

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

DANIDA | INTERNATIONAL
DEVELOPMENT COOPERATION



**Danish Organisation Strategy
for
The Global Fund to Fight AIDS,
Tuberculosis and Malaria**

2017-2022

October 2017

1. Objective

This organisation strategy for the cooperation between Denmark and The Global Fund to Fight AIDS, Tuberculosis (TB) and Malaria (the Fund) forms the basis for the Danish contributions to the Fund, and it is the central platform for Denmark's dialogue and partnership with the organisation. This version 2.0 follows the first Danish Organisation Strategy for the Fund and will to a large extent continue the strategic direction set therein. It determines the Danish priorities for the Fund's performance within the overall framework established by the Fund's Strategy 2017-2022 ("Investing to End Epidemics") and is aligned with its timeline. In addition, the organisation strategy outlines specific results that Denmark will pursue in its continued cooperation with the organisation. Denmark will work closely with like-minded countries, and especially its Board constituency (Point Seven) towards the achievements of results.

2. The Organisation

2.1 Basic Data and Management Structure

The Fund is the largest global public-private partnership dedicated to attracting and disbursing resources for the fight against AIDS, TB and malaria. It was established at the initiative of then UN Secretary-General Kofi Annan, as an international financing institution – outside the UN system, as this was seen as increasing the potential of the Fund to attract private funding.

The Fund is governed by a **Board** including 20 voting members with equal representation of implementers and donors, which includes representatives of donor and recipient governments, non-governmental organizations, the private sector (including businesses and foundations) and affected communities. Furthermore, the Board has eight non-voting members, including the Board leadership and representatives of key international development partners. Among these are, the WHO, UNAIDS and the World Bank as well as a number of public-private partnerships such as Roll Back Malaria, Stop TB, and UNITAID. The Board meets at least twice annually.

Established	2002
HQ	Geneva
Executive director	Mark Dybul (until May 2017)
Replenishment 2017-19	USD 12.9 billion
Division of funding for the 3 diseases	50% for HIV, 32% for malaria and 18% for TB
Human Resources (Geneva)	More than 700
Country portfolio	417 active grants in more than 100 countries
Denmark member of Board	Board member: April 2015-May 2017

Denmark has been a Board member from April 2015 to June 2017 representing Point Seven (Sweden, Norway, Netherlands, Ireland, Luxembourg and Denmark). The constituency is an important channel for Danish contributions/influence to the current discussions at Board level. Norway serves as alternate Board member and takes over the Board position in June 2017 with the Netherlands as their alternate. The constituency members develop joint positions and to ensure an efficient division of labour the individual members take the lead on different issues.

The day-to-day operations of the Fund, including resource mobilization, overseeing grant implementation and providing support to the Board are undertaken by the **Secretariat**. It is based in Geneva and has no country offices. The Secretariat is complemented by the independent **Office of the Inspector General (OIG)**, which reports directly to the Board through its Audit and Ethics Committee.

Grant proposals are reviewed by **The Technical Review Panel (TRP)**, an independent and impartial panel of international experts in health and development, functioning as an advisory body. TRP ensures inter alia that proposed interventions reflect latest scientific evidence, the newest developments/technologies for the three diseases, up-to-date guidelines, and best practices. Based on TRP's

recommendations, the **Grant Approvals Committee (GAC)**, a committee of senior management, reviews final grant proposals before recommending them to the Board for approval. **The Technical Evaluation Review Group (TERG)** is another independent body advising the Board. The TERG ensures independent evaluations and oversees evaluations performed by the Secretariat. Furthermore, the TERG advises the Secretariat on methods and best practices of monitoring and evaluation.

Operations in countries supported by the Fund are overseen by national **Country Coordinating Mechanisms (CCMs)**. The CCMs include representatives of all sectors involved in the response to the diseases, government, multilateral or bilateral agencies, nongovernmental organisations, academic institutions, faith-based organization, the private sector and – especially – people living with the diseases. The CCMs aim to ensure meaningful engagement of people living with or affected by the three diseases as well as key and vulnerable populations¹. The CCMs develop financing applications – funding requests. The CCMs also engage in periodic reviews of programmes financed by the Fund and nominate the so-called Principal Recipients. It is important to reflect that the Fund has no decision-making power over the CCMs which are national mechanisms established at country-level to facilitate country ownership.

Principal Recipients (PRs) receive Global Fund financing directly, and then uses it to implement prevention, care and treatment programmes or passes it on to other organizations (sub-recipients) who provide those services. Many PRs both implement and make sub-grants. There can be multiple PRs in one country. The PR also makes regular requests for annual disbursements from the Fund based on demonstrated progress towards the intended results.

The Fund contracts **Local Fund Agents (LFA)** to provide independent, professional advice and information relating to grants and recipients in the country. The LFA assesses PR capacity and grant performance and plays a leading role in identifying risks, including risk of fraud. In the absence of country offices they are often described as the “eyes and ears” of the Fund. In some high-risk countries, LFAs can be supported by **Fiscal Agents** as an additional control measure.

Countries use Global Fund financing to implement programmes based on their own needs – developed with input also from non-government partners in the country – and are responsible for the results and impact achieved. Funding requests should be based on national strategies, involving key population and civil society partners as well as government. Each country tailors its response to the political, cultural and epidemiological context. Involvement of various partners is consistent throughout the Fund, from the governing Board and its committees to the CCMs and implementers on the ground.

2.2 Mandate and Mission

The Fund follows the key principles of; Country ownership; Performance-based funding; and Transparency. It has a unique governance structure, operating as a partnership between governments, civil society, the private sector, foundations, donors, technical partners and affected communities. The Funds vision is to achieve a world free from the burden of the three diseases, and the strategy is to invest for impact. The mission of the Fund is to “attract, leverage and invest additional resources to end the epidemics of HIV, TB and malaria and to support attainment of the Sustainable Development Goals”. The Fund’s Strategy encompasses four strategic objectives; Maximize impact against HIV, TB and malaria; Build Resilient and Sustainable Systems for Health; Promote and Protect Human Rights and Gender Equality; and Mobilize Increased Resources.

¹ Key population groups include but are not limited to men who have sex with men, transgender persons, people who inject drugs, sex workers, and people living with HIV. Vulnerable populations refer to those who have increased vulnerabilities in certain context, e.g. young women, adolescents and girls

2.3 Results so far

The Fund has contributed to **impressive results** in the fight against the three diseases. Approximately, 10 million people are now on antiretroviral AIDS treatment under programs funded by the Fund. In the period 2002-2015 16.6 million people have received treatment for TB and 713 million insecticide-treated bed nets have been distributed in countries receiving support from the Fund².

The cumulative signed funding by disease from 2002 till now amounts to USD (in round figures) 19.5 billion for HIV/AIDS, 11 billion for malaria and 6 billion for TB. No other organisation working in international health development can match these figures. Overall country allocations are based on the specific disease burden and the economic capacity of a country. LICs with a high disease burden receive comparatively higher grants. Around 80% of total funding goes to Sub-Saharan Africa.

Furthermore, the Fund has made its investments more effective by optimising procurement of drugs through pooled procurement, which ensures both increased value for money and more rapid delivery. With its co-financing policy the Fund also catalyses increased domestic finance for sustainability of health programs and gains made against the three diseases. Countries supported by the Fund have so far increased their domestic financing commitments by USD 6 billion for 2015-2017 compared to 2012-2014. This has in part been spurred by the Fund's co-financing policy that calls for additional domestic investments in programs. Over the next three years, the Fund expects to catalyse USD 35 billion in domestic resources for health.

In 2015, there were 2.1 million new HIV infections globally, showing a 38% decline in the number of new infections from 3.4 million in 2001. At the same time the number of AIDS related deaths is also declining with 1.1 million AIDS related deaths in 2015, down from 2.3 million in 2005. Globally, an estimated 36.7 million people were living with HIV in 2015. This represents an increase from previous years as more people are receiving the life-saving antiretroviral therapy. In 2016, a record high of 18.2 million people in low- and middle-income countries received antiretroviral therapy as a result of both international and national investments.

TB incidence rates (number of new cases) are declining in most countries receiving funding, and mortality rates have fallen by 31% between 2000 and 2015. Globally, TB has fallen by an average of 1.5% per year since 2000 with a cumulative reduction of 18% until 2014.

Malaria incidence and mortality is declining in most countries receiving support from the Fund, contributing to reductions in overall child mortality. The target set in 2005 by WHA of a 75% decline in incidence rate and mortality rate has been met in many the countries receiving funds, and between 2000 and 2015 there has been a 58% decline in mortality from malaria globally.

Despite impressive results, **challenges** remain. The three diseases continue to claim many lives and healthy life years. More needs to be done before the SDG 3 target of ending the three epidemics by 2030 can be reached. More than 3.2 billion people remain at risk of malaria and every second minute one child under five dies from the disease. In addition, some malaria parasites are becoming immune to existing drugs making treatments more expensive or less effective. Poor health information systems make monitoring of outbreaks challenging and preventive efforts more difficult.

The decline in HIV incidence and mortality has been disproportionately distributed. In a number of countries the HIV/AIDS epidemic is not yet under control and continues to be a challenge for the international control efforts. This is especially the case in Africa, where the social and economic consequences of HIV/AIDS remain considerable. Women and girls are more vulnerable to HIV infection than men, mainly because of social, economic, legal and cultural factors such as entrenched gender roles, unbalanced power relations, and violence against women, including sexual coercion.

² Based on data from the first half of 2016.

Globally, women account for 51% of all people living with HIV, and in sub-Saharan Africa young women between 15-24 years of age account for 66% of newly infected among young people. Alarmingly, young people remain particularly vulnerable to HIV and much more needs to be done to provide adolescents with comprehensive sexuality education and access to relevant services.

The HIV/AIDS epidemic, and to some extent the epidemic of TB, which is being fed by HIV/AIDS, is disproportionately hitting key populations. Female sex workers are estimated to be 14 times more likely to be living with HIV than other women of reproductive age in low and middle-income countries. The prevalence of HIV among men who have sex with men is 19 times higher than among the general population. The HIV prevalence among people who inject drugs is estimated to be around 28 times higher than in the population as a whole. Despite the need to give priority to services for key populations, efforts to address the HIV-related needs of key populations remain severely underfunded. The high prevalence among key populations represents a pool of infection that spreads into the general population. Human Rights violations and discrimination of key populations in many countries hinders an effective response.

Moreover, Multi-Drug Resistant TB (MDR-TB) is a serious problem on the rise. MDR-TB is far more costly, time consuming and complicated to treat than non-resistant TB. There are more side-effects and the infection is often more lethal. According to the Fund, in 2015 there were approximately 580,000 cases of MDR-TB and nearly half of those people died.

2.4 Effectiveness of the Organisation

During the initial years, the Fund concentrated on channelling funds to what was seen as a global health emergency. Throughout the evolution of the Fund's business model, more focus and efforts have been put towards **increased efficiency of its investment**, focusing on countries with the highest disease burden and lowest economic capacity as well as areas of concentrated epidemics in key and vulnerable populations. The Fund has further deepened its approach to contribute to Health System Strengthening.

In an effort to maximize its investment, and increased its **value for money**, the Fund is also working to leverage its significant spending on commodities. The Fund's market-shaping strategy supports health outcomes and access to products by leveraging the Fund's spending to facilitate healthier global markets for health products. It does this by shaping markets to support innovation, sustainability, quality, affordability and availability. The procurement of commodities currently accounts for about 40% of grant expenditures. By 2016 the Fund had achieved three year saving worth more than USD 600 million through a more effective pooled procurement mechanism (PPM) and by working with partners such as the United Nations Children's Fund (UNICEF), the US President's Malaria Initiative and the UK's Department for International Development (DFID) to harmonize global forecasts and align strategies.

The Fund has recently been subject to an assessment by the **Multilateral Organisation Performance Network (MOPAN)**. The 2015-2016 MOPAN assessment of the Fund reflects the organisation's achievements related to results, practices, behaviours, and the organisational system itself. Overall the assessment concludes that the Fund provides strong global leadership and completely meets the requirements, rating the Fund with high scores on selected indicators.

MOPAN has also identified some areas of improvement, including the integration of disease specific approaches in the overall efforts to strengthen systems for health, and of cross-cutting issues into programmes, such as key populations, human rights and gender equality. Significant improvements have been made in the analysis of these issues but challenges remain in terms of implementation across funding and programming. According to the assessment, although the Fund has increased its efforts to align to national policies and cycles, there is a lack of efforts to align with other developing

partners. Respondents of the assessment emphasised that the sharing of information by the CCMs was unsatisfactory.

In terms of key strengths of the Fund, MOPAN highlights the clear strategic direction, the organisational restructuring, and the improved risk and human resources management as well as result-based budgeting. Further, MOPAN positively notes the vibrant and effective partnerships, the commitment to practical implementation of result-based management, and the work towards gaining data of high quality³.

In addition, **DFID updated a Multilateral Development Review** in December 2016 evaluating the overall success of the Fund. Together with World Bank and GAVI, the Fund achieves the highest score “very good” in organisational strength out of a total of 38 assessed agencies. The report highlights that the Fund is especially capable of providing economies of scale, which is described as a key benefit. Moreover, the Fund is also acknowledged for its ability to mobilise resources from diverse sources⁴.

The **Mid-term review of the Danish Organisation Strategy 2014-2016** of April 2016 concluded that the Fund continues to be an important partner for Denmark in the efforts against AIDS, TB and Malaria as well as in global health, and has achieved great results during its lifetime. Overall the Fund is doing well and has improved its governance and allocation methodology remarkably during the past couple of years. The review recommends that Denmark continue to work with the Fund to maintain focus on; poverty reduction; Human Rights, young women and adolescents; and a more comprehensive approach to strengthening systems for health, as well as a continued improvement of the Funds monitoring framework to measure the overall impact of the Fund.

Globally, there is growing recognition of the evidence showing that human rights approaches increase the effectiveness, efficiency and sustainability of HIV/AIDS, TB and malaria programming. Yet in many countries, poor and inequitable targeting of interventions, discriminatory social and legal requirements, unsupportive policy settings, and sometimes severe and persistent human rights violations continue to undermine programmes and reduce impact. There has been a broad consensus that the Fund should do more to explicitly promote human rights-based approaches. Thus, the Fund’s commitment to invest in programmes that address human rights barriers has been strengthened in the 2017-2022 strategy. Moreover, the Fund recognises gender inequalities as a strong driver of the HIV/AIDS, TB and malaria epidemics and therefore commits to ensuring that its grants support equal access to prevention, treatment, care and support.

As mentioned previously, the CCMs should comprise representatives of people living with HIV and of people affected by TB or malaria. There is room for improvement on this issue, and the Fund now requires all CCMs to show evidence that the requirement is being followed. It is also a requirement that key populations are engaged in the development of funding applications; the Fund requires that this is documented in the funding applications. Nonetheless, stronger efforts from partners and governments with the support of the Fund are required to ensure that CCMs are effective, inclusive and transparent.

3. Key Strategic Challenges and Opportunities

3.1 Relevance and Justification of Future Danish Support

The Fund continues to be an important stakeholder for Denmark in the fight against the three diseases. Support to the Fund is directly in line with the strategy “The World 2030, Denmark’s strategy

³ <http://www.mopanonline.org/assessments/globalfund2015-16/index.htm>

⁴ <https://www.gov.uk/government/publications/raising-the-standard-the-multilateral-development-review-2016>

for development policy and humanitarian action”, and its aim to place Denmark at the forefront of international efforts to promote sexual and reproductive health and rights, including the fight against HIV/AIDS. The strategy underlines that Denmark’s overriding aim in international development co-operation is to *fight poverty, enhance sustainable growth and development, economic freedom, peace, stability, equality and rules-based international order*.

According to the World 2030, Denmark will apply human rights as a core value in partnerships and use principles of non-discrimination, participation, transparency and accountability in all phases of development cooperation. These priorities are reflected in the Fund’s own strategy, including efforts to promote and protect human rights and gender equality, and reduce human rights barriers to services and increase programming for key populations. Furthermore, the Fund’s interaction with civil society at country level and civil society involvement at Board level concurs with Denmark’s human rights-based approach to development.

Denmark remains committed to the SDGs, and the Fund is one of the biggest multilateral funders of the health-related SDG 3 “Ensure healthy lives and promote wellbeing for all at all ages”. In particular, it is a key organisation in the efforts to achieve the sub-target 3.3 to end the AIDS, TB and malaria epidemics by 2030. According to predictions for the three diseases there is risk of resurgence of the epidemics and loss of the results obtained if strong investments to scale up efforts are not made in the next four to five years.

The Fund’s work is also expected to have a notable impact on SDG 3.8 (universal health-coverage), SDG 3.1 (on maternal mortality) and SDG 3.2 (on child mortality); malaria is especially dangerous for small children and pregnant women, and vertical transmission⁵ of HIV still accounts for a large share of new infections.

Multilateral organisations often have an advantage over bilateral development organisations in fragile states where Denmark does not have a permanent presence. The Fund is increasingly focusing on fragile countries and situations and has developed a new policy for challenging operating environments (COEs).

In line with SDG 17 the Fund is also working to ensure the sustainability of its programmes. The Fund has developed a policy for Sustainability, Transition and Co-financing, which aims to ensure that programmes are co-financed by national governments, that projects are planned and implemented in a sustainable manner so that countries are prepared when they transition from receiving financing from the Fund. The Fund implements counterpart financing policies to support countries to increase domestic funding for the three diseases and the health sector

The Fund’s strategy reflects the criticism raised by Denmark and by recipient countries, civil society as well as governments, that the organisation must provide more flexible funding opportunities, be more attentive to the needs of countries, be more predictable in its funding, use national strategies and national systems, be more transparent and efficient, and integrate human rights considerations in the whole funding cycle. The organisation has heeded the criticism and undertaken major initiatives to change policies, strategies and organisational set-up. The updated allocation model now assures more stable, predictable and aligned funding based on indicative funding frames at national level, linked to country specific circumstances, including the scope of the disease burden. Moreover, the funding has been made more flexible to allow for better alignment with national budgeting cycles and country-specific demands.

⁵ mother-to-child transmission

3. 2 Major Challenges and Risks

Most risks of the Fund remain the same as in the previous strategy, although some risks such as the shrinking donor contribution until now have proven smaller than initially expected.

Risk no. 1. Maintaining the high level of funding

As for any specialised organisation, changing international priorities and a declining trend in ODA and especially in health ODA are continued risks for the Fund. With the direct inclusion of HIV/AIDS, TB, malaria in the SDGs the Fund has a continued mandate directly related to the broader development priorities. However, the broader scope of the new goal (and targets) will make it even more obvious that horizontal, integrated health services are key to achieving results, and the Fund will have to do even more on health systems strengthening.

Both as a consequence of changes in international priorities and following the global financial crises shrinking donor contributions continue to be a risk for the Fund. However, the Fund has taken a smaller "hit" compared to many other organisations in recent years and the impressive result of USD 12.9 billion pledged at the Funds 5th replenishment in December 2016 underlines this. The United States provides around 1/3 of the total support for the Fund, and early indications are that the level for 2017-2019 will be maintained as pledged in Montreal in September 2016. With UK and France both providing around 1/10 of the total support, the Fund continues to have a fairly high dependence on a few donors.

At the same time, the number of global health partnerships and international health initiatives keeps growing, thereby increasing the demands for funding. It is therefore uncertain whether the current level of contributions can be sustained. A reduced turnover may not be a risk for the Fund as an organisation if the Fund is able to prioritise and gradually reduce commitments in a predictable way, but the pressure on the organisation to make the structures leaner and adapt to less generous funding will grow.

Risk no. 2. Programmatic impact and systems strengthening

The disease specific focus of the organisation risks distorting national priorities in developing countries with weak administrative systems. The Fund is increasingly focusing on strengthening health systems and the flexibility that allows countries to improve the integration of the efforts and work across diseases, but the risk of distortion of priorities persists in organisations with a strong disease specific focus. This alongside the structure of the Fund, with no country presence, constitutes inherent challenges. The CCMs, which are intended to be integrated into and work in close collaboration the national health systems sometimes creates semi-parallel systems. In addition the coordination and dialogue with other development partners on the ground is at times limited.

The Global Fund recognises that strong health systems which integrate robust community responses are needed to end HIV, TB and malaria as threats to public health. Resilient and sustainable systems for health (RSSH) are a core pillar of the Global Fund Strategy. The Global Fund's RSSH investments contribute to addressing system-wide constraints that not only affect the three diseases but other health programs as well. Moreover, the investments help strengthen the level of integration of national HIV, TB and malaria programs into national systems for health.

Risk no. 3. Misuse of funds and maturity of risk systems

It is acknowledged that channelling huge amounts of funds to health interventions in some of the world's poorest countries carries risks of misuse of funds, both in terms of technical effectiveness and financial management. The significant amount of investments spent on commodities adds to this risk. Misuse of funds became a problem for the Fund in 2011 due to heavy media exposure of some specific cases. This initiated an intensive investigation and the set-up of the High Level Review Panel which has led to the creation of a new Funding Model as well as creation of specific unit

focusing on risk, led by a Chief Risk Officer. Moreover, the Office of the Inspector General (OIG) thoroughly investigates and audits any inappropriate use of grants.

The Fund has introduced a risk management system that looks systematically at four risk areas; programmatic and performance risks; financial and fiduciary risks; health services and product risks; and governance, oversight and management risks. This system aims to allow for a comprehensive overview of the risk associated with the different grants and tailored mitigating measures. In 2013 the OIG assessed that internal control, governance and risk management processes were only utilised on an ad hoc basis. Today the OIG considers the Fund to have matured and it has already achieved an "initiated" level and is moving towards an "embedded" level in its organisation maturity rate.

4. Priority Results of Danish Support

The priority results chosen for this strategy are aligned with "The World 2030".

Denmark will continue to work towards ensuring focus on the poorest countries with the highest disease burden, which is also central to the Fund's allocation model. Funding to middle income countries should be limited and targeted key or vulnerable populations and should furthermore also normally depend on financial contributions from local counterparts.

The priority results areas of the Danish organisation strategy are based on the Fund's own monitoring framework and targets are chosen from the Fund's *Key Performance Indicators (KPI)* adopted for the 2017-2022 strategy. Denmark will concentrate efforts with the Fund in the following focus areas which provide the best fit with Denmark's strategic priorities:

A. Ensuring that the Fund maintains and strengthens its focus on human rights, including equity and gender equality

Despite the need to address the disproportionate distribution of especially HIV, targeting of key populations generally remains underfunded and politically highly challenging in some countries. Thus, inequitable targeting of efforts, discriminatory social and legal restrictions as well as other human rights violations continues to obstruct progress and undermine programmes. "The World 2030", emphasises that human rights are the basis for partnerships in development. This concurs with the strategic plan of the Fund as expressed in its Strategic objective 3: *Promote and protect human rights & gender equality*, and includes promoting efforts to overcome behavioural and structural barriers, i.e. addressing Sexual and Reproductive Health and Rights and gender inequality.

A human rights based approach implies ensuring that all legal and social barriers to reaching key populations are identified and reduced if not removed. This pertains most specifically to the response to HIV/AIDS. The Fund is working actively to address gender inequality, among other initiatives through a commitment to ensure that its grants support equal access to prevention, treatment, care and support. Moreover the Fund has launched intensified efforts to remove human rights barriers, especially for key populations and vulnerable groups in a sub-set of countries to build on lessons learned as well as building new experience in the field. In the Fund's strategy indicators have been defined for both gender and age equality and human rights barriers (GF KPI 8 and GF KPI 9, cf. Annex 2) that enables follow-up on these engagements.

Denmark will work to ensure that the Fund maintains a continued, evidence-based, specific and comprehensive disease response that is inclusive of marginalised populations and addresses all barriers to access, including through coordination with technical partners such as UNAIDS. Special attention will be given to countries, primarily in Sub-Saharan Africa, where women and girls are particularly at risk of HIV-infection. Empowerment of young girls and adolescents, including through initiatives to avoid girls dropping out of school, though access to comprehensive sexuality education and to services, will be a key factor in reducing prevalence in these countries.

Denmark will follow the Fund's efforts in reaching its strategic objective 3 and in particular GF KPI 8 *Gender & age equality* (Percentage reduction in HIV incidence in women aged 15-24) and 9 *a) Reduce human rights barriers to services* (Number of priority countries with comprehensive programmes aimed at reducing human rights barriers to services in operation) (see annex 1).

B. Maximising the Fund's Impact on Strengthening Health Systems

Rights, including Sexual and Reproductive Health and Rights, have little meaning if the national health systems are unable to deliver services. Building resilient and sustainable systems for health is central in the Fund's strategy with one out of four strategic targets being dedicated to this; Strategic objective 2 *Build Resilient and Sustainable Systems for Health*. The underlying indicator (GF KPI 6) intends to measure various aspects of health systems such as procurement; supply chain; financial management; Health Information Management Systems (HMIS) coverage; disaggregated results; and alignment with National Strategic Plans. Denmark considers Health Systems Strengthening the best way to improve health for the poor in a sustainable way, and will support the Fund's efforts in this area.

Alignment with national strategic plans and planning processes still proves challenging in some countries. Work in this area is moving in the right direction and the Fund is working towards better alignment as well as more flexible and diversified approaches to be able to adjust to different contexts and level of development. Thus, work has gone into the adjustment and improvement of the Fund's allocation methodology to ensure the most efficient investments possible.

Going forward, Denmark will support a continued and strengthened prioritisation on Health Systems Strengthening to avoid that a too vertical approach creates inefficiency and disintegration of efforts.

Denmark will follow the Fund's efforts in reaching its strategic objective 2 and in particular GF KPI 6 *b) Supply chain* (i. Percentage of health facilities with tracer medicines available on the day of the visit; ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit) as well as and *f) Alignment with National Strategic Plans* (see annex 1).

C. Continued institutional Reform and strengthened Risk Management

The Fund has continued to improve its governance and organisational efficiency. During the initial reform process, the Fund addressed risk management; resource allocation; investments and evaluations; as well as organisation of the secretariat. Although the Fund has made immense progress in the reform of its governance, including grant management and the allocation of funds, some areas are still being improved to increase the efficiency of the Fund's investments.

The Fund takes seriously any misuse of funding and has zero tolerance for corruption and misuse of funding. All cases are referred to the OIG which is also undertaking regular audits. If any misspent funds are identified, the Global Fund pursues recoveries, so that no donor money is lost to fraud or ineligible expenses. Additionally, action is taken to address underlying weaknesses so that countries can prevent future risks.

The OIG has also launch some awareness campaign including "I Speak Out Now!" launched in December 2015 to encourage staff and grant implementers to denounce any kind of violations under the following categories; coercion, collusion, corruption, fraud, human rights violations and product issues. The Fund has also put in place the whistle-blowing mechanism which is a confidential reporting system, allowing them to intervene earlier and thereby increase the quality of its response.

The Risk Department, the second line of defence, acts as a bridge between the OIG and the Secretariat. Working closely with the different teams it lends rigor to the risk identification, prioritization and mitigating measures across key priority portfolios. The department also led the development of

an enterprise risk register with 29 priority risks spanning across the GF strategy, addressing them are critical to achieving the GF mission of impact against the three diseases.

To fight against corruption, a wide range of measures prevails to mitigate the risk including the appointment of external procurement advisors; procedures to avoid conflict of interest; increased oversight by the Fund; investigation of the possibility of sanctioning enterprises on basis of the Fund's code of conduct; the introduction of new risk mitigation plans; and steps to ensure due diligence of all collaborating partners and enterprises.

Risk management including determining the right level of risk appetite will remain a critical subject, not least due to the large investments in countries with challenging operating environments (COEs). Denmark will follow developments in the risk index as well as the further development and use of this system.

From a Danish perspective, the Fund should also continue efforts to improve governance and to be innovative. The Fund needs to continue its evolvement and adjustment to a changed reality with new challenges. As an example is the Board, which is working in two blocks that underline a divide between implementers and donors that no longer reflects reality and the aspiration of the shared responsibility agenda. Moreover, there are on-going discussions in the Fund on how to accommodate potential new bilateral donors that may not be likeminded with the existing constituencies. Failure to address this may constitute a risk for the Fund in and inhibit the attraction of new donors.

Denmark will follow the Fund's efforts in continued institutional reform and strengthened risk management through the Annual OIG report, and more precisely the progress in Key Components of Risk Management Architecture. There is currently no dedicated indicator (KPI) on risk management in the Funds monitoring framework. The previous (2014-2016) GF KPI related to risk (The Portfolio Risk Index) has now been discontinued due to its significant flaws and unreliability, an alternative has not yet been developed.

5. Preliminary budget overview

The Fund receives the vast majority of total funding from public donors as core contribution, with USA, France and United Kingdom being the largest contributors (calculated on a total paid to date basis). The Fund only accepts un-earmarked contribution from public donors. During its 5th replenishment, and as was the case in previous replenishments, national governments pledged most of the funds; donations from the private sector constitute around 6.4% of the total (4.6% from the Gates Foundation, 1.8% from private companies).

Table 1 Indicative budget for Denmark's engagement with the Fund⁶

Contributions in DKK millions	2017	2018	2019
Core funds	0	150	150
Earmarked funds			
Totals	0	150	150

In 2016, the Danish contribution to the Fund was DKK 50 million. End 2015 Denmark's cumulative contribution to the Fund ranked as no. 14. The Point Seven-countries together constitutes the fourth largest donor constituency (after US, UK and France). Decision on the Danish contributions beyond 2019 is expected to be taken before the sixth replenishment conference.

⁶ The numbers for 2017-2019 are preliminary and subject to parliamentary approval

Annex 1. Summary Results Matrix:

The matrix below shows the chosen Danish priority results (cf. chapter 4) and the related set of indicators and targets from the Funds Key Performance Indicator (KPI) framework.

Danish Priority Result area A: Ensuring that the Fund maintain and strengthen its focus on human rights, including equity and gender equality			
GF Strategic objective 3: Promote and protect human rights & gender equality			
GF Key Performance Indicator	Measure	Target	Comments
GF KPI 8: Gender & age equality	Percentage reduction in HIV incidence in women aged 15-24	58% (47-64%) over the 2015-2022 period	<p>HIV infection rates among young women are twice as high as among young men in some regions in sub-Saharan Africa. The indicator will track the extent to which an enhanced programmatic focus on women and adolescent girls results in a reduction in new infections in selected countries with large disparities in incident infections.</p> <p>This objective is closely linked to other strategic objectives focused on scale-up of programmes supporting women and girls; advancing sexual and reproductive health and rights; support to women's, children's, and adolescent health; and removing barriers to access.</p>
GF KPI 9: Human rights	<p>a) Reduce human rights barriers to services</p> <p>Number of priority countries with comprehensive programmes aimed at reducing human rights barriers to services in operation</p>	4 for HIV & 4 for TB by 2022	<p>With a focus on 15-20 priority countries this indicator will measure the extent to which comprehensive programmes to reduce human rights-related barriers to access are established.</p> <p>The programmes will be designed around the "7 key interventions to reduce stigma and discrimination and increase access to justice" of UNAIDS.</p> <p>Where available, established WHO indicators for assessing enabling environments will be used to track progress in operationalizing the interventions.</p> <p>The aim is that these programmes will contribute to a meaningful reduction in human rights barriers to services and that increased access will lead to increased impact. This will be measured through in-depth evaluations as baseline in 2017, at mid-term in 2019 and at the end of the strategy period in 2022.</p> <p>Note that while 8 countries are the target for comprehensive programmes, all 20 countries will have active work.</p>

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Danish Priority Result area B. Maximising the Fund Impact on Strengthening Health Systems			
GF Strategic Objective 2: Build Resilient & Sustainable Systems for Health , aims to improve the performance of strategically important components of national systems for health.			
GF Key Performance Indicator	Measure	Target	Comments
GF KPI 6: Strengthen systems for health	Share of the portfolio that meet expected standards for:		
	b) Supply chain i. Percentage of health facilities with tracer medicines available on the day of the visit ii. Percentage of health facilities providing diagnostic services with tracer items on the day of the visit	To be set in 2017 based on baseline and new Supply Chain Strategy	<p>The aim is to measure the extent to which investments in strengthening the different components of health product management systems contribute to the uninterrupted availability of essential health products at service delivery points.</p> <p>This is based on the mean availability score for 10 -15 tracer items, and aligned with the recommendations of the health product interagency task force.</p> <p>Diagnostic services readiness (i.e. the capacity of the health facility to provide laboratory diagnostic services) is based on a defined list of tracer lab items.</p>
	f) Alignment with National Strategic Plans Percentage of funding requests rated by the TRP to be aligned with National Strategic Plans	90% over the 2017-2019 period	<p>National health strategies and disease specific strategic plans will remain central going forward into the Fund's next application for funding process. Indicator proposes to use this process to monitor and ensure alignment between funding requests and National Strategic Plans.</p> <p>During the current funding cycle the vast majority of concept notes were rated by the Fund's independent Technical Review Panel as being well aligned with national strategic plan priorities. This indicator will track whether this strong performance is maintained in the next replenishment period.</p> <p>It was noted by the TRP that the indicator be complemented by a wider set of management information as part of thematic reporting to draw out key issues observed from TRP review of funding requests</p>

Danish Priority Result area C: Continued institutional Reform and Risk Management			
No Strategic Objective exists in the Fund Strategy for this priority results area			
GF Key Performance Indicator	Measure	Target	Comments
NA	NA	NA	<p>The Secretariat has acknowledged the limitations related to the current main metric, the Portfolio Risk Index, and work is underway to develop it. Likewise, whilst the previous Key Performance Indicator (2014-2016) related to risk has now been discontinued due to its significant flaws and unreliability, an alternative has not yet been developed.</p> <p>Until a new and more reliable GF KPI has been developed, the assessment of the Fund's advancement in risk management and assurance will be based the Annual OIG report (progress in Key Components of Risk Management Architecture).</p>

Annex 2. Global Fund Strategy and Key Performance Indicator (KPI) framework 2017-2022:

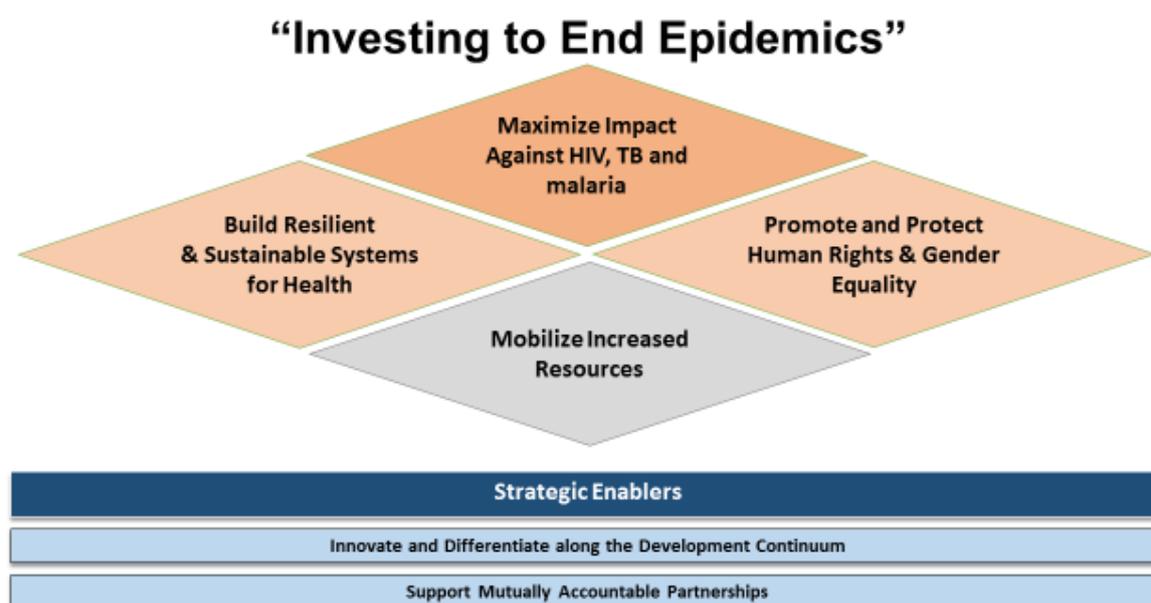


Figure 1 Summary of the Fund Strategy 2017-2022: Investing to End Epidemics

2017-2022 Strategic KPI Framework

Strategic Targets	Strategic targets			
	① Performance against impact targets		② Performance against service delivery targets	
Strategic Objectives	<i>Maximize Impact Against HIV, TB and malaria</i>	<i>Build resilient & sustainable systems for health</i>	<i>Promote and protect human rights & gender equality</i>	<i>Mobilize increased resources</i>
Strategic vision	Invest funds to maximize portfolio impact	Improve the performance of strategically important components of national systems for health	Reduce human rights barriers to service access; & Reduce gender and age disparities in health	Increase available resources for HIV, TB & Malaria; & Ensure availability of affordable quality-assured health technologies
Strategic KPIs	③ Alignment of investment & need	⑥ Strengthen systems for health	⑧ Gender & age equality	⑩ Resource mobilization
	④ Investment efficiency	⑦ Fund utilization	⑨ Human rights	⑪ Domestic investments
	⑤ Service coverage for key populations			⑫ Availability of affordable health technologies

Figure 2 Strategic Key Performance Indicator (KPI) Framework for the Fund Strategy 2017-2022: Investing to end epidemics.