

Summary Report of the Technical Evaluation Reference Group (TERG) of the Global Fund

Second Meeting

Glion, Switzerland, 1-3 March 2005

1 Update by the GF Secretariat on major achievements since the last meeting

This document reports on the second TERG meeting, which took place from 1 to 3 March 2005 in Glion, Switzerland. It provides a summary of key issues discussed and the TERG's recommendations.

The TERG welcomed progress made by the Global Fund Secretariat regarding the overall Measurement Framework, with its implementation at four levels:

1) Operational performance: Core indicators have been implemented; Executive Dashboard is functional.

2) Grant management: Standard indicators agreed with partners, and included in the M&E toolkit. Suite of tools for grant performance management developed and rolled out. Portfolio results are already available for ARVs, DOTS, and insecticide-treated bednets (ITNs), and will be extended in 2005. Phase Two management systems and tools developed and applied to the first batches of Phase Two grants.

3) System effects: The measurement framework and indicators have been agreed and baseline implementation has been initiated with results for core indicators to be reported in 2005.

4) Impact: Impact indicators are defined in the M&E toolkit. Tools have been implemented to capture targets for all grants entering Phase Two. The contribution to Millennium Development Goals will be assessed in 2005.

The TERG also welcomed the launch of the TERG website and the website Evaluation Library containing the major studies on GF activities, and the mechanisms to facilitate communication between members in between meetings. The TERG welcomed the progress made by the Secretariat and the priorities set for 2005, while providing detailed recommendations for improvements relating to the major agenda items.

2 Review of Phase Two progress

2.1 Background

The TERG reviewed the process of Phase Two renewals and the overview of the first 27 grants evaluated. Both Operations and Strategic information and evaluation units within the Secretariat presented preliminary results. The TERG discussed the overall process, individual scorecards and results, contextual issues of performance and the final score assigned by the Secretariat. They strongly supported the implementation of performance-based funding as presented by the Secretariat. The TERG underlined the importance of the performance-based strategy in sustaining the Fund's credibility. The TERG recognises the desire to continue funding to countries under difficult circumstances. The TERG suggests that early recognition of grant problems and necessary remedial action should be strengthened including an early warning system while the principles of performance based funding in Phase Two be maintained.

TERG recognized the following major strengths of the Phase Two process to date:

- The transparent and well documented process
- The well structured scorecard and clear guidance on its use
- The inclusion of both quantitative performance evaluation and consideration of contextual factors that influence that performance
- The dual system for review inside the secretariat with parallel independent review by both Operations and SIE units at all levels and the forwarding of both reviews to the decision panel, which formulates the recommendation to the Board. Such a system is vital to ensuring the integrity and credibility of the review process.

The TERG identified several areas in which the review process could be strengthened, or for which additional information was required in order to judge the robustness of the evaluation process.

2.2 Target setting for performance measurement

Grant performance, in part, is based on measurement of progress using agreed indicators defined in the multi partner M&E toolkit. PRs are requested to report on progress in these indicators against set targets. Specific targets are developed as part of the yearly workplans and relate to the overall targets documented in the proposals approved by the Board. TERG discussed a number of issues around target setting which are relevant to the performance measurement system of the Global Fund. There may be a negative incentive to set targets at low levels to ensure that performance measures are met, and thus funding may continue. A question was also raised to what extent requested budgets are consistent among the portfolio with specific targets, or with other words, does the same amount of resources “buy” the same or at least a similar, plausible level of services in different grants.

2.2.1 Recommendations

- I. The TERG recommends that the Secretariat performs an analysis to compare targets and requested resources across grants
- II. The TERG recommends that the Secretariat initiates an evaluation of the proposal review process of Round 5 applications, including the review of the appropriateness of targets in proposals for funding as well as the corresponding appropriateness of funding solicited. The TERG welcomes the revised procedures for Round 5 to include budget estimates by service delivery area.

2.3 Early Warning System

TERG emphasizes that performance based funding (PBF) does not start with the Phase Two decision process as such. PBF starts with proposal decision and grant signing and builds on periodic progress updates linked to disbursement requests. TERG discussed the importance of using all information available on grant performance, in particular the regular progress updates and LFA verification reports to identify early on areas of weaknesses. Strengthening grant performance management in early phases of the grant cycle will help to maximize performance during phase one of the grant and to protect and strengthen the phase two funding decision based on performance during the first 18 months of the grant.

2.3.1 Recommendations

- I. TERG recommends to accelerate and strengthen the development of the early warning system with the goal of identifying under-performing grants as soon as possible, providing maximum opportunity to both the CCM and its partners to take corrective action and/or initiate project redesign. Such a system should utilize

existing quarterly/semiannual progress updates & disbursement requests. At 6 and 12 months the Secretariat, with LFA input, should assess the performance of the CCM and the Principal Recipient, in addition to general progress against indicators. The results of these assessments should be shared with both CCMs and with the Fund's partners to enable all parties to identify remedial actions. These reviews should provide positive incentives for self assessment by CCMs and Principal Recipients. This mechanism may contribute to program improvement and improve the likelihood of continuing funding.

- II. Consistent with the Fund's transparency policies, Grant Performance Reports should be published on the web from grant signing and when updated to facilitate peer review process within and between countries and partners.
- III. Acceptance of the request for Phase 2 funding should be conditional on the submission of an annual review provided by the CCM.

2.4 Revision and Reprogramming of underperforming Grants

The TERG discussed the role of the PR, CCM, Secretariat and the TRP in phase two funding decisions, in particular the review of no-go decisions and the role of the different partners in proposing revision and reprogramming of (underperforming) grants. TERG emphasized existing GF policies which put the countries at the centre of the development of proposals and workplans, through the CCM.

2.4.1 Recommendations

- I. In the event of a Phase Two review identifying a seriously under-performing (No-go) grant, responsibility for requesting a revised/reprogrammed grant lies with the CCM/PR rather than the Secretariat or the TRP.
- II. The TRP focus in the Phase Two process should be on evaluating grants that request substantial revision/reprogramming of their activities. TERG recommends that TRP should not have a function in the review of recommended No-Go grants. Instead TRP should be provided with performance reports as a feedback for their own initial decision process.

2.5 Quality Assurance of Data Quality and Decision Processes

The TERG discussed the importance of data verification and quality assurance of data submitted to the Secretariat as the basis for performance based funding decisions. As discussed during the first meeting of the TERG, systems for quality assurance need to be developed as a priority including both, systems of data verification and quality assurance of processes designed under performance based funding policies. Appropriate inclusion and recognition of national systems and technical partners needs to be ensured.

2.5.1 Recommendations

- I. TERG recommends that the Quality Assurance mechanism recommended in the first meeting be prioritized. There is urgent need for systems of quality assurance. Such systems should include both tools that PRs can use to improve their internal quality assurance procedures as well as external assessments by the LFAs and sample quality audits. They should also capitalize on the activities and data collected by partners such as Health Metrics Network, RBM, Stop TB etc.
- II. While the TERG recognizes the enormous advance in consistency and utility of indicators in response to the development of the M&E toolkit, the usefulness of the data would be further enhanced by technical calibration of indicators in collaboration with the respective technical agencies.

- III. Experience has been gained with the first round of Phase Two decisions. Processes and lessons learned should be documented with external support to clearly define business processes and performance standards for inclusion and further refinement as experience is accumulating.

3 CCM assessment: results of pilot study

3.1.1 Background

The first TERG meeting identified transparency of governance of Country Coordination Mechanisms (CCMs) as a key issue, and proposed a checklist for CCM self-assessment. An instrument was pilot tested in five countries by the Futures Group and results were presented to the TERG. The presentation of findings gave rise to a number of issues that required clarification by the TERG.

The TERG reconfirmed the principle of self assessment for the CCMs. In addition, the TERG reemphasised transparency as a guiding principle, with the GF seeking to have self assessment results posted on the website.

The TERG reviewed the checklist and made a number of suggestions to improve the instrument and processes to be used in its application. These specific comments were provided to the consultant for the instrument's revision prior to any wide scale application.

3.1.2 Recommendations

- I. It should be made clear to CCMs that completion of the checklist is mandatory at least once per year.
- II. The satisfaction elements of the checklist require the development of a separate sub-tool.
- III. The self-assessments shall be validated by sample audits in 10 to 20 countries. Some proportion of the sample will be selected on the basis of a purposive sample. The TERG agreed that these in-depth sample audits should include views of selected external stakeholders at the country level.
- IV. A user guide should be developed to accompany the self assessment checklist. The users guide should clearly describe the criteria that would qualify as a "yes" or "no" response to each item.
- V. When implementing the checklist focus should be given to the principle of self assessment. The consultants should rather support the self assessment process than doing the assessment as such.
- VI. The CCM self-assessment exercise should address elements related to the technical structures and functioning of the CCM as well as their capacity to apply inclusive and democratic principles in their work.

4 Discussion on Role of the TERG within the revised committee structure

4.1 Background

The TERG was informed about the proposed new committee structure. One of its aims is to simplify decisional processes, in line with the requirements of the current developments of the

Global Fund. Four Committees will be created: Policy and Strategy Committee, Finance & Audit Committee, Portfolio Committee and Ethics Committee.

TERG discussed the possible implication of this reorganisation for its relationships with the Board and the Committees. TERG expressed concern that with the proposed TOR for the committees TERG may be required to relate to several Board Committees without a clear communication line towards the Board.

4.1.1 Recommendations

- I. While the TERG will work with all Board committees, it recommends that a main entry point would facilitate its input and recommendations to the Board. The TERG recommends that the Policy and Strategy Committee should serve as the main entry point for this purpose.
- II. The TERG suggests that there be a focal point for monitoring and evaluation within the Policy and Strategy Committee. It is recommended that the focal point should have expertise in the area of monitoring and evaluation and serve as an ex-officio member of the TERG.
- III. The TERG suggests that the TERG Chair be invited to meetings of the GFATM Board and the Policy and Strategy Committee. The TERG also suggests that the chair of the TERG reports to the Board on progress related to performance measurement of the Global Fund as regular agenda item.
- IV. TERG recognized that the change in committee structure requires adjustments in the terms of Reference for the TERG. The revised Terms of Reference are attached (See Annex).

5 Preparing for the 5-year evaluation of the Global Fund

5.1 Phasing of evaluations

TERG reconfirmed the need to commence work on “a first major evaluation of the Fund’s overall performance against its goals and principles after at least one full grant funding cycle has been completed (five years)” (M&E strategy, approved by the Board). In accordance with this recommendation the evaluation would be due in 2007/08. This decision was taken in view of the relevance of outcome and impact data as an important element of this overall evaluation. In view of the complexity of the Global Fund system, and the need to learn as early as possible about strengths and weaknesses, TERG recommends to shift from a one-off evaluation to a phased incremental approach. This approach would enable the Global Fund to take early remedial action where appropriate.

The Global Fund has already established a number of verifiable evaluation systems and tools that contribute to the overall performance assessment. In addition, the innovative nature of the Global Fund attracts a substantial number of studies on the Fund’s performance. The Global Fund’s own mechanism of continued learning plus the results of external studies should be included in overall assessments.

5.1.1 Recommendations

- I. TERG recommends to initiate an in depth review of Global Fund performance in 2006 on the basis of accumulated knowledge covering the first three levels (operational performance, grant performance, systems effects) of the four level

measurement framework for the Global Fund. The emphasis of the 2006 in depth review will be on:

- GF policies,
 - institutional strategies,
 - partnerships, and
 - effects on health systems
- II. The second phase of the first overall evaluation will be conducted in 2008 and will concentrate on the forth level of the Global Fund's measurement framework (impact) with a focus on
- health outcomes,
 - impact, and
 - factors influencing outcomes and impact.
- III. The TERG recommends that the Secretariat continues its efforts to synthesize the key results of relevant evaluations and studies.

5.2 Data needs for health outcome and impact evaluation

TERG recognizes the substantial gaps in existing health information systems to generate information on health outcomes and impact. TERG further recognizes that without information on health outcomes and impact overall evaluation of major health initiatives, including but not limited to the Global Fund, will not be possible. Systems and mechanisms for the generation of crucial health information need to be built now. TERG acknowledges the concept paper prepared on "Evaluation of impact and the Global Fund" by TERG members which outlines modes to address these issues, including the role of relevant partners, in particular the Health Metrics Network.

5.2.1 Recommendations:

- I. TERG recommends that the Global Fund Secretariat, together with relevant partners (WB, PEPFAR, WHO, HMN UNAIDS), convenes a meeting in May 2005 to discuss measurement procedures around the common interests and understanding in the area of health outcome measurement. An outcome of this meeting should be to define concrete steps to ensure that national partners make use of the full range of the opportunities that existing mechanisms offer (including a refinement of incentives and disincentives within existing funding frameworks).
- II. In preparation of such a meeting the Global Fund should prepare an analysis about which of its grants currently include necessary baseline data. Ideally this analysis will include similar information of other major funding partners and existing plans to fill such gaps (e.g. DHS, MICS, World Health Surveys, SAM, etc.). The TERG recognizes the need of an analysis on cost of the appropriate systems and tools for impact measurement and urges the Secretariat to explore with partners the timely preparation of such an analysis.

5.3 Operations/implementation research to build knowledge base

TERG re-emphasised the need to strengthen operations/implementation research in developing countries.

5.3.1 Recommendations

- I. TERG recommends that the Global Fund, together with relevant partners, organizes a high level meeting with relevant stakeholders in 2005. The objective of this meeting will be to discuss a framework on how operations/implementation research will effectively be implemented as an integral part of Global Fund funded

programmes, and how the results of such studies will contribute to learning processes across programmes and countries. TERG welcomed the agreement between the Global Fund and the International AIDS Society (IAS) to use the IAS conference in Rio, July 2005, as a platform to a wider audience, in particular researches from developing countries.

- II. TERG welcomes the Global Fund's involvement in the preparation of a Wilton Park conference (part of a series of high level conference in UK) in June 05 around performance based investments in health and recommends that a focus will be given to discuss the importance to build the evidence base.

5.4 Attribution

TERG discussed the question of attribution of results to specific donors and intervention mechanisms. The objective of impact evaluations is to evaluate the effects of large scale collective efforts, including efforts of a range of national and international partners. The TERG supports the approach of attribution through collective effectiveness taken by the Secretariat in its results reporting.

5.4.1 Recommendations

- I. TERG recommends that the Global Fund not attempt to evaluate impact of its efforts alone but to recognize the contributions of all relevant partners.

6 Replenishment Conference

TERG expressed concern that the "Independent Review" document prepared by an external consultant for the first Replenishment Conference included a statement on whether the Global Fund is "measuring the right things". TERG questions the basis of such a statement which is at best anecdotal. TERG confirmed that the Global Fund is making a substantial effort to produce evidence to manage the Fund effectively and to measure its performance.

6.1 Recommendation

- I. TERG recommends that the Replenishment Conference make full use of the documented evidence generated through the Global Funds monitoring and evaluation systems.