



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Note on the Development
of the Global Fund's
Strategy**

The Global Fund Voluntary Replenishment 2005

Note on the Development of the Global Fund's Strategy

The Global Fund to Fight AIDS, Tuberculosis and Malaria is currently launching an effort to develop a strategy that will provide a forward-looking perspective on the Fund and its relationships to partners. Participants during the first replenishment meeting in Stockholm noted that such a strategy would give valuable input to future replenishment meetings. In this context, and as requested in Stockholm, the purpose of this note is to present an update on the Global Fund's strategy development effort.

The Board of the Global Fund is the natural owner of the development of strategy and all related decision-making. It is supported in this effort by its Policy and Strategy Committee (PSC) and by the work of the Secretariat. In the lead-up to the first meeting of the newly formed PSC in July 2005 – which represents its first opportunity to discuss strategy – the work of the Secretariat has centered on laying the foundations for the strategy development effort. Therefore, this note focuses, by necessity, on the current, initial thinking of the Secretariat. All material in this note is therefore presented with the caveat that it will be subject to discussion and refinement during the first meeting of the PSC.

The note begins by addressing the purpose, planned stages and timing of the strategy development effort. It then highlights the big strategic issues to be covered and outlines the major products to be developed. Finally, it sketches out the work mode and linkages that will be put in place.

Purpose, stages and timing of strategy development effort

The overall objective of the effort is to develop a solid strategy that all Global Fund stakeholders – in particular the Board and key constituencies – strongly support and believe will enable the Fund to make substantial progress toward its mission.

In particular, a successful strategy should serve to:

- define an appropriate, well-defined positioning and direction for the Fund – one that is consistent with its mandate, objectives, principles, environment and comparative advantage, and that seeks to maximize impact against its mission;
- create internal and external clarity, focus and alignment around the Fund's strategic direction;
- enable resulting planning, resourcing and action.

In determining the time frame for the strategy, a number of considerations need to be balanced against the desire to look far into the future: the short life of the Global Fund to date, the limited

focus until now on explicit strategic reflection and the ongoing evolution of the Board's role toward long-term direction-setting. Thus, it is proposed at this juncture to adopt a three-year time frame for the strategy while at the same time explicitly building in a way to address strategic issues stretching beyond this horizon¹. The next strategy would then aim to address a longer-term horizon (e.g., 5-10 years).

In working toward developing the strategy, it is clear that the following critical and complementary elements will be required:

- a well-informed, comprehensive understanding of the situation and environment (including partner environment) of the Global Fund;
- consideration of a robust set of strategic options available to the Fund and of their implications;
- broad consultation and discussion with key partners and stakeholders.

Taking these elements into account, the effort will be divided into three major conceptual stages.

Stage 1 – which will culminate in the discussion at the September 2005 Global Fund Board meeting – aims to **set the stage for strategic reflection**. The emphasis of the work will be on developing an incisive, shared understanding of the Global Fund's situation and of the broader environment within which it evolves². From this, the big strategic questions and issue areas will be identified, which the Global Fund strategy should aim to address.

Stage 2 – currently planned to span the period from September to the Board meeting in December 2005 – will **enable the Board to productively engage in strategic decision-making**. For this, substantial analysis and stakeholder consultation will be devoted to developing, for each relevant strategic issue area, a robust set of strategic options that are available to the Fund and consistent with its mandate and principles. Each option will be backed up by a careful assessment of its assumptions and implications – both internal and external – so as to adequately inform the decision-making. (This strategic decision-making will focus on setting an overall direction for the Fund. In contrast, concrete implementation decisions flowing from the chosen strategic direction, like specific operational policy matters, will be brought to the Board for debate under a separate process at the relevant subsequent stages.)

Stage 3 – leading up to the first or second Board meeting in 2006, depending on when the Board's strategic decision-making is complete – will **draw out the implications of the strategic choices made** in Stage 2. Work will concentrate on the development of a three-year strategy document to be approved by the Board. This document will lay out the Fund's chosen overall positioning and direction, ensuing major strategic priority initiatives and related implications.

¹ Further detail is given below under the section dealing with the three horizons concept in the strategic options document.

² This will build on the independent assessment of the Fund prepared for the first replenishment meeting.

Major products of strategy development and strategic issues

For each stage of the strategy development effort, a major document will be developed to help inform Board discussion or to form the focus of Board decision-making. Specifically, the products will be a situational analysis document (for Stage 1), a strategic options document (for Stage 2) and the three-year strategy document (for Stage 3). Initial thinking on the main components of each of those documents is laid out below.

Situational analysis document

This document will likely be organized into three main sections: description of the situation, diagnosis and ensuing strategic questions. A cross-cutting theme, which will permeate the situational analysis, is that the Global Fund, in its role as a financing mechanism, is but one component in an overall system of actors that must work together effectively to fight the three pandemics.

Detail of the document sections is as follows:

- **Situation**
Describes the current situation of the Global Fund among other major actors (funders and technical agencies) in the fight against AIDS, TB and malaria. In particular, examines the Fund's current role and sources of comparative advantage among the various actors, as well as areas of interface, dependency and complementarity between players.
- **Diagnosis**
Using the question "What is required to increase and accelerate the impact of the global fight?" as a lens, identifies the principal issue areas and bottlenecks as well as the big areas of opportunity in the fight. An illustrative (but far from exhaustive) list of sample issues would include country capacity, Global Fund model, roles and activities of development partners, and inter-agency coordination.
- **Big strategic questions facing the Global Fund among other actors**
Based on the above analysis, proposes a clear and incisive set of strategic questions facing the Global Fund among the broader landscape of actors. Aligned with the most critical questions, puts forward a list of strategic issue areas to be analysed in detail in Stage 2.

Replenishment participants can expect a progress report on the above material for the third replenishment meeting in advance of the Global Fund's 11th Board meeting in September.

Strategic options document

This document is intended to support the Board's Stage 2 strategic decision-making. To this end, the core of the document focuses on the development of the strategic issue areas identified during Stage 1 and, where relevant, on fleshing out a solid set of strategic options for consideration. The document is likely to have the following basic structure:

1. Foreword and introduction

Sets out the context, purpose and scope of the document. Makes the crucial link between the Global Fund's strategy and its human impact, both current and aspirational, against the three diseases. Reviews the Global Fund's mission, vision and guiding principles.

2. Situational analysis and big strategic questions

Summarizes the relevant elements from the full situational analysis developed during Stage 1. Discusses potential elements of Global Fund comparative advantage. Identifies the big strategic questions for the Fund raised by the situational analysis, which the rest of this document focuses on addressing.

3. Strategic issue areas

Analyses the different strategic areas retained in Stage 1. Makes the distinction between three categories of issue areas, to be treated somewhat differently:

- **First horizon – Strategic priorities currently being worked on**

This horizon concerns continuous improvement of the Global Fund as it functions today: It captures the ongoing strategic streams of work that aim to improve current operations and activities within the Fund's current model. For these, the focus in the document will be on identifying which of the possible streams constitute major strategic priorities and on providing a forward-looking perspective as to their development over time.

Examples of possible first-horizon areas might include:

- increasing the effectiveness of the Global Fund's architecture as currently designed (e.g., CCM and LFA effectiveness, dual PRs);
- making procurement easier and faster;
- more systematically facilitating technical and management assistance to accelerate implementation within Global Fund grants (e.g., via partner arrangements);
- further leveraging the potential of non-governmental actors (civil society, private sector);
- harnessing new ways to meet the Global Fund's resource requirements (e.g., new initiatives being discussed on the financing of development).

- **Second horizon – Strategic areas potentially requiring novel action in the medium term**

This horizon deals with the major strategic issues that arise from important bottlenecks (or substantial unexploited opportunities) that are currently largely unaddressed and may require some adaptation of current architecture or practices. For these, explicit choices will need to be made on the extent to which the Global Fund will adapt itself to increase its impact, and what form this might take. Hence, the focus in the document will be on exploring each such strategic issue area in detail, by conducting a diagnosis of the problem (or opportunity), defining a set of decision options that are entirely consistent with the Global Fund's mandate and guiding principles, and assessing the assumptions and implications of these options.

Possible strategic issue areas to be explored under this heading include:

- adapting the Global Fund's model to be better harmonized, to tread more lightly at the recipient country level and to extend the model beyond Phase 2 (with ideas such as grant consolidation, differentiated approaches to countries e.g., in SWAp and budget-support contexts, the project vs. program approach, lines of credit, Phase 3);
- identifying further strategic opportunities (beyond current actions) to accelerate country-level implementation;
- encouraging beneficial global-level market dynamics (e.g., possible Global Fund catalytic measures to enable better supply, pricing and access for key drugs and other essential products);
- advancing, in cooperation with partners, the capturing, sharing and systematic use within Global Fund grants of best practices related to prevention, treatment and care of the three diseases.

- **Third horizon – Strategic areas for potential longer-term evolution**

This horizon is dedicated to the exploration of important underlying questions or approaches substantially different from those of today that may be relevant to the long-term evolution of the Fund (i.e., beyond the three-year time frame of the current strategy cycle). The objective for this horizon is to select a relevant set of such areas, then determine whether and how to concretely move these forward towards the next strategy cycle. Hence, for each of these areas, the document will focus on framing the issue, articulating high-level possible pathways and broad assessment considerations, and proposing the form of further work required.

Examples of potential third-horizon strategic issue areas include:

- developing a point of view on the appropriate role for the Global Fund in health systems development (as it relates to fighting AIDS, TB and malaria);

- re-examining the Global Fund's approach to selecting proposals (e.g., being purely market-driven as today vs. occasionally intervening to rebalance the portfolio).

4. Options for Global Fund strategic positioning and size

Describes different possible alternatives for the overall strategic positioning of the Global Fund (reflecting, in particular, different types of positioning within the individual strategic issue areas) and draws out the assumptions and implications of each. Proposes different scenarios for the target size and growth trajectory of the Global Fund and explores their linkages with program scale-up and outcomes, delivery capabilities, partner activities, and sources and volume of funding.

Three-year strategy document

This document is intended to capture the resolution of the strategic choices laid out in the previous document, following Board decision-making at the end of Stage 2. It also draws out implications from the chosen positioning and direction for the Global Fund. Early thinking suggests a basic structure along the following lines:

1. Foreword and introduction

As for strategic options document.

2. Situational analysis and big strategic questions

As for strategic options document.

3. Global Fund strategic positioning

Lays out the selected overall strategic positioning for the Global Fund within its broader environment and the comparative advantage that it is based on. Draws implications for the core functions and relationships required (including partner relationships).

4. Global Fund target size

Presents the agreed growth trajectory and target size for the Global Fund. Details connection to program targets as well as funding considerations.

5. Key Global Fund strategic priority initiatives for the next three years

Outlines key strategic priorities, covering the categories of strategic issue areas discussed during Stage 2. Describes major requirements and implications (including high-level resourcing and organizational considerations) flowing from these priorities.

Work mode and key linkages

The development of the strategy will be driven on a day-to-day basis by the Secretariat's Strategy and Policy team, under the guidance of the Deputy Executive Director. In so doing, the team will work to closely support the Board's Policy and Strategy Committee. Content will be brought to the full Board via the committee process. In addition, the intent is to devote the December 2005 Board consultation retreat to the Global Fund strategy. Since it is planned to hold this retreat before the Board meeting itself, it will provide a unique opportunity for Board members to fully immerse themselves in the issues and to debate them at length before any decision-making takes place.

As described earlier, consultation with stakeholders will be a critical and integral element of the overall effort of strategy development. To complement the usual consultation processes arising through any Board committee, consultation at intermediate points will be achieved through a combination of formal and informal exchanges with key partners and constituencies. In terms of formal consultation, it is proposed to take advantage of the Global Fund Partnership Forum to invite input from a wide group of stakeholders on strategic issues. To this end, it is suggested that the next Partnership Forum be held in February or March 2006. This will be preceded as usual by an e-forum with broad reach into stakeholder communities, providing them with a vehicle for feedback on particular strategic questions in parallel to the more formal Board committee process.

Linkages will naturally also be made with relevant parts of the Secretariat to inform the strategy development with the day-to-day experience, expertise and professional judgment of staff and to ensure the adequacy and viability of options being put forward. Similarly, it is intended to build upon the thinking of existing multi-party initiatives – the Global Task Team and its working groups facilitated by UNAIDS, ongoing efforts in the Stop TB and Roll Back Malaria Partnerships, and the High-Level Forum on Health MDGs being prime examples.

Where deemed appropriate, use will be made of external experts, for instance to help enrich the thinking or to access specific expertise not otherwise readily available. In particular, the module on situational analysis and big strategic questions for the Global Fund (the central pillar for Stage 1 of the strategy effort) will benefit considerably from an external, objective and thorough assessment. To this end, the Secretariat has invited Dr. Keith Bezanson to help develop this piece. Dr. Bezanson will not only bring his considerable expertise in the field of international development but will also be able to build upon his substantial prior work examining the Global Fund. This work culminated in his Independent Assessment of the Global Fund, which was developed for the first replenishment meeting and which already began to point the way toward some of the major strategic questions facing the Fund.

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