

# 40<sup>th</sup> Board Meeting

## Report of the 40<sup>th</sup> Board Meeting

14 – 15 November 2018, Geneva

GF/B40/19

14-15 November 2018, Geneva

**Board Decision**

## **Purpose**

This document presents the Report of the 40th Global Fund Board Meeting, held in Geneva from 14-15 November 2018.

Agenda items. The Meeting comprised of eighteen (18) agenda items, including two executive sessions.

Decisions. The Report includes a full record of the four (4) Decision Points adopted by the Board (Annex 1).

Documents. A document list is attached to this Report (Annex 2). Documentation from the 40<sup>th</sup> Board Meeting is available [here](#).

Presentations. Presentation materials shown during the meeting are available to Board Members on the [OBA Portal](#).

Participants. The participant list for the 40<sup>th</sup> Board Meeting can be consulted [here](#).

Glossary: a glossary of acronyms can be found in Annex 3.

*The Report of the 40th Board Meeting was approved by the Board of the Global Fund via electronic vote on XX, XX 201X (GF/B40/EDPxx).*

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## Agenda Item 1: Board Meeting Opening

1. The Board Chair, Aida Kurtovic, welcomed participants. She recognized the work of the Committees, the Secretariat and the Office of the Inspector General in preparing for the meeting. She further commended the Secretariat for the timely distribution of strategically focused board documents and for the significant reduction in volume.
2. The Board Chair drew attention to developments since the last Board Meeting, particularly the UN high level meeting on TB. She highlighted the essential role of partners in achieving the mission and vision of the Global Fund, welcomed the interactions at the new Global Health Campus, the strategic framework for collaboration with the WHO, and expressed gratitude to the governments of France and India for their support for the upcoming 6<sup>th</sup> replenishment.
3. The Board Vice-Chair, John Simon, also welcomed the Board, noting that the agenda contained a number of issues critical to the mission of the Global Fund. He commended the work of the Committees, efforts of the people working on the ground, implementing countries, and the remarkable progress in terms of increasing absorptive capacity. The Vice-Chair concluded by emphasizing the importance of the next twelve months in working towards a successful replenishment.
4. The traditional candle of remembrance was lit by Maurine Murenga of the Communities constituency, in memory of those affected by the three diseases. She spoke of the importance of human rights, work focused on key and vulnerable populations, and the inspiring work of advocates, activists and communities despite the growing turmoil of discrimination, conservatism and criminalization.
5. Decisions. The Board unanimously approved decisions to appoint Daniel Graymore from the United Kingdom to serve as rapporteur (GF/B40/DPo1), and to approve the agenda (GF/B40/DPo2).

## Agenda Item 2: Update from the Executive Director

6. Presentation. The Executive Director (“ED”), Peter Sands presented his report. He reflected on his time so far in the role, and the inspiring interactions with people affected by the three diseases. The ED commented on the following:
  - a. State of the fight. The ED recognized the achievements made, but also the significant challenges that remain:
    - i. HIV: Turning off the tap of new infections. Achieving the first 90 of the 90/90/90, and stepping up efforts for adolescent girls, young women and key populations has to be a top priority. The ED reminded the Board that we cannot win the battle against HIV when two million people a year are getting infected.
    - ii. TB: Closing the gap. Ten million people a year are infected with TB, and only six million are being diagnosed and treated.
    - iii. Malaria: More effectively address highest burden countries. More efforts are required in highest burden countries to contain transmission dynamics and to work towards elimination.

- b. Scaling up and stepping up. While progress has been made in translating allocations into grants and driving progress on key priorities, there is room for improvement in the areas of human rights, adolescent girls and young women, and key populations.
    - i. Core grant making. ED satisfaction with the pace and quality of the work done on core grant making.
    - ii. Catalytic investments. Increase in absorption rates, from 66% to 75% rates. Multiple factors include: CCMs, TRP, PRs, partners and Secretariat's joint efforts.
    - iii. RSSH. The ED expressed views on the false dichotomy of the vertical/horizontal language. He stated that both are needed, and with the Global Fund being the largest multilateral grant provider for building health systems, much more can, and should be done.
  - c. Transforming the way we work.
    - i. Secretariat. There have been some significant leadership changes, with five new members of the Management Executive Committee.
    - ii. Global Health Campus. The ED emphasized how the GHC facilitates collaboration and partnership, as well as efficiency and effectiveness.
    - iii. Domestic and Innovative Finance. The ED noted the need to step up resource mobilization and upgrade the overall approach of the global health community on domestic resource mobilization.
    - iv. Collaboration and partnerships. The ED commended the increase in collaboration. He particularly emphasized the core collaboration with Gavi, and mentioned working towards a similar approach with Unitaid and the deepening relationship with WHO, with the signing of a new framework agreement.
  - d. The path ahead for 2019. The ED:
    - i. Stressed the importance of a successful 6<sup>th</sup> replenishment, particularly in the context of the SDGs.
    - ii. Encouraged driving maximum impact from the current grant cycle and highlighted sustainability and transition as a key priority, building on what has been learned, while also preparing for the next cycle of grants and allocation.
    - iii. Stressed the need to balance the delivery of key priorities for the Global Fund with the core principle of country ownership.
    - iv. Remarkd on improving efficiency and effectiveness, both within the Secretariat, and more broadly by developing technology, supply chain, data quality, reporting frequency, and transparency.
    - v. The ED marked this as a turning point for the Global Fund, where it can step up and embrace the challenge of SDG 3, or remain focused primarily on the three diseases. He concluded by reminding the Board of the innovation that drove the creation of the Global Fund, and urged them to maintain that level of ambition and boldness.
7. Board Discussion. Board Members congratulated the ED on a clear and concise report, which emphasized the urgency of the mission. Commending the ED's leadership, additional comments focused on:
- a. Replenishment. Agreed that the 6<sup>th</sup> replenishment provides a unique opportunity to present an investment case showcasing the comparative advantage that the Global Fund brings to the SDG agenda and contributions to the Global Action Plan.

- b. Partnership. Pleased by collaboration with Gavi and the recent framework agreement with WHO. The Board encouraged due care to be taken in enhancing public private partnerships.
- c. Innovation. Appreciated the ED identifying innovation, data, and partnerships moving forward as key to the Global Fund's work.
- d. RSSH. Asked for better definition of successful transition and sound monitoring and evaluation to protect gains made. Encouraged a more comprehensive approach to RSSH and improving effectiveness around RSSH spending, while highlighting country ownership.
- e. Human Rights. Welcomed the increased focus on human rights and key populations, while noting that the pace of progress is still slow. Emphasized the importance of tackling human rights related barriers and violations, including criminalization.
- f. Data. Commended the emphasis on the need for more, better and timely data and reemphasized the importance of data transparency.
- g. Venezuela. Congratulated the Secretariat on the implementation of the Board Decision Point on ineligible countries in crisis. Some proposed that this serve as a case study for future inclusion of counties in crisis in the allocation methodology and eligibility policy.

8. Additional Comments:

- a. Board Members recognized that the new Global Health Campus could be very positive for Global Fund internal operations, collaboration, and partnerships.
- b. The Germany constituency informed the Board of a proposal presented by the Budget Committee of the German Parliament last week which, if approved, would increase the contribution to up to an additional USD 40 million for 2019.
- c. In order to increase the efficiencies of future Board meetings, it was suggested to allocate more discussion time on the ED report, as it allows the Board to focus on strategic topics.

9. Secretariat response. The ED thanked the Board for the rich content of the questions and comments, and provided some initial responses:

- a. Replenishment. Acknowledged the leadership of France and India and, while not being in any way complacent about the challenges for the 2020-2022 cycle, noted that the Global Fund is in a good place at this stage. The ED recognized that the way the investment case is framed will need to take on board both the ambition of the SDGs and the Global Action Plan.
- b. Innovation. Acknowledged there is much still to do to stimulate more innovation and proposed that this is a key area where enhanced collaboration with partners such as Unitaid, WHO, and of course, the private sector could accelerate the pace significantly.
- c. Domestic Health Financing. Discussed the influence of technical issues and highlighted the role of political will in domestic revenue mobilization in many countries which can lead to selective allocations, with key populations often being neglected.
- d. RSSH. Encouraged the Board to take on the challenge of being the largest multilateral provider of grants on RSSH. Stated that the Global Fund needs to achieve more impact and use RSSH investments as an accelerator in achieving the SDG 3 goals.
- e. Data. Addressed the need for more real time, disaggregated, high quality and transparent data.

10. The ED said that he would address other topics through the course of the Board.

### Agenda Item 3: Strategic Performance Reporting

11. Presentation. The Secretariat highlighted the continuous efforts to improve performance reporting. These efforts include (i) the development of a clearer framework, and (ii) the inclusion of management information, thematic information and data from internal Strategy Implementation Plan (“SIP”) reporting, and the development of Country Results Profiles (“CRPs”) for High-Impact countries.
12. Reporting for the Board is a synthesis of core information; disaggregated country data is used internally on a daily basis to manage and improve performance. The KPI results are a reflection of the work of the broader Global Fund partnership, particularly on KPI 2 - performance against service delivery targets. Detailed results are in the presentation.
13. Board discussion. Constituencies commended the significant improvements in terms of clarity, comprehensiveness, and usefulness for oversight.
14. Reporting structure. Going forward, the Board emphasized the opportunity to evolve the reporting structure further, to highlight areas where Board support and guidance is required. For example, to provide deeper, time-series analysis and disaggregation, to get greater insights on the Global Fund’s performance, drivers of performance issues and actions taken by the Secretariat to resolve these.
15. Results. Constituencies acknowledged the positive progress on a number of indicators, and challenges faced with others, including human rights, key populations, and service delivery. The Board encouraged the Secretariat to increasingly shift from reporting on process and interim milestones for key KPIs (e.g. KPI 5) and to begin reporting on outcomes and impact.
16. Secretariat response. The Secretariat agreed with the opportunity to provide the Board and Committees with more disaggregated information (e.g., geographic, Global Fund differentiation) to highlight areas where guidance is requested, and to share Secretariat action to address underperformance. The Secretariat indicated that some of this deeper analysis will be shared in Spring 2019 for a number of the KPIs where reporting was considerably expedited in order to be made available for the Fall 2018 reporting (particularly for KPI 2 and 7b).

### Agenda Item 4: 2019 Corporate Work Plan and Operating Expenses Budget

17. Presentation. The Secretariat presented the 2018 Operating Expenditure (“OPEX”) F2 reforecast, including an update on the Global Health Campus (“GHC”) one-off costs. In 2018 the Secretariat expects expenditures to remain below USD 300 million (OPEX) while fully absorbing the impact of the GHC one-off costs. The Secretariat proposed the 2019 OPEX Budget and Corporate Work plan for Board decision, as recommended by the AFC. The agreed USD 900 million three-year budget ceiling has allowed for a proposed 2019 Budget of USD 302 million.
18. Board discussion. The Board congratulated the Secretariat for maintaining strict financial discipline around OPEX - as in previous years - despite the challenge of additional one-off costs related to the GHC. In addition, the Board noted:
  - a. CCM Funding. The Board stressed the importance of maintaining appropriate support to CCMs and providing sustainable funding options for CCM Evolution in the next allocation cycle, which could also consider integrating CCM Evolution in the OPEX budget.
  - b. Efficiencies. The Secretariat needs to maintain its effort on cost efficiencies while not impairing grant management and grant support activities, while ensuring staff wellbeing. The Board suggested looking for additional GHC efficiencies, in particular related to collaboration with other tenants, and impact on the future budgeting framework.

- c. Budgeting/reporting linkages. The Board noted the complexity in establishing linkages between financial budgeting and strategic outcomes and asked for enhanced mechanisms to facilitate Board monitoring.
  - d. Workforce Planning. Funding in excess of USD 3 million is earmarked for workforce planning and performance management in the 2019 OPEX Budget. The Board requested clarification on how this will be conducive to additional efficiencies.
  - e. Budgeting Framework revisions. The Secretariat has continuously maintained its OPEX cost base within USD 300 million despite increasing budget demands. The Board asked for reassurance that prompt alerts will be flagged in the event that adherence to the OPEX ceiling would risk optimal delivery of the organizational priorities.
  - f. Optimization in Secretariat risk management set up. To support efforts to streamline the OPEX cost base, the Secretariat should explore efficiency and optimization opportunities for the three lines of defence model in the budgeting framework.
19. Secretariat response. The Secretariat noted:
- a. CCM Funding. The current level of funding in OPEX and Strategic Initiatives covers the funding needs for both CCM recurrent operating costs and CCM Evolution for 2019. The Secretariat will come back to the AFC and the Board with alternative CCM funding scenarios during discussions on the 2020-2022 allocation cycle.
  - b. Efficiencies. Moving to the new facilities has already demonstrated added value with the other four co-located organizations. Further cost efficiencies are anticipated. Cost saving measures to absorb the one off impact of the GHC relocation has not led to any activity disruption or a deterioration in staff well-being. Savings already achieved on rent and services have allowed the Secretariat to almost double the funding awarded to priorities in 2019 vs. 2018.
  - c. Budgeting/Reporting linkages. Though improvement has been made in terms of strategy implementation updates, the lag between budgeting of resources and materialization of outcomes remains a challenge. Opportunities for improved alignment between key reports will be assessed to allow for a more comprehensive view on budget and the link to outcomes. Discussion on how to further link reporting provided to the committees is currently ongoing with AFC.
  - d. Workforce planning. As staff costs represent 50% of the OPEX cost base, maintaining cost discipline while delivering on the strategy requires a “fit for purpose” workforce, and therefore effective work force planning. An update to the AFC on HR related issues will be provided in March 2019.
  - e. Need for revision of Budget Framework. The Secretariat believes that the three-year USD 900 million envelope is a prudent threshold that incentivizes the organization to focus on cost-efficiency. The existing governance process – including regular updates to AFC on OPEX budget implementation – provides an opportunity for discussion on the budgeting framework.
  - f. Optimization in Secretariat risk management set up. Through the differentiation for impact project the Secretariat has already worked on streamlining the risk management set up within the Secretariat’s purview. It is within the AFC mandate to monitor risk management resourcing including OIG.
20. Decision Point. The Board unanimously approved the proposed 2019 OPEX Budget and Corporate Work-plan (GF/B40/DP03).

## **Agenda Item 5: Resource Mobilization**

- 21. Presentation. The AFC Chair summarized the committee’s engagement in its oversight role of the resource mobilization function, including advising on the Costed Action Plan for Resource Mobilization 2018-2019.

22. The Secretariat updated the board on 5th replenishment pledge conversion, which is on track, and its efforts to mobilize additional resources, highlighting Germany's additional EUR 40 million pledge for 2019. The replenishment-related work streams, including the development of the Investment Case and the communications and media campaign, are advancing ahead of previous replenishment timelines thanks in large part to the early hosting announcements of France for the Pledging Conference and India for the Preparatory Meeting. The Secretariat concluded with an appeal to the Board to continue to mobilize towards a successful replenishment.
23. Board discussion. Expressing strong commitment to engage in the Global Fund's replenishment, the Board welcomed the Secretariat's progress update and the broader view of resource mobilization that was presented, going beyond traditional Official Development Assistance ("ODA") to encompass private sector resources, innovative financing and domestic resource mobilization. The Board thanked Germany for its additional pledge, and India and France for hosting the replenishment milestones.
24. Reflecting on what the Global Fund partnership needs to do to ensure a successful replenishment during the year ahead, the Board:
- a. Investment Case. Recognized the importance of a strong Investment Case and highlighted the need for it:
    - to be evidence-based and to articulate both, why investing in the Global Fund makes sense and the cost of inaction;
    - to frame the Global Fund's work as part of the broader framework of the SDGs, particularly SDG 3 and the Universal Health Coverage agenda;
    - to demonstrate strong collaboration and complementarity with other global health institutions towards SDG3 as a collective goal;
    - to showcase the Global Fund's catalytic role in leveraging other resources beyond ODA;
    - to discuss what the Global Fund is doing (differently) to address some of the pressing and emerging threats such as the high rates of HIV infection among AGYW, drug and insecticide resistance, missing TB cases, malaria resurgence, etc.;
    - to highlight the role of communities and affected populations; and
    - to capture additional opportunities for the Board to engage in the development of the Investment Case prior its launch.
  - b. Domestic financing. Reiterated the need to mobilize increased domestic financing, including through the Global Fund's co-financing requirements and by advocating for implementing countries to meet the Abuja target. In this regard, the Board welcomed plans to include domestic financing as a core part of the Replenishment narrative, and looked forward to the outcomes of the Joint Africa Meeting in the margins of the African Union Summit in Addis in February 2019.
  - c. Innovative financing. Welcomed the more coherent vision and approach to Innovative Financing as part of the Global Fund's resource mobilization strategy. In this regard, the Board reiterated the need to ensure such mechanisms are aligned with Global Fund principles and welcomed efforts to engage more closely with financing institutions.
  - d. Private sector and emerging economies. Highlighted the significant potential of the private sector and emerging economies, and welcomed the Secretariat's increased engagement with

these actors. The need for a strong risk management framework with relation to private sector partnerships was reiterated.

- e. RSSH. Stressed that building resilient and sustainable systems for health needs to be a fundamental pillar of the replenishment narrative, including how the Global Fund plans to approach RSSH in the next allocation period.
25. Secretariat response. The Secretariat agreed that a strong Investment Case is needed and reassured the Board that most of the topics raised will be covered. To offer additional opportunities for discussion, the Secretariat suggested to hold several calls on the Investment Case before the year-end break. In addition to the Investment Case, the Secretariat noted that other tools are also in development to delve deeper into some of the key themes.
26. The Secretariat acknowledged the need to mobilize more resources across the spectrum, and reiterated its commitment to mobilizing more domestic financing, innovative financing and contributions from the private sector and non-traditional donors. The Secretariat thanked the Board and Committees for the support and engagement on resource mobilization, specifically on Innovative Financing and Private Sector Engagement, noting that the vision and framework to be presented to the Board the next day should put the Global Fund in a much stronger position than previously.
27. It was also noted that partnership and collaboration with other global health organizations remains a priority, not only to ensure coherent messaging across investment cases but especially to coordinate investments in countries.
28. Finally, the Secretariat summarized that the replenishment campaign consists of complementary efforts to mobilize resources for the Global Fund but also for the broader SDG3 agenda, in line with the Global Fund's role as catalyst for both resources and action.
29. Conclusions. Reiterating its strong commitment to support the Sixth Replenishment, the Board looked forward to engaging throughout the campaign and working closely with the Secretariat to amplify and convey the key messages of the Investment Case. Before closing, the Board gave recognition to Mr Peter Van Rooijen on his final Global Fund Board Meeting as Executive Director of International Civil Society Support (ICSS) and thanked him for his long-standing commitment and significant contributions to the Global Fund's work.

## **Agenda Item 6: Reviewing the Allocation Methodology for the 2020-2022 period**

30. Presentation. The Secretariat presented an update on the review of the allocation methodology for the 2020-2022 period, including technical parameters for country allocations under review and the prioritization approach for catalytic investments. Joint findings from the TERG, TRP and the Secretariat indicate that the current allocation methodology has been effective. Any future changes should focus on areas with evidence and lessons learned. Catalytic investments should be reviewed and increasingly prioritized to facilitate earlier operationalization. The Strategy Committee Chair noted that the illustrative scenarios of various resource envelopes were provided by the Secretariat at the Strategy Committee's request to enable planning and early decision-making before the replenishment outcome will be known.
31. Board discussion. There was general support from the Board that the allocation methodology has been effective according to its objectives, particularly in directing resources to the highest burden and low income countries. Some clarifications and concerns were noted:
  - a. Catalytic investments: Country allocations and catalytic investments work together to achieve the Global Fund's strategic objectives; therefore, streamlining and prioritization would facilitate their effectiveness. There were differing views on the level of funding that should be

set-aside for catalytic investments in the 2020-2022 cycle. Some constituencies encouraged a holistic approach to country investments, where catalytic priorities are integrated in core programming. Others expressed concerns that certain priorities may not be sufficiently addressed through country allocations due to funding and contextual limitations, and that catalytic funds should focus on strengthening systems, addressing cross-border concerns and removing bottlenecks to absorption. The Secretariat was requested to provide information on how areas to be deprioritized for set-aside funding will be addressed as the prioritization process advances. The Strategy Committee Chair noted that the Strategy Committee will have a check in with the Secretariat in January 2019 to review progress on the prioritization of catalytic investments, and Board members are encouraged to reach out to the Strategy Committee if there are further considerations.

- b. Qualitative adjustments: the Board noted the importance of trends in HIV incidence data to consider for prevention needs. It also requested that the use of fiscal space analysis be explored as a factor in the qualitative adjustments.
  - c. Absorption: the Board sought clarifications on how the Secretariat measures and considers absorption in qualitative adjustments, inquiring if countries with low absorption should be candidates for increased attention to system strengthening.
  - d. Scale-up and paced reductions: the Board sought clarifications on the effect of the scale-up and paced reductions step of the allocation formula, particularly the \$800m limit.
  - e. Funding for civil society in ineligible UMI countries: the Board sought clarifications on whether funding for civil society in ineligible UMI countries with high burden would be considered as part of the allocation methodology deliberations, as per the commitment made by the last Strategy Committee in the Eligibility Policy decision.
  - f. Joint applications: the Board inquired on the potential of joint applications across diseases, noting that there have been continued challenges in the integration of joint TB and HIV programming, and in improving investments in RSSH.
  - g. Global disease split: although the Strategy Committee recommended to maintain the current disease split for the 2020-2022 period, it was noted that the sub-optimal progress on TB has been partly due to a lack of resources. The Secretariat was encouraged to play a critical role in mobilizing resources and finding innovative ways to maximize impact with full consideration of existing funds, including domestic financing.
32. Secretariat response. The Secretariat noted:
- a. Global disease split. Given country flexibility to determine program splits and that a major shift could disrupt essential programming, it is recommended to maintain the split for the 2020-2022 cycle; but the Secretariat will plan for an analysis for the following period.
  - b. Qualitative adjustments. The Secretariat confirmed that it will be working with technical partners to seek ways to improve the use of incidence data in qualitative adjustments. Fiscal space analysis will be included as part of Sustainability, Transition and Co-financing

considerations in the qualitative adjustments by leveraging existing information from co-financing and transition readiness assessments.

- c. UMI. Funding for civil society in ineligible UMI countries with high burden would be considered as part of the catalytic funding discussions.
  - d. Scale-up and paced reductions. The USD 800 million limit placed on the scale-up and paced reduction step in the allocation formula helps ensure that scale-up is prioritized; in the qualitative adjustment stage, any reductions considered to be too steep may be corrected.
  - e. Absorption. A country's potential for absorption was considered holistically with its potential for impact as defined by the gap to achieving global plan targets.
33. Conclusions. The Board confirmed that the allocation methodology has been generally effective and that any adjustments should be based on evidence and lessons learnt. The 2020-2022 allocation methodology and catalytic investment priorities will be considered by the Board in May 2019, based on the Strategy Committee's recommendation. The Board recommended the Strategy Committee to consider how absorption factors in the country allocation methodology, and welcomed consultations with the Strategy Committee on the catalytic priorities to enable a transparent and evidence-based process.

### **Agenda Item 7: Executive session of the Board**

34. The Board met in executive session at the end of the day one of the 40<sup>th</sup> Board Meeting. The proceedings of those sessions and the record arising, were managed in line with Paragraph 22 of the Global Fund's Board and Committee Operating Procedures ([GF/B34/EDP21](#)).

### **Agenda Item 8: Annual Report and Opinion of the Inspector General**

35. Presentation. The Inspector General presented the OIG's work in 2018 showing significant program achievements and further improvements in the financial management of programs. The OIG audits conducted in 2018 also highlight continued challenges, particularly related to gaps in testing and diagnostics, access to services for key populations and TB case finding. Risk management processes can generally identify these issues, but there are still challenges around the adequacy of risk mitigation actions. The OIG is on track to meet the delivery targets for its 2018 work program as approved by the AFC.
36. Board discussion. The Board asked for elaboration on:
- a. Human rights. OIG's efforts to date, and view of its role in promoting human rights.
  - b. OIG Work-plan. The process of developing the OIG annual work-plan, notably in deciding which high-risk countries to audit.
  - c. Investigations. Explore the possibility to brief the Board on OIG investigation outcomes.
  - d. OIG staff. Reasons for, and impact of, the OIG's relatively high staff turnover during 2018.
  - e. Partner audits. Request to have regular updates, or receive an annual synthesis over UN-agency audits, for Board oversight.
37. OIG Response. The Inspector General stated the following:
- a. Human rights. To implement the Global Fund's Human Rights complaints mechanism, training and outreach are conducted every year, in coordination with advocacy groups representing key populations. The OIG will publish a video on 10 December 2018 to raise awareness of the mechanism. Moreover, while human rights audit would be premature at this stage, the OIG is undertaking an advisory review on how the Global Fund is proceeding with its Human Rights strategy.
  - b. OIG Work-plan. The OIG considers three data points in deciding which countries to audit each year: USD spent, disease burden and risk. Depending on size and risk, the OIG typically audits each high-impact country every three to four years. The OIG focus on extreme- and high-risk

countries, and feels that resources are best used on portfolios where the disease burden is highest.

- c. Investigations follow up. The 2018 OIG Annual Report will contain a summary of investigation referral outcomes to external agencies.
- d. OIG staff. OIG organisational changes during Q1 2018 generated a higher-than-usual number of vacancies. The number of vacancies will have reduced considerably by the end of 2018. Nevertheless, the objective is not to minimise turnover as it is healthy for the function to maintain a reasonable level of turnover. Turnover did not ultimately impact delivery the 2018 OIG targets while generated a heavy workload on staff.
- e. Partner audits. OIG currently receives summary papers from UN agencies but they do not contain much detail or data, therefore further synthesis would not provide valuable insights to the Board.

## Agenda Item 9: OIG audit on Transition Management Processes

38. Presentation. The *OIG audit on Transition Management Processes* looked at the adequacy of key Secretariat processes; it did not evaluate Transition outcomes, which is under the TERG's mandate. The audit found that the Secretariat has effectively operationalized the Transition component of the STC policy. Many of the key challenges in-country (e.g., political will, legal environment, domestic funding) are not under the direct control of the Global Fund. Nonetheless, the Global Fund can play an influencing role in addressing these issues. The audit also highlighted an opportunity to leverage alternative mechanisms, outside of grant financing, to support transitioning countries.
39. Board Discussion. The Board's comments included the following key points and questions:
  - a. STC Policy. Concern around monitoring and success of the STC policy implementation.
  - b. Procurement. Concern around how countries can procure affordable, quality-assured health products and medicines, post-transition.
  - c. Wambo. Request for a status update on WAMBO pooled procurement platform.
  - d. Co-financing. Whether the Global Fund's Co-financing policy will be reviewed.
  - e. Transition feasibility studies. Whether Global Fund conducts "transition feasibility" studies on countries planning to transition in the near future.
  - f. Transition Readiness Assessments. Whether these assessments should be made public.
40. Secretariat response. The Secretariat provided the following response:
  - a. STC policy. The Strategy Committee ("SC") commissioned a TERG review of the STC policy and a deep-dive on this matter at its the July 2018 meeting. Results of these SC discussions will be presented at the November 2019 Board meeting. The Secretariat will consider any evidence-based changes to implementation of the STC policy and associated metrics. A separate "transition monitoring" framework is unnecessary, as appropriate monitoring can take place within existing Global Fund frameworks. In addition, the implementation of the STC policy is still in its early stages making it challenging to report on outcomes.
  - b. Procurement. While many countries do procure quality assured health products with domestic financing, the Secretariat recognizes and shares the concerns regarding procurement processes in some transition contexts. The upcoming TERG review and the STC deep-dive discussions will review issues related to the domestic procurement of quality-assured health products, which is key to long term sustainability.
  - c. Wambo. The WAMBO pilot is still ongoing, with a long pipeline of transactions. An update to the Board, with recommendations, is planned for March 2019.
  - d. Co-financing. Co-financing issues should be looked at within the TERG's STC review.
  - e. Transition feasibility studies. The Secretariat does not perform transition feasibility studies, but supports countries in analysing and identifying key transition challenges through implementation of transition readiness assessments.

- f. Transition Readiness Assessments. The Transition Readiness Assessments (“TRAs”) are country owned processes and documents, supported by the Global Fund. In supporting these analyses, we want to foster strong, country owned discussions on transition challenges and potential solutions, and we want them to be as honest as possible. While the Global Fund does not publish TRAs itself, the Secretariat noted that has no objection if CCMs or countries decide to make them publicly available.
41. Conclusions. The challenges countries face in procuring quality-assured, affordable health products will be addressed in upcoming TERG reviews and the SC deep-dive discussion, which will be as all-encompassing as possible, incorporating Board input. The Secretariat emphasized the importance of holding countries accountable for successful transitions, given – as highlighted in the OIG audit - the fundamental role political will and country ownership plays in transition processes.

## **Agenda Item 10: Risk Management Report**

42. Presentation. The Secretariat provided an overview of the Risk Management Report (“Report”), including key thematic risks, the overall risk profile, risk levels relative to risk appetite, and progress in reaching an embedded state. The key thematic risks covered in the Report are all grant facing. It was noted that the fact that a risk is not discussed in the body of the Report does not imply it is not a priority, and that all risks and corresponding mitigations are captured in the Organizational Risk Register annexed to the Report. In the context of risk appetite, the Secretariat highlighted that for the three risks which are above the target level good progress is being made, and that the expectation is that the target level will be reached within the time frame agreed by the Board. Overall risk levels are stable to slightly improving, and the organization is well placed to reach an embedded state of organizational maturity for risk management, internal controls and governance by mid to late 2019.
43. Board discussion. The Board recognised the focus that the Secretariat has placed on advancing risk management maturity and welcomed the progress that has been made as a result. Additional comments included:
- a. Embedded state. The Secretariat was asked to clarify why the timeline for reaching embedded has been pushed back.
  - b. Procurement. The Board noted the potential unintended consequences for procurement and the quality of health products in transition contexts arising from implementation of the STC policy, and in countries where national governments are assuming increased responsibility for procurement.
  - c. Priorities. The Board also noted the importance of prioritizing finding TB missing cases and drug and insecticide resistance and highlighted the need for greater focus on, and sufficient allocation of resources to, HIV prevention, including for key populations.
  - d. Human Rights. The Board asked for clarification on the status of the Human Rights Crisis Protocol.
  - e. Assurance. The Board noted the importance of striking the right balance between financial and programmatic assurance and also enquired about whether there is more opportunity for a shared approach to assurance activities
44. Secretariat response. The Secretariat addressed questions from the Board by noting:
- a. Embedded state. The Secretariat stressed that there has been no reduction in the level of ambition regarding reaching an embedded level of maturity for risk management, internal controls and governance and that the time line has been pushed back largely due to the need to let new initiatives and changes mature.
  - b. Procurement. National procurement systems are considered as part of the Transition Readiness Assessments. However, to ensure the quality of health products is maintained, when national governments assume responsibility for procurement, political will is key and countries have to access the platforms available to them.

- c. Priorities. While overall investment in HIV prevention has gone down, investment in interventions targeting key populations has increased. This reflects an improved focus in the way the Global Fund is investing in HIV prevention.
  - d. Human Rights. The Secretariat also confirmed that the Human Rights Crisis Protocol has been issued.
  - e. Assurance. In relation to balancing financial and programmatic assurance the Secretariat highlighted that risk appetite is driving focus on programmatic risk and enabling appropriate trade-off decisions to be made between programmatic and financial risk. The Secretariat confirmed that where the Global Fund and partners are working with the same implementers opportunities for shared assurance activities are leveraged.
45. Conclusions. The Board noted the Secretariat's continued focus on maturing risk management and the good progress that has been made.

## Agenda Item 11: Private Sector Engagement

46. Presentation. The EGC Chair summarized the committee's engagement in the development of the Secretariat's Framework for Private Sector Engagement ("PSE Framework"). The Secretariat presented an overview of the PSE Framework, including the key principles, risks and benefits. It emphasized that the purpose of the exercise was to clarify and consolidate existing policies and to strengthen the framework and due diligence processes.
47. Board discussion. The Board thanked the EGC and the Secretariat for their work and expressed broad support for the approach, noting it is in line with the Global Fund as a public-private partnership and recognizing the strong potential and important contributions from the private sector. In addition, the Board noted:
- a. Innovation. Welcomed the Secretariat's efforts to engage the private sector in new and meaningful ways, and looks forward to more partnerships on innovation.
  - b. Timing and process of informing the Board of new partnerships. Inquired about the appropriate timing and process for informing the Board of new private sector partnerships.
  - c. Risk mitigation and communications plans. Reiterated the need for strong risk management and mitigation, including communications plans with relation to private sector partnerships.
  - d. Human rights and other issues. Thanked the Secretariat for considering feedback from constituencies and including human rights, gender and similar considerations as part of the PSE Framework. Noted that the inclusion of pornography in the excluded sectors should not imply that sex work should not be recognized as a legitimate form of employment.
  - e. Engagement vs Partnership. Sought clarification on whether the terms 'engagement' and 'partnership' are distinct or used interchangeably in the PSE Framework.
  - f. Collaboration. Recalled examples of collaboration with public donors and other partners to mobilize the private sector, including the UK's malaria match fund and the recent private sector events in London and Paris. The need to explore additional opportunities for collaboration, including among partners in the Global Health Campus, was also expressed.
  - g. Cost efficiency. Inquired about the cost efficiency of hiring external firms to support the due diligence process.
48. Secretariat response. The Secretariat thanked the Board for its support and looks forward to collaborating on private sector engagement. Emphasis will be placed on impact when communicating about private sector partnerships. The Secretariat confirmed that regular updates will be provided to the EGC and that the 'partnership' and 'engagement' terms are used interchangeably in the PSE Framework. Also, it was clarified that the role of external service providers is to provide skills and knowledge that are not available or would be too costly to maintain in-house, (e.g. local language/on the ground resources and access to highly specialized subscription databases). Observing that only 9 % of the Fortune 500 have strategies with relation to global health, while more than 70% have strategies on the environment/climate change, the

Secretariat concluded that a bolder, more creative approach is needed in this space; as such the PSE Framework is an important basis for extending partnerships.

49. Conclusions. The Board unanimously approved the proposed Decision Point DP/B40/DPO4.

## **Agenda Item 12: Innovative Finance**

50. Presentation. AFC Chair presented a summary of the AFC discussions on the Innovative Finance (IF) approach, which focused around inclusion of key principles, questions on civil society access of IF tools and importance of country demand for instruments. The AFC endorsed the approach and requested the Secretariat start its implementation.

51. The Secretariat highlighted the critical importance of additionality, the key high potential additionality areas, roles for GF, toolkit, guiding principles and next steps. The importance of GF's country approach and country demand was noted. IF transactions will be approved through the normal Global Fund approval processes.

52. Board discussion. The Board welcomed the structured approach, noting the toolkit is to be used carefully in situations where it can generate impact additionality. The Board appreciated that IF will be embedded in GF's grant approval processes, and commended the clarity and technical strength of the approach, key guiding principles, rationale and impact-lens that will drive the work. Additional comments focused on:

- a. Capacity. The Board requested clarity on how Global Fund would support in-country partners in identifying mechanisms that are best suited to their needs, as well as the need to build the knowledge base would need to be built at various levels such as CCMs.
- b. Innovative Finance for TB. The Board inquired about how the Global Fund can use IF mechanisms to raise resources for TB, in collaboration with other partners (such as the Stop TB Partnership).
- c. Partnerships. It would be useful to understand how other partners, countries and country discussions linked to domestic resource mobilisation can inform innovative finance.
- d. Categorization of instruments. The Board requested distinction around which mechanisms are applicable globally, regionally and ones that are specific to country contexts.
- e. Assurance. Assurance standards may need to be appropriately adapted, such as OIG access rights or mandate concerns in order to avoid associated challenges.
- f. Risk assessment. It is important to conduct risk assessment of the tools at an earlier stage, rather than later in the instrument development process.
- g. Additional tools. As part of the toolkit, other tools could be focused on the fiscal space, such as tax reform, social insurance and risk pooling.
- h. Sustainability and Transition. The Board appreciated the role that Innovative Finance could play in supporting countries around sustainability and transition.
- i. Next Steps and Operationalisation. The Board requested the Secretariat to provide clarity on the portfolio, next steps of operationalization, timelines and resources required.

53. Secretariat response. The Secretariat welcomed the feedback, noting that the development of the structured approach was intended to be closely aligned to Global Fund's principles, and identify the right fit and role for the organization, as well as ensure it is in line with a country's request and willingness. The Secretariat will prioritize building a small and high quality portfolio; scale and scalability would be important criteria for assessing transactions. The Secretariat further noted:

- a. Tuberculosis. TB is an important area of focus; within the proposed pipeline there are a few mechanisms that focus on tuberculosis, including blended and outcome based financing.
- b. Operationalization and capacity. A Secretariat Steering Committee on Domestic & Innovative Finance chaired by the CFO has been established, to coordinate the approach, including screening against the principles, due diligence and risk analysis.

- c. Partnerships. The approach is intended to focus on measures that mobilize resources for others both nationally and regionally, as well as for the Global Fund. The indirect role that the Global Fund can play to encourage, incentivize, support and align other partners is important, and most of the mechanisms will require close collaboration with partners.
- d. The toolkit was intended to enable innovation by providing clarity on the types of instruments that countries, implementers and stakeholders such as DFIs could consider.
- e. Assurance. The Global Fund is developing framework agreements with the principle partners and these would reduce the likelihood of assurance related concerns.
- f. Next steps. With the establishment of the toolkit and approach, the Secretariat will now look to develop the pipeline of opportunities.

54. Conclusion. The Board:

- a. Commended the Secretariat for developing a comprehensive structured approach to innovative finance, which was in line with Global Fund's mission and strategic objectives.
- b. Encouraged the Secretariat to provide updates on the operationalization of the approach in terms of pipeline, timelines and resources. The Secretariat will provide the AFC with regular updates on the innovative finance portfolio and operationalization.

### **Agenda Item 13: Training and Discussion Session: Ethics and Integrity**

55. Board Members, Alternate Board Members, Coordinating Group Members and the Executive Director took part in a – closed - training session facilitated by the Ethics Officer and Vice-Chair of the EGC. The session focussed on recognising and responding appropriately to ethical issues, including sexual misconduct and conflicts of interest, and introduced a framework for incorporating ethical assessment into decision-making.

### **Agenda Item 14: Launch of the Board Leadership Selection Process**

56. Presentation. The Vice-Chair of the EGC presented an overview of the process to select and appoint the next Board Chair and Vice-Chair, noting the strategic importance of the process, and outlining the following key points and features of the new and strengthened process:
- a. For the 2019-2021 term, the Chair candidates will be nominated by constituencies from the donor voting group, and the Vice-Chair candidates by constituencies from the implementer voting group
  - b. The strengthened process (1) enables a unified process, facilitating assessment of candidate complementarity, while retaining voting group ownership; (2) enhances confidentiality; (3) enables a broader candidate pool; and (4) strengthens the approach to due diligence.
  - c. A Board Leadership Nomination Committee (“BLNC”), with members appointed by the Board, is responsible for reviewing nominations, shortlisting candidates via its two sub-committees, interviewing shortlisted candidates, and recommending a final pair of candidates to the Board for appointment. The appointment recommendation will be presented for electronic decision. The EGC will oversee the process.
  - d. A search firm has been retained, following a competitive procurement process, to receive nominations, conduct outreach, facilitate liaison between potential candidates and nominating constituencies, and support the due diligence components of the process.
  - e. In addition to constituency nominations, candidates may be identified by non-voting constituencies, or via search firm outreach and advertising. However, such individuals must then be formally nominated by a voting constituency. Constituencies may submit multiple nominations.

57. Board Discussion. In a brief discussion, one constituency welcomed the BLNC, looked forward to routine reporting to the Board during the process, and called for the due diligence to consider standards relating to human rights and gender matters.
58. Response. The EGC Chair expressed confidence in the strengthened process, which responds to lessons learned. In addition, the EGC Chair underlined the regular reporting to the Board throughout the process.
59. Conclusions. The Board Chair announced the launch of the process to select and appoint the next Chair and Vice-Chair of the Board for the 2019-2021 term, and wished the BLNC and the EGC a successful process. Constituencies were invited to submit nominations by 31 January 2019.

### **Agenda Item 15: Update from the Audit and Finance Committee**

60. Presentation. The AFC Chair updated the Board on the committee's priorities and next steps for Board engagement in 2019, including (i) Resource Mobilization, (ii) the allocation of OPEX resources to deliver the Global Fund Strategy, (iii) risk management and assurance (iv) operational performance, and (v) other routine core oversight areas in line with the AFC mandate.
61. Board Discussion. The Board thanked the AFC leadership and raised the following:
- a. **Innovative finance**. A constituency reminded the Board about the request to develop and provide an update on a framework to guide future consideration of investments with development partners as per the decision point GF/B37/DPO7, and the importance of maintaining OIG access rights.
  - b. **CCM budget**. Noting the importance of the CCM role to oversee Global Fund programs, the Board requested to ensure appropriate funding for the CCM Evolution Project as well as the CCM model going forward.
62. In response, the AFC Chair encouraged the Board to benefit from the committee meeting reports issued after each meeting providing a full account of the AFC activities and discussions. Addressing questions from the Board, she further noted:
- a. **Innovative Finance**. As reported to the AFC, it is the intent that (i) the OIG should have access to information in line with its mandate, and that any deviations from standard access rights would be escalated to the Board via the AFC, and (ii) innovative finance investments are aligned to existing Global Fund policies to the extent possible. The presentation on innovative finance at the 40<sup>th</sup> Board meeting builds on previous committee and board updates; it summarizes the conclusions of the Global Fund's development of a structured approach to innovative finance with priorities mechanisms that could complement existing grants (i.e., the innovative finance "toolkit"), and key guiding principles for the innovative finance approach. Going forward, the AFC will receive periodic updates on the implementation of innovative finance activities.
  - b. **CCM funding**. Building on lessons learnt from the CCM Evolution Project, and taking note of Board input on appropriate level of resources for CCMs, the AFC will discuss future sources (e.g., drawn from OPEX, Strategic Initiatives or Country Allocations) and funding level for the 2020-2022 cycle.

### **Agenda Item 16: Update from the Ethics and Governance Committee**

63. Presentation. The EGC Chair updated the Board on the priorities of the Committee, including continued strengthening of ethics function, mainstreaming due diligence and the review of core governance documents. The EGC Chair highlighted some items that will be brought to the attention of the Board in the future:

- a. Board culture. This work-stream entails looking into how governance officials relate to each other, and how they undertake work and opportunities for increasing effectiveness and efficiency in an environment enabling bold discussions and decision-making.
  - b. Committee Selection Processes. The EGC Chair thanked the 15 constituencies that participated in the in-person consultation sessions organized at the sidelines of the 40th Board meeting, and the coordinator of the EGC Working Group leading these consultations. The EGC Chair recalled key aspects for review allowing for efficient discussions and decision-making, while keeping the size of committees manageable.
64. Board discussion. Discussion. The Board commended the work of the EGC and welcomed the level of consultations planned.
- a. Ethics and integrity. Several Constituencies underlined the importance of ethical decision making and sought a way to formalize the approach.
  - b. Board Culture. The Board underlined the need to ensure all constituencies are consulted on this work. The need for concise Board meetings at the right oversight level was stressed.
  - c. Board size. One Constituency noted interest in having the EGC bring the topic of Board size, structure and composition back to the Board, and reiterated a warm welcome to South Korea and Qatar as members of the “Additional Public Donors” Constituency.
  - d. Sexual harassment. One Constituency applauded the new sexual harassment policy and stressed that this topic should also be included in the Code of Conduct for Governance Officials.
65. EGC response. The EGC Chair confirmed the EGC will conduct consultations with the Board on ethical decision making, board culture and size, and any other major work streams. The EGC Chair underscored Governance Officials should also be held accountable for sexual harassment; the Ethics Officer confirmed that the Code of Conduct for Governance Officials as well as the CCM Code of conduct will be updated in this regard.

## **Agenda Item 17: Update from the Strategy Committee**

66. Presentation. The leadership of the Strategy Committee summarized work undertaken since May 2018 and highlighted the key priorities ahead, in particular the need to ensure strategic impact for the next allocation period 2020-2022.
67. The Strategy Committee Vice-Chair highlighted:
- a. Review of Allocation Methodology 2020-2022. The SC is conducting a comprehensive review. This includes: technical parameters, catalytic investment priorities, as well as funding scenarios; qualitative adjustments parameters. The Committee is also considering the TERG, TRP and Secretariat lessons learned from the 2017-2019 allocation cycle.
  - b. Strategy Implementation Deep Dives. There were two deep dives in 2018: 1) Key Populations, and 2) Resilient and Sustainable Systems for Health (RSSH).
  - c. Risk. The SC reviewed the risk management strategies for Human Rights, Gender Inequality, Drug and Insecticide Resistance, and Transition risks and decided not to set risk appetite statements for these.
  - d. Non-eligible Countries in Crisis. The Committee approved the recommendation to the Board to provide exceptional funding for Venezuela, a non-eligible country in crisis (GF/SCo7/EDPo1), which was subsequently approved by the Board (GF/B39/EDP11).
  - e. Monitoring. The SC received regular updates on country funding, integrated strategic performance reporting and application of portfolio optimization.
  - f. Independent reviews. Both advisory bodies, the Technical Review Panel (TRP) and the Technical Evaluation Reference Group (TERG), reported regularly (for details see the TERG

and TRP presentations on the OBA Portal) to the Committee and presented jointly with the Secretariat on lessons learned from the 2017-2019 allocation period and RSSH.

- g. SC Priorities. The upcoming meeting in March 2019 will focus on: recommendation to the Board of the Allocation Methodology 2020-2022 and catalytic investment priorities; strategic performance; deep dives on critical topics that will help inform the discussion around the allocation methodology. The SC also shared the overall 2019 SC workplan which includes planned decisions, deep dives and reviews on critical subjects, which are aligned with the TERG workplan and reviews. The SC Vice-Chair highlighted the importance of wide consultation, in particular with those constituencies which are not represented on the SC, and the SC leadership's commitment to this.

68. Board discussion. In response, the Board made the following comments:

- a. Some constituencies requested that there be adequate resources for catalytic investments on Community, Rights and Gender (CRG) issues and requested that the SC discuss the possibility of providing funding for key populations in non-eligible UMICs with high burden.
- b. There was interest to have a discussion on the Market Shaping Strategy (MSS) in 2019. The SC leadership noted the plan to have a TERG review and a SC Deep Dive on the MSS in 2019.
- c. One constituency requested that the SC reviews the operationalization of dual track financing, noting its role in increasing the effectiveness and impact of the Global Fund grant implementation.
- d. Some asked for a qualitative assessment of fiscal space in transitioning countries, the Emergency Fund (EF) and impact achieved through the EF. One constituency requested that the SC undertake a deep dive on Challenging Operating Environments (COEs) which the SC leadership confirmed would occur in Fall 2019.

69. Response. The SC Vice-Chair clarified the existing mechanisms of reaching out to the SC, noting pre- and post- Committee meeting conference calls, calls with the Board and circulation of the Chair's Notes<sup>1</sup>.

## **Agenda Item 18: Board Meeting Closing**

70. The Board received an update on its high-level work plan and upcoming decisions in 2019. The Board discussed STC in the context of the work plan pending the outcomes of several work streams from TERG, TRP, and Secretariat as well as SC discussions. It was confirmed that the 41th Board Meeting will take place on 14-16 May 2019.

71. The Chair of the Board took the opportunity to honor the memory and enormous contribution of Kofi Annan, former Secretary General of the United Nations, who died on 8 August 2018 in Geneva. Mr Annan was one of the leading voices calling for the creation of the Global Fund. After stepping down from his position as UN Secretary General, he continued to serve as a permanent advocate for the Global Fund, personally engaging in every replenishment and efforts to fight the three diseases.

72. The Board Leadership recognized the achievements of the 40<sup>th</sup> Board Meeting's deliberations and welcomed increased collaboration and team building, noting the success of the Jeffersonian dinner

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<sup>1</sup> [GF/SC07/10](#) and [GF/SC08/12](#)

and the ethics training session, which will positively impact work until the next board meeting. The work on board culture led by the EGC aims to increasing the effectiveness of the Board.

73. Finally, Board Leadership thanked the Board Members and Alternates, Committees, Secretariat, and the Office of Board Affairs for the successful preparation and delivery of the 40<sup>th</sup> Board Meeting.

## Annex 1. Decisions Taken at the 40<sup>th</sup> Board Meeting

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
<b>GF/B40/DP01</b>	<b>Appointment of Rapporteur</b> Daniel Graymore from the United Kingdom constituency is designated as Rapporteur for the 40th Board Meeting.	Unanimous		
<b>GF/B40/DP02</b>	<b>Approval of Agenda</b> The agenda for the 40th Board Meeting (GF/B40/01 – Revision 1) is approved.	Unanimous		
<b>GF/B40/DP03</b>	<b>2019 Work Plan and Budget Narrative and the 2019 Operating Expenses Budget</b>  Based on the recommendation of the Audit and Finance Committee, the Board approves the following:  <ol style="list-style-type: none"> <li>1. 2019 Work Plan and Budget Narrative, as set forth in GF/B40/02A; and</li> <li>2. The 2019 Operating Expenses Budget in the amount of USD 302 million, as set forth in GF/B40/02B (the “2019 OPEX Budget”), which: <ol style="list-style-type: none"> <li>i. includes USD 15.59 million for the Office of the Inspector General’s 2019 operating expenses; and</li> <li>ii. remains within the total amount of USD 900 million available for operating expenses over the 2017-2019 period.</li> </ol> </li> </ol>	Unanimous		
<b>GF/B40/DP04</b>	<b>Private Sector Engagement</b>  The Board:  <ol style="list-style-type: none"> <li>a) Recognizes the foundational concept of the Global Fund as an innovative public private partnership and the importance of the role of the private sector in the Global Fund’s resource mobilization strategy in providing both financial and non-financial resources to increase the scale and effectiveness of the Global Fund’s efforts to fight AIDS, tuberculosis and malaria;</li> <li>b) Acknowledges the need to expand engagement with the private sector and takes note of the revision, by the Secretariat, of the Framework on Private Sector Engagement (the “Secretariat PSE Framework”) to provide balanced and robust operational policies and procedures which guide the Secretariat’s engagement approach;</li> </ol>	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>c) Notes with appreciation the work undertaken by the Ethics and Governance Committee in overseeing and endorsing the Secretariat PSE Framework, and ensuring that a robust framework, which takes into account risk management and ethical and conflict of interest considerations, is in place to allow the Global Fund to continue to pursue appropriate and impactful engagement with the private sector; and</p> <p>d) Confirms the importance of the role played by the private sector in the Global Fund's resource mobilization strategy in providing both financial and non-financial resources to increase the scale and effectiveness of the Global Fund's efforts to fight AIDS, tuberculosis and malaria.</p> <p>Budgetary implications: included in operating expense budget.</p>			

## Annex 2. 40<sup>th</sup> Board Meeting Documents List

Reference	Document Title
<b>For Decision</b>	
GF/B40/01	40 <sup>th</sup> Board Meeting Agenda
GF/B40/02A	2019 Work Plan and Budget Narrative
GF/B40/02B	2019 Operating Expenses Budget
GF/B40/03	Update on Secretariat Framework on Private Sector Engagement
<b>For Information</b>	
GF/B40/04	Report of the Executive Director
GF/B40/05	Office of the Inspector General Progress Report
GF/B40/06	Joint Agreed Management Actions Progress Report
<b>Strategy Development</b>	
GF/B40/07	Reviewing the Allocation Methodology for the 2020-2022 Period
GF/B40/08	Report of the Technical Evaluation Reference Group
<b>Governance Oversight</b>	
GF/B40/09	Strengthening Committee Selection Processes
GF/B40/10	Report of the Coordinating Group
GF/B40/11	Annual Report on Privileges and Immunities
GF/B40/12	Annual Report on Status of Board Decisions
<b>Commitment of Financial Resources</b>	
GF/B40/13	Recoveries Report
<b>Assessment of Organizational Performance</b>	
GF/B40/14	Strategic Performance Reporting
GF/B40/15	Update on Value for Money
<b>Risk Management</b>	
GF/B40/16	Risk Management Report
<b>Resource Mobilization</b>	
GF/B40/17	Resource Mobilization & Replenishment
GF/B40/18	A Structured Approach for Innovative Finance – Increasing Financial Innovation

### **Annex 3. Glossary of Acronyms**

AFC Audit and Finance Committee

ALM Asset Liability Management

AMAs Agreed Management Actions

BLNC Board Leadership Nominations Committee

CCM Country Coordinating Mechanism

CFO Chief Financial Officer

CRG Community, Rights and Gender

CRO Chief Risk Officer

CRP Country Results Profiles

ED Executive Director

EGC Ethics and Governance Committee

GHC Global Health Campus

HSS health systems strengthening

KPI key performance indicator

STC Sustainability, Transition and Co-financing Policy

ODA Official Development Aid

OIG Office of the Inspector General

OPEX operating expenses

RSSH Resilient and Sustainable Systems for Health

SDGs Sustainable Development Goals

SC Strategy Committee

SIP Strategy Implementation Plan

TERG Technical Evaluation Reference Group

TRP Technical Review Panel

UQD Unfunded Quality Demand

UMI Upper middle Income

WHO World Health Organization

## **Annex 4. Written Statements received from Constituencies**

In future, all Constituency Statements and Joint Position Papers received on the occasion of the Global Fund Board Meeting will be circulated to the Board in real time and further made available on the [OBA Portal](#).

The following constituency statements and joint position papers are attached to this report:

- a. Statement of the Developed Country NGO constituency
- b. Communities Delegation Constituency Statement
- c. Developing Country NGO constituency
- d. Private Foundations Delegation
- e. Constituency Statement Germany
- f. Joint African Constituencies Statements
- g. Latin America and Caribbean Delegation Statement
- h. Point 7 Constituency Statement
- i. South East Asia Constituency Position Paper
- j. Western Pacific Region Constituency Statement
- k. Additional Public Donors Constituency