



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

REPORT OF THE POLICY AND STRATEGY COMMITTEE

15 December 2005

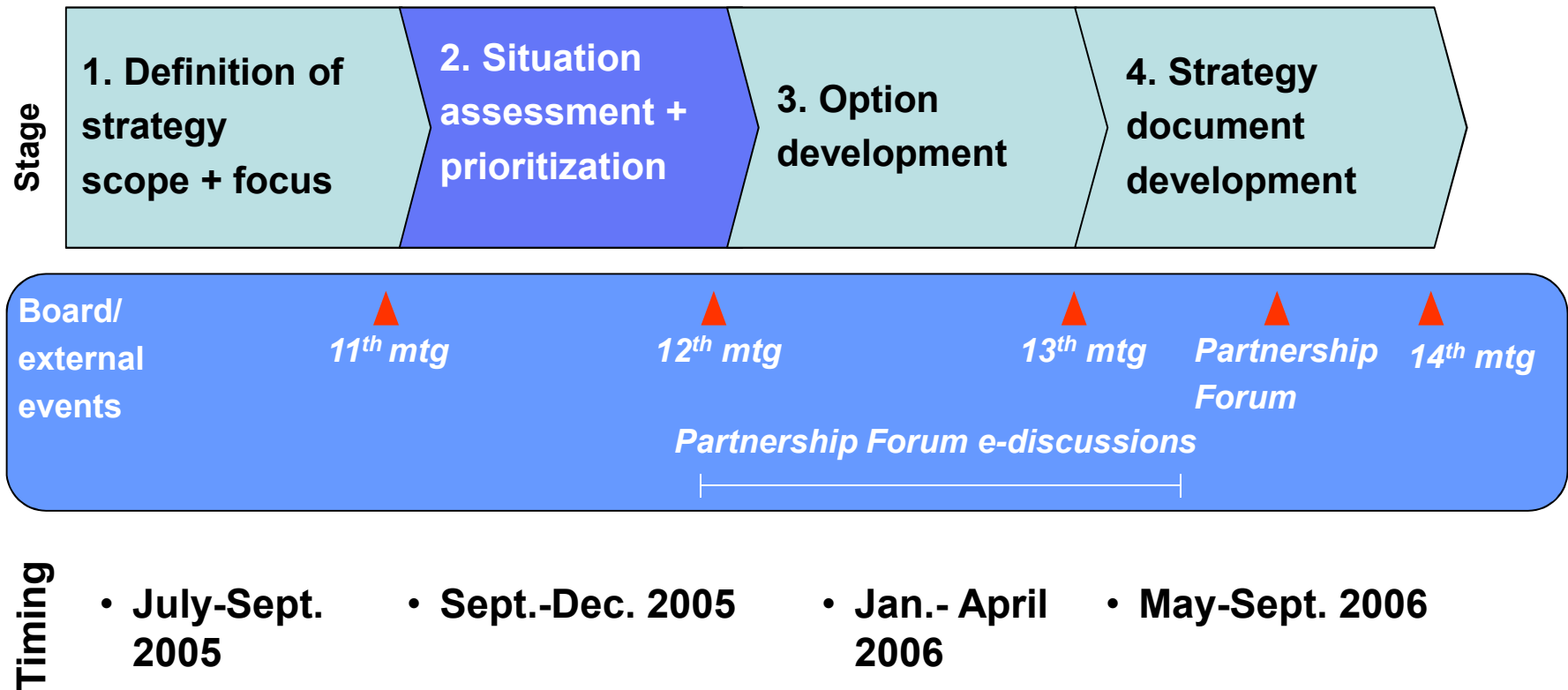
1. Strategy development

2. Continuity of services

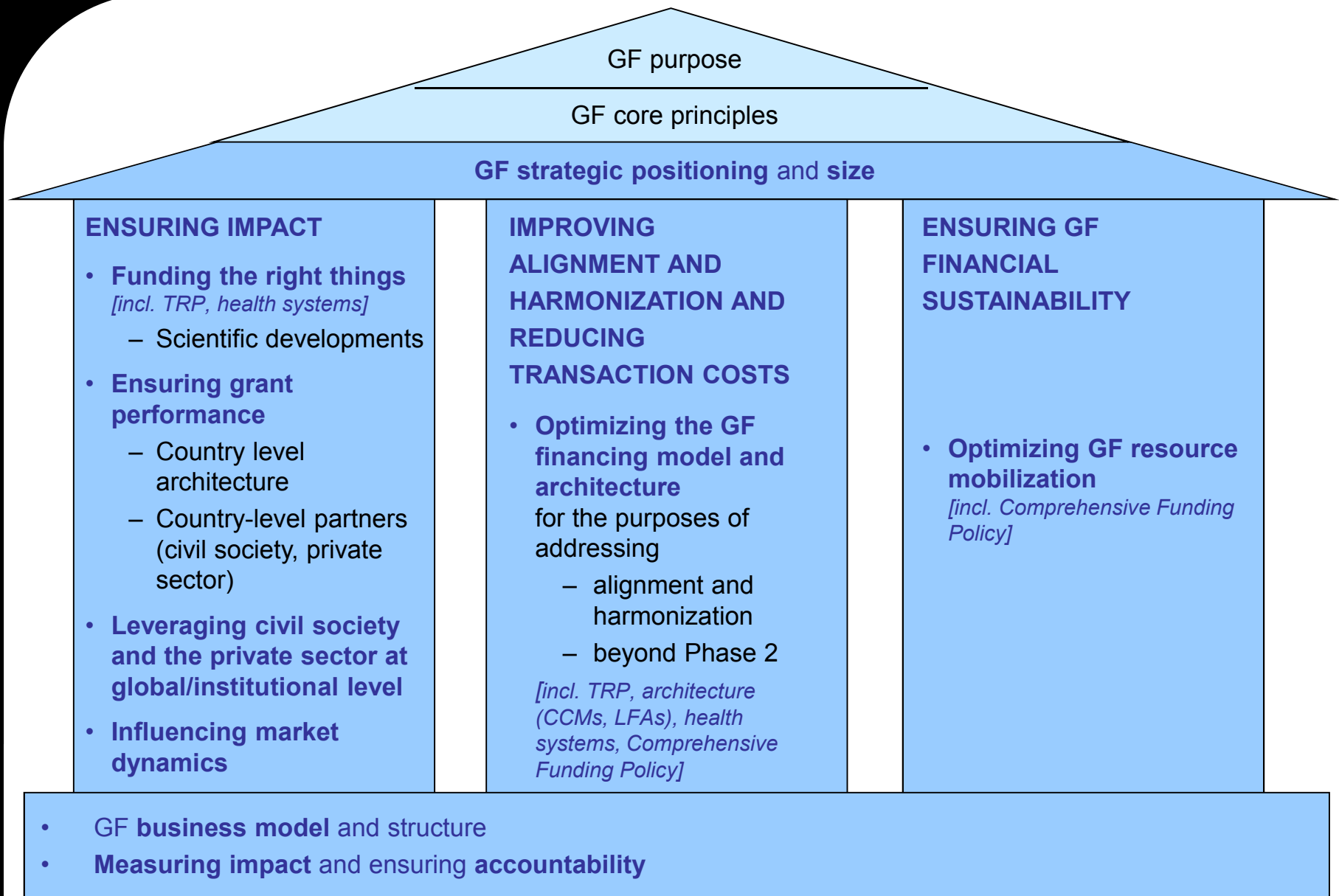
3. TERG Report

4. Partnership Forum

Overall strategy development process



“Edifice” framework of prioritized strategic issues



Guidelines for option development

- **Aim to maximize the Fund's impact** (as expressed by the Fund's purpose laid out in the Framework Document) by
 - building on the **strengths and comparative advantages** of the Global Fund;
 - considering a **variety of possible methods and innovative solutions**, including strategic adjustments to optimize the current business model as well as architectural changes to the current business model as appropriate;
 - prioritizing options that **ensure the sustainability of programs and engender local ownership and responsibility**.
- **Be consistent with the Global Fund's principles** laid out in the Framework Document and respect the boundaries inherent in the Global Fund's role as a financing mechanism, not an implementing entity.
- **Focus on addressing areas where strategic decisions by the Board are required**
 - with the aim to drive toward key decisions, major orientations and desired outcomes, while allowing flexibility for effective and adaptive implementation;
 - centering on the elements that can be addressed or significantly influenced within the Global Fund's strategy effort, while identifying areas where there is a possible need for a larger-scale, collective strategic effort with partners.

Decision point 1: Strategy development

The Board acknowledges the progress made on developing the situation assessments and affirms the prioritization of issues and the principles to guide option development outlined in the Report of the Policy and Strategy Committee (GF/B12/5). It requests that the work proceed to the stage of option development and that the Policy and Strategy Committee report on progress at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

1. Strategy development

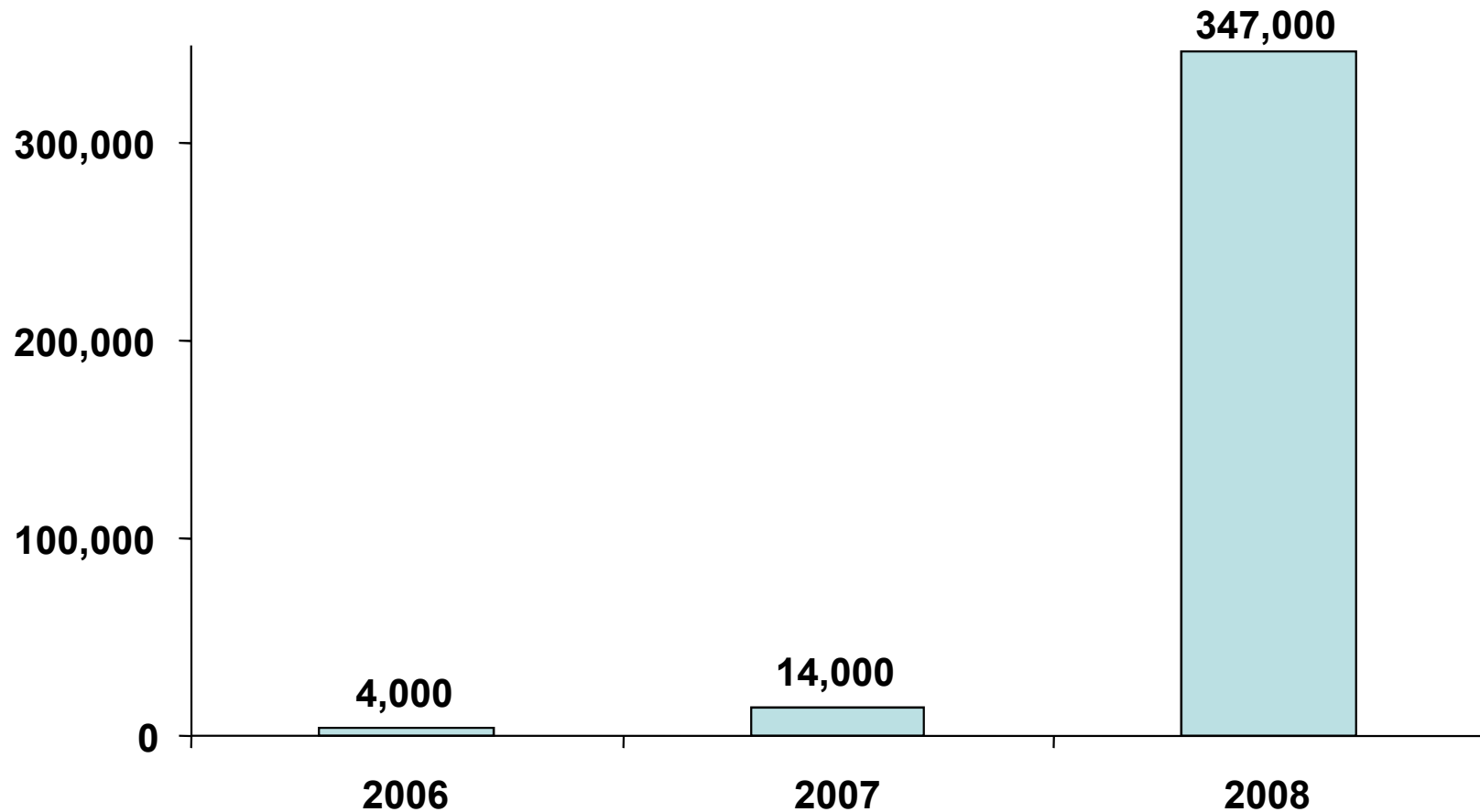
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Estimated Need for Continuation of ARV Services, 2006 - 2008

Number of People in need for Continuation of ARV Services (based on grants with no subsequent grant or approved proposal in place)



Proposed actions going forward

- ***Short term:*** address urgency of the problem through **expansion of transitional financing** for treatment
- ***Medium term:*** address broader issue of sustainability of services and continuing funding for well-performing grants through the **strategy development effort**
- ***Longer term:*** **collaborate with partners** to ensure appropriate linkages to UNAIDS-led **“Universal Access” effort**

Decision point 2: Continuity of services

The Board recognizes that in exceptional circumstances there may be a need to provide funding for the continuation of treatment in grants where funding ends (whether due to termination, a decision not to provide Phase 2 funding, or a grant reaching the end of its term). The Board recognizes that discussions on whether and how to provide continued funding for treatment will be part of the strategy process. To address exceptional cases that may arise before a comprehensive approach to the issue has been decided, however, the Board replaces the decision at the Ninth Board Meeting on continuity of services (GF/B10/2, Decision Points: Continuity of Services, Decision Point 1) with the following:

Decision point 2: continuity of services (cont'd)

The Board adopts the following system for addressing continuity of services:

- i. A recipient (typically a CCM) whose funding has ended may submit an Extraordinary Request for Continued Funding for Treatment.
- ii. The Extraordinary Request will be limited to expenses directly related to the continuation of treatment (including medicines [which, in the case of discontinuation of antiretroviral therapy, includes drugs for HIV-related opportunistic infections], diagnostics, and, as appropriate, costs for medical staff and other personnel directly involved in care of the patients on treatment) for those people already placed on life-long treatment under the existing proposal at the time of the Extraordinary Request.
- iii. The Extraordinary Request will be limited to the amount required to provide services directly related to the continuation of treatment for up to two years (taking into account any amount which remains available under the existing grant).
- iv. The Extraordinary Request shall contain a description of the steps that are being taken to find sustainable sources of financing for the people on treatment, and to ensure that treatment is being delivered effectively. To be eligible for funding under this provision the CCM (or, in the case of non-CCM proposals, the grant applicant) shall demonstrate that it has used its best efforts to identify other sources of funding to provide continuity of services but has been unsuccessful.
- v. The Secretariat will review the Extraordinary Request, and provide a funding recommendation to the Board for its approval. The Secretariat will address performance issues as appropriate, and shall make any adjustments to existing implementation arrangements necessary to ensure the effective use of grant funds.
- vi. Throughout the process, the Secretariat will actively engage with technical partners to identify mechanisms to ensure continuity of services.
- vii. In a resource-constrained environment, Extraordinary Requests for Continued Funding for Treatment shall be treated the same as Phase 2 renewals for the purpose of the decision on prioritization set out in GF/B9/2 page 9, Decision Point 2.

This decision shall expire at the first Board meeting of 2007 unless renewed.

1. Strategy development
2. Continuity of services
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1. Strategy development
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Purpose of the Partnership Forum

Purpose

- Review progress and provide advice on policies
- Provide platform for debate, advocacy, fundraising and inclusion of new partners
- Mobilize and sustain high level coordination and political commitment
- Provide channel for stakeholders not formally represented

Special emphasis of 2006 Partnership Forum:

- Use the Partnership Forum as a platform to mobilize resources from the Private Sector and Individuals
- Get feedback on the Global Fund Strategy
- Special emphasis on providing a forum for voices

Progress to date

- ✓ Established theme: “Overcoming challenges, celebrating success”
- ✓ Selected venue and date
- ✓ Agreed on objectives and importance of measuring success

Partnership Forum steering committee members

Constituency

Member

- | | |
|----------------------------------|--|
| • Private Sector | • Dr. Brian Brink (Chair) |
| • NGO Developing | • Ms. Elizabeth Mataka (Vice-Chair) |
| • Canada, Germany, Switzerland | • Ms. Nadia Stuewer |
| • Eastern and Southern Africa | • Ms. Daisy Mafubelu |
| • European Commission | • Mr. Enrico Mollica |
| | • Mr. Michel Latschenko |
| • NGO Developed | • Mr. Kieran Daly |
| • NGO Representative Communities | • Mr. Shaun Mellors |
| • Private Foundations | • Mr. Todd Summers |
| • UNAIDS | • Mr. Ben Plumley |

Next Steps

- Engage with the host country government and establish local host committee
- Clarify objectives and measures of success
- Launch e-Forum (January 2006)
- Draft agenda for the Partnership Forum
- Engage a lead facilitator
- Finalize invitation list

ANNEX TO THE STRATEGY SECTION

Board-approved framework of strategic themes and issues

1. Accelerating access and reviewing impact

- a) Measuring impact and ensuring accountability (incl. link to broader development goals; portfolio review/response)
- b) Understanding and meeting needs (mechanisms to rapidly identify and react to new scientific insights, lessons learned and feedback from constituencies)
- c) Ensuring grant performance – technical assistance; difficult conditions; grants in difficulty

2. Business model – ‘How we work’

- a) Global Fund architecture (LFAs, CCMs, PRs, TRP)
- b) Participation and access to financing for Civil Society, Private Sector (incl. CCM issues, and non-CCM proposals)
- c) Influencing market dynamics
- d) Portfolio balance (eligibility, priorities; additional safeguards policy)

3. Alignment and harmonization

- a) Global Fund comparative advantage; GF fit with the global architecture; relationships with partners
- b) Global Fund alignment with country priorities and systems (incl. round system; project to program)
- c) Health systems
- d) Global Fund’s role in ensuring a comprehensive approach

4. Sustainability

- a) Beyond Phase 2
- b) Global Fund funding model (incl. comprehensive funding policy)
- c) Resource mobilization (incl. new financing sources; replenishment mechanism; bringing in new partners)
- d) Global Fund size and structure

Revised framework of strategic themes and issues

0. Introduction

- a) Strategy scope, horizon and objectives; targets of strategy
- b) Purpose and principles of the Global Fund

1. Accelerating access and reviewing impact

- a) Funding the right things (incl. eligibility, portfolio balance/response, priorities, comprehensive approach)
- b) Pre-empting and responding to scientific developments (mechanisms to rapidly identify and react to new scientific insights)
- c) Ensuring grant performance – technical assistance; grants in difficulty
- d) Measuring impact and ensuring accountability (incl. link to broader development goals; portfolio review)

2. Business model – ‘How we work’

- a) Global Fund architecture: LFAs, CCMs, PRs, TRP
- b) Participation and access to financing for Civil Society; Participation of Private Sector
- c) Influencing market dynamics

3. Alignment and harmonization (Alignment/harmonization and country sustainability)

- a) Global Fund strategic positioning (incl. comparative advantage; fit of the Fund with the global architecture; relationships with partners)
- b) Global Fund harmonization with other donors and alignment with country priorities/systems (incl. round system; project to program)
- c) Beyond Phase 2
- d) Health systems

4. Sustainability (financial sustainability)

- a) Global Fund funding model – comprehensive funding policy
- b) Resource mobilization (incl. new financing sources; replenishment mechanism; bringing in new partners)
- c) Global Fund size

Key strategic questions – roof of the edifice

Issue	Key strategic questions and subquestions
Global Fund strategic positioning	<ul style="list-style-type: none">• What is the Global Fund’s appropriate strategic positioning vis-à-vis other key international actors and partners?<ul style="list-style-type: none">• From a general perspective, what roles does the Fund play uniquely well? What roles – based for example on its principles, design, or skills – might it be uniquely positioned to play well in the future? Conversely, what roles does it play less well?• In the light of this:<ul style="list-style-type: none">– What is the appropriate overall role for the Fund going forward?– What can be done by the Fund to strengthen its complementarity with key partners?– What understandings or working arrangements should the Fund seek to establish with these partners to ensure the development and viability of this strengthened complementarity?
Global Fund size	<ul style="list-style-type: none">• Should the Global Fund develop an aspirational size (and trajectory) for itself and, if so, what is the appropriate target size that will enable it to attain its purpose?<ul style="list-style-type: none">• Should the Fund set an aspirational target size (and trajectory)?• If so, how would it best be determined?<ul style="list-style-type: none">– What are the demand-side essential drivers of target size that should be considered? (for example: key international commitments and goals for fighting the diseases e.g., Millennium Development Goals, universal access etc.; appropriate Global Fund share of the overall resource needs, as determined by its role and comparative advantage; expected Fund grant volume from new rounds, renewals, etc.; country absorptive and distributive capacity)– What are the supply-side essential drivers of target size should be taken into account? (for example: availability of funding, emergence of new aid channels)– How to best determine a target size from these factors?• What are a few possible scenarios to consider for the target size of the Fund? What are their associated assumptions, implications, merits and demerits?

Key strategic questions – Pillar One

“Ensuring Impact”

Issue	Key strategic questions and subquestions
Funding the right things	<ul style="list-style-type: none"> • What should Global Fund fund? How actively should it shape this? <ul style="list-style-type: none"> – Should country eligibility criteria be changed? If so, how? – How can the Fund take into account national strategies in its funding decisions and ensure it is playing a “gap-filling” funding role (including in its support of health systems)? – Should the Fund maintain its current purely demand-driven approach to funding or should it more actively shape its portfolio (e.g., if the portfolio is deemed to be unbalanced)? And if so, how? In particular, how should “the right things” to fund be defined, taking into account the countries’ perspective (defined inclusively to encompass government, NGOs and the private sector)? – How can the Fund better pre-empt and appropriately respond to scientific/technological developments?
Ensuring grant performance	<ul style="list-style-type: none"> • How should the Fund – working with its partners – enable countries to improve grant performance by anticipating and addressing implementation bottlenecks? <ul style="list-style-type: none"> – What enhancements/modifications to elements of the Fund’s grant cycle or architecture (including CCMs, PRs, LFAs) should be considered to help pre-empt, better identify and address implementation bottlenecks? (e.g., opportunity to require and enable rigorous upfront needs assessments, to encourage countries to more actively self-identify their grant problems). – How can the Global Fund better strategically manage its links with country-level partners (existing and new – including government, civil society, business private sector, private foundations and international agencies) to enable implementation challenges to be addressed in accountable and effective ways as they occur? (including the appropriate provision of technical and management assistance). – How can the Global Fund respond to real-time feedback from the field – from recipients, governments, civil society, the private sector, customers and critics?

Key strategic questions – Pillar One

“Ensuring Impact” (cont.)

Issue	Key strategic questions and subquestions
Leveraging civil society and the private sector at global/institutional level	<ul style="list-style-type: none"> • How can the Global Fund more effectively tap the potential of civil society and the private sector (business and foundations) and maximize the impact of their contributions at the global and institutional levels? <ul style="list-style-type: none"> – How can the Global Fund ensure sufficient recognition and participation of civil society and the private sector at the institutional/Secretariat level? – How can the Fund maximize the impact of the contributions of civil society and the private sector at the global and institutional level?
Influencing market dynamics	<ul style="list-style-type: none"> • What should the Global Fund do to help enable improved market dynamics – i.e. improved pricing and sustainable supply – for essential health products related to the prevention, care, and treatment of HIV/AIDS, TB and malaria and to help mitigate key risks/threats for these products? <ul style="list-style-type: none"> – What are the specific opportunities (i.e. which products and product outcomes) for improved market dynamics or risk mitigation that would make a substantial contribution towards the Fund’s purpose? What is their potential impact (i.e. value in dollars and/or lives)? – What principles should guide the potential role of the Fund? – In the light of this, what role might the Fund play – working with its partners – in contributing to realize those opportunities...? <ul style="list-style-type: none"> • ... through strategic actions within its current model? • ... by making any appropriate changes to its model, as relevant?

Key strategic questions – Pillar Two

“Improving alignment + harmonization”

Issue	Key strategic questions and subquestions
Optimizing the GF financing model and architecture	<ul style="list-style-type: none">• How should the Fund optimize its financing model and architecture to improve coordination and sustainability and reduce transaction costs as a means to increasing its impact?<ul style="list-style-type: none">– What elements of the Fund’s financing model (including the rounds system, the Comprehensive Funding Policy) and architecture (including CCMs, PRs, LFAs, TRP) might need to be examined in order to improve coordination and reduce transaction costs – particularly to help address alignment, harmonization and the issue of ‘beyond Phase 2’?– What strategic actions might the Fund take – within the current financing model and architecture or through changes to it – to help address alignment, harmonization and beyond Phase 2?– Specifically:<ul style="list-style-type: none">• How might the Global Fund – in a way that is consistent with its principles, including accountability – align more closely with (inclusively-defined) country priorities and systems and improve harmonization with other donors?• What should the Global Fund do to address the sustainability, transaction cost and alignment issues raised by grants coming to the natural end of their Phase 2 funding?• What is the most appropriate approach for the Fund to be involved in supporting health systems strengthening?

Key strategic questions – Pillar Three

“GF Financial Sustainability”

Issue

Key strategic questions and subquestions

Optimizing GF resource mobilization

- **How can the Global Fund better provide for adequate, predictable and sustainable financial resources for the fight against the pandemics within its mandate?**
 - What are the strategic questions that must be answered to further increase donor confidence in the Global Fund?
 - How effective has the replenishment process been to date and how can it be improved further?
 - What are the most appropriate resource mobilization efforts to complement the replenishment process?
 - What is the full potential for contributions from business and foundations to the Global Fund – both financial and non-financial – and what is the effort required to effectively mobilize these? What degree of effort should the Global Fund invest to effectively mobilize such contributions?
 - What is the potential of innovative financing mechanisms and how might they bring additional resources, predictability and sustainability to the Global Fund’s resource mobilization?
 - What adjustments – if any – might be required to the Comprehensive Funding Policy (CFP) to improve the Fund’s ability to mobilize resources, without undermining the principle of financial prudence underlying the CFP?

Key strategic questions – base of the edifice

Issue	Key strategic questions and subquestions
Global Fund business model and structure	<ul style="list-style-type: none">• What is the appropriate business model and structure for the Fund that is consistent with and helps best achieve the strategic orientations taken in each of the strategic pillars?
Measuring impact and ensuring accountability	<ul style="list-style-type: none">• How should the Global Fund measure impact and ensure accountability?<ul style="list-style-type: none">– How should the Global Fund measure its impact, in particular its role in the global progress against the three diseases and towards the Millennium Development Goals, as well as its cost effectiveness?– What are the few, right things that the Global Fund should measure, communicate and be held accountable for in order to ensure and demonstrate that it is making a difference? Should the Fund develop annual performance goals for itself?– Should the Board periodically review the Fund's portfolio in a more systematic and in-depth fashion than it does today? And if so, how?