



## Electronic Report to the Board

# Revision to Constituency Funding Policy

GF/B36/ER02  
Board Decision  
24 November 2016

PURPOSE: To present proposed updates to the existing Constituency Funding Policy to bring it in line with current practices and incorporate recommendations from OIG Advisory Review and lessons learned through implementation.

1. GF/B36/EDP02: Recommendations on Revisions of Constituency Funding Policy

This document is part of an internal deliberative process of the Global Fund  
and as such cannot be made public.

## Part 1: Decision Point

### **Decision Point: GF/B36/DP02: Recommendation on Revisions to the Constituency Funding Policy**

- 1.** The Board recalls its approval in November 2009 of the Board Constituency Funding Policy (GF/B20/DP7), as set forth in Annex 3 to GF/B20/4 (the “Existing Policy”), which makes funds available to Board constituencies of the Implementer Voting Group to facilitate engagement in the Global Fund’s governance processes;
- 2.** Based on the recommendations presented in GF/B36/ER02, the Board approves the revised Board Constituency Support Policy, as set forth in Annex 1 to GF/B36/ER02 (the “Revised Policy”).
- 3.** Accordingly, the Board:
  - a) Notes this decision point and the Revised Policy, which supersede the Board decision point GF/B20/DP7 and the Existing Policy, respectively;
  - b) Delegates oversight of the Revised Policy to the Ethics and Governance Committee (the “EGC”);
  - c) Delegates to the EGC the authority to determine the Overall Funding Ceiling under the Revised Policy up to a threshold of an annual average of 1.5 million USD over the three-year period of the Funding Cycle;
  - d) Notes that under the Revised Policy the estimated annual average of the Overall Funding Ceiling for the Funding Cycle 2017-2019 is 1.2 million USD; and
  - e) Requests the Secretariat to provide the EGC with an annual report on the implementation of the Revised Policy.

Budgetary implications of the decision for Funding Cycle 2017-2019: an estimated annual average of 1,200,000 USD will be included in the OPEX budget for each year of the 2017-2019 Funding Cycle to support activities covered under the Revised Policy. (This annual average represents an increase of 200,000 USD over amounts approved in 2015 and 2016 OPEX budgets with respect to constituency funding. For 2017, this increase will be accommodated within the OPEX approved at the November 2016 Board Meeting).

The Overall Funding Ceiling for future periods (from 2020 forward) will be approved by the EGC in line with the delegated authority from the Board outlined in clause 3c of this decision point.

## Part 2 – Relevant Past Decisions

Relevant past Decision Point	Summary and Impact
<b>GF/B20/DP07: Effectively Engaging Implementing Board Constituencies in Governance Processes (November 2009)<sup>1</sup></b>	To further support the engagement of the Board constituencies of the implementing voting group in the Global Fund’s governance processes, the Board decided to make available, on an annual basis, funds to these constituencies for communication, meeting, travel and staff costs incurred for intra-constituency functions, as specified in the Board Constituency Funding Policy set forth in Annex 3 to GF/B20/4.

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<sup>1</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B20/DP07/>

### **Part 3 – Action Required by the Board**

1. The Constituency Funding Policy, approved in 2009 and in operation since 2010 (“Existing Policy”), has been under revision since September 2015 under the temporary oversight of the Coordinating Group. In line with its Board mandated responsibilities oversight for this process was transferred to the EGC from June 2016.
2. At the 2<sup>nd</sup> EGC meeting (12-14 October 2016) revisions to the Existing Policy were presented for consideration in the form of a Constituency Funding Policy (“Revised Policy”). The EGC approved the Revised Policy on 14 November 2016 and is now recommending it to the Board for approval.
3. Approval of the policy within the timelines provided for in the Board Operating Procedures will provide sufficient time to implement any required changes to the process prior to launching the 2017-2019 constituency Funding Cycle (as defined below) in December.

### **Part 4 – Background and Executive Summary**

4. Ensuring strong engagement by the implementer constituencies is a key success factor for the Global Fund Governance. To support this engagement, the Board approved in November 2009 the Constituency Funding Policy (GF/B20/DP7), as set forth in Annex 3 to GF/B20/4 (the “Existing Policy”), making annual funding available to each of the ten implementing constituencies to enhance their engagement in governance processes.<sup>2</sup>
5. In September 2015, following a request from Board Leadership for an advisory review, the Office of the Inspector General (OIG) conducted a review of the adequacy of resources available to implementer constituencies (GF-OIG-15-13, “OIG Review”). Two key recommendations that emerged from the OIG Review were: (i) moving to multi-year workplans and budgets; and (ii) moving from a fixed-amount model of funding to a needs-based model which could accommodate challenges faced due to the specific contexts of the individual constituencies where needed.<sup>3</sup> The OIG Review was discussed at the 3<sup>rd</sup> Implementer Group Retreat in October 2015 and, on that basis, the OBA began a revision of the Existing Policy under the oversight of the then Coordinating Group.
6. With the Board's approval of the Enhanced Governance Structure in January 2016, oversight of the revision of the Existing Policy was transferred to the EGC as part of its Board mandated responsibility for monitoring the use of constituency funding. The Revised Policy was presented to the EGC during the 12-14 October 2016 meeting where the EGC proposed improvements to the proposed model. These improvements have been reflected in the attached Revised Policy set out in Annex 1.
7. This paper outlines the proposed main changes to the Existing Policy, namely: (a) moving from a fixed model (with all constituencies receiving the same amount) to a needs-based model whereby an equal baseline of funding of USD 100,000 is given to each implementing constituency<sup>4</sup> and supplemental funding may be provided to constituencies which face additional engagement challenges due to their particular circumstances; (b) moving from an annual to a three-year workplan and

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<sup>2</sup> The Existing Policy outlines the conditions under which implementer constituencies can access Board-approved funding aimed at enhancing implementer engagement in Global Fund governance activities. As of 2010, USD 80,000 was made available annually to support the activities of each implementer constituency. This amount was increased to USD 100,000 per constituency in 2014. In November 2015, the Coordinating Group approved an exceptional funding request of USD 100,000 to support cross-implementer constituency activities in 2016, including the development of the Implementer Group Roadmap (“Roadmap”). The development of this Roadmap was supported by the Board approved Governance Plan for Impact (GF/B32/DP05), where it was recommended that the Board ensure adequate support was provided for its implementation.

<sup>3</sup> Further discussions with the OIG's office identified that consideration should also be given to the fact that the constituency funding represents a very small portion of the OPEX (currently 0.37% of the annual operating costs). As such, any updates to the Existing Policy and processes should remain nimble and not increase the administrative burden on either the implementing constituencies, the governance bodies, or the Secretariat.

<sup>4</sup> This amount is consistent with the amount that has been made available to each constituency since 2014.

budgeting cycle; (c) introducing a provision on financial support for cross-constituency activities in line with the objectives of the policy; and, (d) introducing a pathway for the approval of exceptional funding requests that are not covered by the Overall Funding Ceiling.

## **Part 5 – Discussion**

8. The different sections set out below in this Part 5 present the core *new* features of the Revised Policy. The overall principles and intent of the Existing Policy, to support the meaningful and informed participation and engagement of the implementing constituencies in Global Fund governance processes, remain constant in the Revised Policy. However, whereas the Existing Policy focused exclusively on funding being made available to individual constituencies on an annual basis, the Revised Policy improves on this model and proposes additional enhancements including multi-year workplanning, support for cross-constituency activities and a pathway for the consideration of emerging and innovative ideas to support enhanced engagement.

9. With the creation of the EGC there exists a clear oversight body for the implementation of the Revised Policy. To facilitate the oversight of this Policy, it is recommended that the Board delegate the approval of the Overall Funding Ceiling<sup>5</sup> to the EGC within a threshold of a maximum average of USD 1.5 million<sup>6</sup> per year across each three year Funding Cycle. While the current estimated annual average is USD 1.2 million USD, a slightly higher threshold is proposed as an efficiency measure to allow the EGC a degree of flexibility to address any slight changes in funding requirements between Funding Cycles without requiring a new submission to the Board for approval.

10. Following the determination of the Overall Funding Ceiling by the EGC, the implementation of the Revised Policy and the review of the funding applications received from the individual implementing constituencies and the implementer constituencies as a group will be undertaken by the Office of Board Affairs who will report to the EGC annually.

### **The move from a static model to a needs-based model**

11. As recommended by the OIG Review, the Revised Policy moves from a fixed model (with all constituencies receiving the same amount) to a needs-based model whereby, with respect to individual implementing constituencies, an equal baseline of funding of up to USD 100,000 (consistent with the amounts made available to constituencies since 2014) may be given to each implementing constituency and supplemental funding may be provided to constituencies which face additional engagement challenges due to their particular circumstances<sup>7</sup> to ensure that they are able to achieve a minimum standard of consultation, communication and representation for effective engagement in Global Fund governance processes.

12. Under the Revised Policy, each constituency will receive an “Individual Funding Envelope” which represents the maximum funding amount available for each individual implementer constituency for the full three year period – this three year period is referred to as the “Funding Cycle”. The Individual Funding Envelope consists of: (a) a baseline amount of up to USD 100,000 per year and, (b) if required, an additional amount for constituencies facing engagement challenges as a result of their particular circumstances.

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<sup>5</sup> The Overall Funding Ceiling refers to the overall maximum amount of funds potentially available to support the activities covered under the Revised Policy, including to individual constituencies and funding to support cross-constituency activities, for the full Funding Cycle.

<sup>6</sup> This represents approximately 0.5% of the annual approved OPEX based on current figures. The Overall Funding Ceiling for 2017-2019 under the Revised Policy is an annual average of 1.2 million USD.

<sup>7</sup> A review of expenditures from 2013-2016 identifies that some constituencies spend more than 90% of their funding simply on travel to ensure sufficient representation at Board meetings.

13. The baseline funding amount provided for under the Revised Policy aims to ensure that each constituency can continue to build on the gains achieved through past funding and have access to the resources needed to ensure a minimum standard of engagement with Global Fund governance processes.

14. The additional amount that may be given to constituencies that face challenges as a result of their particular circumstances is determined by the OBA when setting the Individual Funding Envelope (at the beginning of the Funding Cycle) and is applied when the estimated minimum travel, consultation and communications cost for the constituency would exceed the baseline.<sup>8</sup>

15. The Policy sets out a non-exhaustive list of eligible costs for which funding support may be requested under the Policy by an implementer constituency.

### **The move to a three-year workplan and budgeting cycle**

16. Under the Existing Policy, each implementing constituency submits an annual costed workplan outlining the activities for the upcoming calendar year. Current practice requires that any unspent funds remaining at year-end are deducted from the constituency's next year's funding envelope which, as reported by constituencies, has posed significant challenges.

17. Weaknesses identified with this model include that it does not enable longer-term planning, objectives setting or across-year activities and it is not flexible to unforeseen circumstances which might delay planned activities. Furthermore, the OIG Review identifies that this model may inadvertently discourage savings.

18. To address these weaknesses, the Revised Policy outlines a move to a three year funding cycle, with multi-year workplans and budgets that allows for flexibility across the years and facilitates longer-term planning.

19. Funding applications under the proposed model, including a costed workplan and anticipated impact for the period, will cover the full three-year Funding Cycle and are based on the Individual and Cross-Constituency Funding Envelopes. However, disbursements will be made annually.

20. To align with current financial practices, the Secretariat will include the projected annual disbursement amount each year in the proposed annual operating expenses budget (OPEX). Disbursements will be subject to the inclusion and availability of funding in the applicable OPEX, which the Audit and Finance Committee (AFC) recommends to the Board for approval prior to each fiscal year.<sup>9</sup>

21. Under this proposed model, unspent funds remaining with the constituencies at the end of the calendar year can be carried forward to the next year, within the three-year Funding Cycle. To reduce the risk of funds accumulating in constituencies, no carryover of unspent funds will be possible between three-year Funding Cycles. The Secretariat may also delay an annual disbursement if less than 50% of the disbursed funds from the previous year have been spent.

22. To ensure due diligence in the oversight of the implementation of the funding, implementing constituencies are required to submit an annual report to OBA detailing activities and expenditures as

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<sup>8</sup> The estimated costs of the above are calculated using the values at the time of the calculation (i.e. in advance of the relevant Funding Cycle) based on data provided through Global Fund's Travel and Events teams as well as historical constituency funding data. Actual expenditures from previous cycles and the availability of complementary or in-kind contributions are also taken into account.

<sup>9</sup> The Finance Department has confirmed that this model can be operationalized within the existing financial practices of the organization.

well as achieved impact for the period. Constituencies will be required to submit an updated costing workplan for each year within a Funding Cycle. These reports will be validated by the Secretariat prior to the issuance of subsequent disbursements in a given Funding Cycle.

### **The introduction of support for cross-constituency activities**

23. Overall engagement, support and effective communication across the implementing constituencies as a whole is recognized as a key success factor in the strengthening of the implementer voice both within individual implementer constituencies and in the overall engagement at Board level.

24. While improvements have been noted in this area, recent governance reforms, including the 2011 High Level Panel Report (GF/B25/4), the 2014 OIG Governance Review (GF-OIG-14-008) and the Governance Plan for Impact identify that increasing the Implementer Voice around Board activities remains an area for improvement and one where efforts should be supported.

25. A key focus of the recent 4<sup>th</sup> Implementers Group Retreat held in Kenya in September 2016 was the development of an Implementers Group Roadmap identifying priority areas for implementer constituency engagement and action. While the Roadmap remains a work in progress, current efforts have already identified some objectives and activities that are in line with the objective of the Revised Policy to enrich Board discussions and activities with the rich and diverse experience brought by the various implementing constituencies.

26. While not all activities of the Roadmap would fall under the areas covered by the Revised Policy, its focus on the desire of constituencies to strengthen both their internal coordination and coordination across the implementing constituencies supports the goal of increased engagement. Improved communication at all levels (Board, CCMs, PR, and Secretariat) was identified as an area requiring urgent attention.

27. Recognizing the clear value of these activities to the overall governance of the Global Fund, the section “Cross-constituency funding support” in the Revised Policy includes a provision for the ten implementer constituencies to come together to identify a work-plan or activities to support cross-constituency activities, aimed at strengthening coordination and voice across the implementer constituencies which could be covered through the eligible costs outlined in the Revised Policy.

28. Covered activities included in the Revised Policy include cross-constituency information sharing and capacity building; engagement of external expertise for analysis to help inform Board discussion/decision making; administrative/coordination support for the leadership of the Implementer Group; organization of the annual Implementer Group Retreat and costs associated with developing and maintaining the Implementer Group Roadmap.

29. As this is a new addition to the funding provided to support implementer constituency engagement, little historical data is available to establish a baseline. Therefore it is proposed to make an annual average of up to USD 100,000 (“Cross-Constituency Funding Envelope”) available under the Overall Funding Ceiling for the 2017-2019 Funding Cycle. Activities would be agreed by the ten implementing groups and funds would be managed by the Leadership of the Implementer Voting Group.

30. There is the opportunity at the end of each Funding Cycle to review this amount and the continued inclusion of this provision in the Revised Policy.

31. As further set out in the Revised Policy, funding for cross-constituency funding cannot be used to support activities that are covered by other Global Fund grants or through complementary funding.

32. At the end of each Funding Cycle, Individual Funding Envelopes and Cross-Constituency Funding Envelopes will be recalculated by OBA based on an analysis of actual expenditure, impact and anticipated needs for the upcoming Funding Cycle. Based on the updated amounts, a new Overall Funding Ceiling will be approved by the EGC, within its delegated authority and Board-approved threshold.

### **The introduction of a pathway for exceptional funding requests**

33. Recent evolutions in constituency dynamics have identified a need for flexibility and a mechanism within the Global Fund governance system for considering exceptional opportunities for enhanced implementer engagement in governance processes that fall outside or beyond the eligible core costs covered by the Existing Policy.

34. These initiatives may provide clear benefits to overall implementer engagement in the Board and contribute to better discussions, decisions and results at the Global Fund Board and would merit the consideration by the Board or its standing committees.

35. Currently no natural pathway exists for such requests to be considered. The EGC, in its oversight role on governance matters, could be best placed to review these requests.

36. As these are exceptional requests, they might be considered for funding beyond what is provided for in the Individual Funding Envelopes and in some cases, possibly even the Overall Funding Ceiling. Annex A of the Revised Policy outlines a proposed approach for the consideration of exceptional requests for additional funding which does not require additional funds to be set aside in the OPEX or under the Overall Funding Ceiling.

37. The suggested process recommends using the existing financial practices, determined by the FOPC (FOPC04/DP01)<sup>10</sup>, for decision making around the financing of recommended initiatives that were not included in the initial Board approved OPEX.

38. The OBA will conduct a preliminary review and the Secretariat will first seek to identify whether funds to cover the exceptional request are available within the overall approved OPEX budget.

39. If available funds are identified within the overall approved OPEX, the exceptional requests may be approved by the Secretariat, in consultation with the Leadership of the EGC.

40. If the amount of funding requested exceeds the decision-making authority delegated to Secretariat, the request will be jointly approved by the Ethics and Governance Committee (EGC) and Audit and Finance Committee (AFC). Continued funding of the exceptional request will be subject to funding being included, and approved, in the following year's OPEX.

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<sup>10</sup> FOPC04/DP01: Budget Reallocation

In accordance with its authority to approve a framework for budget adjustments, reallocations or additions within the Board-approved operating expenses budget (GF/BM26/DP4), the Finance and Operational Performance Committee (the "FOPC") decides:

a. The Secretariat shall present to the FOPC for prior approval any change to an expense category line item that results in a variation of both more than 10% and US\$ 2.5 million from the corresponding line item in the Board-approved operating expenses budget; and

b. The Secretariat may approve any other changes to an expense category line item in the Board-approved operating expenses budget.

41. In the event that funds are not identified within the existing OPEX ceiling, the request will be placed to the full EGC committee for consideration. If agreed, the EGC, in consultation with the AFC will make a funding recommendation to the Board. In line with existing financial policies, final approval for amounts in excess of the approved OPEX budget ceiling sits with the Board.

42. It is important to keep in mind that the intent of the inclusion of these clauses in the Revised Policy is not to open up an avenue for frequent and supplemental requests. Exceptional funding requests should be as stated, 'exceptional' and only considered if there is a clear value-add to the Global Fund governance in terms of implementer engagement. Requesting parties will be asked to demonstrate that there have first been efforts to secure external non-Global Fund funding.

43. The inclusion of this option into the Revised Policy will ensure that innovative ideas to move Global Governance forward through the stronger engagement of its implementing constituencies have a clear pathway for consideration at the governance level and key opportunities are not missed.

## **Part 6 – Recommendation**

44. To ensure the continued and improved engagement of the implementing constituencies with Global Fund governance processes, the EGC recommends that the Board approves the Revised Policy via electronic decision point following the November Board meeting.

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## **Constituency Funding Policy**

### **Objective of the Policy and types of support**

1. This Constituency Funding Policy (“Policy”) sets out the funding support provided to constituencies of the Implementer Voting Group, as described in the Operating Procedures of the Board and Committees (referred to as “Implementer Constituency” or “Implementer Constituencies”) in order to facilitate their meaningful and informed participation in, and strengthen their engagement with, Global Fund governance processes.
2. Under this Policy, the Global Fund provides funding support of: (i) core activities of individual Implementer Constituencies; and, (ii) cross-constituencies activities.<sup>1</sup> Exceptional requests by an implementer Constituency or the Implementer Constituencies as a group for additional funding in excess of the Overall Funding Ceiling (as defined below) are handled in accordance with Annex A to this Policy.

### **Roles and responsibilities**

3. The Global Fund Board is responsible for approving this Policy and for delegating to the Ethics and Governance Committee (“EGC”) the authority to determine the maximum amount of funds potentially available to support the funding of the activities covered under this Policy (“Overall Funding Ceiling”) for three-year periods (“Funding Cycle”).<sup>2</sup>
4. The EGC shall determine the Overall Funding Ceiling for the three-year period of a Funding Cycle, within the limits set by the Board under this Policy, and shall, in this regard, review any changes to the Overall Funding Ceiling proposed by the Secretariat at the end of each three year Funding Cycle.
5. The Secretariat, through the Office of Board Affairs (“OBA”), shall be responsible, under the oversight of the EGC, for the administration on a day to day basis of this Policy and shall report annually on the implementation of this Policy to the EGC.

### **Entry into force, first Funding Cycle and amendments**

6. This Policy shall enter into force once approved by the Board.
7. The first Funding Cycle under this Policy will be the three year period starting on 1 January 2017 and ending on 31 December 2019.
8. Any amendments to this Policy shall be subject to the approval of the Board, and shall be submitted to the Board through the EGC.

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<sup>1</sup> The activities for which funding is requested under this Policy shall be carried out by the Implementer Constituencies themselves. Support provided to an Implementer Constituency under this Policy must not duplicate any funds received for similar purposes through other Global Fund funding (CCM, Grant, etc.) or through complementary funding.

In addition to the funding support envisaged under this Policy, the Global Fund also provides other indirect and logistical assistance to Implementer Constituencies (e.g. funding for the travel and subsistence cost of three members of each Implementer Constituency's delegation to Board meetings (the Board Member, the Board Alternate, and the Communications Focal Point); travel and subsistence cost of attending committee meetings for each member holding a seat nominated or held by an Implementer Constituency; the provision of meeting space prior to Board meetings at no cost; the provision of key services such as translation of Board and committee documents; onboarding of new Board Members, Alternates and Focal Points; distribution and centralization of documents and organization of key consultation opportunities in advance of Board and committee meetings). Funds for the costs of such assistance are approved separately through the standard OPEX processes and are not included in the Overall Funding Ceiling under this Policy.

<sup>2</sup> The total amount of the Overall Funding Ceiling shall be used to cover the Individual Funding Envelopes (as defined below) and the Cross-Constituency Funding Envelopes (as defined below) under this Policy. The Overall Funding Ceiling determined by the EGC must not exceed an annual average of USD 1.5 million per year of the Funding Cycle (currently representing 0.5% of the anticipated Operating Expenses Budget (OPEX)) without prior approval of the Board. Anticipated annual average for the Overall Funding Ceiling for the Funding Cycle 2017-2019 is USD 1.2 million.

## **Funding support for individual Implementer Constituencies**

9. Prior to the start of each Funding Cycle, the OBA shall determine, and communicate to each Implementer Constituency, the Individual Funding Envelope available for the said Implementer Constituency for a given Funding Cycle. The Individual Funding Envelope shall be taken into account by the Implementer Constituency for the submission of its funding application for a given Funding Cycle.
10. The Individual Funding Envelope shall consist of:<sup>3</sup>
  - a. An baseline amount of up to USD 100,000 for each Implementer Constituency; and, if required,
  - b. An additional amount for each Implementer Constituency facing specific challenges with regard to its engagement with Global Fund governance processes as a result of its particularities, including in terms of size, physical distance between constituency members, geographical location and language diversity.
11. Following the communication by the OBA of the corresponding Individual Funding Envelope, each Implementer Constituency may submit a funding application for the three year Funding Cycle.<sup>4</sup> The funding application must be accompanied by supporting documentation, including a three-year costed work-plan outlining the planned activities, anticipated impact and costs to be supported in the applicable Funding Cycle.
12. Each Implementer Constituency may apply for up to the total Individual Funding Envelope communicated for the three year period.
13. Exceptions to the Individual Funding Envelope may be permitted by the Secretariat during the Funding Cycle, in consultation with the Leadership of the EGC, subject to the availability of unused funds under the Overall Funding Ceiling for a given Funding Cycle.

## **Eligible costs for each Implementer Constituency**

14. Funding support may be requested under this Policy by an Implementer Constituency in its funding application to cover the eligible costs set out in the non-exhaustive list below:
  - a. Communication and information dissemination.<sup>5</sup>
  - b. Organization and facilitation of pre-Board and pre-committee consultation meetings.<sup>6</sup>
  - c. Support for salaries or fees for the Communications Focal Point or administrative assistance to the Communications Focal Point.<sup>7</sup>
  - d. Office expenses of the Constituency Focal Point, including equipment and supplies, excluding vehicles.

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<sup>3</sup> While the Individual Funding Envelope is composed of the two components sets out in article 11 of this Policy, actual expenditures from previous funding cycles and the availability of complementary or in-kind contributions are also taken into account for the determination of the total amount of the Individual Funding Envelope.

<sup>4</sup> The funding application must be signed by the Board Member, Alternate Member and one additional constituency member from a country (for government constituencies) or organization (for civil society constituencies) other than the country/organization of the Board Member or Alternate Member as well as a representative from the Recipient Institution.

<sup>5</sup> For example, fees related to Board Member, Alternate and Focal Point communication with constituency members and communication within the constituency; constituency conference calls and/or meetings; establishing and updating a website or newsletter; translation of key information; onboarding of new constituency members, off-boarding of exiting constituency members

<sup>6</sup> This includes costs of venues and hospitality, participant travel, interpretation and documentation.

<sup>7</sup> Constituency funding made available pursuant to this Policy may not be used towards remuneration of the Board Member or Alternate Board Member.

- e. Cost of participation at Board meetings of delegation members.<sup>8</sup>
- f. Cost of consultancy fees for engagement of external experts for technical and advisory support for constituency functions not described above.<sup>9</sup>

### **Cross-constituencies funding support**

- 15. The ten (10) Implementer Constituencies may also request, as a group, funding support to strengthen the coordination across the Implementer Constituencies and the engagement of the Implementer Constituencies, as a group, at Board level and with the Global Fund governance processes.
- 16. Prior to the start of each Funding Cycle, the EGC shall determine, and include in the Overall Funding Ceiling within the overall threshold approved by the Board, an amount for funding cross-constituency activities (“Cross-Constituency Funding Envelope”).<sup>10</sup>
- 17. Following the communication by the OBA of the Cross-Constituency Funding Envelope, the Implementer Constituency as a group may submit a funding application for the three year Funding Cycle. The funding application must be accompanied by supporting documentation, including a three-year costed work-plan outlining the planned activities, anticipated impact and costs to be supported in the applicable Funding Cycle.
- 18. Funding support may be requested under this Policy by the Implementer Constituencies, as a group, in its funding application to cover the eligible costs in the non-exhaustive list below:
  - a. Cross-constituency information sharing and capacity building.<sup>11</sup>
  - b. Engagement of external expertise to conduct research or analysis in key areas identified across the Implementer Constituencies to help inform discussion and decision taking at the Board (within the scope of the core functions of the Board and in line with upcoming agenda items for decision).
  - c. Administrative/Coordination support.<sup>12</sup>
  - d. Organization and facilitation of annual Implementer Retreat meetings.<sup>13</sup>
  - e. Cost associated with the development, oversight and implementation of the Implementer Group Roadmap.

### **Implementation, reporting and oversight**

- 19. While funding applications for Individual Funding Envelope and the Cross-Constituency Funding Envelope must cover the full Funding Cycle, disbursements are made annually and are subject to the inclusion and availability of funding in the applicable operating expenses budget, which the Audit and Finance Committee (AFC) recommends to the Board for approval prior to each fiscal year.

<sup>8</sup> The delegation members are additional to the three participants to the Board meetings provided for in the Operating Procedures. Constituencies that consist of multiple countries or organizations should aim for diverse representation from across the constituency.

<sup>9</sup> Including but not limited to development of constituency guidelines; research to inform constituency positions/considerations related to key strategy; policy decisions presented to the Board for approval.

<sup>10</sup> The provision and its amount shall be re-evaluated after each three year Funding Cycle based on expenditure and demonstrated needs and may be adjusted for future Funding Cycles.

<sup>11</sup> For example, expenses related to pairings or activities between constituencies to share information, knowledge, best practices, and lessons learned; online platforms for information sharing; development of online webinars or training tools.

<sup>12</sup> Support for salaries or fees for administrative and coordination assistance to the leadership of the Implementer Group. Support for salaries covered through constituency funding must not duplicate any funds received for that specific purpose through other Global Fund funding (CCM, Grant, etc.) or through complementary funding.

<sup>13</sup> This includes costs of venues and hospitality, participant travel, interpretation and documentation.

20. Following the approval of the funding applications by the OBA, funds will be transferred at the beginning of each calendar year of the Funding Cycle to the recipient institution<sup>14</sup> designated under the terms of a written agreement to be concluded by and between the Global Fund and each Implementer Constituency and the relevant recipient institution or the Global Fund, the Implementer Constituencies as a group and the relevant recipient institution ("Funding Agreement").<sup>15</sup> The Secretariat and the Implementer Constituency will consult to identify a suitable funding flow arrangement that is accountable, transparent and verifiable.
21. Each Implementer Constituency and the Implementer Constituencies as a group must submit on an annual basis (at the end of the each calendar year of the Funding Cycle) expenditure and activity reports to the Global Fund as documented in the Funding Agreement. Disbursements for the following year within the Funding Cycle are subject to the receipt and validation of these reports by the Secretariat.<sup>16</sup>
22. Unspent funds cannot be carried forward between three-year Funding Cycles.
23. Each Implementer Constituency and the Implementer Constituencies as a group must commit to use the funding provided under this Policy solely for the purposes described in the funding application and in accordance with the approved costed work-plan and the terms and conditions of the Funding Agreement. Material changes to the costed work-plan will require Secretariat written approval.<sup>17</sup>

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<sup>14</sup> The recipient institution will generally be the institution with which the Board Member or Communications Focal Point is associated for individual constituencies or the institution with which the Chair of the Implementer Group is associated for cross-constituency funding. In cases where the Board Member, Communications Focal Point or Chair of the Implementer Group is associated with an institution that is not an incorporated body or separate legal entity, the Implementer Constituency or the Implementer Constituencies as a group must nominate another entity. In the event that the Board Member, Communications Focal Point or Chair of the Implementer Group associated with the recipient institution changes, the outgoing Board Member or Communications Focal Point is required to ensure that any remaining funds are transferred to the institution with which the incoming Board Member, Communications Focal Point or Chair of the Implementer Group is associated or their nominated entity.

<sup>15</sup> The Funding Agreement must be signed by Board Member or Communications Focal Point of the relevant Implementer Constituency for the individual funding applications and by the Chair of the Implementer Group for cross-constituency funding.

<sup>16</sup> The Secretariat may also delay an annual disbursement if less than 50% of the disbursed funds from the previous year have been spent.

<sup>17</sup> This written approval can take the form of a letter signed by the Head, Office of Board Affairs (OBA) or his/her delegate, or via email confirmation from the Head, Office of Board Affairs or his/her delegate.

## **Annex A**

### **Exceptional requests for additional funding**

On occasion, opportunities are identified which may fall outside or beyond the scope of the activities covered this Policy but which are deemed to further facilitate the engagement of the Implementer voice in the Global Fund governance processes. These initiatives may provide clear benefits to overall implementer engagement in overall governance processes and contribute to better discussions, decisions and results at the Global Fund Board and would merit the consideration by the Board or its standing committees.

The purpose of this Annex is not to open up an avenue for frequent and supplemental requests to cover activities already provided for under this Policy. Exceptional funding requests should be as stated, 'exceptional' and only considered if there is a clear value-add to the Global Fund governance in terms of implementer engagement. As such, no funds are allocated for exceptional requests under the Policy, approval of the exceptional request will be dependent on the identification of sufficient funding through the mechanisms outlined below.

#### **Approval and reporting of exceptional requests**

1. Request for additional funding in excess of the Overall Funding Ceiling shall be treated on an exceptional basis and shall be subject to the following conditions:
  - a. A separate funding request with a costed work-plan including anticipated impact and associated costs must be submitted to the OBA by: (i) either the Board Member, the Alternate or Focal Point of an Implementing Constituency; or (ii) a member of the leadership of the Implementer Voting Group.
  - b. The requesting party must demonstrate efforts to secure funding for the activities through complementary sources outside of the Global Fund or through their own resources.
2. Approval for the funding of exceptional requests will be made in accordance with the decision making processes approved by the FOPC (FOPC04/DP01).
3. The OBA will conduct a preliminary review and the Secretariat will first seek to identify whether funds to cover the exceptional request are available within the overall approved OPEX budget.
4. If available funds are identified within the overall approved OPEX, the exceptional requests may be approved by the Secretariat, in consultation with the Leadership of the EGC.<sup>18</sup>
5. If the amount of funding requested exceeds the decision-making authority delegated to Secretariat, the request will be jointly approved by the Ethics and Governance Committee (EGC) and the Audit and Finance Committee (AFC). Continued funding of the exceptional request will be subject to funding being included, and approved, in the following year's OPEX.
6. In the event that funds are not identified within the existing OPEX ceiling, the request will be placed to the full EGC committee for consideration. If agreed, the EGC, in consultation with the AFC will make a funding recommendation to the Board. In line

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<sup>18</sup> FOPC04/DP01: Budget Reallocation. In accordance with its authority to approve a framework for budget adjustments, reallocations or additions within the Board-approved operating expenses budget (GF/BM26/DP4), the Finance and Operational Performance Committee (the "FOPC") decides: a. The Secretariat shall present to the FOPC for prior approval any change to an expense category line item that results in a variation of both more than 10% and US\$ 2.5 million from the corresponding line item in the Board-approved operating expenses budget; and b. The Secretariat may approve any other changes to an expense category line item in the Board-approved operating expenses budget.

with existing financial policies, final approval for amounts in excess of the approved OPEX budget ceiling sits with the Board.

7. Funding for exceptional requests are not included in the Overall Funding Ceiling approved under this Policy.
8. Funding requests approved through this mechanism are subject to the same validation and reporting processes as funding provided to individual Implementer Constituencies as described in paragraphs 19 -23 of this Policy and the OBA will report annually on the implementation such requests to the EGC.