

April - May 2016 - Update for the Board

I. Update from the Board Leadership

April 2016 was a busy month preparing for and holding the 35th Board meeting in Abidjan. Decisions made at this Board meeting will shape the Global Fund's investments for the years to come. Now, most of the Board's attention needs to focus on ensuring the optimum implementation arrangements for the new strategy and policies. The Board Leadership is pleased about the increased focus on differentiation of approaches and flexibilities to suit specific country needs. More effort is required to render our governance structure more open to new developments in the outside world.

We were all extremely pleased and excited about the Canada announcing the hosting of the 5th replenishment of the Global Fund in September this year. The Fund needs the energy and enthusiasm of young leaders to position itself in a dynamic global context and find synergies with other actors to deliver holistic care to those whom we serve.

During April and May, the Transitional Governance Committee and the Board Leadership were busy with the committee membership selection. It was not an easy process due to the number of factors to juggle with to ensure equitable, gender-balanced representation of constituencies on committees, and select the most qualified candidates, but the Board Leadership trusts that the new committee membership will handle their tasks very well.

We extend our warm welcome to the new Committees:

Audit and Finance Committee

Greg Ferrante, Chair
Beatrijs Stickers, Vice-Chair
Gregoire Lacoïn, European Commission
Sylvie Bourdenet, France
Erika Satterwhite, Private Sector
Anthony Richard Garnett, United Kingdom
Michael Ruffner, United States
Soltan Mammadov, Eastern Europe & Central Asia
Thamer Al Hilfi, Eastern Mediterranean
Grace Rwakarema, Eastern and Southern Africa
Sugata Ghosh Dastidar, South East Asia
Han Mengjie, Western Pacific Region

Ethics and Governance Committee

Mohamed Salah Ben Ammar, Chair
Jan Paehler, Vice-Chair
Jacques Mader, Canada-Switzerland-Australia
Sarah Boulton, United Kingdom
Sandy Thurman, United States

Jason Wright, Developed Country NGOs
Archil Talakvadze, Eastern Europe & Central Asia
Mirta Roses Periago, Latin America and Caribbean

Strategy Committee

Dorothee Kinde-Gazard, Chair
Julia Martin, Vice-Chair
Philippe Meunier, France
Heiko Warnken, Germany
Eiji Hinoshita, Japan
Lennarth Hjelmaker, Point Seven
Kieran Daly, Private Foundations
Rico Gustav, Communities
Jorge Saavedra, Developing Country NGOs
Vinand Nantulya, Eastern and Southern Africa
Joel Mayowa, West and Central Africa
LV Fan, Western Pacific Region

The work is advancing well to identify suitable candidates for independent member seats, and we hope to have them in place for the June committee meetings.

Reflecting back to the Board meeting in Abidjan, the Board Leadership notes the following areas requiring further procedural improvements: 1) reducing the volume of paperwork coming to the Board – in order to do that, committees have to present a good summary of the work performed at the committee level, and outline options for Board's steer; 2) use the Board meeting time for more strategic discussion, exchange and steer, instead of reading statements; 3) constituency statements can be attached to the Board report which could reduce the length of the Board meeting report.

On 4-5 May, the Board Leadership joined the Archbishop of Cape Town, Thabo Makgoba, for meetings in Berlin with representatives from the Development Ministry, the chancellor's advisor for global affairs and development policy, as well as the NGO community. The discussions highlighted the work of faith based groups in fighting the three diseases trying to ensure no one is left behind, the strong partnership between Faith-based organizations (FBOs) and the Global Fund, but also areas where capacity and collaboration could be strengthened, like risk and fiduciary management. As next steps, the Global Fund has been invited to join the International Partnership on Religion and Development launched by Germany, a platform that brings together multilaterals and bilaterals to better engage with FBOs and share best practices. The visit also opened the possibility of German technical assistance to be leveraged for capacity building of FBOs as implementers of the SDG agenda, as well as for promoting interfaith dialogue and human rights.

With their essential role as providers of rural health care in many parts of the developing world, in particular to hard-to-reach and poorest population groups, the Global Fund encourages participation of FBOs through diverse ways such as grant implementation, building local capacity, advocacy, and fundraising. Since 2002, the Global Fund has disbursed US\$1.25 billion in 66 grants to faith-based organizations for program implementation in 26 countries across Africa, Asia, Latin America and Eastern Europe, as well as one grant spanning multiple countries. The share of funding going to faith-based organizations has been increasing over the years. As of April 2016 an estimated 6.3 percent of Global Fund resources are committed to faith-based organizations through active grants, a notable increase since 2010.

Contributing to the replenishment efforts, the Board Leadership visited Qatar and the United Arab Emirates on 15-18 May. In Doha (Qatar), the Board Leadership met with Sheikha Hind Bint Hamad Al Thani, sister of the current Emir of Qatar and Vice Chair and CEO of the Qatar Foundation for Education, Science and Community Development. Also, a meeting was held with Dr Khalifa Bin Jassem Al Kuwari, General Director of the newly established Qatar Fund for

Development which channels the Qatari development aid. In Dubai (United Arab Emirates), the Board Leadership met with Ms. Reem Al Hashimi, State Minister for International Cooperation, Ministry of Foreign Affairs and International Cooperation, Mr Tareq Gurg, CEO of the Foundation “Dubai Cares”, and gave an interview to the magazine “Philanthropy Age”.

Engaging with new potential donors brings a lot of insight as it forces to take a different look at the Global Fund from the perspective of those who are not part of its family as of yet. The Gulf countries are interested in being part of a global community, and being recognized as partners. The visibility of the Global Fund in the Middle East region has to be promoted better. This applies also to high net-worth individuals who want to be part of a joint effort in driving global change. How can we attract them to be part of the discussions?

Involving new donors in the fight against the three diseases and in strengthening the health systems can also be done through co-financing programs in countries. Of special interest to the UAE could be synergies in health and education with Dubai Cares. When discussing possible synergies in health and education, the Global Fund needs to develop a communications piece about how exactly we intend to invest in education, i.e. through which partners, which modalities.

Generally, and as it was well voiced during the Board meeting, the Global Fund has to step up its communications efforts. We have to better target various audiences and regions, give greater visibility to our donors, outline our comparative advantages and also complementarity and synergies with other players, and offer communication materials in different languages.

01 Coordinating Group

The new Coordinating Group held its first two virtual meetings on 13 and 30 May.

On 13 May, the Coordinating Group invited Andrew Kennedy to brief the CG members about the work in progress on revising the 2017 – 2022 Strategic Key Performance Indicator Framework, as per Board’s guidance in Abidjan. Andrew noted the difficulty to accommodate all the requests received and time pressure for meeting the deadline, and requested CG’s steer on how to handle the tension between the Board constituencies’ willingness to have more indicators while at the same time keeping the Strategic KPIs as a high-level set of indicators for tracking the organization’s performance. The CG noted that it will be impossible to accommodate all inputs received into a perfect KPI framework, and that some suggestions received from the constituencies will need to be reflected as Implementation KPIs or Thematic Reporting. Therefore, a vote in favour of the EDP will enable the Secretariat to move forward with the important and complex work required to set performance targets for the Strategy in time for approval at the 36th Board Meeting in November, and in time for the start of the new Strategy period in January 2017.

Also, at its virtual meeting on 13 May, the CG discussed the organization of committee meetings in June and the accommodation of observers. The CG suggested providing the observers an opportunity to listen to the committee meetings via phone. Constituencies are thus encouraged to identify members who can listen to the conversations without affected by the time difference, i.e. members who are located in CET or near-by time zones.

During its virtual meeting on 30 May, the CG adopted its new workplan based on the amended TORs for the CG. The CG discussed its role in risk oversight, which evolves around regular reviews of the risk register, receiving updates on initiatives and risk mitigation measures applied by the Secretariat, follow up on action plan around strategy implementation, as well as strengthened cooperation with partners to mitigate risks at grant portfolio level.

The CG also spent some time discussing the oversight of CCMs, as the TGC has recommended sharing the oversight of CCMs between SC and EGC. The EGC will discuss the matter from ethics and governance point of view during its meeting in June.

Continuing the discussion on committee meetings in June and attendance of observers, the CG encourage the Board members and alternates to find the most effective ways of following committee discussions, and to evaluate the experience after the committee meetings.

Minutes of the CG meetings will be shortly available on *BoardEffect*.

II. Other

01 OIG news update

The OIG published five reports over this two-month period. In reverse order:

In May, the OIG released an investigation and an audit report on **Nigeria**, the Global Fund's biggest portfolio. The investigation found evidence of systematic embezzlement, fraudulent practices and collusion between 2010 and 2014 by a sub-recipient of grants. The investigators concluded that a total of US\$3,816,766 in expenditure by the Nigerian Government's Department of Health Planning, Research and Statistics (DPRS) was non-compliant and is proposed for recovery. The expenditure was mainly related to training for a web-based health information system. The Global Fund has discontinued its relationship with DPRS and barred any individuals identified by the OIG investigation from implementing Global Fund grants. An external fiscal agent is now in place to validate all travel and training-related expenditure and ensure that all vendors are paid by bank transfer rather than cash. The OIG has referred the case to the Nigerian Economic and Financial Crimes Commission for criminal prosecution.

The audit of Global Fund grants in Nigeria identified significant problems in procurement, supply chain, financial and program management. The auditors found discrepancies of over US\$4 million between drugs ordered and delivered; stock-outs of eight months for critical medicines; and a lack of controls in procurement and financial management. The Global Fund is reviewing corrective measures, particularly with regard to risk management, identified by the OIG as the root cause of many of the issues.

An investigation in **Côte d'Ivoire** found that two million RHZE pills, a critical drug used in the first-line treatment of tuberculosis, were unaccounted for. The OIG concluded that they were the likely source of illicit sales in street markets. The strong antibiotic drug was being sold as a so-called cure to a number of ailments raising concerns about the risks of increased Multi-Drug Resistant Tuberculosis taken outside of a formal medical treatment. The Global Fund has put in place a number of actions to prevent further losses of RHZE stocks and will seek potential recoveries for the unaccounted for pills. Furthermore, to help mitigate the public health risks of illicit drugs sold on the markets, Côte d'Ivoire is a pilot country for the OIG's anti-corruption awareness campaign called 'I Speak Out Now!' The campaign targets and curbs the demand for RHZE on markets by raising awareness amongst the general population of the dangers of consuming the drug without a prescription. Using the slogan, 'Le médicament de la rue tue!' (Drugs bought off the street can kill you!), the OIG launched the community phase of the campaign in April through print, online media and radio announcements as well as mass distribution of flyers.

An investigation in **Guyana** found evidence that employees from the Guyana Ministry of Health, a Principal Recipient of a malaria grant, had inflated the number of bed nets reported as distributed and fabricated documents to support the inflated figures. The employees had also fabricated documentation for another surveillance activity relating to the operation of malaria committees. The OIG identified US\$56,966 worth of non-compliant expenditures. The Global Fund is putting in place corrective actions including strengthened record-keeping at the recipient level.

Lastly, an OIG investigation in **India** found evidence of non-competitive tenders and improper procurement practices by a sub-recipient of Global Fund grants, Catholic Bishops' Conference of India, totaling US\$97,149. This included payments for information materials that were not printed, office equipment and computers. The Global Fund is putting in place actions to tighten procurement procedures and oversight at the recipient level.

All OIG reports are available in full at this address:

<http://www.theglobalfund.org/eng/oig/reports/>

Tous nos rapports sont également disponibles en français à cette adresse :

<http://www.theglobalfund.org/fr/oig/reports/>