



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Eleventh Board Meeting
Geneva, 28-30 September 2005**

**GF/B11/4
Information Only**

OPERATIONS UPDATE

Outline: This note provides an overview of the progress made by the Operations Team since the last Board meeting in April 2005.

Part 1: Introduction

1. The Secretariat has continued to accelerate and improve the quality of its work throughout the life cycle of grants, from grant negotiations, and signing, implementation of performance-based disbursements, to Phase 2 renewals.
2. All Round 4 grants with the exception of four have been successfully signed within the 12-month deadline prescribed by the Board; four requests for a three-month extension of the deadline were approved by the Board. Disbursements have continued to increase with the Global Fund recently reaching the one-and-a-half-billion dollar disbursement mark. Tangible results are evident in the number of persons benefiting from services and receiving treatment.
3. The Phase 2 Renewal process, which enables the timely review of proposals for continued funding beyond the initial two-year commitment period, is now a regular feature of daily grant management activities. Results indicate that the principle of performance-based funding works: funds are matched to program performance to ensure that funds continue to flow to effective services reaching people in urgent need.
4. To proactively address slow-moving grants in a timely and comprehensive manner, an Early Warning and Alert System has been finalized and is in operation. It enables the early identification of implementation challenges by systematic sharing of information on grant progress both within the Secretariat and with recipients and partners. This system forms an integral part of the differentiated approach to grant management of the Operations Unit.
5. In recent months, the Operations Unit has intensified efforts to address procurement challenges to facilitate the accelerated implementation of grants. Specific initiatives include holding procurement workshops to assist recipients with the finalization of PSM plans; further developing the Price Reporting Mechanism; seeking solutions with partners to accelerate the delivery of bed-nets including the use of direct payment options to suppliers and manufacturers; and developing an electronic procurement platform. In addition, substantial progress has been made to implement the Board's Quality Assurance decision of the Tenth Board Meeting.
6. The Operations Unit has made substantial progress in its recruitment and hiring effort. All Portfolio Regional Teams are completely staffed. Additional roles and responsibilities within the Operations Unit have been reviewed resulting in some restructuring of the two support teams (Portfolio Services and Projects, and Operational Partnerships and Country Support) to enhance efficient responses to operational needs. Some positions have been filled and increased recruitment efforts are underway to fill remaining positions.

Part 2: Portfolio Update

Grant Agreements and Disbursements

1. As of 15 September 2005, 317 grant agreements have been signed in 127 countries. All 68 approved Round 1 proposals have been signed. For Round 2, 99 of 100 proposals have been signed. The outstanding grant agreement for South Africa (HIV/AIDS) is currently being finalized for signature and will be signed by end-September. All 72 approved Round 3 proposals have been signed. Of a total of 68 proposals approved for Round 4, 78 grants have been signed (some components were developed into multiple grants due to implementation arrangements with more than one Principal Recipient) and

four remain to be signed. In June 2005, the Board approved a request to extend the 12-months signing deadline by an additional three months for four grants: a HIV/AIDS grant for Papua New Guinea, a malaria grant for Togo, an HIV/AIDS grant for Swaziland and a tuberculosis grant for Ecuador. The HIV/AIDS grant for Papua New Guinea was already signed within the deadline; the three remaining grants must be signed by 30 September 2005. The final grant to be signed, a tuberculosis grant for the Russian Federation, was successfully appealed and therefore has a deadline for signature of 5 October 2005.

Grants Agreements			
<i>figures as of 15 Sep 2005</i>			
Round	Approved	Signed	% Signed
Round 1	68	68	100%
Round 2	100	99	99%
Round 3	72	72	100%
Round 4	82	78	95%
Total	322	317	98.5%

Figure 1: Status of the Global Fund grants agreements

2. A number of grants have recently been terminated and suspended in two countries. New restrictions recently imposed by the Government of Myanmar have made it impossible for the Global Fund to ensure effective grant implementation for a Round 2 tuberculosis grant, Round 3 HIV/AIDS grant and Round 3 malaria grant. As a result, the Global Fund decided to terminate all three grants on 18 August 2005. In Uganda, a total of 5 grants (Round 1 HIV/AIDS, Round 2 malaria, Round 2 tuberculosis, Round 3 HIV/AIDS and Round 4 malaria) were suspended end-August due to mismanagement of the Project Management Unit within the Ministry of Health. The Global Fund and the Government of Uganda are working closely to develop new implementation mechanisms.
3. To date, a total of US \$1.5 billion has been disbursed to the Principal Recipients in 125 countries out of a total commitment in signed grant agreements of US \$3.7 billion. Of the disbursed amount, 55% of funding has been disbursed to Sub-Saharan Africa, 17% to East Asia and the Pacific, 11% to Latin America and the Caribbean, 9% to Eastern Europe and Central Asia, and 9% to South Asia.

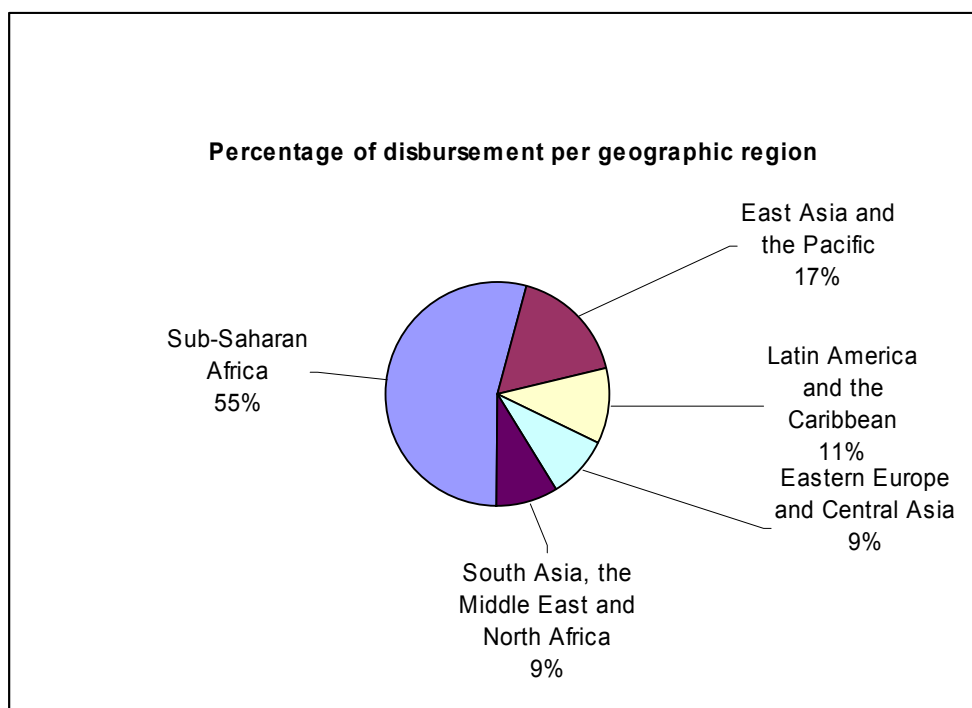


Figure 2: Percentage of disbursement per geographic region

4. The Secretariat aims to disburse US \$2 billion by the end of 2005 and has thus far achieved 75% of this target. In order to evaluate progress, the Secretariat examines the proportion of disbursed funds against total committed funds, and compares this with the proportion of time elapsed since the signing of grant agreements. The current rate of disbursements shows that 55% of signed grant values were disbursed at an average elapsed time of 58%. This is equivalent to an annual disbursement rate of approximately 95%.

Disbursements by Round						
<i>\$ figures in millions, as of 01 August 2005</i>						
<i>Current grants (including approved Phase 2 renewals)</i>						
Round	Date	Approved	Signed	Disbursed	Mean % Disbursed	Mean Time Elapsed
Round 1	Apr 2002	\$ 986	\$ 664	\$ 486	74%	86%
Round 2	Jan 2003	\$ 1,025	\$ 837	\$ 496	62%	73%
Round 3	Oct 2003	\$ 634	\$ 634	\$ 240	42%	40%
Round 4	Jun 2004	\$ 1,018	\$ 933	\$ 167	36%	17%
Total		\$ 3,663	\$ 3,068	\$ 1,389	55%	58%

Figure 3: Financial status of the Global Fund: approvals, commitments and disbursement by round

5. The average amount of elapsed time between Board approval of a proposal and grant signing and between grant signing and first disbursement has improved. For Round 1, the average time required from Board approval of proposals to grant signing was 361 days, and the average time from grant signing to first disbursement was 72 days. For Round 2, the average time between Board approval and grant signing decreased to 285 days and the average time to first disbursement after grant signing decreased to 59 days. The average time taken from Board approval to grant signing for Round 3 grants increased to 323 days, however the period to first disbursement dropped to 49 days. For Round 4 grants, the average time between Board approval and grant signing was 284 days and 37 days between signing and first disbursement.

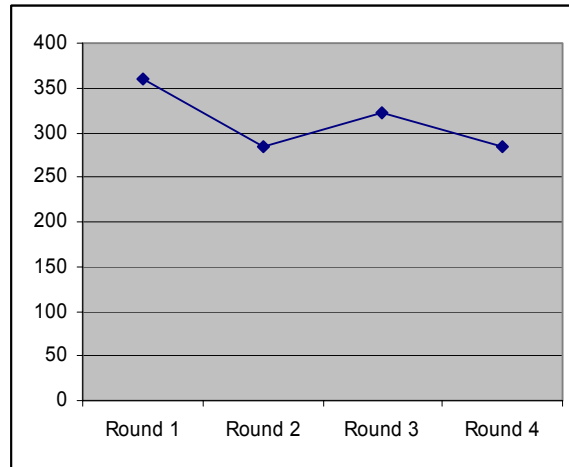


Figure 4: Days elapsed between Board approval and grant signing

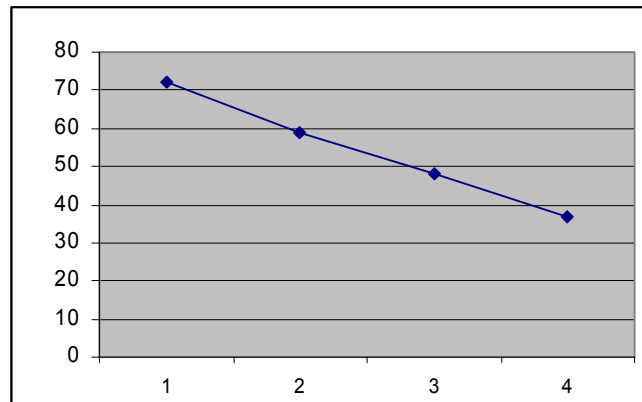


Figure 5: Days elapsed between grant signing and first disbursement

Principal Recipient Expenditure

6. Figures calculated in May 2005 show that of US \$1.2 billion disbursed to countries, Principal Recipients have spent or further disbursed approximately US \$797 million, i.e. 67.8%. An additional 14.4% of funds disbursed are committed for the purchasing of drugs,

medical goods and services. Therefore the total amount of funds spent and committed by Principal Recipients amounts to 82.2%.

Results

7. The Secretariat announced portfolio-wide results in July 2005 after conducting joint data sharing and analysis sessions with partners. Results show that as of 30 June 2005, Global Fund grants provided:
 - 220,000 people with ARV treatment for AIDS (a 69% increase since figures of 31 December 2004) ;
 - 2.5 million people with counseling and voluntary HIV testing;
 - 600,000 people with treatment under the DOTS strategy for tuberculosis control (a 56% increase since figures of 31 December 2004);
 - 1.1 million people with treatment for malaria (227,000 people with the highly effective artemisin-combination therapy for drug resistant malaria); and
 - 3.1 million insecticide-treated mosquito nets to families (a 130% increase since figures of 31 December 2004).

A full analysis of results is provided in our progress report, “*Sustaining Performance, Scaling Up Results: Third Progress Report 2005.*”

Part 3: Phase 2 Renewals

1. At the beginning of 2005, the Phase 2 renewal process was considered a new and innovative feature of the grant life cycle with the Board of the Global Fund approving its first monthly batch of Phase 2 funding requests. The renewal process has since become an integral and regular feature of grant management by the Secretariat.
2. As of 11 August 2005, 74 grants had been recommended to the Board for Phase 2 funding as they approached their two-year mark, and 70 grants had been approved for Phase 2 grants. This represents funding worth US \$614 million. The Board concurred with the Secretariat’s No Go recommendation for a Round 1 malaria grant for Senegal and funding has therefore not been continued. The Board has not concurred with the recommendations of three grants and these are still under review:

#	Country - Round - Disease Component	Grant Number	Secretariat Recommendation	Status
1	Honduras, HIV- Round 1	HND-102-G01-H-00	NO GO	Double blocked NO GO pending Board decision after TRP review
2	Senegal, HIV- Round 1	SNG-102-G01-H-00	NO GO	Double blocked NO GO pending Board decision after TRP review
3	South Africa, HIV / TB – Round 1	SAF-102-G02-C-00	NO GO	Double blocked NO GO pending Board decision

3. The Board is currently considering an additional ten recommendations for Phase 2 extensions which were forwarded to the Board early September. More than 120 grants are expected to request Phase 2 funding by the end of 2005.
4. To ensure that grant funding continues to go where it is being managed and spent effectively, only grants with satisfactory performance measured against agreed targets continue to receive funding for the remaining years of the grant. Eighty-seven percent of approved Phase 2 funds went to A- and B1-graded grants with documented satisfactory performance. This supports the foremost principle of performance-based funding: to match funds to program performance to ensure that funds continue to flow to effective services reaching people in urgent need.
5. At its Tenth meeting and in the context of discussions of the Phase 2 renewal process and how to proceed with “No Go” recommendations of the Secretariat, the Board agreed to establish a Task Force led by the Vice Chair of the Board to address such issues. The Phase 2 Task Force convened in Geneva on 29 July 2005. The Task Force concluded that to the extent possible, no additional decision-making bodies or fora should be established to address Phase 2 issues; instead existing GF mechanisms (whether standing committees, the TRP or the Secretariat, as appropriate) should be used. The Phase 2 Task Force is also providing the Board at the Eleventh Board Meeting with specific recommendations concerning the current process of dealing with ‘No Go’ recommendations of the Secretariat to the Board. The recommendations specifically provide for:
 - the CCM and the PR with an opportunity to react, respond, and provide additional information on a No Go recommendation before its submission to the Board;
 - the possibility of an independent review of differences of opinion between the Secretariat and the CCM or Board constituencies in cases of “No Go” recommendations; and
 - the principle of performance based funding to be preserved and allow the Secretariat, with the most intimate knowledge of details of a grantees past performance, to make objective recommendations to the Board.
6. While the renewal process has become a regular feature of grant management of the Secretariat, it has become increasingly clear that preparatory work for internal review is more time and labor intensive than previously envisaged. Additional resources and focus will be required to ensure quality documentation, and quality management and analysis of data.

Part 4: Development of the Early Alert and Response System

1. While the Global Fund is a financing mechanism and not an implementing entity, it is also clear that – given the massive scale up required – the Global Fund has a responsibility to flag grant implementation challenges as early as possible and to assist in mobilizing the appropriate support to overcome these challenges. Since its restructuring in May 2004, the Operations Unit has emphasized moving away from a one-size-fits-all style of portfolio management to an approach that is more tailored to specific contexts and addressing specific challenges. To this end, the Early Alert and Response System (EARS – originally labeled the ‘Early Warning and Response System’) has been developed and is now up and running, with the goal of supporting the early identification of implementation challenges by systematic sharing of information on grant progress inside and outside the Secretariat.

2. EARS has been developed in consultation with grant recipients and partners. The Secretariat is presenting EARS at all Regional Meetings this year, both to explain how the system works and to solicit feedback from grant recipients and partners.
3. As part of EARS, an internal Secretariat monitoring system tracks calendar driven and disbursement related indicators throughout the lifecycle of the grant. These indicators flag grants across the portfolio that are behind schedule on reporting, disbursements, burn rates, and progress indicators, or are judged to be otherwise underperforming by the LFA or Portfolio Manager based on specific problems identified during country visits or other sources. In addition, a set of qualitative indicators has been defined to facilitate inputs by country stakeholders and partners. These indicators fall into four broad categories: contextual, program performance and management; governance and oversight; propriety. A set of simple tools to help country stakeholders monitor these indicators and provide inputs to the Secretariat was sent to all recipient countries in August, and is available on the website.
4. To ensure support is mobilized for grants facing implementation challenges, the Secretariat develops a monthly list of grants that may be experiencing challenges to implementation, based on the inputs described above and confidential communication with the Principle Recipients of those grants. The Secretariat reviews all grants that have been identified for review, and decides whether the challenges are significant enough that they should be posted on the website. All grants identified on the EARS page of the website have a short description of the challenges these grants are facing to successfully implement their programs, the steps being undertaken to get the grants back on track, and a list of additional technical assistance needs. The purpose is to ensure that country stakeholders and partners know where problems exist and to facilitate close cooperation in developing remedial action plans, including arranging appropriate technical assistance to address relevant problems. The Secretariat also works with country stakeholders and partners to coordinate the provision of needed technical assistance. In parallel, the Secretariat has posts descriptions of best practices of countries in resolving implementation issues on the website.

Part 5: Strengthening Partnerships to Achieve Results

1. Efforts to further and systematically involve partners have accelerated in recent months and the Global Fund has undertaken significant efforts to collaborate with partners and better coordinate interventions in recipient countries.
2. Coordination of technical assistance at both the local and global level is critical for the success of the Early Alert and Response System. In addition to an intensified focus by Portfolio Managers on ensuring coordinated technical assistance at the country level, a number of key initiatives are underway to build a solid framework for well coordinated and accountable technical support. At regional meetings, the Secretariat is working together with technical partners and countries to draw up annual technical assistance plans for each country. A country-by-country partner mapping exercise is underway to facilitate the coordination of appropriate responses and technical assistance for grants in need. This mapping exercise will then be shared with partners for validation and coordination with similar exercises that they have conducted.
3. Following the recommendations of the Global Task Team, the Global Fund Secretariat has participated in the formation of the joint Global Problem Solving and Implementation Support Team ("GIST") with UN partner organizations and the World Bank. At the first meeting of the GIST, six countries and one region were selected as the first to receive

support from this body, and efforts are already underway to coordinate needs assessments and mobilize technical assistance. The GIST has already held three meetings, and has had several successes. In Niger for example, the GIST facilitated a needs assessment for technical assistance and coordinated the funding of all identified needs. In Nigeria, the GIST facilitated a technical assistance mission and is coordinating technical assistance amongst all members. Several other initiatives are underway and the initiative is helping to coordinate technical assistance among these agencies.

4. In addition, the Secretariat is building links with other partners at the country, regional and global levels. Grant Support Managers, which are currently being recruited, will serve as focal points to partners. The Secretariat invited several partners to attend Global Fund Regional Meetings, and is using these as an opportunity to liaise with partners in each of the regions.
5. The Global Fund continues to work at both the institutional and in-country level to harmonize programs with national initiatives and align programs with other partners and donors. Following adoption of recommendations of the Global Task Team included in the report: *Global Task Team On Improving AIDS Coordination Among Multilateral Institutions and International Donors* in June 2005, further ways have been identified for the Global Fund to align its policies, procedures, systems and cycles with those of other donors. For example, the Global Fund is undertaking specific initiatives with the World Bank to increase alignment and ensure complementarities of programs. The Chief of Operations took part in the 2005 Second Annual Field Meeting of PEPFAR held in May 2005 to continue intensifying collaboration with OGAC both at an institutional level and with country teams. A number of high-level meetings have also been held with UNDP and UNICEF to address issues relevant to institutional cooperation and thereby support collaboration in-country.
6. At the country level, support for the harmonization of efforts with national programs and alignment of programs with donors is a priority for Fund Portfolio staff. The Global Fund has formally joined the Sector Wide Approach (SWAp) in Mozambique and Malawi. Key areas for collaboration include the establishment of a common fund, joint annual performance appraisals of the health sector as well as joint annual audits. Fund portfolio staff communicates and coordinate efforts with their PEPFAR counterparts in-country, particularly to align first and second line treatment of ARVs. Communication with other key donors in-country is considered part of regular grant management activities.

Part 6: Examples of Harmonizing and Coordinating with Partners

1. Niger

Niger currently has three grants for interventions against HIV/AIDS and malaria (a Round 3 HIV/AIDS grant, and a Round 3 and Round 4 malaria grant) totaling approximately US \$ 25 million.

During the first year of implementation of Round 3 grants, Principal Recipients have faced major challenges which have impacted negatively on program delivery. Presidential elections slowed the initial phase of implementation; national procedures to review procurement processes were lengthy; and sub recipients lack capacity and program management skills.

Efforts of Global Fund Portfolio staff and technical partners reflect a good example of coordination to address these challenges and accelerate implementation. The Secretariat

in cooperation with GTZ (Back up Initiative), WHO and UNAIDS recently conducted an assessment of bottlenecks to gain a better understanding of technical support requirements for implementation of the HIV/AIDS grant. Identified obstacles were discussed within the Global Joint Problem-Solving and Implementation Support Team (GIST) where partners committed to providing rapid technical support. The GTZ /Back up Initiative will directly support the PR by recruiting a program management advisor; UNDP intends to strengthen CCM capacities; UNICEF will focus on strengthening capacities of sub recipients for procurement and supply management; WHO will provide technical support for quality assurance, ensuring technical specifications of medical and biochemical equipment, and the training of laboratory technicians in management and stock control; and the World Bank will provide support to strengthen management and planning capacities for NGO and PLWHA networks.

Upon receipt of an emergency request from WHO and UNICEF during the current food crisis in Niger, 50,000 LLINs for children under the age of five were provided and pregnant women treated in nutritional centers under the Round 3 malaria grant.

2. Congo

The Global Fund currently has three grant agreements for funding of HIV/AIDS, tuberculosis and malaria programs in the Democratic Republic of Congo. The Round 2 tuberculosis grant was successful in the Phase 2 review process and funding for the remaining three years of the grant lifecycle secured. Grants provide a total of approximately \$ US 67 million.

Conditions to implement grants in a post-conflict environment are challenging. State infrastructure for the health sector, transportation and banking remains limited. Programs supported under Global Fund grants are embedded in harmonized efforts with various partners including the World Bank (MAP program), UNAIDS, USAID, CDC and the National AIDS Council (PNMLS). UNDP is the Principal Recipient of Global Fund grants. After initial slow implementation, the limited program and management capacity of the PR has been addressed and support provided to strengthen procurement and distribution systems and to contract sub- recipients. Financial support to strengthen the CCM is provided by GTZ.

3. Nepal

The Global Fund has one Round 2 HIV/AIDS grant in Nepal. Significant political problems in the country have resulted in governance and implementation challenges for implementation of the grant. These have been addressed through concerted efforts with partners.

UNDP was requested by the Ministry of Health of Nepal to operate as a Management Support Agency (MSA) and provide direct management support for the management of funds, capacity building for the national program, and implementation through civil society organizations. UNAIDS is working closely with national stakeholders to develop a national operational plan and coordinates the provision of technical support of all partners including bilateral and multi-lateral agencies. In addition, UNAIDS, WHO and USAID are funding a number of positions posts within the National Center for AIDS and STD Control (NCASC) to strengthen its management capacity; the UNICEF Regional Office intends to provide technical support; and UNDP in collaboration with UNICEF is currently procuring emergency shipments of ARVs for 100 patients. UNAIDS, partners, and the Ministry of Health are collaborating to strengthen the CCM by implementing recommendations of the CCM Reform Committee. Most importantly, management mechanisms established for the

implementation of Global Fund grants will be used by DfID to channel US \$20 million to the Ministry of Health of Nepal for HIV/AIDS interventions.

4. **Rwanda**

Rwanda has emerged as a model example of best practices in implementing and managing Global Fund grants. The Global Fund has committed a total of approximately US \$42 million to Rwanda over two years for the three diseases (Rounds 1, 3 and 4). All grants have consistently demonstrated exceptional performance in the meeting of targets, good management and coordination among various partners contributing to the fight against these diseases in Rwanda.

Rwanda has met or exceeded most of its targets for Global Fund grants to date. As of mid-August, 2005, 7,538 patients had been put on ARVS, surpassing the target of 4,750. With respect to malaria treatment, 705,344 patients have received non-ACT malaria treatment against a target of 500,000. Under the TB grant, 1,350 smear positive TB patients have been successfully treated under DOTS against a target of 1,334.

The Rwandan government took the initiative to coordinate all HIV/AIDS activities funded by various donors through the Comité de Lutte Contre le SIDA (CNLS) based in the Office of the President. This means that all initiatives for HIV/AIDS of bilateral and multi-lateral donors, including USAID, PEPFAR, Belgian Technical Cooperation and WHO, have to ensure that their activities link to the Rwanda's National AIDS Strategy and contribute to national indicators. The duplication of activities is thus reduced and geographic coverage improved.

A Program Management Unit (PMU) created to coordinate activities under all grants has enhanced the efficiency of grant management and monitoring and evaluation, particularly in the area of data management and reporting. In creating the PMU, the Rwandan government initially used external technical assistance to train Rwandan PMU staff. Now that the capacity of local staff has been built, the PMU no longer requires long term technical advisors and is managed entirely by local staff.

5. **Haiti**

In Haiti there is a recurrent potential for rapid increase of the three diseases (HIV/AIDS, malaria and tuberculosis), given the major political and economical challenges it has to face and given its vulnerability to natural disasters. The Global Fund is currently funding three grants for each of the three pandemics amounting to us \$81 million. Fondation SOGEBANK (FSGB) is the Principal Recipient for all three grants and has a centralized procurement and monitoring and evaluation system.

PEPFAR (through USAID and CDC) and the Global Fund are the major donors for HIV/AIDS programs in Haiti. These programs mostly use the same sub-recipients, suppliers and distribution channels. During implementation last year, the risk for the overlapping of donors' investments and duplication of efforts became apparent. This prompted a natural need for closer communication and alignment of program activities. Efforts started at the country level and were quickly complemented at the institutional level including relevant HQ office of OGAC and the Global Fund.

Since August 2005, PEPFAR, the Global Fund, FSGB, USAID and CDC agreed on a joint plan aimed at improving collaboration and coordination at the local and institutional levels through harmonization of programs. The initial thrust will be in the areas of procurement

and monitoring and evaluation. Additionally, PEPFAR and the Global Fund agreed to, whenever feasible, undertake joint monitoring missions.

Part 7: Procurement Initiatives

1. In order to address country procurement challenges, the Global Fund continues to improve its internal processes for the review and approval of country procurement and supply management plans. It has also introduced several initiatives to address in-country procurement challenges experienced by recipients. These are described below.
2. Further procurement workshops have been organized in partnership with WHO and the World Bank and in collaboration with other partners. One workshop was held in Honduras with the active involvement of PAHO mid-July and one in Bangkok for all Asian countries at the end of July. The latter resulted in 13 PSM Plans being finalized for assessment by the relevant LFA assessment reflecting the value of such workshops to accelerate implementation of grants.
3. The Price Reporting Mechanism, a valuable tool for both countries and the Secretariat, is being further developed to include an improved data analysis. To ensure more consistent application by countries, price reporting will be required for the release of future disbursements.
4. To facilitate the procurement of products for malaria, a High Level Meeting on Long Lasting Insecticidal Nets (LLINs) was held in Geneva on 23 June 2005. A follow-up High-Level Meeting on Scaling Up Insecticide Treated Nets was held in Paris on 7 September 2005. The objective of these meetings was to develop solutions to accelerate the delivery of bed-nets and enable the Global Fund and partners to achieve full coverage of women and children under the age 5 by the end of 2007. The Global Fund, industry representatives and partners of Roll Back Malaria agreed to actively address bottlenecks to the scaling-up of coverage of LLINs. Subsequently, the Global Fund, WHO, UNICEF and RBM issued a joint letter to all Principal Recipients of malaria grants highlighting the benefits of LLINs and offering several mechanisms to accelerate procurement and overcome supply-chain bottlenecks including the use of direct payment to procurement agents and manufacturers. Multi-year orders are also being encouraged.
5. The use of an electronic procurement platform to support the purchasing of medicines and commodities by recipients has received strong interest from a variety partners including UNDP-IAPSO (Interagency Procurement Services Organization). UNDP-IAPSO plans to have an electronic system in place within the coming months.
6. The Global Fund has moved forward rapidly on implementing the Board's Quality Assurance decision of the Tenth Board Meeting. A short term agreement has been secured with a third party for the sampling and testing of single- and limited-source pharmaceuticals procured by countries under the new Option C. A comprehensive system for quality testing of such products for the longer term is simultaneously being developed. An initial list of products that can be procured using Global Fund funds has been published on our website and made available to all interested parties to assist countries in identifying products which comply with the new policy. This list currently includes all products pre-qualified by WHO and approved by stringent regulatory authorities. Information concerning products manufactured according to GMP requirements is currently being collated as specified in the new Board decision.

Part 8: Round 5 Call for Proposals

1. After approving the Guidelines for Proposals on 17 March 2005, the Board launched a Call for Proposals for a Fifth Round of funding with a deadline of submitting proposals on 10 June 2005. In total, the Global fund received 168 proposals from 105 countries for approx. US \$ 8.2 billion.
2. The Secretariat mobilized partners to assist countries with the preparation of proposals and focused on countries not yet beneficiaries of resources of the Global Fund. Staff of technical partners which traveled on mission were briefed by the Secretariat in advance to ensure their familiarity with relevant eligibility criteria and the review process
3. Of the 168 proposals, 89 were received through CCMs (53%), 3 through Regional CCMs (2%), 2 from sub-CCMs (1%), 9 from Regional Organizations (5%) and the remaining 65 were without CCM endorsement (39%). Forty percent (40%) of proposals were for interventions against HIV/AIDS, 22% for tuberculosis, 26% for malaria and 12% for health system strengthening. Sixty-eight percent (68%) of the total amount was requested for countries in Africa, 8% for East Asia and the Pacific, 8% for South and West Asia, 6% for the Middle East and North Africa, 3% for Latin American and the Caribbean, 2% for Eastern Europe and 5% for regional programs.
4. The Secretariat screening process ensured consistent and transparent application of eligibility criteria. Criteria include the requirements that proposals be endorsed by the relevant CCM(s); revised CCM Guidelines be implemented by CCMs as prescribed in the Guidelines for Proposals; proposals target one or more of the three diseases and be submitted in a reasonably complete state.
5. Of the 169 proposals received, 98 were screened in as eligible for TRP review. This constitutes 58.3% of proposals received. The majority of proposals screened out was from small NGOs and not endorsed by their respective CCM. The Secretariat screening team undertook efforts to communicate with both applicants and relevant CCMs to ensure their understanding of Global Fund eligibility criteria, policies and procedures. The amount of 2-year funding requested through eligible proposals constitutes approximately 92% of the total amount requested in all proposals for two years and 94% of the total amount of all proposals for five years. Thirty-three (33) per cent of eligible proposals are for HIV/AIDS, 24% for tuberculosis, 28% for malaria and 15% for health system strengthening.
6. Results of the TRP review process and details of recommended amounts are provided in the Report of the Technical Review Process and the Secretariat on Round 5 Proposals for the Eleventh Board Meeting.

Part 9: Country Coordinating Mechanisms

1. Strengthening the oversight role of and participation of civil society participation in CCMs has been a continued focus of the Secretariat since the new CCM policy was adopted at the Ninth Board Meeting in November. Tools to translate CCM recommendations and requirements into measurable indicators for CCM self-assessments and external audits have been developed and distributed to all CCMs. Since June 2005, CCM minimum requirements were used for the first time as eligibility criteria in Round 5 and in committing further resources in Phase 2 decisions. A small number of proposals have been screened out because they did not meet minimum requirements.
2. Following the adoption of a decision at the Ninth Board Meeting concerning CCM functioning, regional workshops have been held with CCMs to clarify roles and

responsibilities of CCMs, in particular with regards to grant oversight, the Phase 2 renewal process and potential conflicts of interest. The Global Fund has requested CCM Chairs to invite Principal Recipients, CCM Vice-Chairs, people living with the diseases, and representatives of civil society and the private sector to participate in these regional workshops. In 2005, regional meetings with a focus on CCM functioning have been held for countries from francophone West and Central Africa, for Anglophone West and Central African countries and for countries from the Mediterranean and North Africa region. Similar regional meetings are planned for East Asia and Pacific, East Africa, South East Asia, Latin America and the Caribbean, Southwest Asia and Southern Africa regions during the remainder of 2005.

3. The Secretariat is also providing direct in-country support through its Portfolio Managers, its civil society officer, the CCM Manager (currently being recruited) and a co-investment officer (a new position currently being recruited). A list of CCM members for nearly all countries is available on the website, and all communications to CCMs from the Secretariat are now copied to the entire list of members.
4. Many CCMs (including China, Guinea Bissau, India, Laos, Mali, Malawi, Mauritania, Swaziland, Honduras and Vietnam) have initiated restructuring processes to strengthen their civil society representation and functioning since the beginning of this year. This is expected to be expanded further through the use of the CCM toolkit, which will provide a way for CCMs to assess whether they are meeting CCM recommendations and requirements.
5. The Secretariat also commissioned an external assessment of CCM processes and procedures which was conducted by the Futures Group. This external assessment which will be presented at this Board Meeting, is intended to provide information on areas requiring greater effort and to establish a baseline against which future progress can be gauged. For many countries, the assessment period preceded the distribution of the *Revised Guidelines on Purpose, Structure and Composition of Country Coordinating Mechanisms and Requirements for Grant Eligibility*, which were based on decisions taken at the Ninth Board Meeting in November 2004. It is important to note that on receipt of the *Revised Guidelines* and a checklist from the Secretariat, many CCMs immediately initiated procedures to comply with its recommendations and requirements. Therefore, the picture of CCM performance is known to have already changed rapidly from baseline results. Nevertheless, assessment results will prove valuable in efforts to target the areas of CCM performance that require the greatest degree of support.
6. At its Tenth Meeting in April 2005, the Global Fund Board adopted a decision to strengthen CCM functioning and access to resources by allowing the use of grant money to support CCM activities where necessary. The Secretariat has since developed operational policies, application forms and guidelines for the application of the Board decision. These application forms and guidelines, in six languages, have been sent to all CCMs, are being shared with CCMs at regional meetings and are available on the Global Fund website for CCMs and to the general public. The use of these funds will contribute to the strengthening of the governance functions of CCMs and facilitate the inclusion of non-governmental entities. Processing of CCM applications are on-going.

Part 10: Continuing to Strengthen the Operations Team

Recruitment of New Staff

1. The Operations Unit has made substantial progress in addressing its human resources needs during 2005. Recruitment for regional Cluster teams has been completed: all Team

Leader positions have been filled with four new Team Leaders beginning during the summer of 2005. In addition, all Fund Portfolio Manager vacancies have been filled. Staffing needs for 2006 are now being analyzed considering increasing workloads due to Phase 2 extensions and potential Round 5 grants. Efforts to recruit a Deputy Chief of Operations and Chief of Operations have intensified.

2. Emphasis was also given to the Portfolio Services and Projects team and a new Team Leader appointed in August 2005. A number of additional key procurement posts have been created as a result of focused initiatives undertaken and will be financed externally through the private sector. A number of persons have been successfully recruited for LFA Manager and Phase 2 Manager positions.
3. Due to the redesign of the Early Alert and Response Systems, the structure of the Operational Partnerships and Country Support (OPCS) team has been revisited. The functions of CCM Manager and Co-investment Project Manager have been incorporated and a number of posts created to ensure maximum support for implementation of EARS. Recruitment for these posts has begun intensively and will remain a priority to ensure the team is adequately staffed.

Operations Management Workshop

4. End-August 2005, an Operations Management Workshop was held to bring together senior managers of the Operations Unit including ten Team Leaders and the Chief of Operations. Undertaking such a workshop was deemed important as it was the first time the Operations Management Team was completely staffed and since a number of Team Leaders were new to their positions and the organization. A main objective of the workshop was team building and enhanced the need for cooperation as 'one Operations Management Team'. A number of sessions also focused on setting objectives and priorities for the remainder of 2005 and 2006.

Future challenge

5. Future efforts of the Operations Unit will need to focus on ensuring a high quality of documentation produced, high quality processes in place, and high quality of data management and analysis undertaken by Operations staff. The number of grants to be managed, however, will not decrease but increase due to subsequent Rounds of additional funding including Round 5. In addition, the internal Phase 2 review process has proven to be very time and labor intensive to ensure quality documentation and processes. Staffing needs of the Operations Unit will therefore need to be reassessed. Adequate resources will be imperative to ensure a high-quality output while workloads increase, particularly at the Program Officer and Team Assistant levels.