

5th Audit and Finance Committee Meeting
Developing Country NGO Constituency Positions Statements

AFC 05/ 03 OIG Progress Update and 2018 Budget for Decision

We are encouraged by the progress update of the Office of the Inspector General and welcome the 2018 budget for Board Approval. We note the choice by the OIG to issue advisory notes on human rights and catalytic funding which would be timely and welcome. We remain concerned about the apparent deficiencies in the whistleblowing and complaints mechanisms on fraud and human rights.

We anticipate an update is forth coming as it relates the assessment that was done into the ISpeak Out Campaign. Should the assessment reveal a system fail, the AFC and other committees should consider it a priority to instill an alternative, evidence-based mechanism which engages country-level stakeholders and identifies fraud and human rights risks to our beneficiaries and our investments.

AFC 05/ 05 Resource Mobilization Update (For information)

Some issues are raised without being addressed relevant solutions; for instance: the document states that “increased resources are needed to support parliamentary outreach and coordination of advocacy operations outside of G7 and other major OECD-DAC donors”, however “decision related to increased capacity for this issue has been postponed”. Why? Increasing capacity on this issue should be priority (slides 4-6).

There is little or no mention of the STC and eligibility policies in this document while resource mobilization is closely linked or is affected by these issues.

This update provides a clear picture of where we are, but could it be clarified if we have managed to unlock the matching fund from the USG.

What are the plans that have begun with regards to the 6th replenishment, we would like the committee to request information into how civil society will be engaged in this design and planning?

Have we come up with a projected replenishment goal, and does this reflect the full costed strategy period?

AFC 05/ 07 Semi-Annual risk management report covering the risk management policy and framework implementation and assurance work

While we welcome the inclusion of human rights and gender. This section unfortunately only speaks to the work being done by the Secretariat's Community Rights and Gender Department. There needs to be more robust thoughts like human rights risk assessment for instance. In this regard, we have the following key questions:

1. Other than liaising with partners, how are we dealing with the threats and actualized shrinking spaces for civil society and the arrest and detention of key populations?
2. How will we work with national networks of HIV and TB patients to conduct the advocacy?
3. Beyond the baseline that will be done by CRG in the 20 countries do we have any analysis from the QUART on some of the human rights risks picked up by the Grant Management Team?

We note the indication of **Impact through Partnership (ITP)** being streamlined into the Global Fund core business.

As we are not yet aware of what it has quantitatively and qualitatively achieved so far, we wish to request a full status update on ITP either at the 38th pre board meeting or the next committee meeting.

AFC 05/ 21 Key Performance Indicator Results & Update on Performance Reporting Plans for 2017-2022 Strategy Period

How much room there is for the GF to integrate community data into the indicator frameworks?

We are concerned as to why our performance in human rights and gender are not on track, both as a risk management and mitigation issue as well as our objective to advance these issues wherever our grants exist.

AFC 05/ 08 Advancing Risk Appetite

On drug and insecticide resistance we would like to receive input into how the development of risk appetite in this area would contribute to risk mitigating steps for countries/ regions like South East Asia where MDR malaria is surging.

How does the tracking and oversight of fraud and fiduciary risks by the Committee support or align with the Policy to Combat Fraud and Corruption? We welcome this mode of work and would welcome an alignment that is reflected in the Policy to combat fraud and corruption itself.

AFC 05/ 06 Follow-up on Loan Buy Downs

Loan Buy Downs as articulated here, pose a significant risk in locking out civil society and communities as these grants or loans are and will be negotiated at the government or ministerial level. The level of transparency in such cases is low and access to documents is limited for civil society.

How can we mitigate against this, to maintain civil society and community engagement in the ways the Global Fund is known for?

We want to acknowledge that we note again that this approach to innovative financing will make it almost impossible for the GF to have visibility and monitor the loans impact. The scope of the OIG, will be limited so too will the implications and input of CCMs. The priority must always remain to reach health targets versus leveraging more funds.

While there are discussions on going with CCM on introducing blended finance mechanism (including loan by downs), it is not clear what is the ownership and oversight role of the CCM, if any. Will the GF Code of Conduct and Policy on Combating Fraud and Corruption apply in these cases?

In addition, what indication of willingness to participate do we have from the countries in question? It is of note that while discussions have described the approach as voluntary, and that countries would voluntarily apply to use this kind of funding mechanism, the word “voluntarily” is never mentioned in this paper.

The document states that the GF will only invest in blended finance mechanism where the activities financed by the loan will maintain or accelerate the gains for HIV, TB and/or Malaria; and that the investments will include the context of filling large funding gaps in national strategies, investments for scaling up coverage, and integrating HIV, TB and malaria services into primary health care. There is nothing about scaling up community responses and services, as well as sustaining social contracting mechanisms for CSOs that provide services to KPs. Should we assume that these mechanisms include no consideration for CSOs.

RCM of the LAC and Caribbean has submitted a funding request of \$6M for multi-country malaria catalytic funding. Blended finance facility for malaria elimination in Central America and Caribbean will be providing a concessional loan, and it seems that the implementation arrangements are well explained, and present a slight deviation from grant funded operationalization.

How can this mechanism serve the people of Venezuela, where there is clear evidence on the huge raise of incidence rates?

The financing of the HSS in Vietnam with the World Bank should achieve a more concessional effective interest rate. Unpredictable interest rates in market conditions appears misaligned with GF guiding principles. In addition, as with other WB arrangements the Secretariat is discussing minimum conditions around programmatic and financial reporting GF standards of operations and the guiding principles of transparency and accountability principle we believe are again being flexibly adjusted to enter these arrangements. None of the three options where the GF could enter into these arrangements seem to be compatible with the GF core guiding principles.

We would offer that the GF should insist on grace period or at minimum set upper-ceiling for the interest rates that would be appropriate or acceptable for the GF and the country/ies.

The framework appears to lack essential structure. As one size does not fit all, it would be good to develop a certain typology for a group of countries facing similar situations/ requirements/ criteria. It is also not clear how the loan-by-down will be operationalized; guidance is needed. There is also lack of clarity related to grant oversight.

There is a mismatch in time-frames, which could influence the impact of the financing approach: while GF grant cycle is three years, these loans often last a minimum five years. It is unclear what



criteria or standardized parameters would assist the Secretariat in pursuing its financial arrangements.

The submission of funding request through regular grant approval mechanisms seem to be incompatible with the proposed arrangements for oversight in grant implementation; It is not clear what would the real responsibilities of each party be; why use CCM eligibility criterion 1 if it is not applicable to oversight related matters.