TRP highlighted predictability of funding as a key concept to be retained, and noted the following areas warranted

² GF/B34/10

additional reflection: global disease split, the lack of an HSS-specific funding allocation, domestic funding for key populations and civil society organizations, and the current Band 4 methodology.

131. Incentive funding. The TERG and TRP proposed removing incentive funding and instead to use as performance fund – e.g., the allocation methodology to allocate all available funds, making a specified percentage conditional on good performance. Unused resources could be re-allocated to countries performing well.

Board Discussion

132. The Board commended the Strategic Review 2015. While some constituencies emphasized the need to start implementing the Strategic Review recommendations already, there was consensus that the next strategy narrative should clearly articulate how the Global Fund will deliver on the recommendations of the Strategic Review.
133. In relation to the proposed friendly amendment to the Decision Point proposed by the UK and EC constituencies, it is important to take the highlighted issues forward into the next strategy, particularly gender analysis and sustainable transitions, even as the SIIC and the Secretariat look into these issues. Numerous constituencies expressed their support for the friendly amendment.
134. National strategies and NSPs. Most constituencies echoed the importance of using NSPs as the basis for funding access, and the need to simplify the application process for better alignment with country-driven planning processes or national systems.
135. Resilient and Sustainable Systems for Health (RSSH). Constituencies stressed the need for more analysis on why support to health systems is missing in many country applications. Promoting more integrated health system-oriented investments can improve countries' ability to implement. Funding is needed for overall health systems, in cooperation with CCMs, to provide the highest quality of care and a people-centred, disease-focused approach.
136. Transition. Most constituencies raised the issue of sustainable transitions, and the need to act now, while also considering how a future allocation methodology could be better adapted to anticipate transition needs. For example, the recommendations and lessons around adequately considering the macro-economic and political situation, such as ensuring an enabling legal environment to fund civil society organisations (CSOs) and key populations. A further issue is how to address countries in crisis in the context of transition, which can take anything from 3 to 6 years. It is therefore important for the Global Fund to plan the decreasing trajectory of funding over that period.
137. Sustainability and transition remain poorly operationalized within many countries, and clear, systematic transitional plans with a defined timeframe and indicators are needed to sustain the gains achieved and ensure a smooth transition and continuing momentum to reach goals and targets. Reassessing the criteria for transitioning countries would help to ensure continuing funding and scale up to combat increasing burdens of MDR-TB, decreasing prevalence of HIV in concentrated epidemics and moving towards control and elimination of malaria.
138. In the context of sustainability, the Secretariat was called for active promotion of synergies with World Bank and other regional banks to increase the fiscal space for health through innovative financing instruments similar to proposed Social Impact Bonds and Hybrid Loan investments. Further, the Secretariat needs to ensure health insurance schemes to cover HIV, TB and malaria where it exists.

139. Gender. Many constituencies underlined the need to strengthen gender analysis and incorporate this into gender-sensitive programming in Global Fund grants, by working with countries and partners around incorporating stronger gender assessments as part of national planning and national strategic plans. This includes supporting stronger participation of communities including key populations and young people, ensuring increased investments and continuing to urge the Community, Rights and Gender department to work closely with the Grant Management division in resolving any occurring bottlenecks (e.g., weak human rights and gender-sensitive programming at operational level, and fostering partnerships and engagement with communities).
140. Improving data quality and the effective use of data to establish strategic information systems was another area which could enhance countries' ability to be more focused and sustain effective responses to end the three diseases. Functional strategic information systems, with an emphasis on capacity in data use, will also provide evidence for effective monitoring, leading to more effective implementation. Disaggregated data according to age, gender, geographic regions and other relevant groupings would also be useful.
141. Regional grants. It was suggested that regional grants should receive more emphasis in the next strategy, and should receive more significant allocations. However, there is a need to ensure that these regional grants are relevant and add value beyond national grants. It was clear that CCMs did not have a clear understanding of their role with regard to regional grants and this should also be addressed.
142. Some constituencies commented that there are smarter ways to leverage the Global Fund's influence than through funding programs, such as utilising available entry points to deal with human rights and gender issues, to move policies in the right direction and improve national systems, strategies and health systems in general.
143. The need for advocacy and social mobilisation activities to be included in country, regional and national proposals was also noted, including capacity building and stigma reduction projects within the health sector, law enforcement bodies, police and others with the aim of improving policies for the most vulnerable people.

TRP/TERG/Secretariat Response

144. Dr Lucie Blok, Chair of the TRP, reiterated TRP support for moving toward NSPs as the basis for funding allocations. However, she noted that NSPs should give due attention to key populations, community system strengthening, human rights and gender issues, which is where technical partners have a big role to play. It is important that NSPs are in sync with Global Fund policies before they can be used as the main basis for Global Fund funding.
145. James Tulloch, the TERG Chair, commented that the TERG is committed to improving the way it follows up on the recommendations coming out of its work. He informed the Board that in addition to the Strategic Review 2015, there are a series of thematic reviews that the TERG will be tracking to see how its recommendations are being addressed. However, he reminded the delegates that the TERG provides recommendations and not directives, so while not necessarily all TERG recommendations lead to action, all should at least be considered.
146. Dr Osamu Kunii, Head of the Strategic, Investment and Impact Division, informed the Board that over 30 percent of the content of concept notes and investments relate to HSS, although not as a standalone component, but rather built into HIV and other disease programmes. He confirmed that the Secretariat is already operationalizing and promoting many findings and recommendations of the SR 2015 and the TERG/TRP reflections, and further action would follow in response to the direction of the Board and SIIC.

147. **Decision:** The Vice-Chair of the SIIC, Dr Anita Asiimwe, then reminded the Board of the revised Decision Point regarding the Strategic Review 2015 (Decision Point GF/B34/DPO3), including the friendly amendment proposed by the UK and the EC. The Decision Point was approved unanimously.

Agenda item 9: Strategic Framework 2017-2022

148. David Stevenson, the SIIC Chair, and Dr Harley Feldbaum, Head of Strategy & Policy, presented the Strategic Framework 2017 – 2022, outlining more than ten months of consultation and development, and the evolution of the framework based on the advice and direction received from Board constituencies and other stakeholders, as well as the expertise available in the Secretariat (GF/B34/11). They informed the Board that a full strategy narrative would build and expand on the strategic framework, and this would be presented to the Board at its first meeting in 2016.

Board Discussion

149. Constituencies commended the work done on the Strategic Framework, seeing it as a very good example of a well-developed document based on a broad consultation process. There was general agreement with the proposed vision, mission and strategic objectives, with acknowledgement that the proposed framework strikes a good balance between disease-specific issues and the need to strengthen overall systems for health. The intent to develop strong KPIs in parallel to reflect the operational strategy going forward was appreciated, as was the strong human rights component in the Framework, as this is seen to be critical to the “leave no one behind” approach.
150. Strategic narrative. It was noted that the narrative should be framed in the context of overall impact and strategic priorities, and constituencies identified a series of issues which should figure prominently. These included innovative financing and innovative service delivery; strategic investments; regional approaches; high-burden investments versus investment towards key and vulnerable populations; reproductive women’s, children’s and adolescent’s health and platforms for integrated service delivery.
151. Transition. Many constituencies stressed that sustainability and transition issues needed particular attention, because some strategic priorities are outside the control of the Global Fund while others have a varying impact on the three diseases. Many comments were made about the importance of taking into account investments and domestic safeguards which help to build sustainability, with the need for clear transition plans for different countries earlier in the planning process. Continued consultation with stakeholders at the national and regional levels, including key and vulnerable populations is vital. It was proposed that transition and sustainability be added as a separate key strategic objective in the new Framework, together with strong KPIs to measure progress, underlining the fact that supporting successful transition is a strategic investment in strengthening health systems.
152. Addressing cross-cutting strategic bottlenecks for effective disease control e.g. procurement, information systems and public financial management was seen as key, as was the need to focus on country systems, with a roadmap to focus Global Fund realignment with national systems. Finally, improved strategic collaboration between the Global Fund and its technical partners was important to maximize impact.

Secretariat Response

153. Dr Feldbaum responded to the comments from the delegates by confirming that corporate KPIs for the next strategic period were being developed in parallel with the Strategic Framework. The importance of a differentiated approach was recognized as key throughout the Strategic Framework, with processes and investments tailored to country contexts, to support work on resilient sustainable systems for health and on human rights and gender equality, and ensure this is targeted for maximum impact. In relation to comments around partnerships, Dr Feldbaum referred the Board to the ITP project, a key enabler in this context. He then reassured the Board that malaria elimination was being considered within the global technical plan, and informed the Board that comments around regional and multi-country approaches would be discussed in more detail in the session on allocation, which would follow.
154. **Decision.** The Chair then closed the discussion and referred the Board to Decision Point GF/B34/DPO4 on the Strategic Framework 2017-2022. The decision was approved unanimously.

Agenda items 10 and 12: Allocation Methodology Framework

155. David Stevenson, the SIIC Chair, introduced the session by stating that the SIIC had found the current allocation model to be successful in shifting the Global Fund towards a more predictable, proactive and impactful approach to financing. However, some aspects of the model need to be refined to maximize impact in the highest-burden countries with the lowest economic capacity, while addressing key and vulnerable populations, in line with the Strategic Framework. Another goal was to make the model simpler and more flexible, while retaining the principle of predictable funding. The SIIC discussed both lessons learned and potential refinements to various aspects of the methodology for country allocations, methodology beyond country allocations, and Board approval. Input from the Board would inform the options that the SIIC could consider before finalizing its recommendation to the Board in Q1 2016.
156. Dr Harley Feldbaum, Head of Strategy and Policy, reminded the Board of the complexity of the current allocation model (GF/B34/12). He stressed that the intent was not to radically change the methodology, but rather to refine certain areas to achieve more scale-up and increase flexibility for reallocation of resources for impact, as well as improving results related to the needs of key populations across the portfolio. He also reminded the Board that it was critical to consider the model as a whole as the elements were interrelated. More detail on specific examples given during the presentation, as well as the SIIC recommendations for proposed refinements to the model are available in GF/B34/12.
157. Dr Feldbaum then referred to the MRL, informing the Board that this element of the methodology had resulted in the biggest shift in resources across the portfolio in the last allocation. Maintaining above-formula amounts of funding in some countries did restrict scale-up in some others, although reducing funding levels in a responsible way necessitated a slow approach.

Board Discussion

158. In general, constituencies agreed that evolution of the current allocation methodology was preferred, based on the criteria of need, disease burden and ability to pay, with the majority of resources going to high-burden, low-income countries. At the same time, it was acknowledged that to end the epidemics there is a need to provide additional targeted support to countries and regions

in a strategic way. Simplicity and flexibility of any revised model were seen as key, including giving countries flexibility in how they use their allocations. The new allocation methodology should also be based on meaningful indicators such as burden of disease, treatment gaps, incident rates and prevalence, while the results of the Equitable Access Initiative should be used to inform the allocations and financing arrangements in countries. Further to that, it was proposed that the revised allocation methodology should not be finalized until the results of the EAI were available, and that the FOPC should review and approve the recommendation on the allocation model before submission to the Board.

159. Constituencies expressed their satisfaction with the overall outcome of the current allocation model and agreed that the majority of the funds should be concentrated in the poorest countries with the highest rate of disease where the potential of saving lives is the highest. Differentiated approaches, partnerships and country leadership were key to maximizing impact, while at the same time it was important to protect gains made and progress realized so far. There was some concern that the global disease split would remain unchanged despite, for example, rising incidence of tuberculosis in some countries and regions. Country flexibility to tailor individual country-level disease split is important, but such country-level flexibility should be based on adequate analysis to ensure that the split used is appropriate.
160. Other comments focused on revising the malaria and TB disease-burden indicators with partners, with support for further efforts to modify the HIV disease-burden indicator. In addition, engaging with Ministries of Finance is key to increasing levels of domestic funding, and an accurate measurement should also consider in-kind contributions.
161. Equitable Access Initiative (EAI). Some delegates enquired how the EAI would be integrated into the development of the methodology, while others noted the need to explore options to adapt the strategy to address the needs of people living in challenging operating environments. With regard to the flexibility of the allocation model, a recommendation suggested maintaining the current disease burden and ability-to-pay indicators for the allocation formula but allowing flexibility on specific allocation amounts based on principles such as maximizing impact. In contrast, others felt that the Board should maintain the final say on allocation amounts.
162. Country bands. While some constituencies felt that the country bands approach seemed to have worked in the best interest of the Global Fund and the countries with the greatest need, many others did not support continuing the band categorisation. Similarly, there were mixed opinions on the question of incentive funding, with some constituencies proposing further analysis on the reasons why incentive funding may not have fully achieved its aim, as reported by the TERG and TRP. More information on how countries are using incentive funding, such as filling critical gaps, could also identify underlying areas for improvement within the allocation methodology. The point was also made that if the incentive funding component of the methodology is changed or removed, ambition and full expression of demand could be affected. Several constituencies were in favour of eliminating the country bands for other, potentially more appropriate options, or at least that the country band methodology required re-thinking. Not only do country bands constrain efforts to simplify, they reduce flexibility and can mask significant diversity within country groupings. One constituency proposed country groups as an alternative to the band methodology, based on indicators such as incidence rates, treatment gaps, barriers to accessing health services, and specifying impact on the three diseases as a criteria. Another commented that continued funding to countries with a low disease burden and upper-middle income countries would need justification, such as concentrated epidemics, the opportunity for elimination, a human rights issue, or the need to reach marginalized populations. Several comments were made around the importance of protecting investments in Band 4 countries to protect gains. Further, the geopolitical, epidemiological and socio-economic diversity of countries in Band 4 necessitate

differentiated approaches to allocation. The increase in the number of countries now categorized as higher-income or middle-income also affects the funding amounts allocated to concentrated epidemics among key populations. There was concern that removing the Band 4 methodology might hamper the elimination of the three diseases and investments in transition. Support for health system strengthening should be considered for Band 4 countries, given its importance for successful transition and sustainability. Many others recommended more focused funding in Band 4 countries with more targeted methodologies than a fixed percentage of funds.

163. Minimum Required Level (MRL). One constituency commented that rather than changing the MRL approach it might be better to explore a model with more built-in flexibility for the Secretariat to make adjustments on a case-by-case basis. Another comment noted that details of qualitative adjustments to allocation amounts in the previous allocation had not been made available to the Board, and that if such adjustments were foreseen in the next allocation, the Board would understand these better if more detail were provided.
164. GNI per capita. It was generally agreed that GNI per capita was an imperfect indicator for grant allocations, as it does not reflect the different income gaps internally, between the rich and poor, nor the actual expenditure dedicated to addressing the diseases. A composite index criteria could be developed that gives consideration to social equality and health indicators.
165. Transition and sustainability. A number of constituencies referred to the importance of planned transitions, and suggested sustainability was country-owned and fully-funded programs that respect human rights, including key populations, utilize evidence-based approaches, increase health gains based on technical and allocation efficiencies, and scale up essential services. In order to sustain gains and protect investments, it was proposed that Global Fund focus on dedicated transition funding and planning, which should be seen as a process of repairing and strengthening country systems to sustain and scale up disease responses. The importance of innovation was also stressed in this context.
166. Disease burden. Global Fund resources should focus on populations with the highest burden of disease, wherever they may be, and several constituencies noted that the global disease split should be redefined, with increased weight to tuberculosis. Resources should be allocated strategically across countries, based on where they are in the development continuum, with a clear and transparent use of qualitative factors to assess the real disease burden on the ground. However, challenges exist around estimating numbers of people living with HIV, particularly in international and cross-border migrant populations or undocumented, displaced persons.
167. Flexibility. This is a key factor in the success of the allocation methodology, in particular giving the Secretariat flexibility to move funds across the portfolio to achieve maximum impact on the three diseases. However, such a differentiated approach would mean the Board would have to delegate decisions to the Secretariat, requiring the creation of an accountability framework. Another constituency recommended flexibility to focus on the highest burden countries to achieve maximum impact, whilst recognizing the potentially competing goals of addressing the needs of key populations in lower burden countries and maintaining space for malaria elimination. In addition, flexibility in terms of reallocating resources from one country to another could require hard trade-offs and decisions and this needed careful management. Several constituencies expressed support for allowing countries maximum flexibility to determine the split of funds based on their national needs.
168. Absorptive capacities and performance. Three constituencies urged caution when using an assessment of absorptive capacities and performance as a criterion for allocations, as this could mean less funding for weak countries, when improving country systems actually requires more

money. Strong country leadership was also seen as important and it was suggested that this could be another criterion in measuring absorptive capacities and performance. It was also noted that weak absorption capacity could also result from bottlenecks linked to Global Fund procedures and delays in disbursements, and this required some investigation.

169. Single funding form. In view of high transaction costs and complexities of multiple funding streams, which are not meeting intended aims, support was expressed for a single flexible funding form that incentivizes high-impact programs based on NSPs driven by country-level needs rather than top-down approaches. Linked to this, another constituency recommended one allocation per country, one concept note and one grant, not one each for each disease. Another suggestion was to maximize country allocations and minimize upfront deductions for incentive funding, regional grants and special initiatives. The proposal allows for 90 percent of available resources to go to country envelopes, with the remaining 10 percent used as a top-up, in line with qualitative criteria agreed by the Board. This would be used towards eliminating concentrated epidemics, leveraging counterpart financing, potential or demonstrated impact, addressing the strategic needs of women and girls, human rights, data quality and regional cooperation where necessary.
170. Incentive funding. Many constituencies agreed that countries are confused by incentive funding and some partners have been unable to provide helpful technical support. The TRP has also found the process to be cumbersome, suggesting instead to link incentives to good performance and ambition. In addition, the ceiling for the indicative amount of allocation did not come close to meeting the basic service needs of some countries so incentive funding was then used to top up allocations, particularly to fill critical gaps. A suggestion for an alternative methodology was to inform countries of the total allocation, including a percentage of potential incentive funding being performance-related to support more ambitious and successful implementation and incentivize strong government ownership. In addition, the introduction of a single allocation could incentivize cross-sectorial collaboration and address systemic bottlenecks that apply to all three diseases, therefore eliminating the need for incentive funding. Another option was to transform incentive funding into an outcome-based funding mechanism, focusing on specific areas of effort to achieve gains in accordance with the strategy and the KPIs, such as supporting key populations, girls and young women; and strengthening country health and data systems. One constituency emphasized the importance of retaining incentive funding in the funding model as a matter of priority, noting that the Secretariat's proposal for 'incentives' or 'rewards' for funding women and girls differed from the initial aim of incentive funding to motivate a full expression of quality demand. Although recognizing that countries have found the process of applying for incentive funding to be confusing, improvement in technical support from partners is needed, and the TRP finds the current form of incentive funding to be a cumbersome process, moving incentive funding into the allocation would remove a vital opportunity for countries to receive additional funding to incentivize scaling up for impact beyond the allocation.
171. Health System Strengthening (HSS). A number of constituencies referred to the importance of strengthening health systems, noting that this needed time, technical expertise, financial resources, law reforms, service integration, budget allocations, drug registration and a mechanism that governments can use to engage civil society in providing services for key populations. Ensuring more meaningful investments in health systems was seen by many constituencies as critical to supporting progress in the three diseases, with one proposal to allocate 10 percent of funds automatically to HSS by making reductions to HIV and malaria allocations. However, others were not in favour of having a stand-alone HSS allocation, but that the Global Fund could work with WHO to identify the specific HSS niche that is relevant to its mandate.
172. Minimum Required Level (MRL). Several constituencies supported the SIIC recommendation to preserve the principles of the MRL while allowing country-level negotiations to determine

appropriate reductions. Another constituency commented that the standard application of the MRL did not allow for program growth and impact in the highest burden countries. Continuing with the existing MRL risks allocating funds to countries not because of any demonstrable need or correlation to results but only on the criterion of how much was spent in the past.

173. Key populations and strategic issues. Several constituencies commented that the current allocation model does not address critical strategic issues. For example, tackling malaria drug resistance in the Mekong is urgent to avoid a global problem with devastating impacts in Africa. Data systems, key populations, and women and girls were also cited. Actively serving key populations and managing critical issues such as country willingness to work with people who inject drugs, men who have sex with men and sex workers cannot be resolved through a mathematical formula or a band system. It requires a smart way of doing business, leveraging matching funds from a country or finding new funding mechanisms, or changing a PR to a NGO that can better serve key populations. It is essential that the Global Fund continues to support vulnerable populations by empowering local actors to implement the necessary interventions, or by looking at a strategic, beyond-country allocation.
174. Regional Programs. Several constituencies agreed that the Global Fund should give greater focus to the geographical distribution of diseases amongst regions, with an associated increase in investments in regional programs. However, another constituency commented that in most regions outside the EU regional structures are based mainly on national structures, so the best way to support regional initiatives is by financing activities in country envelopes.
175. CCMs. Some delegates expressed concerns about the role of CCMs in some countries, which can be dominated by particular groups, and do not always actively support national strategies on health, sustainability or transition. Moreover, resources are frequently insufficient to support CCMs adequately, including their role in the country dialogue process. Concerns regarding the oversight role of the Board and relevant committees on CCMs were noted.

Secretariat Response

176. With respect to the EAI, Dr Feldbaum said the main lessons learned were on domestic financing and that it was clear that better criteria exist to measure a country's ability to pay than GNI per capita, such as a country's tax base, fiscal space and debt, and the level of government expenditure on health. He reminded the Board that the SIIC discussions focused on identifying a clear, accountable and transparent allocation process to use going forward, with the SIIC's recommendation to retain the main elements of the current allocation model, introducing improvements as appropriate.
177. Dr Mark Dybul, the Executive Director, agreed that the limitations of the current allocation methodology in terms of flexibility could negatively impact countries in terms of national planning, lack of information on incentive funding amounts, and potential shortened grants. In terms of the global disease split, needs had increased for TB and HIV, and malaria elimination has also become much more expensive, so overall the global disease split has not changed greatly. For this reason, the Secretariat agrees with the SIIC recommendation to maintain the current global disease split, particularly considering that countries retain the control to adjust them.
178. Dr Dybul agreed that GNI per capita is not ideal for calculating allocation, and noted that while an alternative had yet to be identified, delay in determining an alternative could impact the timing of allocations to countries, which should be avoided at all costs. He concluded by reminding the Board that no one formula or level of flexibility would respond to all the points raised in the discussion.

179. Dr Feldbaum summed up the extensive discussion in the following five key points:

- The allocation model is broadly delivering results and working thus refinements are needed rather than sweeping changes;
- Tracking the impact of the strategy is key, particularly on the highest burden countries with the least economic capacity and on key populations who are disproportionately affected;
- Given the support from the Board for increased Secretariat flexibility, a transparent and accountable, qualitative factor adjustment process will be developed that will clearly identify any modifications and the rationale for any large movements of funds;
- The discussion on health systems strengthening in relation to Band 4 countries has helped to identify potential changes the Global Fund could make, alongside the allocation model, to help shape its interventions; and
- Current resources are not sufficient to cover all requested investments and processes. In addition, without a differentiated approach, the Global Fund will not have sufficient staff to carry out all the work.

180. The SIIC Chair thanked the Board for its extensive comments, assuring constituencies that the SIIC would consider this feedback carefully in further developing the revised allocation model, which would be presented for Board approval at its next meeting in April 2016.

Agenda item 11: Working Together panel discussion

181. Aida Kurtovic, Vice-Chair of the Board, opened the session and introduced the panel:

- Seth Berkley, Chief Executive Officer, Gavi, the Vaccine Alliance
- Lucica Ditiu, Executive Secretary, Stop TB Partnership
- Mark Dybul, Executive Director, the Global Fund
- Lelio Marmora, Executive Director, UNITAID
- Tim Martineau, Chief of Staff, Executive Office, UNAIDS
- Winnie Mpanju-Shumbusho, Assistant Director-General, WHO
- Fatoumata Nafu-Traoré, Executive Director, Roll Back Malaria

182. The Vice-Chair asked the panel about the most important gaps in strategies to end HIV, TB and malaria by 2030, and what actions the partners would prioritize to meet the goals.

183. Stop TB Partnership. Dr Ditiu cited major challenges including the lack of prioritization of TB; the need to talk about ending TB, not just controlling it; the limitations of World Bank income classifications, as many difficult-to-find cases are in middle-income countries; the challenge of active case finding of MDR-TB. The Stop TB Partnership has a five-year, global investment plan (2016-2020), which proposes a paradigm shift, and will need financing, both domestic and external.

184. UNAIDS. Mr Martineau spoke about the new environment in development; the need for ambition and a focus on results; the need to be realistic about the scope of the GF; the need for better real-time data; transition and the importance of community responses in this context, particularly in

an environment of reduced funding for community programs; on innovation, market shaping and commodity security that needed to be pushed, using TRIPS flexibilities. He concluded by emphasising the centrality of equity and human rights, and tackling issues of key populations and gender.

185. Roll Back Malaria. Dr Nafu-Traoré highlighted the global strategy on malaria which hopes to match the political commitment to adequate resourcing, as millions of people are still not accessing life-saving interventions. The work being done in the Mekong region to control artemisinin resistance was highlighted, as were public-private partnerships to develop innovative vector control initiatives - new drugs and insecticides. Data gaps and surveillance need to be addressed to accelerate achievements and to mitigate risks.
186. WHO. Dr Mpanju-Shumbusho highlighted the need for increased domestic finance, as countries progress economically, alongside more integrated health programs, sound transition planning and universal health coverage. Dr Mpanju-Shumbusho, referring to Ebola, stressed the need for a comprehensive approach to the three diseases and other relevant diseases.
187. UNITAID. Mr Marmora urged fast-tracking innovation by combatting market barriers related to access to new products (medicine, technology, delivery system) using examples such as injectable artesunate for malaria, new investments in MDR-TB drugs and new ARV treatments, and said a more transversal view of partnerships should be considered. Partnerships at the strategic, governance and operational levels need to be considered as *integral* to business, rather than only a *part* of business.
188. Gavi. Dr Berkley noted that enhanced collaboration and improving effectiveness is a priority both for Gavi and the Global Fund, working with their specific mandates. He noted though that collaboration can have costs as well as benefits, it should add value. In the immediate term, Gavi and the Global Fund have identified priorities for working together on: sharing knowledge and experience; sharing systems and aligning processes; coordinating programs and activities; sharing resources, facilities and support services. Several concrete examples were shared³.
189. The Board Chair asked the panel to outline the three most important steps for successful partnerships. These included: basing programmes in national strategic plans, and grounded in country reality; agreement on global tools; working on evidence and sound data; clarifying roles and responsibilities, and added value of each; strategic alignment; mutual accountability framework; mobilizing resources jointly; working together with communities and all those affected; successful transition; being clear when partnership adds synergy and when it does not; clear measurement tools; objectivity at policy and implementation levels; complementarity.

Board Discussion

190. Constituencies commended the achievements of the respective organizations but also noted the need for better streamlining in Geneva and improving coordination in-country. The lack of a focus on the International Health Partnership (IHP+) platform was noted, as was lack of explicit mention of integration of human rights in the partners work;
191. Constituencies asked how partners could do more to support data generation and accuracy; what could be done on financial sustainability (e.g., through social health insurance); whether partners

³ 1. HSS investments in the Ebola recovery efforts; joint work on for a graduation roadmap in Indonesia; malaria vaccines; joint fiduciary agent in DRC; harmonization of data and indicators through the International Health Partnership (IHP+), the Monitoring and Evaluation Working Group, the WHO reference group on burden estimates, an inter-agency group on results etc.

were doing enough collectively on supporting health systems; welcoming of the Medicines Patent Pool taking on TB.

192. Access to medicines. One constituency asked for clarification on the role UNITAID was playing in guiding the Global Fund in understanding how to use TRIPS flexibilities; and the role the Global Fund could play to support UNITAID in its efforts to remove intellectual property (IP) barriers. The same constituency asked if UNITAID could extend its mandate to provide advice to middle-income countries on how to safeguard against high costs of medicines, and what measures were being taken to address the lack of innovation in relation to tuberculosis.
193. Operationalizing partnerships. One constituency referred to potential cost savings from partners co-locating at the country-level. Another asked for concrete examples of successes, for example, whether the US\$28 million provided to WHO to prepare concept notes had led to better quality. Concern was expressed about organizations funding each other for what should be in their core mandate, stating that this leads to duplication and increased overheads and whether efficiencies come out of the Global Fund's procurement for MDR-TB through the Stop TB Partnership. One constituency asked for feedback on establishing the health campus.
194. National strategic plans (NSPs). One constituency asked how partners planned to support countries to develop NSPs, given this is such an important aspect of ensuring the elimination of the epidemics of the three diseases by 2030.

Panel Response

195. As WHO's constitution declared health to be a human right, and that right is embedded in everything that WHO does. The IHP+ is an important coordination framework to guide partner actions.
196. UNITAID responded on intellectual property (IP) stating that it is the sole funder of the Lawyers Collective project and Coalition PLUS. UNITAID plans to issue an IP strategy in 2016, to streamline fragmented investments.
197. Roll Back Malaria responded on country ownership, citing Ethiopia as the first country to develop an in-country IHP+ plan, which links plans and strategies with an investment plan.
198. Stop TB highlighted that the global plan focuses on human rights and gender. The Global Drug Facility is procuring second-line drugs, which constitute a very small and fragile market. Last year 110,000 patients were on treatment; 30 percent of these patients were financed by the Global Fund. The Stop TB Partnership is working to put in place a clear memorandum of understanding with the Global Fund that formalizes the relationship and the reporting requirements.
199. Gavi referred to the huge challenge of strengthening data quality, saying there was no quick fix. He urged to establish a culture of data, to make data used at local levels, and to rigorously validate the reported data by partners. To conclude, Gavi referred to its new partner engagement framework, which considers different ways to look at partnership accountability and is more country-focused.
200. UNAIDS urged partners to use data more effectively and to take HIV out of isolation, by addressing financing more coherently, including in transitional environments. On human rights, UNAIDS referred to the 41 gender assessments completed in 2014, the recent regional meeting in Geneva on stigma in health services, and discussions with the African Union on how to take forward human rights. On international health architecture, UNAIDS said reforms needed time, aggressive follow-up and proactive action. Strong in-country leadership is crucial to sustain partner and donor support.

201. The Global Fund reiterated the need for a mind-set change vis-à-vis partnerships, so that other organizations are not considered partners of the Global Fund, but all unified in one partnership to serve countries. That change in mind-set will influence action. The Vice-Chair of the Board closed the session by saying that the discussion on partnerships would be an ongoing one. She thanked partners for their participation and willingness to continue making improvements.

Agenda item 13: Financial Oversight

202. The Vice-Chair of the Board introduced the session on financial oversight covering two main topics:

- Approval of the proposed 2016 operating expenditure (OPEX) budget and its accompanying Corporate Work-plan (GF/B34/14); and
- The 2015 third forecast (F3) figures for pledges and contributions, the updated Mid-Term Plan (MTP) providing an overview of the Global Fund's financial situation for the 2016-2018 period and a set of proposed portfolio optimization principles (GF/B34/15).

OPEX

203. Michael Ruffner, the Vice-Chair of the FOPC, noted that the committee had discussed the proposed 2016 OPEX budget at length. Among the key issues raised during the FOPC deliberations were: the need to pay close attention to the upward trend from the 2014 actual OPEX to the 2016 proposed total amount; a request to ensure that foreign exchange movements are separately reported, and a need to remain within the US\$900 million reserved for OPEX for the 2014-2016 period⁴.

204. These issues are captured in the relevant decision point. Mr Ruffner informed the Board that the FOPC unanimously recommended the 2016 OPEX budget of US\$305 million, which includes the 2016 OIG resources of US\$16.3 million, and the Corporate Work-plan for Board approval.

205. Daniel Camus, the CFO, gave a presentation on the third forecast (F3) of the 2015 OPEX, as well as the proposed 2016 OPEX budget.

206. OPEX 2015. Commenting on GF/B34/14, the CFO highlighted that the 2015 OPEX is expected to total US\$295.7 million, or 1 percent under budget at the latest CHF/USD exchange rate. Additional resources over those planned, those activities requiring less resources and the foreign exchange impact during 2015 were highlighted. The main drivers of increase were: e-Marketplace initiative (+ US\$5.4 million); professional fees for priority projects (+ US\$1.8 million). Decreases related to staff costs (- US\$2.8 million), Grant Management and Office of the Inspector General travel costs (- US\$2.1 million), and a positive foreign exchange impact totaling US\$4.8 million.

207. OPEX 2016. The CFO underscored that based on the total actual 2014 OPEX, forecasted actual 2015 OPEX and proposed 2016 OPEX budget, the Secretariat will fulfil its commitment to remain within the planned US\$900 million for the three-year period. He said that stabilization of budget requirements since 2013 will continue in 2016 and that the target ratio of OPEX as a percentage of grants under management will now be revised from 3 percent to 2.75 percent. He said it reflects how well the Global Fund has performed against this key performance indicator, with a budget ratio performing favorably against comparable organizations. The Board also received a

⁴ <http://www.theglobalfund.org/Knowledge/Decisions/GF/B31/DPO8/>

breakdown of the proposed 2016 OPEX budget by key initiatives, function and nature of cost, with a comprehensive summary of relevant figures and activities in the background document.

208. Zero-based budgeting. This will be fully applied in preparation of the 2017 budget and will bring additional rigor to keep costs at a sustainable and steady level.
209. Corporate Workplan 2016. US\$31 million has been allocated to support five core priorities identified by the Secretariat:
- Optimize funding implementation for maximum impact
 - Make the new Global Fund strategy effective
 - Improve data and systems
 - Support a successful replenishment
 - Invest in people.
210. A full account of these initiatives is in the 2016 Corporate Work-plan narrative (GF/B34/13). The proposed budget includes US\$271.7 million for ongoing activities, US\$22.5 million for new 2016 activities, US\$8.5 million allocated to short-term projects directly related to corporate priorities and US\$2.3 million to support decisions made by the Board and its committees. Among the key shorter-term priorities for 2016 are: the Accelerated Integration Management and Risk and Assurance projects, as well as the zero-based budgeting exercise above noted, and staff development and engagement activities.

Board Discussion

211. The Board acknowledged the good, disciplined financial management practices that had been implemented since 2013. However, some constituencies expressed concern in recommending a budget above US\$300 million. The Board noted the potential positive impact of some 2016 projects, namely Accelerated Integrated Management (AIM) and Implementation through Partnership (ITP) and supported these, but expressed a desire to remain within the US\$900 million in the 2014-2016 period, particularly with the imminent announcement of the target for replenishment.
212. Foreign exchange impact. Referring to the positive net foreign exchange effect of US\$4.8 million on the 2015 OPEX, one constituency noted that the CHF:USD exchange rate used to prepare the budget could somehow be perceived as conservative and requested more frequent reports on the impact of foreign exchange volatility on OPEX, including the usage of any future gains. One constituency further noted that fluctuations in exchange rates do not necessarily warrant automatic utilization of additional resources.
213. Reporting on OPEX figures. Three constituencies commended the scrutiny by the FOPC on the proposed 2016 OPEX, and asked for an improved narrative and overall financial reporting on actual-versus-budgeted expenditures, as well as on key projects and initiatives and budget efficiencies. One constituency requested space between FOPC and Board meetings as to allow for sufficient time for OPEX budget review before its final approval by the Board. One constituency being represented in the FOPC noted the importance of ensuring the necessary resources for OPEX activity are also taken into consideration in further discussions of the committee about the Mid-term Plan of the Global Fund.
214. E-marketplace. Two constituencies highlighted the impact from the e-Marketplace initiative on the 2015 and 2016 OPEX budgets. In 2015, the e-Marketplace activity required forecasts an additional investment of US\$ 5.4 million. In 2016, the proposed budget to support the

operationalization of this initiative is US\$2.6 million, taking into account that US\$3 million would have to become available from eligible external partners. Two other constituencies requested clarification on why the e-Marketplace initiative had not been brought to the Board for discussion and approval, and asked about the required clearances to advance the e-Marketplace work. Specifically, it was requested that this initiative be formally approved by the Board should its scope expand beyond providing an electronic platform to facilitate existing PPM procurement.

215. Market shaping strategy and supply chains. One constituency asked for additional information in relation to the required resources to implement the revised Market Shaping Strategy, and the US\$10 million captured in the MSS to further expand the existing revolving fund (US\$2 million). Another constituency inquired about the resources dedicated to strengthening supply chains as it has been identified as a key risk area. One constituency asked about the role of the Global Fund in strengthening the systems in place in countries to mitigate the risk of sub-standard health products.
216. Staff costs and professional fees. Two constituencies commented that although there had been a significant shift away from hiring consultants to creating permanent staff positions where needed, concern remains in relation to having sufficient staff numbers to fully implement the new Global Fund Strategy. Another noted that professional fees within the Secretariat are still high despite the 10 percent reduction from 2015. Acknowledging that a higher budget for professional fees may be needed to implement certain initiatives or provide a specific type of expertise, the constituency asked the Secretariat to find ways to further reduce such costs by utilization of in-house resources, if necessary.
217. Resources and costs related to the new Global Fund strategy. Two constituencies commented that given the new Global Fund Strategy has identified around 20 strategic priorities, it will be necessary for the Board to guide priorities to allocate sufficient resources in the future while maintaining OPEX stable over time. One constituency added that the 2017 OPEX budget must take into consideration the lessons learned from the roll out of the current funding model, especially costs involved with the objectives and priorities of the next strategy cycle, so that relevant departments are well equipped to support country dialogue and prioritisation.
218. Health campus. Three constituencies commended the plan to set up a health campus in Geneva as the new home for the Global Fund, decreasing leasing costs and sharing space with partner organizations.
219. Governance costs. Three constituencies recommended that the Board reduce governance costs through smaller Board meetings, reducing the level of travel or more strategic support to implementer constituencies. Moreover, referring to the possibility of allowing observers from Board constituencies to attend committee meetings, one constituency recommended that the related costs to be covered by resources of each constituency.
220. Organizational comparisons. One constituency commented on the favourable comparison made between the Global Fund and other organizations with regards to the ratio of OPEX as a percentage of the financial amount of grants under management. It was noted that results vary depending on the denominator used; 2.4 percent is the result of using the overall amount of grants under management as denominator while the percentage raises up to 8 percent when taking the grant expenditure forecast.
221. Finance Step-Up. One constituency commended the results of the Finance Step-Up project in terms of the quality of financial reporting and the enhanced ability to extend the line of sight through to what is happening in countries.

222. Grant implementation. One constituency expressed its support for the continued focus on increased operational differentiation, risk and assurance, the exploration of new approaches to COEs and the simplification of grant management where possible.
223. Human rights. One constituency underscored that despite the doubling of funds allocated for human rights activities in the proposed 2016 OPEX budget, investments in this area remain low. The constituency asked for better monitoring of the effectiveness of human rights interventions.
224. Assurance costs. One constituency noted that external assurance costs had remained stable. Referring to the figures provided in the background document GF/B34/14, the constituency asked whether the 25 percent of the 2016 budget allocated to control and assurance covered all assurance-related costs, and whether the total cost of assurance was actually increasing or decreasing over time.
225. 2015 Corporate Work-plan. Three constituencies requested a narrative report on the implementation of the 2015 Corporate Work-plan to be presented at the next Board Meeting.

Secretariat Response

226. E-Marketplace. The Executive Director clarified that it has been developed as an online procurement platform to address certain challenges and to procure more effectively. Any future UNITAID contribution would require a UNITAID Board approval, whereas the Global Fund allocates the required resources via OPEX budget approval. In its first phase the Secretariat will continue providing updates on the development and initial implementation, under the parameters of the current PPM model. As stated in the GF/B34/24, the Board will then be consulted and asked for any required approval on aspects such as, but not limited to, a potential shift to an alternate logistics model, governance considerations, or future “spin off” the e-Marketplace as an independent entity from the Global Fund. It was further noted that the PPM is not a particularly conducive model to support countries transitioning out of Global Fund funding.
227. The Executive Director further noted that the Board and its committees will receive timely updates on projects and resources allocated to enhance supply chain capacity in country, as well as the work done in collaboration with partners. The CFO confirmed that placing extra focus on supply chain management is a priority for next year given its potential significant impact on performance of Global Fund programs. Additional information on this work stream will be provided to the Board.
228. Addressing additional comments from the floor, Mr Camus thanked the Board for its support and feedback noting that since 2013 the Global Fund remained below the approved annual OPEX of US\$300 million. The Secretariat will continue to (i) provide quarterly reports on actual operating cost expenditures compared with Board-approved budget, including foreign exchange fluctuations, and (ii) to look for opportunities for efficiencies, as well as potential co-financing of the e-Marketplace, and apply disciplined financial management.
229. Mr Camus clarified that the proposal to expand the revolving fund from US\$2 million to US\$10 million, is not captured in the proposed budget. The resources for the revolving fund would come from funds set aside by the Board for special initiatives as is currently the case.
230. In relation to resources for a zero-based budgeting approach, US\$0.7 million, will be fully implemented as a guiding principle during the preparation of the proposed 2017 OPEX budget. Once implemented, each tri-annual budgeting cycle will go through evaluation that starts from a zero-base of activities and resources with the aim to bring added rigor to the analysis and ensure that costs remain at a sustainable and steady level.

231. Regarding the request to produce a separate progress report on the 2015 Corporate Workplan, the Secretariat noted that this is not current practice as it is mainly a planning tool directly linked to Board approved Corporate KPIs. Nevertheless, the Secretariat can explore in which areas the narrative can be further expanded around major achievements accomplished in 2015.
232. Bringing the discussion to an end, Dr Dybul restated the importance of the Board's guidance to prioritize and allocate staff resources across the 20 high level priorities included in the Strategic Framework.
233. Following the above discussion, the Vice-Chair of the Board called for a vote on the Decision Point.
234. **Decision:** The proposed 2016 Corporate Work-plan and Operating Expenses Budget were unanimously approved (GF/B34/DPO5).
235. The Mid-Term Plan. The CFO, provided an overview of the F3 2015 figures for pledges and contributions, the updated Mid-Term Plan (MTP) displaying the Global Fund's financial situation for the 2016-2018 period, as well as a set of proposed portfolio optimization principles discussed by the FOPC. A comprehensive summary of the key financial figures is presented in GF/B34/15.
236. Grant expenses and disbursements. The year-to-date 2015 actual figures for grant expenses and disbursements are, for each, USD 320 million lower than the 2015 F2 amounts, representing a decrease of 9 percent and 14 percent, respectively. The F3 2015 estimates for grant expenses are US\$4.08 billion or 2 percent higher than the F1 forecasted amount, and for disbursements US\$3.0 billion or 12 percent lower than the F1 figure. About 40 percent of the announced allocation for the 4th replenishment will be disbursed by the end of 2015. Moreover, in 2016 and 2017 there is an expected scale-up in disbursements across the portfolio of 37 percent equivalent to US\$1.1 billion when compared against the latest 2015 anticipated disbursement level above noted. Such scale-up will be largely driven by the previously identified Top 20 countries.
237. Shortened grant duration. Latest analysis of the potential funding need for grants with shortened durations (i.e., those programs whose period for utilizing their 2014 – 2016 allocation ends prior to 31 December 2017) is US\$700 million. Lower absorption rates in relevant countries has led the reduction in such potential funding need from the US\$1.8 billion initially reported in September 2014.
238. Uses and sources of funds for the 4th Replenishment. The status of the sources and uses of funds for the 4th replenishment period as at August 31, 2015⁵ is US\$17.2 billion on both sources of funds and uses of funds, of which US\$4.6 billion are outstanding pledges and US\$3.8 billion is the remaining allocation to be approved by the Board.
239. There are two risk factors that may have an impact on the sources of funds. Approximately USD 200 million in donor pledges for the current replenishment period are at risk of not being materialized into actual contributions since some donors have informed the Global Fund that they will not contribute the amount they previously announced/pledged. Second, since July 2015, there is an overall estimated -6.8 percent foreign exchange effect, or a potential loss of US\$1.18 billion of which US\$740 million has been realized. The total estimated risk on sources of funds is -7.8 percent.

⁵ At 4th replenishment exchange rates, rounded.

240. On the uses of funds side, it is expected an overall reduction of 10.7 percent, or US\$1.8 billion. About 3.4 percent of the total decrease in uses of funds relates to the symmetric foreign exchange impact⁶, while 7.3 percent is attributed to lower funds-utilization rates in countries⁷.
241. The Secretariat is committed to remain within the parameters in the Amended and Restated Comprehensive Funding Policy of the Global Fund (CFP). The CFP contemplates measures to address the impact of the risks identified through the asset and liability management (ALM) review resulting in a net positive ALM balance of 2.9 percent, or US\$440 million. Continuous monitoring of the risk factors outlined above, as well as the absorption rates of programs is required to fully cover the need for shortened grants in 2017.
242. Portfolio optimization principles. The Secretariat will continue to monitor sources and uses of funds with the aim to optimize the net ALM balance based on a robust forecast exercise and the portfolio management principles outlined in GF/B34/15. Both risks and opportunities (e.g., absorption levels across the portfolio, or additional funding needs arising from shortened grant periods) identified across the portfolio will indicate the amount of funds available at the portfolio level for their potential reallocation. In Q2 2016 about US\$129 million will be required to fund grants with shortened implementation periods to fulfill commodity requirements in 2017.

Board Discussion

243. Given time constraints, the Vice-Chair of the Board asked constituencies to follow up with the CFO in writing or phone. One constituency highlighted the difficult choices to be made in terms of portfolio prioritization and reallocation of available funds over the coming months. Responding to a follow up question, Mr Camus reassured the constituency there are no unfunded liabilities.

Executive Session

244. The Board met in Executive Session on day two of the Board meeting. The proceedings of that session, and the record arising, were managed in line with Paragraph 19 of the Global Fund's Board and Committee Operating Procedures.⁸

Agenda item 14: Update on Resource Mobilization and the 5th Replenishment Campaign

245. The Director of External Relations, Dr Christoph Benn, commended the work done by External Relations staff, particularly the Donor Relations Department headed by Jennifer Goosen, in

⁶ USD 580 million split between USD 290 million in EUR denominated grants and USD 290 in local currency in USD denominated grants.

⁷ Historic rates of fund utilization against approved budgets have been 71%;

⁸ Operating Procedures of the Board and Committees of the Global Fund, as amended 20 November 2014, section 19: 19.1. In its discretion, the Board may conduct its business in closed (executive) session where only Voting Board Members and Alternate Members, or their official designates, may be present. The Board Chair should exclude non-voting ex-officio Board Members from attending a closed session, unless it is deemed by the Board Chair to be appropriate to include such Board Members based on the content of the discussion. 19.2. In accordance with Board policy, recordings of the closed sessions shall be kept confidential. However, the outcome of the deliberations may be made public if the Board Chair deems it appropriate. An official record of closed sessions must be maintained by the Board Chair and deposited with the Legal Counsel of the Global Fund and handed over to his or her successor or as needed.

preparing for the replenishment. At the replenishment launch in December 2013, US\$12 billion dollars in resources were mobilized. Since then new pledges worth US\$300 million have been made from public donors.

246. Dr Benn also commended the work of the Private Sector Engagement Department in mobilizing additional pledges from the private sector, noting in particular that two well-known organizations, in the UK and US, are expected to make additional pledges at the Tokyo preparatory meeting. There has also been intensive work on the major gifts strategy, which aims to mobilize high net-worth individuals (HNWIs), trusts and foundations. Using the unfunded quality demand (UQD) register, the Global Fund signed its first grant with the Children's Investment Fund, which has earmarked US\$6.1 million for HIV/AIDS programs in Zimbabwe. Total pledges from private sector donors stand at US\$100 million, making the overall total US\$12.4 billion.
247. Dr Benn said the first half of 2015 was used to refine the strategy for the Fifth Replenishment, the key themes of which are: impact, innovation and acceleration. As in previous replenishments, work is underway on securing early announcements to generate momentum ahead of the pledging conference.
248. Dr Benn referred to the particularly challenging context in which the Fifth Replenishment would take place: the complex global economic and geo-politic environment; the refugee crisis in Europe and the impact on donor aid budgets; the continuing and significant depreciation of most non-US currencies and the knock-on impact on Global Fund resources. All the same, there are also opportunities, such as scope for increased pledges from some of the top 15 donors and the private sector. In addition, the Global Fund continues to have strong political support, notably from the G7. As in previous replenishments, the UN Secretary General has been invited to serve as Chair of the Replenishment Conference, together with the head of state of the host country.
249. Work is underway with many advocacy partners, including with heads of state, particularly in Africa, who can act as champions and are ready to raise the profile of Global Fund health investments in their countries, by advocating on behalf of the Global Fund in their various meetings and writing letters. Some heads of state and government ministers have already confirmed they will support the Global Fund replenishment. Efforts are also being made with the influential network of First Ladies.
250. Given that "resource mobilization" refers to domestic resources and to international resources, Global Fund champions are advocating for both components. Work is underway with networks of parliamentarians, which have always been important in resource mobilization, but are even more so in the current context. Dr Benn thanked the Global Fund Advocates Network and the speakers from many NGOs, who work tirelessly around the world in support of the Global Fund partnership and replenishment. He also mentioned work being done with eminent personalities and through the partner focused strategy with implementing countries, traditional donors, private sector, emerging powers, civil society and parliamentarians.
251. Dr Benn reiterated that the development of the Global Fund Strategy for 2017-2022 was key so that every supporter and donor would know clearly what they were investing in. He thanked the Government of Japan for hosting a two-day international event, including the replenishment preparatory meeting. The first day will focus on UHC in the new development era and building resilient health systems hosted by several Japanese government ministries - Foreign Affairs, Finance, Health and Labor, the Japan International Cooperation Agency and the Japan Center for International Exchange. The second day will be the actual Preparatory Meeting, for which high-level attendance is expected, including Ministers from Ethiopia, Kenya, South Africa, Thailand, as well as the African Union Commissioner for Social Affairs. Dr Benn referred to the investment case

to be presented in Tokyo detailing the increase in overall resource needs to achieve the 2030 goals for the three diseases; domestic resources that are forecast; a focus on achieving 80 percent of the resource needs in the eligible countries. The investment case will also show how close to the 2020 Global Action Plan Targets for the three diseases the Global Fund can get by optimally allocating funds.

252. The Director of External Relations added that the World Economic Forum in Davos is also an important event for generating support, particularly from the private sector. He ended by saying that all the events referred to were part of the replenishment strategy leading to the Replenishment Conference in Q2 or Q3 2016, when donors will make their pledges for 2017-2019.
253. The Chair of the Board referred the Board to the Decision Point (GF/B34/DPO6) proposed by the Communities, Developed Country NGOs and Developing Country NGOs constituencies, which had been amended following suggestions by France and Germany.

Board Discussion

254. Numerous constituencies expressed their thanks to the Director of External Relations and his team for all their efforts in the lead-up to replenishment.
255. Preparatory meeting in Tokyo. The Japan constituency said it looked forward to hosting the preparatory meeting in Tokyo and hoped for a successful outcome. It emphasized three elements for the environment of this meeting, i.e. adoption of the SDGs in September, the UHC Conference and the Preparatory Meeting, and noted a steady momentum to build up global health issues, especially after the crisis in Africa.
256. Decision Point. The Developed Country NGO introduced the Decision Point by referring to the challenging funding landscape and need for increased Board attention on the replenishment process. More needs to be done to support the work of the Board Leadership, the Executive Director and the Director of External Relations and their respective teams, who are working very hard on this replenishment. All Board constituencies have a stake in making the Fifth Replenishment a success, including by championing the Global Fund at home. The Decision Point intends to reaffirm the Board's responsibility and commitment to showing the world that donors and implementers together understand the huge prevailing challenges and need to do a better job collectively. The Decision Point empowers the Board Leadership and Executive Director to reach out to high-level individuals to invite them, on behalf of the Board, to join and strengthen efforts.
257. Africa as a key player in the replenishment. One African constituency commented that given Africa is the biggest recipient of Global Fund support, African countries are key players when it comes to the replenishment strategy. The involvement of African heads of state, government ministers and parliamentarians is crucial. It is important for African governments to prioritize financing and made investments in health. Any statements made at the Replenishment Conference must be translated into the national budget and domestic funding. The replenishment strategy for the African Region should also target the private sector and HNWIs. It is important to continue mobilizing more Global Fund champions to ensure there is more investment in health.
258. Key messages. A constituency advised to build the message for the Fifth Replenishment around the message given at the Fourth Replenishment for consistency. The constituency recommended centring the replenishment message over a six-year timeframe even if the replenishment is for only three years. In response to the challenge of donor funds being diverted to address climate change and the refugee crisis, three constituencies said it was important to show how the Global Fund contributes to current global priorities. For example, the Global Fund is contributing to the response to the crisis across Arab States and the Sahel by maintaining essential health services,

including in Syria, and is supporting efforts to promote the health of refugees at risk of and affected by tuberculosis and MDR-TB. Another constituency referred to the importance of showcasing the Global Fund's performance and another added that the losses that would happen without its investments should be highlighted.

259. Investment case. One constituency called for more work to be done on the investment case, noting that some of the scenarios are too optimistic. More needs to be done on the forecasts for what can be gained by optimizing existing resources and applying certain packages of interventions.
260. Role of civil society. Two constituencies urged that greater consideration be given to the role of civil society at the country level in pushing parliamentarians and advocating for domestic financing. The role of young people should also be considered further.
261. Social media as part of the communication strategy. One constituency highlighted the importance of using social media networks to raise awareness of the replenishment.
262. Germany's commitment to the Global Fund. Germany referred to the enormous strain on Germany resulting from the refugee crisis. However, the Germany constituency gave the good news that the German Budget Committee has taken the decision not to make cuts to the development budget for 2016, but to increase it and make an additional €10 million available to the Global Fund. This follows its additional pledge of €45 million in 2014 and €10 million in 2015, resulting in a more than 10 percent increase of its initial Fourth replenishment pledge.
263. Domestic funding. Two constituencies referred to the need for a strong emphasis on domestic funding.
264. Innovative financing. One constituency commended the External Relations team's diligent work, particularly the Private Sector Engagement Department, to put together a robust strategy to raise money, including targeting HNWI's in emerging markets and the promising results achieved so far. The constituency proposed that the team present on the work done in collaboration with the Bill & Melinda Gates Foundation to mobilize these resources and the plans for other innovative financing mechanisms to leverage more private sector funding in a future Board Meeting.
265. Speakers list for the Replenishment Conference. One constituency urged that the speakers list for the Replenishment Conference include people living with HIV, malaria and tuberculosis since they are the people who benefit from Global Fund support. Another constituency said it would be important to have as a speaker a Minister of Finance from a country that has a good level of domestic financing.
266. World Bank - spring meeting and message of support. One constituency said the spring 2016 meeting of the World Bank would be a key moment for the Global Fund to influence some of the world's Ministers of Finance and to engender further support for the replenishment. The World Bank constituency said that the World Bank President intends to make a joint statement with the Global Fund Executive Director stating clearly that development financing is still critical for health. This will constitute a strong message of support from the World Bank for the Global Fund replenishment.
267. US pledge. The US constituency reminded the Board of the personal involvement of President Barack Obama in the last Replenishment and the interest expressed by Secretary of State John Kerry of answering this call from the Global Fund. While the US funding structures do not permit a pledge higher than 33 percent of all donor funds, there is congressional authority to match one dollar to every two dollars from other donors to the Global Fund. Therefore, at the Replenishment

Conference, the US contribution will depend on the level of contributions from other donors, ideally leading to an increase from the US.

Board Leadership/Secretariat response

268. The Chair of the Board thanked Japan for hosting the preparatory meeting.
269. Dr Benn thanked the Board for its encouraging comments and very strong statements of support, which align with the Decision Point focus on the need for the whole Board to support replenishment efforts. Given the challenging context, the support of the Board and partners is needed more than ever. The Secretariat cannot do the replenishment on its own. Dr Benn thanked Germany for its strong commitment to making additional resources available, and said that hopefully the Global Fund could count on the support of US President Barack Obama and Secretary of State John Kerry for the Fifth Replenishment also. In addition, he acknowledged the strong support from the World Bank.
270. Dr Benn clarified that the investment case builds on the global plans of partners like WHO, UNAIDS, Stop TB Partnership, Roll Back Malaria, which tend to be focused on the SDG targets for ending the epidemics of HIV/AIDS, tuberculosis and malaria by 2030. Therefore, the investment case does have a long-term perspective, which it breaks down into milestones. Dr Benn confirmed that the speakers list for the Replenishment Conference would include the voices of people living with HIV, tuberculosis and malaria. This applies also to the Preparatory Conference in Tokyo.
271. The Chair of the Board referred the Board to the Decision Point.
272. **Decision.** The Global Fund Board's commitment on replenishment was approved unanimously (Decision Point GF/B34/DP06).

Agenda item 15: Update from Transitional Governance Committee (part 2)

273. Viorel Soltan, the TGC Chair, built on the previous day's discussion which concluded with a general agreement on the proposed mandates and composition of the Audit and Finance Committee, the Ethics and Governance Committee and the Strategy Committee.
274. Ton Coenen of the TGC referred to the supporting documents (Annexes 1-6 to GF/B34/18 - Revision 1). He explained that the Terms of Reference of the Coordinating Group (Annex 4 to GF/B34/18 - Revision 1) had been revised to focus its main functions on:
- Collaboration between the Board and its standing committees and on overall committee coordination;
 - Collaboration across the committee on cross-cutting areas.
275. The updated purpose of the Coordinating Group was also reflected in the By-Laws of the Global Fund (Annex 5 to GF/B34/18 - Revision 1). Some functions previously in the mandate of the CG had now been reassigned to the Ethics and Governance Committee (for example, supporting Board Leadership in committee membership selection).
276. Observers at committee meetings. Mr Coenen commented that observers' participation could ultimately facilitate decision-making at the Board level. The revised operating procedures (Annex 6 to GF/B34/18 - Revision 1) circulated noted that any Board or Alternate Board Member will be

allowed to attend all committee meetings. In exceptional circumstances, when the Board or Alternate of an unrepresented constituency cannot attend, the Committee Chair may allow another constituency member to attend. Observers could either participate in person or virtually. For closed sessions the Chair might consider restricting observers' presence.

277. It was re-emphasised that costs would need to be covered by constituencies themselves. There are, therefore, no budgetary implications.
278. Selection of committee members. On the Ethics and Governance Committee role in selection of committee leadership and membership, Mr Coenen clarified it will focus on ensuring competency of candidates for the relevant committee's mandate. Ultimately the Board Leadership presents candidates for these roles for Board approval.
279. All the items listed above were also reflected in the revised operating procedures of the board and committees (Annex 6 to GF/B34/18 – Revision 1 and its accompanying change-log Annex 7 to GF/B34/18 – Revision 1).
280. Mr Soltan and Mr Coenen further commented on other revisions made following the previous Board discussion. In the Audit and Finance Committee Charter (Annex 1 to GF/B34/18 – Revision 1), the advisory function to support the annual performance assessment of the Inspector General was reallocated to the Ethics and Governance Committee.
281. The Board Chair thanked the TGC representatives for the presentation and swift revision review of the core governance documents, and opened the floor for discussion.

Board Discussion

282. Constituencies asked for more time to review the core governance documents before approving the proposed governance structure, committee composition and updated operating procedures of the Board and Committees. There was general consensus on the main principles behind the division of functions among three standing committees. However, two constituencies reiterated their preference to separate audit and finance functions. The Board was also satisfied with the more focused terms of reference of the Coordinating Group around collaboration and coordination of committee work and cross-cutting matters.
283. Oversight of CCMs. Two constituencies noted that oversight of CCMs was a governance function which is not adequately covered in the committee charters. Further, some Board and Alternate Members from the implementer group also play an active role in CCM oversight activities, which could be perceived as a conflict of interest. In these cases, the Board must be reassured that potential conflict of interest will be addressed by the Ethics and Governance Committee and/or the Ethics Officer.
284. Performance assessment. One constituency asked that the Office of Board Affairs should also be 'performance assessed' along with the Board and its committees.

TGC Response

285. The TGC Chair suggested that the Board should consider an 'in principle' approval of the revised version of the core governance documents to allow for more review. A final set of documents would then be circulated for Board approval via electronic vote. Mr Soltan stressed the importance of appointing the incoming committee members and establishing the new governance structures before the start of the Board Meeting in April 2016. He noted that appointing committee chairs and vice-chairs was a priority.

Board Discussion and Responses

286. The Board asked for clarification on the options and timelines to approve the TGC recommendation. Also, the status and role of observers at committee meetings was discussed at length.
287. Risk oversight. One constituency noted that committee coordination around risk matters had been removed in the revised description of the role and function of the Coordinating Group. The Board had previously identified that risk oversight was a critical gap and had asked that it should be re-incorporated into the key functions of the Coordinating Group.
288. Committee member selection process. One constituency remarked that if the new Ethics and Governance Committee was supposed to participate in the process for selecting candidates for committee membership, its members would need to be chosen first. However, the process to select the members of this committee remained unclear. The Chair of the Board replied that, on this occasion, the TGC is best positioned to play such role in line with its terms of reference.
289. Observers at committee meetings. On the basis that a smaller committee size was generally preferred, comments focused on the following:
- The importance of broadening constituency representation and enabling facilitation of participation for those not represented in a particular committee.
 - Logistical and cost implications. Discussion focused on who should bear the costs for increased participation. Some felt implementers would be hindered from attending if they are required to cover costs of participation from their own resources.
 - Use of audio-visual tools was identified by several as sub-optimal for engagement with committees. Also, it was noted many countries lack the adequate infrastructure.
 - Definition of observers in terms of: (i) which members of the constituency should automatically be allowed to attend (e.g., only Board members and Alternates, or any constituency delegate), regardless of whether their constituencies are already represented, and (ii) clearly delineating observers' role around following but not actively contributing to committee discussions.
 - Definition of exceptional circumstances. For example, due to distance, some eligible observers might be unable to attend. The question of who should decide what is 'exceptional' was discussed, without resolution (i.e. should it be the relevant Committee Chair).
290. The Board Chair in summarizing the discussion stated that there seemed to be general consensus on allowing observers. He underscored that any final decision should not result in additional costs to the Global Fund. Mr Coenen stated that, initially, the TGC intention around observers was they would not be allowed to directly contribute during committee discussions.
291. On balance, the Board advised that the next version of the core governance documents presented for input and approval should reflect:
- Observers should not speak at committee meetings.
 - Exceptional circumstances should be defined specifying which members of the constituency other than the Board Member and Alternate would be allowed to attend.
 - Any Board and Alternate members should be allowed to attend any committee meeting, irrespective of whether they are represented on the committee.
 - Existing communication channels for providing input should be strengthened (briefing calls, documents posted on *BoardEffect*, accepting written inputs.)

292. The Chair of the Board called for a formal vote on the revised decision point introduced by the TGC Chair, clarifying that the language of the Operating Procedures presented for approval would be modified to clarify observers attending committee meetings are not allowed to speak or vote (Annex 6 to GF/B34/18 – Revision 1).
293. **Decision.** Accordingly, the Board approved the revised core governance documents, in principle, supporting the TGC recommendation as outlined in the decision point GF/B34/DP07. The European Commission constituency voted against. Eastern Mediterranean Region constituency abstained.
294. Following the Board, the TGC in collaboration with the Secretariat will circulate a second revision of these documents for final Board input during a two-week period.
295. Thereafter, a Decision Point will be presented in January 2016 to launch the nomination and appointment of committee leadership and membership and formal establishment of the new committees.
296. Due to time constraints the Vice-Chair of the Board drew the Board's attention to the update on the results of the performance assessment of the Board and Committees, and informed the Board that next steps on this would be communicated shortly.

Agenda item 16: Market Shaping Strategy

297. Dr Anita Asiiimwe, the Vice-Chair of the SIIC, underscored that the proposed market shaping strategy⁹ was the result of collaboration between the SIIC and the FOPC, informed by a TERG review of market shaping and consultations with a broad range of Global Fund stakeholders. In concluding her remarks, Dr Asiiimwe noted that three amendments to the proposed strategy had been received. All three were considered by the SIIC to be friendly amendments, hence the revised market shaping strategy was being submitted for Board consideration and approval.
298. Christopher Game, Chief Procurement Officer (CPO), provided an overview of the historical background to Global Fund procurement processes (also captured in GF/B34/17 – Revision 1). Although improvements had been made and good practices applied since the Global Fund's inception, the challenge remained of how to make processes sustainable and move them forwards. The proposed market shaping strategy suggests ways to move procurement further forwards in a more sustainable way.
299. The resulting market shaping strategy has six key strategic objectives:
- Ensure continued availability and affordability
 - Promote consistent quality standards
 - Support efforts to stimulate innovation
 - Accelerate adoption of new and/or cost effective products
 - Prepare for country transition and long-term market viability
 - Strengthen key foundational elements for market shaping.

⁹ GF/B34/17 – Revision 1 Market Shaping Strategy

Board Discussion

300. Many constituencies commended the excellent consultative process used to revise the market shaping strategy, while two constituencies expressed concern that some input had not been reflected. The Board however voiced broad agreement with the proposed friendly amendments. Many affirmed that the market shaping strategy was consistent with the Strategic Framework adopted by the Board on the previous day, and the need to ensure access to affordable quality treatment to deliver maximum impact.
301. Work plan and time frame. One constituency asked for more details on the activities in the strategy work plan, including the timeline for future consultations and collaboration with partners, while another noted that as the Board had extended the Strategic Framework timeframe to 2022, the market shaping strategy should cover the same time period, and that this should be reflected in the Decision Point.
302. KPIs. Two constituencies requested the Secretariat to develop Corporate KPIs to reflect the market shaping strategy, including on cost savings, time to market availability, and cost effectiveness.
303. Product road maps. There was support for defining market shaping objectives for individual product categories, and a request for the Secretariat and Committees to share the product road maps under development, to enable the Board to understand the specific market shaping actions being prioritized. The limited progress to date on market shaping for Hepatitis-related drugs and tuberculosis drugs, was seen to be an issue. Additional information was requested on challenges and cost implications for co-infections and co-morbidities drugs, particularly Hepatitis C. It was suggested that the market shaping strategy could be strengthened by explicitly referring to commodities such as Hepatitis C health products.
304. Partnerships. Several constituencies commended the dedicated focus in the strategy to strengthening bi-lateral and multi-lateral partnerships, and building comparative advantage by leveraging synergies. In particular, there is good collaboration with UNITAID and the Stop TB Partnership, although it was suggested that a MoU between Global Fund and the Global Drug Facility will be necessary for more effectiveness and transparency, particularly around reporting. UNICEF was also recognized as providing important inputs, while UNFPA was collaborating on planning commodities. WHO expressed a willingness for continued collaboration with the Global Fund in areas requiring technical input.
305. Sustainability and transition. Several constituencies commended the focus on successful transition, allowing countries to continue to access drugs and other medical products at affordable prices even when no longer eligible for Global Fund support.
306. Innovation. The importance of innovation in the procurement process was noted, with a proposal that the Global Fund should be driving innovation around incentivizing generic production. Another constituency recognized that increasing predictable and coordinated demand for products will also generate innovation, while a third suggested that the Global Fund should increase transparency on market incentives and pricing.
307. Generic production, Intellectual Property (IP) Rights and TRIPS. Concern was expressed by one constituency referring to the fact that the strategy as presented to the Board made no reference to maximizing generic competition, while IP rights in relation to access to medicines were considered to be beyond the scope of the strategy. The friendly amendment to GF/B34/DPO8 relating to access to affordable medicines and generic competition was therefore welcomed, particularly given WHO's recommendations that all people living with HIV/AIDS receive treatment. It was noted that efforts to address the barriers may require collaboration with partners.

Secretariat Response

308. Mr Game thanked the Board for their comments, noting that strategies evolve in parallel with markets and with the expertise that is built internally and through partnerships. He referred to daily interactions with UNITAID and the Stop TB Partnership, illustrating the ongoing engagement with partners, while recognizing that more work was needed to establish more frequent interactions with constituencies and the private sector.
309. **Decision.** The Board approved the amended and restated market shaping strategy (Decision Point GF/B34/DPO8). Eastern Mediterranean Region constituency abstained.

Agenda item 17: Closing

310. The Vice-Chair of the Board said that although closing speeches had been prepared, the Board had learned of the passing away today of Ria Grant, a dear colleague who was well known to all constituencies. The Vice-Chair of the Board invited the Board Member of the Developing Country NGO constituency, Hristijan Jankuloski, to say a few words of remembrance, after which she added her own words of condolence.
311. The Chair of the Board concluded the Board Meeting with reference to its main discussion points and achievements. He thanked all constituencies for their interventions and support and wished them a safe trip home, reminding them to continue to be the champions of the Global Fund in their home countries.

Annex 1: Decisions Taken at the 34th Board Meeting

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
GF/B34/DP01	Appointment of Rapporteur Mr Kieran Daly from the Private Foundations constituency is designated as Rapporteur for the 34th Board Meeting.	Unanimous		
GF/B34/DP02	Approval of Agenda The agenda for the 34th Board Meeting (GF/B34/01 – Revision 1) is approved.	Unanimous		
GF/B34/DP03	Strategic Review 2015 1. Based on the recommendation of the Strategy, Investment and Impact Committee (the “SIIC”), the Board: a. Acknowledges the results and recommendations of the Strategic Review 2015 commissioned by the Technical Evaluation Reference Group (the “TERG”), as presented in GF/B34/10; b. Requests the Secretariat to consider the TERG’s recommendations as it prepares the final strategy narrative that will be presented for the SIIC to review and recommend to the Board for approval by the first Board meeting in 2016; and c. Requests the Secretariat to provide the SIIC with its response to the TERG’s recommendations in relation to the current strategic period. 2. The Board also notes its appreciation for the TERG and its evaluation team for their work to commission and produce the Strategic Review 2015.	Unanimous		
GF/B34/DP04	Strategic Framework 2017 - 2022 1. Based on the recommendation of the Strategy, Investment and Impact Committee (the “SIIC”), the Board approves the Strategic Framework 2017 - 2022, as set forth in Annex 1 to GF/B34/11, and notes the next steps of presenting further details in a final strategy narrative and on implementation planning. 2. As such, the Board requests the Secretariat to submit the final strategy narrative through the SIIC for Board approval at the first Board meeting in 2016, taking into consideration lessons from implementing the current strategy, recommendations from the Strategic Review 2015, and additional input collected throughout the strategy development process.	Unanimous		
GF/B34/DP05	2016 Corporate Work Plan and Operating Expenses Budget 1. Based on the recommendation of the Finance and Operational Performance Committee (the “FOPC”), the Board approves the following: a. Corporate Work Plan and Budget Narrative 2016, as set forth in GF/B34/13; and b. 2016 Operating Expenses Budget up to the amount of USD 305.0 million, as set forth in GF/B34/14 (the “2016 OPEX Budget”), which includes USD 16.3 million for the Office of the Inspector General’s 2016 operating expenses based on the recommendation of the Audit and Ethics Committee 2. The Board requests the Secretariat to include in its periodic reporting to the FOPC on budget matters: a. The foreign-exchange impact on the 2016 OPEX Budget, as requested by the Board in 2010 (GF/B22/DP18), tracked against budget rate; b. Budgetary variations by type of expenses; and c. Progress updates on the priority projects and activities outlined in the 2016 OPEX Budget.	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	3. The Board notes operating expenses over the 2014 – 2016 period, including the 2016 OPEX Budget, remain within the USD 900 million reserved for operating expenses at the time the Board approved the resources available for allocation over the 2014 – 2016 period			
GF/B34/DPo6	<p>Global Fund Board’s commitment on Replenishment</p> <p>1. The Board:</p> <ul style="list-style-type: none"> a. Expresses its strong commitment to the Global Fund Fifth Replenishment (2017- 2019) aimed at raising the appropriate levels of funding for implementation of the “Investing to End Epidemics” Strategy; b. Recognizes the importance of the preparatory meeting that will take place in Tokyo in December 2015; and c. Acknowledges the challenging environment for mobilizing resources, the need to continue maximizing the Global Fund’s results and impact, and the initiative to maximize absorption capacity. <p>2. Accordingly the Board will:</p> <ul style="list-style-type: none"> a. Explore options to enhance its active engagement in contributing towards a successful outcome of the Replenishment, including the broadening of the donor base; and b. Seek the support of high-level individual(s) who, in collaboration with the Board leadership and Secretariat, will advocate on its behalf for a successful Global Fund Replenishment. 	Unanimous		
GF/B34/DPo7	<p>Enhanced Governance Structure</p> <p>1. Based on the recommendations of the Transitional Governance Committee (the “TGC”), presented in GF/B34/18 – Revision 1, the Board:</p> <ul style="list-style-type: none"> a. Approves, in principle, the establishment of the following three standing committees (the “Standing Committees”) and each Standing Committee’s respective purpose, functions, and composition: <ul style="list-style-type: none"> i. Audit and Finance Committee to exercise the powers and perform the functions set forth in the draft charter presented in Annex 1 to GF/B34/18 – Revision 1; ii. Ethics and Governance Committee to exercise the powers and perform the functions set forth in the draft charter presented in Annex 2 to GF/B34/18 – Revision 1; iii. Strategy Committee to exercise the powers and perform the functions set forth in the draft charter presented in Annex 3 to GF/B34/18 – Revision 1; b. Endorses, in principle, the draft: <ul style="list-style-type: none"> i. Amended and restated Terms of Reference of the Coordinating Group, as set forth in Annex 4 to GF/B34/18 – Revision 1; ii. Amended and restated Bylaws, as set forth in Annex 5 to GF/B34/18 – Revision 1; and iii. Amended and restated Operating Procedures of the Board and Committees, as set forth in Annex 6, revision 1, to GF/B34/18 – Revision 1; and c. Notes that the Standing Committees shall replace the Audit and Ethics Committee, Finance and Operational Performance Committee, and Strategy, Investment and Impact Committee upon the conclusion of the first Board meeting in 2016. 	Canada Switzerland Australia, France, Germany, Japan, Point 7, Private Foundations, Private Sector, UK, USA, Communities, Developed NGOs, Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR	EC	EMR

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	2. Accordingly, the Board requests the TGC (i) consider all potential refinements, suggested by the Board, to the charters and other core governance documents referenced in paragraph 1 above and (ii) propose final versions to the Board for approval as soon as possible to enable the Chair and Vice-Chair of the Board to launch the process for the Board to appoint the Chairs and Vice-Chairs, as well as membership, of the Standing Committees, by no later than the first Board meeting in 2016.			
GF/B34/DPo8	<p>Approval of the amended and restated Market Shaping Strategy</p> <p>1. Based on the recommendation of the Strategy, Investment and Impact Committee, the Board approves the amended and restated Market Shaping Strategy, as set forth in Annex 1 to GF/B34/17 – Revision 1 (the “Amended and Restated Market Shaping Strategy”).</p> <p>2. This decision point and the Amended and Restated Market Shaping Strategy supersede Board decision point GF/B23/DP21 and the previous Market Shaping Strategy set forth in Annex 1 to GF/B23/09 – Revision 1.</p> <p><i>The budgetary implications to fully implement this decision will be six additional full-time equivalent positions and USD 3.9 million over the six-year period of calendar years 2016 - 2021, which will be included in each year’s operating expenses budget. Additionally, a one-time investment of USD 10 million is required to continue the revolving fund beyond calendar year 2016, as described in the Amended and Restated Market Shaping Strategy. The source of such funds will be confirmed by the Finance and Operational Performance Committee, or its successor, prior to the next allocation period that starts in calendar year 2017.</i></p>	Canada Switzerland Australia, France, Germany, Japan, Point 7, Private Foundations, Private Sector, UK, USA, EC Communities, Developed NGOs, Developing NGOs, EECA, ESA, LAC, SEA, WCA, WPR		EMR

Annex 2: 34th Board Meeting Documents List

34th Board Meeting Documents List

Reference	Document Title	Format
Decisional Documents		
GF/B34/01	34th Board Meeting Agenda – Revision 1	Board Document
GF/B34/08	Report on 2015 Key Performance Indicators and Approval of 2016 Targets	Slide Deck
GF/B34/10	Strategic Review 2015	Board Document
GF/B34/11	Strategic Framework 2017-2022	Board Document
GF/B34/13	Corporate Workplan and Budget Narrative 2016	Board Document
GF/B34/14	2015 Reforecast and 2016 Proposed Budget	Slide Deck
GF/B34/17	Market Shaping Strategy	Board Document
GF/B34/18	Global Fund Enhanced Governance Structure and Revised Core Documents	Board Document
Informational Documents		
GF/B34/02	Report of the Executive Director	Board Document
GF/B34/06	OIG Progress Report 2015	Board Document
GF/B34/07	Update on Status of OIG Agreed Management Actions	Board Document
Strategy Development		
GF/B34/09	TRP and TERG Leadership Reflections	Slide Deck
GF/B34/12	Allocation Methodology Framework	Board Document
Governance		
GF/B34/03	Coordinating Group Report	Board Document
GF/B34/04	Transitional Governance Committee: Report on Board and Committee Performance Assessment	Board Document
Commitment of Financial Resources		
GF/B34/15	Financial Situation: Mid-Term Plan and Portfolio Optimization	Slide Deck
Risk Management		
GF/B34/05	Risk Management Report and Assurance Statement	Board Document

Reference	Document Title	Format
Background Papers		
GF/B34/19	Annual Report on P&Is	Board Document
GF/B34/20	Recoveries Report	Board Document
GF/B34/21	Update on Key Strategy Development Issues	Slide Deck
GF/B34/22	Report of Electronic Decision Points	Board Document
GF/B34/23	Report on Status of Board Decisions	Board Document
GF/B34/24	Development of an E-marketplace for procurement of Public Health Goods	Board Document
GF/B33/24	Report of the 33rd Board Meeting	Board Document

Additional document: Global Fund Risk Management Policy

Annex 3: Written Statements received from Constituencies

Written Comments on GF/B34/02 – Report of the Executive Director

A. Developed Country NGO Delegation will raise the following issues in response to the Report of the Executive Director:

1. We welcome the “Impact Through Partnership Initiative (ITP)” which we consider a timely and much needed response to the alarmingly low levels of disbursements and expenses. Nevertheless, we still raise attention to the fact that even with the accelerated absorption rate anticipated under the IPT, \$ 1 billion for this allocation period will not be utilized without portfolio optimization.
2. We also welcome the inclusion of the important issue of domestic resource mobilization in the report. However, we are concerned to see that the pressing issue of the upcoming Global Fund Replenishment is not referenced. This issue is of major concern to us particularly given the challenging external context that is making the prospects for a successful replenishment more difficult. We wish to highlight the Board’s role and call for enhanced Board engagement.

B. West & Central Africa/Eastern and Southern Africa

1. Sustainability and domestic funding. This no doubt is the right path to tow.
2. Our concern is however about the non-existence of a doable strategy to address it particularly in our Sub-region of WCA/ESA.
3. Our believe is that why Programme Advocacy is relevant for behavioural change, sustained advocacy should be the core approach to reaching our political leaders.
4. This has been missing for long.

C. Developing Country NGO Delegation welcomes the report from the Executive Director.

1. It emphasized the importance of the global health community resource mobilization, and we believe there is role for greater leadership of The Global Fund in the international health funding landscape.
2. We commend Mark for his call, in this and different fora, for greater focus and emphasis on the impact of HIV on women and adolescent girls. There is still much more for The Global Fund to do in the areas that put women and girls at higher risk for poorer health outcomes - in particular gender-based violence and other practices that harm them.
3. It is imperative that our culture of operations, understands that The Global Fund’s position is not only that of a contributor to the effort of the “global health community.” In fact, in many Middle Income Countries the “global health community” is underrepresented, leaving The Global Fund as the only substantial source of funding especially on essential services for key populations. One of the greatest risks is the reversal of the gains after the disruption of these services. Lives saved, become lives lost and national responses and attitude towards key populations are set back. Our sustainability and transition planning must take these factors into account.
4. The Global Fund is poised to lead a learning process of responsible transitioning. We call for our own transition policies and our allocation methodology, to be developed in alignment with the Strategy and with complete input from the expert recommendations of the Equitable Access Initiative.
5. It is with this evidence-based approach to our thinking and processes - grounded in human rights considerations, it is being innovative and ambitious, it is scaling up and sustaining scale up, it is being proactive, responsive and inclusive that we will truly be able to transform lives and the world – making it free from the burden of HIV and AIDS, tuberculosis and malaria.

6. To make this a reality, we echo our colleagues from Developed Country NGO Delegation in highlighting the need for a strong Replenishment. Currently, this is not mentioned in the report. We request the Director to make reference to this, at the Board table.
7. Finally, our delegation recommends that the next Executive Director's report makes increased priority of including the work done in tuberculosis and malaria so the Board can be fully apprised of our performance in these areas - the gaps and lessons learned as well as critical actions steps that need to be taken.

D. Communities Delegation

1. appreciates and welcomes the report of the Executive Director and commends the Secretariat in the the progress made in the last year. This report provides an opportunity for us to reflect on the impacts, implementation and challenges of the funding model.
2. We would like to applaud the Secretariat departments and acknowledge that the mechanisms and operationalization of the Funding Model is only possible with your dedication and support. In addition, inline with the focus and update in the Executive Director's report on work around gender, women and girls, key populations, and human rights - the Communities Delegation would like to commend the Community, Rights and Gender (CRG) Department for their commitment and progress, and ensuring that human rights and communities of key populations, young people, and women and girls are put at the center of HIV, TB and malaria responses to create the impacts on the ground for the communities we aim to serve.
3. We would like to note with concern that the report insufficiently addresses progress, updates and challenges faced in tackling TB, vis-a-vis the other 2 diseases, and would like to request that further elaboration is provided in the next Executive Director's Report.
4. The Global Fund has a responsibility and role in supporting implementers to reach sustainability before transitioning. We value the acknowledgements in the Executive Director's report in this regard, and thus as the Board moves to approve the new Strategic Framework and in developing the narrative and KPIs, look forward to how the issue of accountability of countries can be addressed once they have transitioned out of the Global Fund to ensure that the investments, impacts, and gains that we have achieved over the years will not be lost - and get lost in transition.
5. Furthermore, the Global Fund must do more to ensure countries keep the sustainability commitments by engaging communities in country processes of sustainability and transitioning. This can only be achieved through investing in communities in their advocacy, and monitoring efforts at the grassroots levels.
6. Recognizing the importance of Universal Health Coverage, we need to also ensure that the quality of health services is not compromised, and to recognize that Universal Health Coverage needs to lead to equitable and quality access to health services that are implemented in a rights-based environment, ensuring that key and vulnerable populations have the same access to essential services.
7. We echo our colleagues that in order to achieve the goals and commitments of the Global Fund, the importance of a strong replenishment is necessary to secure and sustain our gains made.

Annex 4: Glossary of Acronyms

A list of commonly-used Global Fund acronyms is available at the following link:
http://www.theglobalfund.org/documents/core/guides/Core_GovernanceHandbookVocabulary_List_en/

AEC Audit and Ethics Committee

AMAs agreed management actions

CCM Country Coordinating Mechanism

CFO Chief Financial Officer

CRG Community, Rights and Gender

COIM Co-infections and Co-morbidities

CRO Chief Risk Officer

CSS community systems strengthening

ED Executive Director

ESC Ethics Steering Committee

EY Ernst & Young

FOPC Finance and Operational Performance Committee

FPM Fund Portfolio Manager

HNWI High-net-worth individual

HSS health systems strengthening

ITP Implementation through Partnership

KPI key performance indicator

LFA Local Fund Agent

LLIN long-lasting insecticidal nets

MDGs Millennium Development Goals

MDR-TB multidrug-resistant tuberculosis

MSS Market Shaping Strategy

MTP mid-term plan

NFM new funding model

NGO nongovernmental organization

OIG Office of the Inspector General

OPEX operating expenses

PEPFAR President's Emergency Plan for AIDS Relief (USA)

PR Principal Recipient

RMNCH reproductive, maternal, newborn and child health

RSSH Resilient and Sustainable Systems for Health

SIIC Strategy, Investment and Impact Committee

SDGs Sustainable Development Goals

TERG Technical Evaluation Reference Group

TGC Transitional Governance Committee

TRP Technical Review Panel

UNAIDS Joint United Nations Programme on HIV/AIDS

UQD Unfunded Quality Demand

WHO World Health Organization