

August 23rd, 2022

Honorable Ministries and Secretaries of Health,

It is my honor to address you on presenting the progress report on the key actions undertaken during my managerial responsibilities as Global Fund Board Member for the Latin American and Caribbean constituency as temporary replacement of Dr. Mirta Roses for a one-year period starting in April 2022.

The LAC delegation participating in the Forty Seventh Board Meeting held in-person and virtually on May 10-12, 2022, was headed by myself, as Board Member, Dr. Gabriela de la Iglesia LA Communication Focal Point (Argentina) as Acting Alternate Board Member, with ad-interim delegation of authority from Hon. Dr. Nicholas Steele, Senator, Minister of Health, Grenada, as the Alternate Board Member, due to his non availability to attend the meeting; Mr. Timothy Austin, Senior Project Officer - Communications, Caribbean Communication Focal Point (Guyana); Ms. M. Joan Didier, OECS RCM Representative (Saint Lucia); Dr. Lourdes Kusunoki, Coordinator of the "TB Laboratory Diagnostic Strengthening for the Americas Region", PR - ORAS/CONHU (Peru); Mr. Edner Boucicaut, Caribbean CSO Member, Former Chair of CCM Haiti (Haiti); Mr. Lucien Govaard, CariFLAGS Co- Chair, Youth Representative (Suriname); Mr. Dereck Springer, Former PANCAP Director (Guyana) and Mr. Guillermo Birmingham, Audit/Finance, AFC member (Panama); Dr. Massimo Ghidinelli, Former Unit Chief HIV/STI, TB and Viral Hepatitis - Paho, SC member (Italy).

Firstly, LAC Delegation expressed solidarity with the Humanitarian Emergency Situation that Ukrainian people are going through.

Once again, LAC Delegation congratulated the ED ongoing actions under the COVID-19 Response Mechanism and the Grant Flexibilities to protect Global Fund's core mandate of ensuring an adequate response and program continuity in the challenging pandemic scenario. At the same time, LAC also recognized the persistent challenges facing the Secretariat in 2022 in accelerating delivery of core programs in a COVID-19 context, while preparing for implementation of the next Global Fund Strategy and working to deliver a successful 7th Replenishment.

LAC Delegation highly appreciated the total amount of US \$150 million awarded under C19RM 2021 to LAC given that the Region of the Americas was the most affected Region in the World. Although these C19RM financial contributions enabled the LAC Region to achieve preliminary results in El Salvador which showed impressive recovery due to the implementation of innovative and adaptive measures, the Region of the Americas remains heavily affected by the COVID-19 pandemic, with concrete challenges, as well as the highest COVID-19 mortality in the world as reported by Peru. COVID-19 not only halted the progress made with the three diseases' response, but it also rolled back most of the achievements. In this regard, LAC stressed the need to take stock of the lessons learnt through the C19RM mechanism, particularly regarding data availability and coordination with partners and determine what can be translated into the GF business model.

On the resource mobilization current and future scenario, LAC Delegation highlighted that the impact of COVID19 on development aid, coupled with the fiscal challenges experienced by implementing countries, that affected their ability to comply with agreed domestic financing in the current grant cycle, requires special efforts from the ED, the Board, and committees, to prioritize a review of eligibility criteria, transition, and sustainability as well as the allocation methodology during this Board Meeting, to enable the GF to reach the 2025 and 2030 agreed goals. In addition, the GF Partnership needs to find a tailored approach to identify a set of indicators that could complement and reflect the in-country needs and internal inequities. The Partnership must also be cognisant that it is crucial to consolidate universal and comprehensive social protection systems, including health policies based on a human right and intercultural and gender-sensitive approach, with mechanisms aimed at addressing the barriers and specific needs of different population groups.

Furthermore, LAC Delegation valued the ED's commitment to improve communication, keeping all informed through his COVID-19 regular update calls. LAC appreciated his proactive role and intensified focus on tackling and avoiding sexual harassment and exploitation (SEAH); in the same way, LAC expressed deep appreciation to Nick Jackson, Ethic Officer, for his work on SEAH, and welcomed Ms. Malika Ait-Mohamed who joined the Global Fund as Interim Ethics Officer.

LAC also commended the GFS Team for the excellent work done in developing the New Strategy implementation approach and articulated the theory of change of the GF model. Therefore, LAC expressed a commitment to continue providing guidance on "how to" operationalize the proposed changes that should be tailored to country's needs and the local Governance model, to ensure that the investments are more efficient and integrated, more impactful, less vulnerable to fraud and diversions, and ensure the attainment and sustainability of agreed goals and targets.

At its meeting, the Board also discussed the review of the Eligibility Policy and 2023-2025 Allocation Methodology as well as Catalytic Investments for the 2023-2025 Allocation Period.

Concerning the Eligibility Policy, LAC delegation noted that there has been no change regarding the use of GNI to determine eligibility since 2013. We underscored our reservation about this approach which seems to maintain the status quo without measuring inequities properly in middle-income countries. Therefore, we proposed using allocation indicators such as the GINI index. According to the final report of the Assessment of the economic capacity in the Eligibility Policy and Allocation Methodology issued in September 2021, the reason why the Gini coefficient has not been shortlisted is related to the large data gaps. However, this indicator could be used as a complementary source of information to measure internal inequities relying on its availability.

Concerning the proposed minor revisions to the policy, LAC welcomed and fully supported the SC recommendation regarding revising the Small Island Economy definition to allow UMI small states that are not islands, and are eligible for IDA support, to be eligible regardless of disease burden. This is welcomed news for countries such as

Belize, Guyana and Suriname that are on the mainland. Moreover, LAC noted with satisfaction the improved consistency through the alignment of the data period for the UMI malaria burden indicators with the Allocation Methodology – i.e., the latest available data for the average of 2000-2004 data; as well as, Malaria partners' recommendation that there is need to update the drug resistance indicator for accuracy. Furthermore, LAC also welcomed the SC recommendation that the six (6) Transition Funding components from the 2020-2022 allocation period (Armenia HIV, Guatemala malaria and tuberculosis, Guyana malaria, Kosovo HIV and tuberculosis) be eligible for an additional allocation of Transition Funding for the 2023-2025 allocation period considering potential financial and operational setbacks caused by the COVID-19 pandemic.

Unfortunately, the current approach to non-eligible countries was not recommended for revision, LAC considered that the GF has missed the opportunity to prevent perpetuating emergency situations. Notwithstanding this observation, LAC emphasized that Venezuela should be eligible for the three diseases.

Concerning the proposed refinement to the paced reduction components in the Allocation Methodology, LAC constituency supported the 90% limit of previous funding level that allows for a more moderated decrease for paced reduction components in higher funding scenarios, while still working towards alignment to disease burden and economic capacity. LAC stressed the need to consider other relevant factors in the allocation process, such as: country absorption capacity, performance evaluation, value for money, economic and epidemiological impact of COVID-19.

Regarding the Catalytic Investments (CI) for the 2023-2025 Allocation Period, LAC Constituency noted with concern the decision about emphasizing the use of Matching Funds (MF) while limiting the use of Multi-country Grants (MCG) and Strategy Initiatives (SI). Given that the Multi-country Grants take advantage of their added value, complementarity, and articulation to contribute to the attainment of disease elimination in the LAC Region. Furthermore, technical assistance is one of the main intervention modalities for strategy initiatives and PAHO leads the technical support with the full endorsement of the partnership management arrangements between PAHO and the GF. Therefore, LAC urged the Global Fund to continue financing multi-country grants and Strategy Initiatives through catalytic investments considering a targeted approach based on the realities, data results and achievements of catalytic investment modalities at Regional and Sub Regional level.

In that sense, a more transparent discussion about the rationale behind the allocation of resources to the CI indicative modalities (Matching Funds, SI, MCG) was requested. Additionally, LAC stressed the need to see more funding given to TB and to malaria elimination initiatives.

Acknowledging that additional refinements may be required to the catalytic investment amounts for the priorities under the “RSSH/Cross-Cutting” such as Gender and Human Rights, France, LAC, Communities and Developed NGOs Delegations jointly proposed an amendment for the CI decision point. In that sense, the delegation of authority to the

Strategy Committee was requested to have more flexibility to change financing among the different RSSH priorities in this group to ensure enough matching funds to address RSSH and Cross-Cutting priorities such as Gender and Human Rights.

With regards to the proposed changes to the Charters to leverage the work of the Standing Committees, France, LAC, Communities and Developed NGOs, South East Asia, and Western and Central Africa Delegations jointly proposed an amendment for this decision point to request the precise specification of the Strategy Committee role and advisory function on the Monitoring and Evaluation Framework to assess the Global Fund Strategy implementation.

In addition, LAC highly appreciated OIG efforts to sustain the workplan implementation through innovative partnership arrangements to complement her role at country level. However, LAC raised the need to strengthen monitoring *in situ* to avoid starting to materialize risks related to fraud, corruption, abuse and sexual exploitation.

LAC also thanked the Risk Management Officer and his team on the sharp risk analysis. Despite the fact that the risk trajectories have started to stabilize, the risk levels remain elevated being the risk rate ‘Very High’ for the TB Program Quality. Considering the volatile context, LAC identified the need to review the CCMs oversight and coordination responsibilities as well as increase relationships with Audit National Bodies.

The Board most relevant decisions were: i) Approval of the Revised Eligibility Policy (LAC and Communities abstained from voting this decision point); ii) Approval of the Eligibility of the 2020-2022 Transition Funding Components for an Additional Allocation (approved unanimously); iii) Allocation Methodology 2023 – 2025 (ESA and WCA abstained from voting this decision point); iv) Catalytic Investments for the 2023-2025 Allocation Period (Private Sector abstained from voting this decision point); v) Board Leadership Term (approved unanimously); vi) Leveraging the work of the Standing Committees (approved unanimously). There was an Executive Session of the Board to review the Executive Director’s and IG’s Performance Assessment.

Before the actual Board meeting, both the Implementers Group and the LAC Delegation held preparatory meetings on May 2 and 3, respectively. The IMG reviewed the annual workplan activities and financial figures as well as the proposed leadership transition process. The LAC Constituency reviewed key issues and agreed on common positions particularly about the approval of the Revised Eligibility Policy; the approval of the Eligibility of the 2020-2022 Transition Funding Components for an Additional Allocation; the allocation Methodology 2023 – 2025; the Catalytic Investments for the 2023-2025 Allocation Period; and other critical agenda items of shared interest.

The Board Retreat held virtually and in-person in Geneva on July 8 2022, exclusively for Board Members and Alternate Board Members as well as Committee Leadership (Constituency Focal Points and Committee Members may observe virtually), and solely to move forward with in-depth thematic discussions on Health Financing, and Pandemic Preparedness and Response, allowing the Board to discuss the current health financing landscape and global health architecture, setting the context for Strategy delivery. Input from participants will be sought on a number of strategic questions in relation to each of the topics discussed. Following the Board Retreat and as part of the Board engagement



on the new Strategy Implementation, a Board Call thematic discussion on CCMs and Next Generation Market Shaping Board took place virtually on 26 July 2022.

2022 is a replenishment year for the Global Fund, the process of advocacy and pledging was launched. The full Global Fund Seventh Replenishment Investment Case was presented and discussed by global health leaders at the Preparatory Meeting of the Global Fund Seventh Replenishment that took place virtually on 23 and 24 February and was co-hosted by the heads of state of the Democratic Republic of Congo, Kenya, Rwanda, Senegal, and South Africa. The Global Fund fundraising target seeks to mobilize at least USD 18 billion for the 2023-2025 cycle to continue the fight against HIV, tuberculosis and malaria, while strengthening systems for health and supporting pandemic preparedness. The United States will host the Global Fund's Seventh Replenishment pledging conference on 19-21 September 2022. In his 2023 budget request released on 28 March 2022, President Biden included USD 2 billion for the Global Fund for 2023 and indicated the intent to pledge up to USD 6 billion for the Seventh Replenishment. This represents an unprecedented demonstration of leadership and commitment to a successful replenishment from the host country and sends a clear signal to other donors. Luxembourg announced a pledge of €11.7 million to the Global Fund's Seventh Replenishment, which represents a 30 percent increase when compared with the previous Replenishment cycle.

Regarding the LAC grant portfolio update, a total amount of 398 million for the HIV/AIDS, HIV/TB, Malaria, RSSH, TB and Multi-components has been allocated for the 2020-2022 cycle. Additionally, in 2021, GF provided US\$ 150.4 million (C19RM) to the COVID-19 response in LAC, including bolstering health systems and mitigating the impacts on lifesaving HIV, TB and malaria programs. The monitoring process of COVID-19 disruption showed that LAC was the most heavily disrupted region in 2020, remaining at high risk for Grant implementation at the end of 2021.

Concerning the methods of work for LA Representation, I would like to recognize the ongoing support received from the Latin America Communication Focal Point for the GF and the Area of Communication Platform support.

The Caribbean subgroup continues to be supported through the PANCAP/CARICOM platform. PANCAP/CARICOM is also the very capable administrator of the funds received to support the LAC operations and PAHO /WHO provides administrative support to the Latin America representative for the operation and maintenance of the communication platform in Spanish to ensure a continuous flow of information within the Constituency and with other stakeholders in the Latin America sub-region. Funding support is also to provide the technical expertise in analyzing and compiling policy and strategy documents and comments from all stakeholders including PAHO, UNAIDS, CCMs and RCMs, and presenting and /or negotiating the regional position at the Board level.

Beyond my duties as GF Board member, I continue as Executive Secretary of the Ministry of Health Council from Central American and Dominican Republic (COMISCA) since August 1st, 2021, for a four-year period. In this group, I have the responsibility of



contributing with my individual and collective professional experience in Public Health to support technically the political and strategic coordination.

Dr. Massimo Ghidinelli, LAC Constituency expert and Audit and Former Unit Chief HIV/STI, TB and Viral Hepatitis – Paho, was appointed to the Strategy Committee (SC) for the period 2023-2025. He attended the 19th SC meeting held in-person and virtually, on July 6th & 7th. Relevant issues were addressed, and substantial contributions were made on the Eligibility of Venezuela Malaria and TB for the 2023–2025 Allocation Period; the Qualitative Adjustment Factors for the 2023-2025 Allocation Period and the Progress Update: Operationalizing Catalytic Investments 2023-2025 Allocation.

With reference to the LAC Constituency outreach efforts, I would like to mention the monthly LAC Newsletter, the Board Member six-month reports and regular meetings with LAC Regional Manager and country teams responsible for country and regional grants, to improve relationships between GF Secretariat and LAC countries.

The monthly newsletter in Spanish is being published and you can subscribe to it as well as visit the website www.lacfondomundial.org, and/or use the communication channel through Facebook facebook.com/lacfondomundial and Twitter [@FondoLac](https://twitter.com/FondoLac)

Please do not hesitate to contact me for any enquiry or further information; I am opened to your guidance, proposals, suggestions for improvement and consultations through my personal e-mail aacuna@sica.int and at the institutional e-mail grupolafm@gmail.com.

Sincerely,

Dr. Alejandra Acuña Navarro

Global Fund Board Member

Latin America and the Caribbean Representation