

## Reflections from the Board Leadership

On 9-11 October 2016, the Board Chair attended the 8th World Health Summit (WHS) in Berlin. Held under the high patronage of Chancellor Angela Merkel, President of the French Republic François Hollande, and the President of the European Commission, Jean-Claude Juncker, the Summit provides a unique forum for discussion and dialogue among scientists, policy makers and society to address the most pressing issues of healthcare.

The Board Chair was cordially invited to deliver a keynote at the panel discussion on value in healthcare and drivers for system reform. In his address, the Chair noted that achieving a value-based healthcare is largely influenced by a country's specific context and existing social, political and cultural constraints. Yet, delivering an integrated patient-centered system that puts a patient in the center should be an ultimate goal in any country and at all times. The Board Chair presented several positive examples where the Global Fund applies the cutting-edge technological innovation in its operating countries that leads to building a more efficient, effective and impactful healthcare system. Further central topics of the WHS revolved around migration and refugee health, women empowerment, infectious diseases and SDGs.

In the margins of the World Health Summit, the Board Chair attended the routine meeting of the Friends of the Global Fund Europe, chaired by the former Federal Minister of Economic Cooperation and Development (BMZ), Heidemarie Wieczorek-Zeul. The meeting followed-up on the successful Replenishment Conference in Montreal and reflected on upcoming Germany's presidency of G20 summit on 7-8 July 2017 in the spirit of including health on the summit agenda for the first time ever. The meeting was concluded by the overview of key undertakings planned in 2017 and strengthened collaboration with the BMZ.

In mid-October, the Board Leadership attended the Eastern Mediterranean Region Constituency's meeting in Tehran, Iran. It was a truly eye-opening experience to exchange with the representatives from the Region who work in challenging operating environments every day. Iraq, for example, will face the interruption of all TB drugs and diagnostics as of mid-2017. The Iraqi government surely has many concerns at the moment, but, will certainly also be concerned about this TB issue. The GF should also be asking what will happen to Iraq's TB sufferers.

The meeting with Iran's Minister of Health and Deputy Minister for Social Affairs, as well as site visits to community health centers were inspiring. Despite the sanctions and political regime, the country emphasized its political will to achieve the goals 90-90-90, and has made such advances in its HIV and TB programs that some countries in the European Union can only dream about. Romania, for example, will not be able to ensure full regimen of second-line TB treatments to all of its patients as of November 2016, and is still dependent on international grants for life-saving medications.

Iran is on the list of 20 countries for malaria elimination. Yet, this goal seems jeopardized due to limited efforts on cross-border cooperation from the neighboring countries. A regional grant including the three concerned countries (Iran, Afghanistan, Pakistan) could help solving this problem.

## The latest from the Coordinating Group Virtual Room...

The Coordinating Group met virtually on 7 October and focused on the variety of key topics prior to the Committee and Board meetings. The CG members received a thorough update on the current status of implementation of 2016 KPIs and deliberated on existing challenges around measurement of certain 2017 KPIs (i.e. supply chain). The discussion was followed by brainstorming on how to ensure a greater visibility and level of granularity around the country allocation process, ongoing resource mobilization and alignment among committees in that regard. One of the central matters raised related to identification of main linkages among various workstreams, i.e. Zero-Based Budgeting ("ZBB"), Corporate Workplan, Strategy Implementation Plan ("SIP"), Prioritized Action Plan ("PAP") and UK-GF Performance Agreement. The meeting was concluded by review of the 36<sup>th</sup> Board Meeting agenda and exchange of views on various aspects related to meeting preparations.

### **Audit and Finance Committee (AFC)**

During the committee meetings on 13-14 October the AFC assessed the levels of funding available for the 2017-2019 allocation cycle. As reported in the September newsletter, the replenishment outcome in Montreal showed strengthened donor commitment to the Global Fund with pledges in virtually all donor currencies and a replenishment result of \$12.9 billion USD was announced using a 5-year historical average exchange rates. However, when translated to USD at current exchange rates a downward adjustment of 0.89 billion was necessary. This was counterbalanced by approximately USD \$1.1 billion that are available for use through the portfolio optimization principles put in place by our predecessor committee FOPC.

The total sources of funds for allocation to countries agreed by AFC and proposed for approval by the Board in the upcoming November meeting, USD 11.1 billion for the 2017 – 2019 allocation cycle, is consistent with a level of funding as discussed with the Board in Abidjan. The AFC noted that for the full US pledge (USD 4.33 billion) to materialize continued efforts are essential to ensure that the full matching requirements are met and that the committee will continue to monitor this through oversight of the resource mobilization strategy.

Risk management, OIG updates and work plan 2017, the 2017 Operating Expenses budget, as well as oversight on the recoveries process took an equally important part of committee attention. The AFC, in part in joint sessions SC and ECG, welcomed steady progress in administrative systems and processes for risk management and assurance. Continued progress and the sense of urgency remain key, while shifting focus to the actual risk mitigation and assurance on delivering results with strengthened accountability. The emerging work and focus on supply chain management and program quality fits well into the directions in risk management.

### **Ethics and Governance Committee (EGC)**

In addition to the 2-day meeting with packed agenda items, the EGC took the luxury of starting off with an additional afternoon without agenda items other than reflecting on the priorities, ways of working, and how the various workstreams achieve the overall aim of improving maturity of governance at the Global Fund. This open dialogue was very useful to define the priorities that the committee wants to accomplish during its term and which agenda to recommend for its successor. It also helped to manage the tight agenda of the two ensuing meeting days more effectively.

The EGC subsequently reviewed the approach to joint sessions and oversight of cross-cutting issues, notably KPIs and risk management, and considered the current approach to joint sessions and cross-cutting matters ineffective. A recommendation will be sent to the CG proposing enhancements.

The EGC heard and discussed the outcomes of the 2016 Board and Board Leadership Performance Assessment Report prepared by Egon Zehnder, and identified key focus areas to inform critical governance related work streams. Specifically, the Board Chair and Vice-Chair selection process and support arrangements were identified as having significant potential to improve governance effectiveness. The EGC will consult with the Governance Focal Points to seek inputs to inform enhancements in this area.

On the ED selection, the EGC reviewed the results of the consultation with the governance focal points, the potential options for action that arose out of them, and agreed principles for TORs for the ED nomination committee that was approved by the Board on 1 November 2016. The EGC reviewed the potential search firms and retained Russell Reynolds. Russell Reynolds will soon start outreach to board members for identification of potential candidates for both independent members of the Nomination Committee and potential candidates for the role of Executive Director. Board Members' input will inform a review of Executive Director Terms of Reference which will be presented to the Board for approval at the November Board Meeting.

# Monthly Update to the Board

## October 2016

The EGC discussed with the Ethics Officer the progress on establishing the function and approved the 2017 work plan and budget of the Ethics Officer, and had a joint session with the SC on CCM oversight and the follow-up on management actions arising out of the recent OIG audit. The EGC reviewed the steady but slow progress on privileges and immunities and asked the secretariat to consider further incentives to encourage countries to grant privileges and immunities to the Global Fund. Lastly, the EGC discussed board composition and constituency support. The EGC will soon consider revisions to the Constituency Funding Policy to be taken for recommendation to the Board electronically.

### Strategy Committee (SC)

On 13-14 October 2016, the members of the Strategy Committee (SC) met at its 2<sup>nd</sup> meeting and discussed the key areas of work under the committee's mandate.

A working group of the Strategy Committee was formed to assist the Secretariat with revision of the TRP ToR and appointment of new TRP members. The Working Group met several times over the past four months resulting in a final revised terms of reference and a list of candidates recommended for appointment to the TRP. The Working Group also provided input to the Secretariat on into the basis and modalities for differentiation of the application process and review of funding requests:

- Overseeing the process by which the Strategy Committee will be presented revised terms of reference for the Technical Review Panel for approval,
- Providing input into the basis and modalities for differentiation of the application process and review of funding requests which shall be jointly developed by the TRP and Secretariat,
- Overseeing the process by which the Strategy Committee will be presented with candidates to appoint as members of the Technical Review.

The ToR was approved by the SC and the recommendation of new TRP membership will be finalized before the November Board meeting.

The TERG chair presented a summary of TERG deliberations that resulted in a TERG annual work plan for the SC review and approval. Discussion focused on the USD 300k reduction in the 2017 TERG budget resulting in a reduced number of thematic reviews that will be conducted by the TERG. The thematic reviews (3-4 planned) will be determined based on issues and priorities raised through SC discussions. The TERG will conduct a 2017 Strategic Review to provide feedback on implementation successes and difficulties. The TERG chair also presented an overview of focus and approach to the request to conduct eight prospective country evaluations. The TERG annual work plan was approved.

At its 2<sup>nd</sup> Strategy Committee meeting, the Secretariat presented a set of targets for 2017-2022 for a subset of the KPIs for decision. The targets were approved by both the AFC and SC and will go to the Board for approval. Separately, the Secretariat reviewed the methodology for modelling the Strategic KPIs and the approach to a subset of service delivery/implementation KPIs. SC members had the opportunity to ask questions and raise issues on a conference call on 3 November prior to voting on the proposed targets. The outcome of the SC discussion will be a recommended set of targets for the Board for decision at the November meeting. The SC had a detailed and healthy discussion on the potential uses for catalytic funds. The Technical Partners and Secretariat worked diligently over a period of several months to refine and prioritize areas of program work across the three diseases and RSSH that need to be advanced in the next allocation period in order to increase the impact of the Global Fund resources. At the conclusion of the SC meeting, a decision (as stated in the GF/SC02/13 - Revision 2) has been approved and will be recommended to the Board (GF/B36/04). Each area (TB, malaria, HIV and RSSH) has a short set of priority issues or populations where work must be advanced. The modality of funding for each area and issue was well discussed and debated.

The SC and AFC were presented with the outcomes of the Secretariat consultation on options for business models for the Global Fund. The consultation resulted in a clear position that the Fund should focus on addressing specific and recurrent issues around the existing business model, before considering models that would include a Fund in-country presence. The risks of the current model should be well articulated and areas for improvement directly linked with Secretariat actions and initiatives.

### Other

#### OIG news update

##### *Audit in Malawi*

An audit of Global Fund grants in Malawi confirmed that there has been significant progress in the fight against the three diseases, particularly HIV and TB. However, the malaria program has significant weaknesses related to vector control and case management: for example, a delay in a mass distribution of mosquito nets may have contributed to more malaria cases. The OIG also concluded that the supply chain needs significant improvement especially at the facility level. Poor record-keeping, inadequate facility-level storage, and weak accountability lead to unreliable stock controls and drug theft. With US\$837 million disbursed over 12 years, important progress has been made to end the epidemics of AIDS, TB and malaria in Malawi. For example, the total number of people receiving antiretroviral therapy increased from 3000 in 2003 to 595,186 by December 2015; the TB treatment success rate reached 83% by the end of 2014; and there has been a steady decrease in reported malaria cases. An OIG anti-corruption campaign called "[I Speak Out Now!](#)" was launched recently in partnership with USAID, the Ministry of Health and the Malawi Anti-Corruption Bureau.

The campaign encourages Malawians to speak out about drug theft or abuse, particularly regarding malaria drugs. The information received through the hotlines has led to police action, raids and arrests.

The Secretariat, working with in-country partners, is putting in place remedial actions following the OIG audit including strengthening the quality of testing across HIV and TB programs and oversight of drug security and availability.

##### *Audit in India*

In this audit, the OIG found that the Secretariat has clearly identified the main risks that could affect program objectives in India. Financial risks are effectively managed; programmatic and data risk management are partially effective, although TB prevalence data is out of date. However, the auditors found that assurance mechanisms around procurement and supply chain require significant improvements. Furthermore, there is no transition plan to analyze the risks as the Global Fund progressively phases out funding from the country over the next ten years.

Implementing grants in India is critical to the Global Fund's mission to end the epidemics of AIDS, TB and malaria. India has the highest burden of TB in the world and the third largest HIV burden. Programs funded by the Global Fund in India made substantial progress between 2012 and 2015 with increases in the number of patients on TB treatment from 1.2 million to 1.5 million and those on antiretroviral treatment from 540,000 to 773,000. The Government of India invests significantly in the health sector, providing 80% of the annual budget for the HIV, TB and malaria programs.

The Global Fund Secretariat is putting in place corrective management actions, notably supporting the Government of India in developing a funding transition plan and a new TB prevalence survey. The Global Fund is also ensuring the transfer of procurements of its health products to a new procurement agent to address the delays.

All OIG reports available in full at this address <http://www.theglobalfund.org/en/oig/reports/>  
Tous les rapports du Bureau de l'Inspecteur général sont également disponibles en français à l'adresse : <http://www.theglobalfund.org/fr/oig/reports/>