

38th Board Meeting

CCM Evolution

GF/B38/21

14-15 November 2017, Geneva, Switzerland

Board Input

Purpose of the paper: Update to the Board on the progress of the CCM evolution initiative.

This paper is for information/discussion purposes and does not propose any decision points at this time.

Executive Summary

Context

In 2017, the Secretariat embarked on a CCM Evolution project. In Phase I, it compiled and analyzed data around CCM functionality and performance. In Phase II it held stakeholder consultations through workshops, questionnaires, meetings, and document review eliciting feedback on CCM functionality and performance. The Secretariat consulted and updated the Committees on the CCM Evolution project at the June/July and October 2017 Committee meetings.

Questions this paper addresses

- A. What are the key findings so far?
- B. What options are we considering?
- C. What do we need to do next to progress?

A. Key findings

- Phase I: The results from the analysis of CCM performance, which is measured across four eligibility requirements (ER): ER 3 Oversight Function, ER 4 Representation of Affected Communities, ER 5 Transparent Election Process, and ER 6 conflict of Interest, showed overall performance improved since 2014. The overall lowest performance is in the indicators measuring Civil Society engagement and the sharing of oversight results; and the most improved indicator is on demonstrating the mitigation of conflict of interest (COI) issues in CCM meeting minutes. Additionally, average civil society membership is about 50%, which is 10% more than is required; and
- Phase II: A major key finding is the emergence of three CCM maturity levels: Basic Governance; Program Oversight, and Strategic Engagement. Additionally there are four major enablers to evolve CCMs to the Strategic Engagement Level: having the right leaders; having an effective CCM Secretariat; having strong support and active engagement from the Global Fund Secretariat; and having sufficient financial resources.

B. Options we are considering

The consultations identified that CCMs need to strengthen engagement, oversight, and linking to national bodies. CCMs must strengthen the quality of **engagement** of all CCM members. Expectations must be clarified for CCM **oversight** function. CCMs should ensure robust interface and **linkages** with national bodies, tailored to country context.

C. Next steps to progress

The Secretariat will move forward in the CCM Evolution plan and evaluate options based on potential cost and impact to discuss with the Standing Committees in March 2018 and at the 39th Board Meeting in May 2018.

Input Sought

This paper is for Board input and discussion at the Pre-Day session ahead of the 38th Board Meeting. Committee and Board members are asked to provide their feedback via 1-on-1 interviews with the Secretariat. Input will be incorporated into the ongoing work of the project.

Input Received

Extensive consultations were conducted. 179 participants representing 66 CCMs (or 63% of all CCMs) attended 5 Regional workshops. All other CCMs were given the opportunity to provide input via questionnaires. 108 contributors from Multi- and Bi-laterals partners and LFAs provided written feedback. Beyond CCM CS members, 38 civil society contributors from 37 groups (CRG Advisory Committee, Watchdogs, Technical Platforms, KAP CSOs, and Others) provided input.

What is the need or opportunity?

1. The Secretariat carried out an analysis of its business model in high-risk countries, assessed possible alternative options, and presented a summary of the findings to the Committees and Board in October/November 2016¹. The report concluded that there were strong advantages to the Global Fund's current business model but that three main challenges should be addressed, one of which was strengthening country coordinating mechanisms (CCMs).
2. The report noted that many of the key challenges CCMs face were also identified in the OIG audit of CCMs²: *insufficient CCM involvement in oversight of grants, variable engagement and empowerment of civil society and key populations on CCMs, and inappropriate linkages with key actors* in country, whether this is due to lack of effective ties with key governance bodies within the country or having ties that create conflict of interest situations within the CCM.
3. In March of 2017, the Secretariat reported to the Ethics and Governance Committee (EGC) and Strategy Committee (SC) with an implementation plan and update on actions to identify and prioritize CCM portfolio segments in order to evolve CCMs in line with the Global Fund Strategy and address issues raised in the OIG report. Under the oversight of the EGC and with guidance from the SC, the Secretariat is conducting two phases of analysis and consultation during 2017, outlined below.

What are the key findings so far?

Phase I

4. In June and July 2017, the Secretariat shared the summary of conclusions emerging from Phase I of the CCM Evolution with the SC and the EGC. The work provided an overview of:
 - a. the current CCM structure, including the composition and number of members, the types of leadership, the level of funding and breakdown by cost categories, and the size and performance management of CCM Secretariats;
 - b. CCM performance on the Eligibility and Performance Assessments (EPA) carried out since 2014 to assess CCM performance against the Global Fund Eligibility Requirements;
 - c. Analysis of factors that impact CCM performance and whether CCM performance has an impact on grant performance; and
 - d. Next steps, with a strong focus on the consultation envisioned before the next Committee meetings in October 2017.
5. Key findings, reported to the EGC and SC in June 2017, were as follows³:
 - A. Average civil society membership is about 50%, which is 10% more than is required;
 - B. CCM membership varies from 5 to 39 members;
 - C. Eligibility Requirement 5 requires the CCM to elect its Chair and Vice-Chair(s) from different sectors and also follows good governance principles of periodic change and rotation of leadership. The majority of CCM chairs are from the government sector;
 - D. CCMs from high impact and challenging operating environment (COE) countries have the biggest budgets;

¹ GF/B36/28, "Review of the Global Fund Business Model", Presented 16-17 November 2016, Montreux, Switzerland

² "Audit Report The Country Coordinating Mechanisms", GF-OIG-16-004, 25 February 2016.

³ For a more detailed breakdown, please refer to the SC Slides, Oct 2017. A link can be found in Annex 4.

- E. CCM annual budgets on average are \$90,000. Human resources represent about 33% of the budget, the second biggest category surrounds consultations;
- F. CCM Secretariats are between 1-3 people; and may have some positions co-funded by the government or partners, especially for high impact CCMs;
- G. CCM performance is measured across four eligibility requirements (ER): ER 3 Oversight Function, ER 4 Representation of Affected Communities, ER 5 Transparent Election Process, and ER 6 conflict of Interest,
 - a. Overall performance improved since 2014;
 - b. Overall lowest performance is in indicators for Civil Society engagement and sharing oversight results; and
 - c. The most improved indicator is on demonstrating the mitigation of conflict of interest (COI) issues in CCM meeting minutes.
- H. Based on an analysis conducted by the Secretariat, an increase in CCM performance as measured by the EPA score, correlated to a 7.4% increase in grant performance across countries; and
- I. A selection of findings are included in Annex I. The full materials from the SC are in Annex 3.

Phase II

7. In July 2017, the Secretariat began Phase II of the CCM Evolution. In order to have a comprehensive picture of CCMs, the Secretariat initiated a wide-reaching consultative process. In all, it met with 66 CCMs, representing 63% of all CCMs, in five regional workshops; offered the remaining 38 CCMs an opportunity to receive feedback through questionnaires investigating challenges, ways to improve CCMs, and how to evolve CCMs in line with the new GF strategy, six provided their feedback; conducted a desktop review of documents covering 30 countries; and consulted, through questionnaires and face-to-face meetings, with 25 LFA country offices, 17 watchdog/advocacy groups & technical platforms as well as 10 different multi- and bilateral bodies from a total of 88 countries⁴. The Secretariat presented Phase II findings to the ECG and SC, and also offered Committee and Board members the opportunity to input further through telephone interviews. The next phase will include gathering input from interested and available Board members, similarly through telephone interviews.
8. The Asia regional workshop was held in Cambodia, Eastern Europe and Central Asia (EECA) in Ukraine, Anglophone Africa in Ethiopia, Francophone Africa in Côte d'Ivoire, and Latin America and Caribbean (LAC) in Panama. The EECA and LAC workshops focused solely on issues related to countries preparing to transition and transitioning, with discussions and break-out groups looking at CCMs' roles in the preparations, processes, and post-Global Fund funding. The remaining three regional workshops explored improvements for CCMs from non-transition countries over two days. The first day saw small-groups discuss the "standard" model, or generic CCM model, in four functional areas: Internal Functionality and Secretariat, Composition and Engagement, Oversight, and National Linkages and Leveraging Partnerships. During day two, small groups looked at the same functional areas but this time through the differentiation lens: High Impact, COE, Small Country, and Transition.

⁴ For a more detailed breakdown, please refer to the SC Slides, Oct 2017. A link can be found in Annex 3.

9. A major key finding from the consultations is the emergence of three CCM maturity levels.
 - 1) **Basic Governance** are CCMs that have weak governance structures, coordinate GF programs only around funding applications, and face challenges to get the coordination platform to function as a multi-sectoral platform.
 - 2) **Program Oversight** are CCMs that have strong governance structures, effectively engage with PRs, implement an adequate level of oversight over the programs throughout the grant lifecycle, and ensure adequate technical assistance to address bottlenecks.
 - 3) **Strategic Engagement** are CCMs that fulfil requirements of program oversight, receive government co-financing to operate, optimize Global Fund funds and mobilize other funds, trying to get full program coverage, professionalize oversight and have impact on grant ratings, act as/link to/embed in coordinating body for national programs, and plan for post-Global Fund in terms of sustainability, for example having a budget allocation in the national budget and/or branding to attract private sector funding.
10. Most CCMs are likely in the first two levels. The goal for the Global Fund is to progress CCMs to strategic engagement through incentives, most likely non-financial, and technical assistance. However, the Secretariat recognizes that no matter how much support and resources are provided, not all CCMs will progress.
11. The three levels may also provide a basis for the differentiation of evolution, to be further discussed below.
12. Another major finding, in line with maturity levels, highlighted key enablers to evolve CCMs to the Strategic Engagement Level:
 - A. **Having the right leaders** chairing the CCM and engaged in the CCM from the government, partners and civil society/key populations;
 - B. **Having an effective CCM Secretariat**, whose function and mandate evolves to better support strategic CCM functioning;
 - C. **Having strong support and active engagement from the Global Fund Secretariat**, in particular regarding the oversight function; and
 - D. **Having sufficient financial resources** for the CCM to function.

What options are we considering?

13. The consultations identified the need to strengthen engagement, oversight, and linkages to national bodies among CCMs.
14. CCMs must strengthen the quality of **engagement** of all CCM members. They must increase accountability of all sectors (e.g., government, partners, civil society (CS)/key populations (KP)). CCMs should extend inclusive engagement into grant making and implementation. They need to systematically address power imbalances across CCM constituencies. CCMs must provide solutions for logistical bottlenecks to increase CS/KP engagement. And they should also tailor composition and membership of CCMs to country context and epidemic.

15. Expectations must be clarified for CCM **oversight** function. The Global Fund Secretariat needs to strengthen the independence of oversight committee – empower it to ask hard questions. The CCM can use Oversight Committee to regularly review PR performance with the Country Team, supported by LFA. The CCM needs to maximize synergies with current oversight activities or local watchdogs. And the GF Secretariat should hold stakeholders (including CCMs) accountable for performance.
16. CCMs should ensure robust interfaces and **linkages** with national bodies. Different country context requires each country to tailor the interface to national bodies. As they move ahead with the developing the strategy, CCMs need to review their anchorage and legal status and CCMs to review and document coordination landscape. Moving forward, CCMs will need to foster collaboration between existing platforms. The Global Fund will have to support and equip CCMs to ensure proper alignment as well as hold the CCM accountable on alignment function once the above are in line.
17. The Global Fund discussed differentiation in all of the consultations, with more or less traction depending on the models.
18. Feedback from **small countries** indicated that what is and is not possible should be discussed on a case-by-case basis because each context is different. The Secretariat recognized two distinguishing points: less time will be needed to support Global Fund stakeholders such as part-time LFA, and less emphasis may be needed to link grants to other government programs in cases where the Global Fund allocation is quite small.
19. Consultees gave a very clear message on the added value of the Global Fund requiring a coordinating mechanism in the **COE** context as it empowers coordination in uncertain political settings. Given the uncertainties however, more flexibility is required, such as with the composition of the CCM. In COE contexts, it could be based on how much a member can participate and which sector they represent. It is also recommended to include refugees, migrants and displaced populations on these CCMs, and furthermore, work with humanitarian agencies should be encouraged.
20. The participants from the EECA and LAC meetings provided valuable input, with clear process for CCMs on how to guide a country through the **transition** as well as options for the post-Global Fund era.
21. Consultations suggested that **High Impact** CCMs should do more to speed up the evolution towards “strategic engagement.” CCMs may need greater resources, which can be sourced through co-financing, to deal with the larger portfolios. A link to the detailed Strategy Committee materials is located in Annex 3.

Committee Feedback on Consultation Findings

22. The Secretariat presented the consultation findings to the EGC and Strategy Committees and also discussed CCM funding with the AFC, illustrating the status quo. The members were shown the CCM Evolution work-plan of phases I and II as well and were informed that it would revert

back to the topic with them in March 2018, as it had not yet costed the activities nor received SC guidance.

23. As summarised in the draft report of the EGC meeting, the EGC reiterated its support for CCM evolution and highlighted key aspects to consider moving forward. The differentiation model first proposed, based on country context, may not be sufficient or adequate as centring the differentiation on maturity/strategic engagement level. The EGC and the Secretariat also discussed the CCM workshops participants' discussion around the Impact Through Partnership (ITP) proposals of how CCMs can be involved in ongoing in-country review and dialogue during implementation and in using a Partner Support Platform (PSP) to access technical support that is difficult to find within the country. The Committee expressed its support and that it was looking forward to receiving the next round of proposals.
24. Strategy Committee also expressed support for the CCM evolution project, as summarised in the draft report of the SC meeting. The members held an in-depth discussion covering national linkages, rewarding CCM members, CCM maturity levels, the differentiation model, the importance of CCM leadership and CCM partners, and co-financing. Key discussion points include: the Committee discouraged financial incentives to CCM members as not sustainable, however the Secretariat could consider other incentive schemes, such as peer-to-peer study missions; national linkages were acknowledged as important although how best to achieve this was not clear and should be based on country context; there was general enthusiasm for the CCM maturity model combined with some elements of differentiation; and the role of the Oversight Committee is critical and improving their capacity would bring dividends in relation to better grant performance. The members agreed that the consultations carried out were sufficient for the vast majority of the Committee. Looking forward, the level of ambition expressed by the Committee will be respected as much as feasible, within the resource limitations as advised by the AFC, which will have a direct implication on the speed at which the Secretariat can implement the changes identified by the CCM Evolution work.

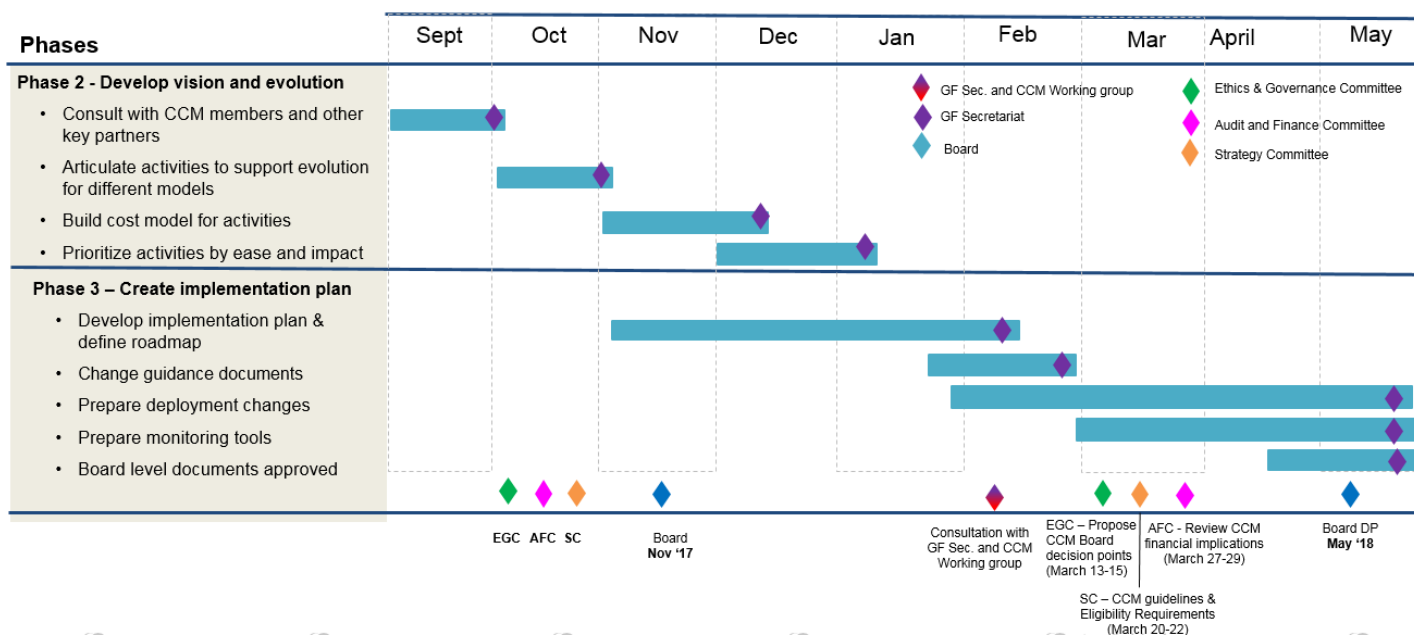
What do we need to do next to progress?

25. Action items agreed upon include: the Secretariat will move forward in the CCM Evolution plan, taking into account the feedback from the Committee. The Secretariat will analyse feasibility, impact and cost within various scenarios on how we can get the best out of CCMs within different resource scenarios, including a scenario where no additional resources are available and share the results with the Committees in March 2018.

What will the Board/Committee have to do next?

26. The CCM Evolution initiative will progress as follows:
 - a. Continue with individual board member phone interviews and teleconferences.
 - b. March 2018: the Secretariat will discuss different scenarios for CCM Evolution with the Standing Committees and ask for direction.
 - c. May 2018: the Secretariat will modify its proposals based on the feedback and request the Board's approval of any needed policy changes at the 39th Board Meeting.

Please see below the Secretariat CCM Evolution Work Plan for the next Phases:



27. Thereafter, the Secretariat will implement the new CCM evolution activities.

What would be the impact of delaying or rejecting the decision to progress?

28. Delays in the progress will delay CCM Evolution and any potential positive outcomes, including better governance and more effective grants.

Annexes

The following items can be found in Annex:

- Annex 1: Background Slides
- Annex 2: Summary of Committee Input
- Annex 3: Relevant Past Decisions
- Annex 4: Links to Relevant Past Documents and Reference Materials

Annex 1 – Background Slides

See attached

Annex 2 – Summary of Committee Input

Deliberations from EGC and SC meetings in October 2017

July 2017 EGC Committee Chair & Vice-Chair's High-Level Report, GF-EGCo4-13

https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/_layouts/15/DocIdRedir.aspx?ID=W54V3UNNTYHT-1275396797-290

June 2017 SC Chair's Summary Notes, GF SC04 12

https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/_layouts/15/DocIdRedir.aspx?ID=W54V3UNNTYHT-1011520143-351

Annex 3 – Relevant Past Decisions

Relevant past Decision Point	Summary and Impact
GF/B35/DPO3: Response to Office of the Inspector General 2015 Annual Opinion and Risk Management Report and Assurance Statement (April 2016) ⁵	In the context of the Differentiation Initiative, the Board called on the Secretariat to review the business model in high-risk countries and present possible options to the Board after review by the Standing Committees in October 2016.

Annex 4 – Relevant Past Documents & Reference Materials

SC, October 2017 (Phase II) [Update on CCM Evolution to support implementation of the Strategy](#)

EGC, October 2017 (Phase II)

https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/_layouts/15/DocIdRedir.aspx?ID=W54V3UNNTYHT-1275396797-320

SC, June 2017 (Phase I)

https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/_layouts/15/DocIdRedir.aspx?ID=W54V3UNNTYHT-1011520143-309

EGC, July 2017 (Phase I)

https://tgf.sharepoint.com/sites/ESOBAA1/GFBC/_layouts/15/DocIdRedir.aspx?ID=W54V3UNNTYHT-1275396797-282

⁵ <http://www.theglobalfund.org/Knowledge/Decisions/GF/B35/DPO3/>