



Independent observer
of the Global Fund

Main decisions at Global Fund's 41st Board meeting include updated allocations methodology and restricted financial contributions

On 15-16 May 2019, the Global Fund Board held its 41st meeting in Geneva, Switzerland. GFO was present, with observer status. The main decisions made at the meeting, in chronological order, are described below. (For precise wording of what the Board agreed, see the decision points document that is available at www.theglobalfund.org/en/board/meetings/41. Background documentation will also, in time, be posted by the Global Fund at the same location.)

The Board tabled nine decision points and approved eight of them, including the pro-forma Rapporteur and Agenda points. An additional three decisions were approved by electronic voting prior to the Board Meeting, and one is expected to be approved by electronic voting after the meeting has concluded (details near the end of this article).

Apart from approving the meeting's Rapporteur (GF/B41/DP01) and Agenda (GF/B41/DP02), the main decision points approved were:

Allocation methodology. The Board approved an updated allocation methodology for use in determining the allocations to countries for the 2020-2022 allocation period. The Board also decided that up to \$800 million from the funds available for country allocations will be used to ensure scale-up, impact and paced reductions (as described in the methodology). In addition, the Board reaffirmed the Core Funding Model Principles as presented in Annex 3 to Board Document GF/B35/05 – Revision 1. Further, the Board tasked its Strategy Committee to approve at its July 2019 meeting the method by which the Secretariat will apply and report on the qualitative adjustment process, which is part of the allocation methodology. Finally, the Board acknowledged that the allocation methodology and the technical parameters (approved by the Strategy Committee in March 2019) supersede the 2017-2019 allocation methodology and

technical parameters. Further details are provided in [a separate article in this issue](#). [See Decision Point GF/B41/DP03.]

Catalytic investments. The Board approved a set of catalytic priorities for the 2020-2022 allocation period. The Board decision contains five potential scenarios outlining how much funding would be provided for catalytic investments; which catalytic priorities would be implemented; and what the budget would be for each priority. Within the five scenarios, the amount of funding for catalytic investments ranges from \$200 million to \$900 million. The five scenarios cover a range of funding available for allocation from \$10.1 billion to \$13.1 billion (or more). Which scenario will apply depends on the amount of funding available overall for allocation; this amount won't be known until after the Sixth Replenishment pledging conference in October 2019.

The Board said that if sources of funds for allocation are below \$10.1 billion, the Secretariat should return to the Strategy Committee with a new recommendation for catalytic investments. In addition, the Board decided that in the event that sources of funding are above the midpoint of any of the funding ranges specified in the five scenarios, the Secretariat may recommend that the Board approve an additional amount, up to \$100 million, for catalytic investments.

The Board also approved, the day before the meeting began, an amendment to the Decision Point, proposed by the United States' and the Developed Country NGOs' delegations, to include a rigorous approval, technical review and regular reporting (to the Strategy Committee) process.

Finally, the Board noted that the Secretariat (a) will have flexibility to operationalize the catalytic investments; (b) will update the Strategy Committee and the Board on such operationalization; (c) will have flexibility to reallocate associated costs among the approved priorities within 10% of approved costs for a specific priority; and (d) will present any proposed reallocations of associated costs exceeding 10% for a specific priority to the Strategy Committee for approval. Further details are provided in [a separate article in this issue](#). [See Decision Point GF/B41/DP04.]

Restricted financial contributions. The Board approved an Amended and Restated Policy on Restricted Financial Contributions as recommended by the Audit and Finance Committee. The previous policy allowed eligible donors to provide restricted funding, such as for interventions on the Unfunded Quality Demand (UQD) Register, but it placed a limit on the amounts and did not specifically allow fundraising for other Board-approved priorities. The amendment, aimed primarily at encouraging greater private sector engagement, allows for restricted contributions up to the budget of the approved UQD intervention and allows eligible donors to support other Board-approved priorities, such as catalytic investments. This policy supersedes the Amended and Restated Policy on Restricted Financial Contributions approved by the Board in May 2017. [See Decision Point GF/B41/DP05.]

2018 Annual Financial Report. The Board approved the Global Fund's 2018 Annual Financial Report, which includes the 2018 Consolidated Financial Statements. In a separate Decision Point, the Board also approved the Global Fund's 2018 Statutory Financial Statements. All of these documents were audited by KPMG SA. [See Decision Points GF/B41/DP06 and GF/B41/DP07.]

Appointment of the external auditor. Based on the recommendation of the Audit and Finance Committee, the Board authorized the reappointment of KPMG SA as the Global Fund's independent external auditor for a second term of three years beginning with the 2019 financial year. [See Decision Point GF/B41/DP08.]

Appreciation of Outgoing Chair and Vice-Chair of the Board. In a late-breaking Decision Point on day 2 of the meeting, the Board institutionalized its appreciation for the leadership of outgoing Chair Aida Kurtovi? and Vice-Chair John Simon. The Board highlighted Kurtovi?'s "significant contribution to the priorities of

the Global Fund over many years” and her particular attention to engagement with constituencies, as well as Simon as “an active driver of governance effectiveness, relationship building and collaboration,” that will have a lasting impact on the Global Fund. Kurtovi? previously served as Board Member for the Eastern Europe and Central Asia Constituency, and as Vice-Chair of the Board. The decision also bestows on Kurtovi? and Simon the titles of Chair Emeritus and Vice-Chair Emeritus, respectively. [See Decision Point GF/B41/DP09.]

DECISION POINT WITHDRAWN

Strengthening committee selection processes. The Board withdrew this decision from consideration, on day 2 of the meeting, for further consultations; the decision is moved for consideration to the November 2019 Board meeting. After consultations prior to this meeting, the Ethics and Governance Committee (EGC) and the EGC Working Group received extensive feedback and comments on the proposed decision, including objections from the United States and Developed Country NGO delegations, and have decided to take more time for further consultations.

The background to this decision point is that in May 2018, after the Board instructed the EGC to review the existing processes for committee membership selection, the EGC made a recommendation to the Board on principles and actions to guide the selection process, on standards and processes for due diligence, and on the size and composition of the EGC.

The revised processes initially up for decision at the 41st Board meeting were intended to improve transparency, rotate the representation of constituencies, and promote relevant experience, institutional memory, gender equality, and proper due diligence processes. The processes include a set membership rotation, selection focusing on competence and diversity, and improved due diligence. The recommendation was developed using input from 17 constituencies, solicited by the five-person EGC Working Group on Committee Selection Processes.

ELECTRONIC DECISION POINTS CONFIRMED

Just prior to its in-person meeting in Geneva, the Board made three decisions through electronic voting:

Appointment of the Board Chair and Vice-Chair (EGC/BLNC). The Board appointed Donald Kaberuka (Rwanda) as Chair and Roslyn Morauta (Papua New Guinea) as Vice-Chair, beginning with the adjournment of the 41st Board Meeting on 16 May. In choosing its new chair and vice-chair, the Board followed a [selection process](#) that it adopted in May 2018. The selection process was launched in November 2018 at the 40th Board meeting. Under the new process, a Board Leadership Nominations Committee (BLNC) was created to coordinate the selection and an executive search firm was engaged to provide support. The decision to appoint Dr. Kaberuka and Lady Morauta was taken by electronic voting on 2 May 2019 and was announced publicly the following day. They will replace the outgoing chair and vice-chair, Aida Kurtovi? and John Simon, respectively. This is the first time that the donor bloc has nominated a Chair from an implementing country.

The two other decisions made through electronic voting were Revisions to Core Governance Documents (EGC) and Revisions to the OIG Charter (AFC).

One further decision is expected to be taken electronically after the Board meeting, on the Governance Performance Assessment Framework (EGC).

Other topics

Some of the other topics discussed at the Pre-Day sessions and at the Board meeting, for which there were no associated decision points, included:

Executive Director update. Global Fund Executive Director Peter Sands addressed the Board in the first session of the meeting on May 15, speaking from notes and a small number of slides. His full address was not distributed as an official document related to the Board meeting.

Domestic resource mobilization. This increasingly important topic, in the era of Sustainability, Transition, and Co-financing (STC), and five months before the Sixth Replenishment, had a 'Pre-Day' special session dedicated to it. The Investment Case for the Sixth Replenishment projects that of the global needs to fight AIDS, TB and malaria in 2021-2023 (\$101 billion), \$46 billion will come from domestic resources, an increase of 48% over the current cycle. The session discussed the finalization of the STC policy and that the findings will be presented at the next Strategy Committee meeting (July 2019) for decisions on next steps. Several country initiatives were also presented, such as the National Aids Trust Fund in Uganda and the Indonesian Fund for TB control. Several representatives from communities highlighted the key role of civil society organizations in the mobilization of domestic resources through advocacy, and the creation of country Domestic Funding Mobilization funds have also appeared as a possible option.

Office of the Inspector General 2018 Annual Report. The Global Fund's Inspector General, Mouhamadou Diagne, presented to the Board, in the opening session of day 2, his annual report, designed to provide assurance to the Board over the design and effectiveness of controls or processes to manage key risks affecting Global Fund programs. The report highlighted key areas that require attention, including program quality (especially related to HIV diagnostics and treatment monitoring, services to key populations, and integration of service delivery), finding missing TB cases, transition, sustainability, and striking the right balance between short-term delivery needs and longer-term capacity building of national implementers. The report also noted continued improvements in the Global Fund's own internal processes and systems, as well as the organization's increasing maturity in terms of the targeted 'embedded' stage of maturity. The GFO will publish a fuller account of the OIG's report in an upcoming issue.

Global Fund and UNITAID collaboration. The two organizations' Executive Directors, Peter Sands and Lelio Marmora, made a joint presentation as part of the 'Leadership Updates' session on day 1 of the Board Meeting. While it is clear that the institutions already collaborate extensively and share the aim to end the epidemics, this presentation framed the partnership as "critical" for the introduction and scaling up of innovations in order to do so. Marmora described Unitaid's main focus as innovation adapted to low resources and challenging environments, market shaping to lower treatment prices and make treatment accessible for patients, and feasibility to scale up the interventions. A Memorandum of Understanding is being drafted to frame this collaboration and facilitate future collaboration.

Wambo.org. During a Pre-Day session on May 14, the Head of the Global Fund's Sourcing and Supply Chain, Philippe François, presented an update on the use of Wambo as part of a Sourcing and Supply Chain update. Francois presented Wambo as a "transaction management tool that supports access and compliance for grants". He described achievements for 2018, including \$1.1 billion worth of product procured through the platform, enabling 116 Principal Recipients in 62 countries to access and benefit from this pooled procurement mechanism (PPM). Françoise noted the difference between PPM, which shapes the market, and Wambo, a tool for order management that facilitates better access to the market. He also explained the Domestic Funding pilot, which started with 10 transactions and has been extended by another 50 (approved by the Strategy Committee in March).

Further feedback on learnings from the pilot and a proposed future strategy will be presented to the Board committees and to the Board in October/November 2019. Future challenges relate to the scale-up of the tool, the structures that need to be in place to enable the use of Wambo, and the identification of

additional groups that may benefit from Wambo. Among the questions raised by the audience, the most significant was the role of civil society in ensuring transparent use of Wambo and access to medicine for key populations that continue to experience discrimination.

West and Central Africa OIG Advisory report. The OIG's findings on grant implementation in the Western and Central Africa region were presented in a session during the Pre-Day meeting on May 14 (see [separate article in this issue](#)). The report highlights both the successes in the region in terms of the epidemic's downward trends for malaria and HIV, and lists the limitations hampering improved implementation, such as the Global Fund's undifferentiated processes and procedures of risk mitigation. Questions were raised by the West and Central Africa delegation to the Secretariat about the follow-up to the report's recommendations, and concrete and adapted measures to make the Global Fund's policies more flexible and adapted to specific country contexts.

Christelle Boulanger contributed additional reporting for this article from Geneva.

The official document containing the Decision Points from the Global Fund's 41st Board Meeting is available [on the Global Fund website](#) at https://www.theglobalfund.org/media/8456/bm41_decisionpoints_report_en.pdf.

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