



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Report of the Policy and Strategy Committee

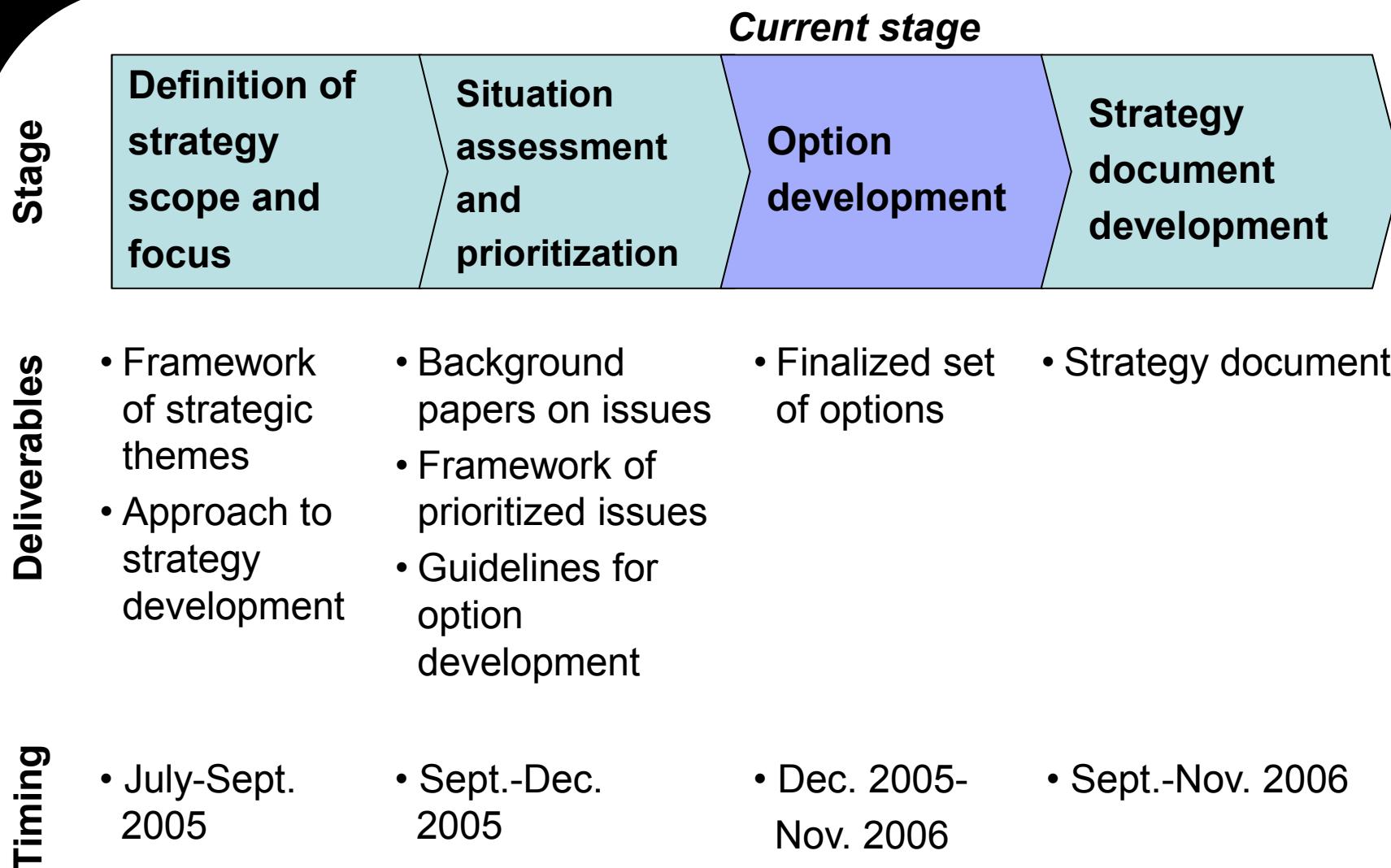
Thursday 27 April 2006

I. Strategy development

II. TERG report

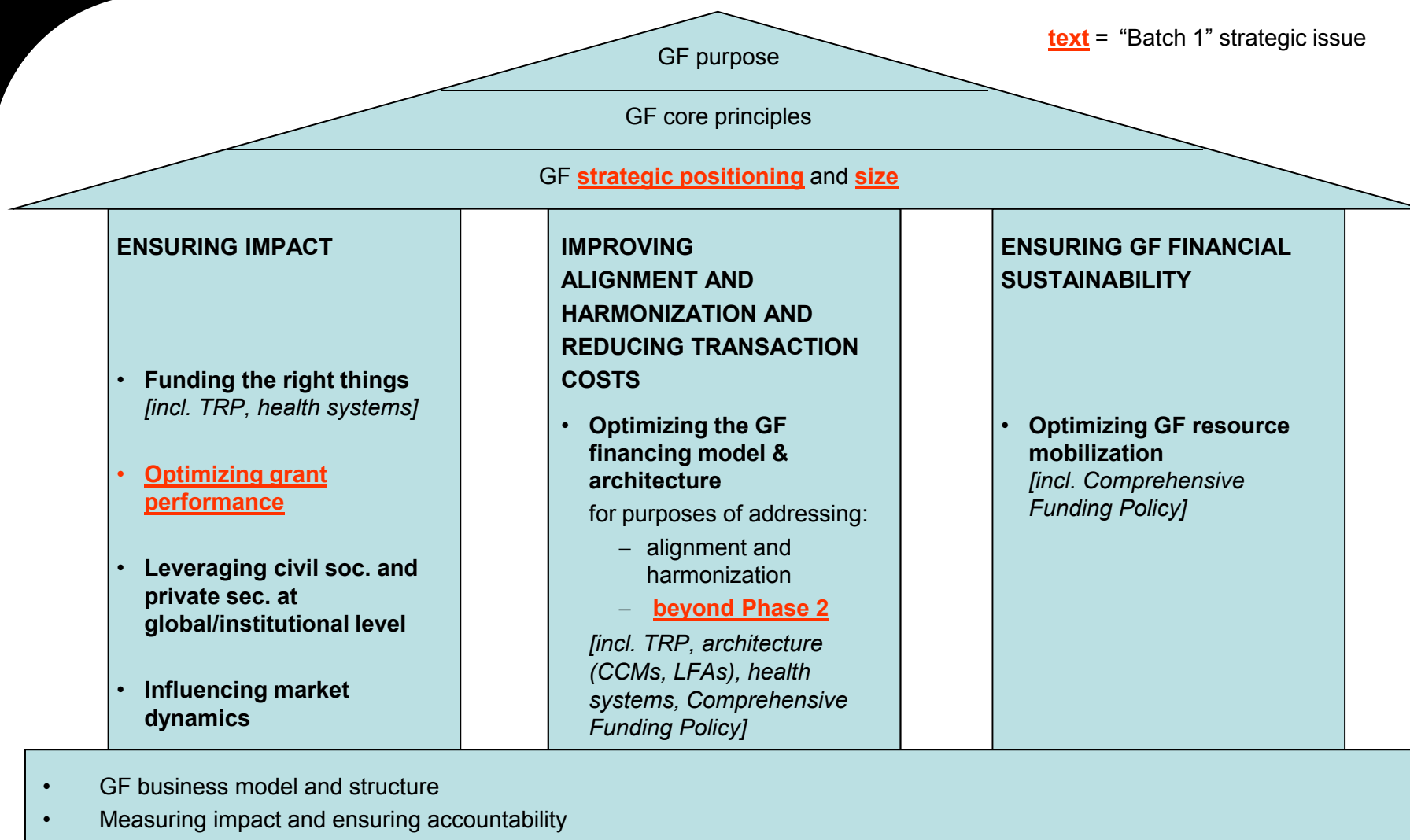
III. Partnership Forum

Overview: Strategy development timeline



Overview: “Edifice” framework of prioritized strategic issues

text = “Batch 1” strategic issue



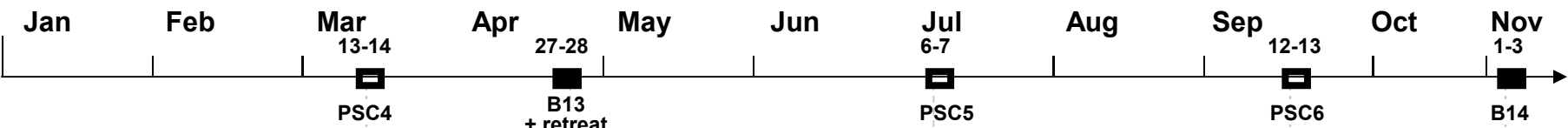
Looking ahead: Option development timeline

Key milestones

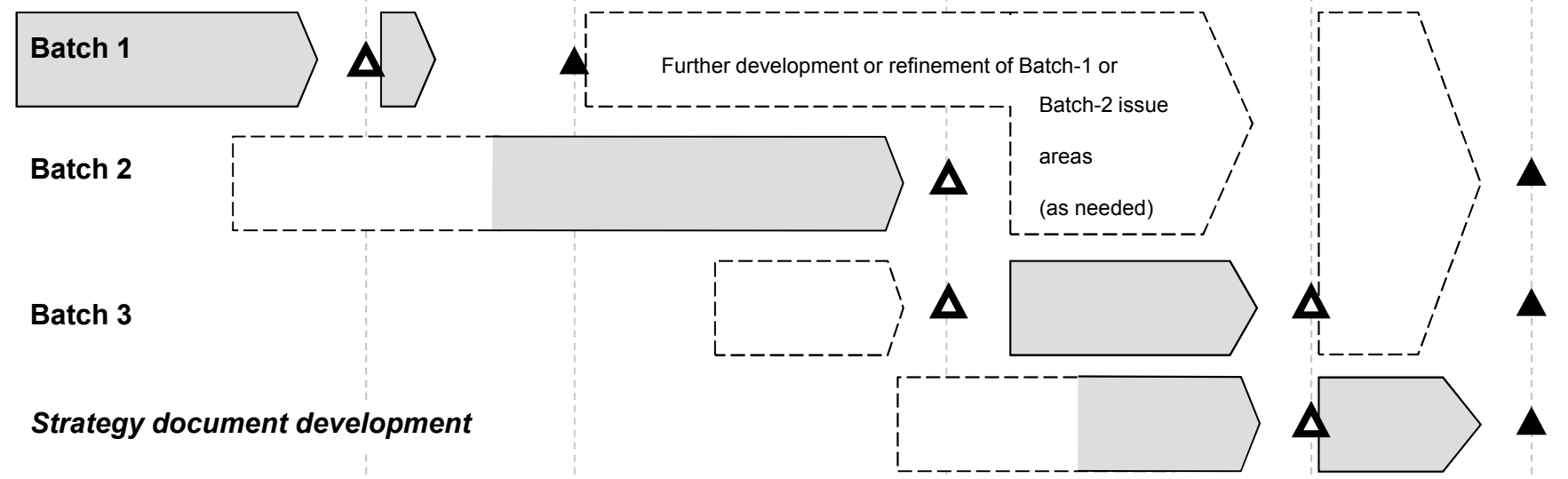
- Board meeting
- ▣ PSC meeting
- ▲ PSC discussion
- ▲ Board discussion + decision

□ Area of principal focus at the time

Calendar 2006



Option development



*Thirteenth Board Meeting
 Geneva, 27-28 April 2006*

Overview:

Decision points on Batch 1

Batch-1 issues:

- Global Fund strategic positioning
- Global Fund size
- Optimizing grant performance
- Beyond Phase 2

Decision points:

- Overall
 - *Decision Point 1:* progress on strategy development
- Optimizing grant performance
 - *Decision Point 2:* facilitating pooled procurement
 - *Decision Point 3:* earlier TRP clarifications and LFA assessments
- Continuity of services
 - *Decision Point 4:* revision to current continuity of services policy

Overview: Decision Point 1

Progress on Strategy Development

The Board acknowledges the progress made on developing options for the strategic issues in Batch 1 as outlined in the Report of the Policy and Strategy Committee (GF/B13/7). In particular, the Board notes the agreed outcomes of the Policy and Strategy Committee set out in Annex 3 to the Report of the Policy and Strategy Committee (GF/B13/7).

In addition, the Board requests that the development of options continue, and that the Policy and Strategy Committee present to the Board the work on option development for Batches 2 and 3, as well as a draft strategy document, at the 14th Board meeting.

Grant performance: Overview of “facilitating pooled procurement” idea

- **WHY?** To improve grant performance by:
 - Speeding up procurement and delivery of essential health products
 - Strengthening local procurement and supply management (PSM) capacity
 - Ensuring supply availability, reliability and quality
- **WHAT?** Offer PRs, on a voluntary basis, a pooled procurement service and PSM capacity-building support
- **HOW?** Contract one or more external procurement agents to conduct the actual procurement and capacity-building activities

Grant performance: Board-amended Decision Point 2

*Facilitating ~~Centralized~~ **Pooled** Procurement*

The Board endorses, in principle, the recommendation of the Policy and Strategy Committee, as part of the strategic issue of “Optimizing Grant Performance”, that the Global Fund facilitate the provision of ~~centralized~~ **voluntary pooled** procurement for recipients of grants subject to the development and Board approval of a suitable feasibility and business plan. To that end, the Board requests that the Policy and Strategy Committee further explore possible strategic models for and implications of centralized **pooled** procurement, and report to the Board on progress at the 14th Board meeting.

Grant performance: Overview of earlier TRP clarifications and LFA assessments idea

- **WHY?** To use 6-10 week “dead time” between TRP recommendation and Board approval of new proposals to speed up grant implementation and surface/address any issues earlier
- **WHAT?** Initiate TRP clarifications and LFA assessments after TRP recommendation (prior to Board approval)
- **HOW?** Based on projected resource envelope for the round and the TRP categorization of proposals, eligible CCMs and PRs would be invited to start TRP clarifications and LFA assessments prior to Board approval

Grant performance: Decision Point 3

Earlier initiation of TRP Clarifications and LFA Assessments

The Board endorses the recommendation of the Policy and Strategy Committee, as part of the strategic issue of “Optimizing Grant Performance”, that the Technical Review Panel (TRP) clarification and Local Fund Agent assessment processes begin prior to Board approval of the proposal submitted by the Country Coordinating Mechanism. The Board therefore requests the Portfolio Committee to recommend for approval to the Board specific conditions for the application of this decision in time for it to apply to the next round of proposals. These conditions shall include, but not be limited to, a statement to the CCM by the Secretariat that a TRP recommendation shall only result in the Global Fund awarding a grant if the recommendation is approved by the Board, which retains the sole authority to make such approvals.

Continuity of services: Decision Point 4

Revision to the Current (Temporary) Continuity of Services Policy

The Board recognizes that the funding under the Continuity of Services Policy should apply to ongoing courses of treatment, whether the treatment is for a limited duration (such as tuberculosis) or is life-long (such as anti-retroviral therapy).

To address this, the Board amends the decision at the 12th Board Meeting on Continuity of Services as set out in Annex 4 to the Report of the Policy and Strategy Committee (GF/B13/7).

Continuity of services: Estimated maximum continuation of services resource needs for 2006-2007

Projected maximum resources needed for continuation of services, 2006-07

US\$ Millions

	2006		2007	
	<i>HIV/AIDS</i>	<i>TB</i>	<i>HIV/AIDS</i>	<i>TB</i>
From Phase 2 no-gos*	13	2	41	2
From expiring grants**	8	1	27	1
Max continuity of services costs by disease	21	3	68	3
Total maximum continuity of services costs	24		71	

* Assumes that 7% of grants with a treatment component are not approved at Phase 2 review. Applies same cost and duration assumptions as above. For ART, assumes no-go grants reach 75% of proposal targets for patients on ART.

** Assumes all grants with a treatment component apply for and receive continued funding for treatment under the continuity of services policy, net of expiring grants from countries that are no longer eligible for Global Fund funding or have follow-on funding through a subsequent Global Fund grant. Assumes the maximum duration for continuation – 6 months for TB treatment grants and 2 years for grants with ART component. Assumes maximum cost for continuation – full cost of TB treatment grant pro-rated to 6 months and \$1,000/year per patient for grants with an ART component.

Beyond Phase 2: Interim approach for continuation of funding

1. The PSC recognizes a **“permanent”/long-term scheme** for continuation of funding **will not be operational until early 2007**
2. It proposes to put in place an **interim continuation of funding measure** for grants expiring prior to then
3. The PSC will **consider options** for an interim measure **at its July meeting** and make a recommendation to the Board
4. It proposes that the **Board vote** on the interim measure **by email in July**, to enable its rapid implementation

Looking ahead: Next batches of strategic issues

Batch 2:

- Alignment and harmonization
- Health systems strengthening
- Leveraging civil society and the private sector at the global/institutional level
- Optimizing GF resource mobilization

Batch 3:

- Influencing market dynamics
- Funding the right things
- GF business model and structure
- Measuring impact and ensuring accountability



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APPENDIX TO STRATEGY DEVELOPMENT

PSC Report Annex 3: High-level summary of agreed outcomes

- **Global Fund Strategic Positioning**
 - The Global Fund should explore a more active role in influencing market dynamics, and in enabling more effective procurement for grants;
 - Determining the specific role of the Global Fund in other areas than the above two should occur within the context of making decisions on the strategic issue areas that the PSC will consider during the remainder of the strategy-development effort; and
 - The PSC will keep open the issue of strategic positioning, and revisit it periodically from that perspective during the course of the strategy-development process.
- **Global Fund Size**
 - The Global Fund set a target size(s) or target range(s) for 2010;
 - The PSC should not pursue further Option A, as outlined in GF/B13/7-Attachment 2; and
 - The PSC will revisit the issue of size during the year, in the context of the ongoing strategy-development process.
- **Optimizing Grant Performance**
 - The Secretariat should proceed with Measure 5A (further encouraging the direct transfer of funds for procurement from the Trustee account to procurement agents and suppliers), and Measure 8 (encouraging greater transparency in the market for technical assistance and management assistance [TA/MA]), as outlined in GF/B13/7-Attachment 3, both of which current Global Fund policy already allow;
 - The PSC should not pursue further Measure 9 (setting an earmark for TA/MA in every grant), as outlined in GF/B13/7-Attachment 3; and
 - The PSC should continue to consider the remaining measures under the issue of “Optimizing Grant Performance.”
- **Beyond Phase 2**
 - The Board should amend the current temporary policy regarding continuity of services to cover continuing “courses of treatment,” not just “life-long” treatment, as currently specified;
 - The Global Fund should develop an interim measure to cover the continuation of funding, to be valid until such time as the Board puts into place a permanent scheme on continuation of funding;
 - The PSC will discuss at its fifth meeting in July a new set of options for a more permanent scheme regarding the continuation of funding, revised to incorporate the Committee’s input;
 - The PSC should continue its consideration of the remaining facets of the issue of “Beyond Phase 2.”

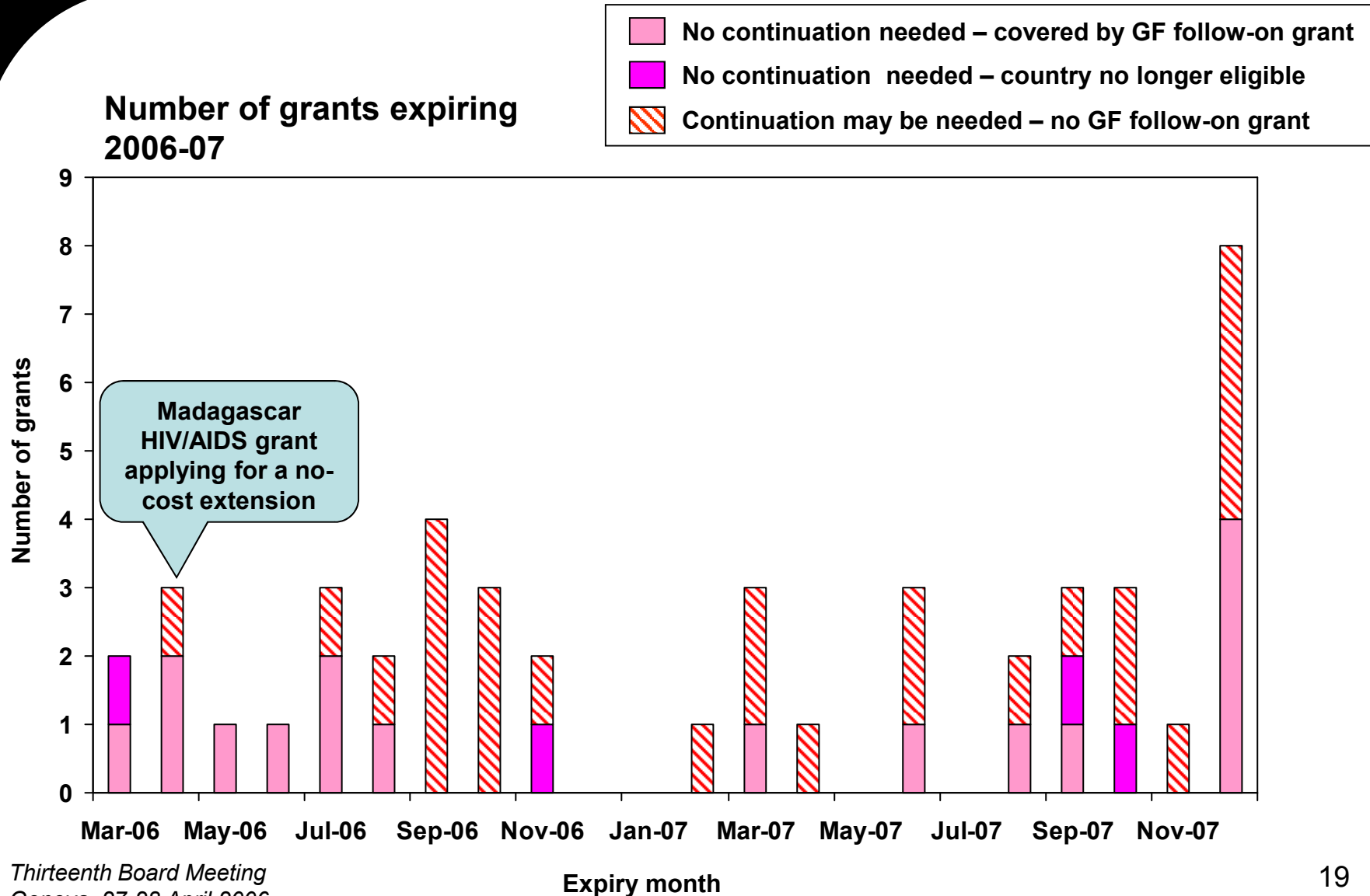
PSC Report Annex 4: Proposed amendment to 12th Board decision on continuity of services

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:

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 courses 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 courses of life-long treatment under the existing proposal at the time of the Extraordinary Request. "Courses of treatment" includes treatment that is for a limited duration (such as for tuberculosis) or is life-long (such as for antiretroviral therapy).
- iii. The Extraordinary Request will be limited to the amount required to provide services directly related to the continuation of courses 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 courses of treatment, and to ensure that courses of treatment are 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.

Beyond Phase 2: Overview of grants expiring in 2006-07



Beyond Phase 2: Estimated costs for Phase 2 and “beyond Phase 2” renewals 2006-2007

Estimated approvals for Phase 2 (3 years) and “beyond Phase 2” (2 years) in each year

US\$ Millions

<i>Estimated approvals</i>	2006	2007
Phase 2	1,800	1,300
Beyond Phase 2*	27	59
Total estimated approvals	1,827	1,359

* Assumes the full approval of funds for a subsequent 2-year renewal funding period in the given year of grant expiry, in accordance with the Comprehensive Funding Policy and the current 2-year Phase 1 architecture. Net of expiring grants from countries who are no longer eligible for Global Fund funding or have follow-on funding through a subsequent Global Fund grant.

Note: Figures for Phase 2 include grants from Rounds 1-5. Assumes 85% (by monetary value) of grants are renewed. Budget figures based on Board-approved actual Phase 2 amounts where possible, else estimated from grant proposal budgets.

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