



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Thirteenth Board Meeting
Geneva, 27 - 28 April 2006

GF/B13/8

REPORT OF THE PORTFOLIO COMMITTEE

Outline: This report summarizes the discussions and recommended decision points of the third and four Portfolio Committee (PC) meetings held in Geneva on 26-27 January and 15-16 March 2006.

Summary of Decision Points:

Eligibility Criteria for Upper-Middle Income Countries (Part 3)

The Board decides that proposals from applicants whose economies are classified by the World Bank as “upper-middle income” may become eligible if:

- a. the applicant falls under the “small island economy” exception to the International Development Association (IDA) lending eligibility requirements, regardless of national disease burden; or
- b. there is an HIV sero-prevalence rate of more than five percent in a vulnerable population in the country regardless of national disease burden, provided that:
 - i. the proposal targets the vulnerable population;
 - ii. the applicant provides a definition of the vulnerable population, including the size of the population and evidence of the sero-prevalence rate within such population; and
 - iii. the evidence provided by the applicant is validated by the WHO and/or UNAIDS.

This decision does not affect the applicability of counterpart financing and other eligibility requirements.

Round 6 Guidelines and Proposal Form (Part 4)

The Board approves the Guidelines and Proposal Form for the Sixth Call for Proposals (as presented in Annex 4 and Annex 5 of GF/B13/8).

Technical Review Panel Recruitment (Part 5)

This decision point will be provided to the Board after the PC teleconference scheduled for 12 April 2006.

Length of Term of the Technical Review Panel Chair and Vice-Chair (Part 5)

The Board decides that:

- a. the Chair and Vice-Chair of the Technical Review Panel are exempt from the limitation that Technical Review Panel members may serve for no more than four rounds; and
- b. the Technical Review Panel Chair may serve as Chair for no more than two rounds.

Phase 2 Decision-Making Policies and Procedures (Part 6)

- a. The Board decides to extend the application of the Phase 2 Decision-Making Policies and Procedures set out in Annex 1 to the Report of the Portfolio Committee to the Twelfth Board Meeting (GF/B12/6) beyond the trial period that is specified therein and delete the final paragraph of such document; and
- b. The Board requests the Portfolio Committee to continue to review Phase 2 Decision-Making Policies and Procedures as they relate to the processing of No-Go recommendations and develop recommendations for the Board to consider at its fourteenth meeting.

Green Light Committee (see Part 7 for complete decision point)

The Board approves a funding mechanism for the Green Light Committee.

Part 1: Introduction

1. The Portfolio Committee (PC) met on 26-27 January and 14-15 March 2006 in Geneva. Minister Urbain Olanguena Awono (West and Central Africa) was Chair of the meeting and Mr Flavio Lovisolo (Italy) Vice-Chair. The agendas of the meetings and lists of participants are included in Annex 2 and 3 respectively.

Part 2: Operations update

1. At the third PC meeting the Interim Chief of Operations (COO) Helen Evans presented an Operations Update, which included a review of Round 5 grant signings, revised performance-based disbursement forms and a new LFA assessment tool for repeat Principal Recipients (PRs). The PC agreed that due to its heavy work schedule an Operations Update should be provided in writing to PC members at bi-monthly intervals to enable more time for discussion of specific agenda items during meetings.

Part 3: Eligibility criteria for middle-income countries

1. At its third meeting in January 2006 the PC endorsed the work of the Sub-Working Group on Eligibility and requested that it prepare concrete proposals for consideration by the PC at its fourth meeting in March 2006. The Sub-Working Group met immediately after the third PC Meeting on 27 January, and again on 14 March, to discuss criteria for upper-middle income countries.

2. The Sub-Working Group considered expanding eligibility to upper-middle income countries demonstrating a high HIV prevalence in specific vulnerable populations (e.g. commercial sex workers or injecting-drug users). The Sub-Working Group recognized that once a certain threshold of disease prevalence is exceeded in these specific populations, it becomes difficult to prevent the epidemic from spreading to the general population. Investing in vulnerable populations is a cost-effective intervention to contain the HIV epidemic and help mitigate a rise in general prevalence rates in a country. The cost of small programs targeted at specific vulnerable populations is much lower than the cost of national programs for a generalized epidemic. In addition, investment in these vulnerable populations could have a catalytic effect on the national response to HIV and strengthen relationships between government and civil society.

3. Specific statistical information on HIV-prevalence rates in vulnerable populations was provided by UNAIDS for some upper-middle income countries. Until now discussions on expanding eligibility criteria have focused on macro-economic factors due to the dearth of reliable statistical information. The Sub-Working Group agreed that high HIV disease burden would be defined as an HIV sero-prevalence rate of greater than five percent in a vulnerable population, regardless of national disease burden. This prevalence rate represents a significant threat for expansion of the epidemic to the general population.

4. The Sub-Working Group noted that data on HIV-prevalence in vulnerable groups was not currently available through UNAIDS for all upper-middle income countries. The Sub-Working Group therefore suggested that applicants should provide the definition of the targeted vulnerable population, including the size of the population and evidence of the sero-prevalence rate within such population. The evidence of HIV sero-prevalence rate would need to be validated by WHO or UNAIDS. Upper-middle income countries meeting these criteria for high HIV burden in vulnerable populations would be allowed to submit proposals that target the relevant vulnerable population.

5. The Sub-Working Group also considered macro-economic factors already addressed in previous discussions on the issue of eligibility. The Sub-Working Group considered the categories of “small island economies” as defined by the World Bank/International Development Association (IDA), countries undergoing recent economic shock and participating in an adjustment program through the International Monetary Foundation (IMF), and World Bank classified severely-indebted economies. The IDA provides an exception to the Gross National Income per capita operational cut-off for IDA lending eligibility (US\$ 965 for fiscal year 2006) for some small island economies which otherwise would have little or no access to World Bank Group assistance because they lack creditworthiness. This reflects a growing recognition in the international development community of the unique physical and economic vulnerabilities of small island states. These states have small, specialized and often isolated economies, and as a result are highly susceptible to natural disasters and minor shifts in the global economy. The Sub-Working Group recognized that the economic crises and disasters constantly faced by these islands can decimate health infrastructure and severely impair prevention and treatment of the three diseases. These economic vulnerabilities can lead to shortfalls in health-care resources and the rapid spread of disease epidemics, particularly among vulnerable populations. The Sub-Working Group therefore recommended to the PC that existing eligibility criteria for upper-middle income countries be expanded to include applications from small island economies (as defined by the World Bank/IDA exception) regardless of the national disease burden in the country. Insufficient information was available on countries undergoing economic shock and severely-indebted countries to make a reasonable assessment of these criteria at this time.

6. The background paper on expanding eligibility criteria for upper-middle income economies is provided as Annex 6 to this report and will be made available to the Board before the Thirteenth Board Meeting.

7. Counterpart-financing requirements for the expanded criteria will remain the same as in current Guidelines.

8. The PC endorsed the recommendation of the Sub-Working Group and recommends to the Board expanded eligibility criteria for upper-middle income economies accordingly for Round 6. If endorsed the proposed amendments to eligibility criteria for upper-middle income economies will be incorporated into the draft Guidelines and Proposal Form for Round 6.

Decision Point

The Board decides that proposals from applicants whose economies are classified by the World Bank as “upper-middle income” may become eligible if:

- a) the applicant falls under the “small island economy” exception to the International Development Association lending eligibility requirements, regardless of national disease burden; or***
- b) there is an HIV sero-prevalence rate of more than five percent in a vulnerable population in the country regardless of national disease burden, provided that:***
 - (i) the proposal targets the vulnerable population;***
 - (ii) the applicant provides a definition of the vulnerable population, including the size of the population and evidence of the sero-prevalence rate within such population; and***
 - (iii) the evidence provided by the applicant is validated by the WHO or UNAIDS.***

This decision does not affect the applicability of counterpart financing and other eligibility requirements.

Part 4: Round 6 Guidelines and Proposal Form

1. At the Eleventh Board Meeting in September 2005 the PC was requested to revise the Guidelines and Proposal Form for future rounds of funding, taking into account the recommendations of the Technical Review Panel (TRP) contained in its report to the Eleventh Board Meeting (GF/B11/6), and present them at the Thirteenth Board Meeting. The Board also asked the PC to present their recommendations for resolving the technical problems that occurred in Round 5 concerning Health System Strengthening (HSS) issues, in order to improve future guidelines.

2. At the Twelfth Board meeting the Board asked the Secretariat to make the necessary preparations for a Board decision to launch, review and approve Round 6 in 2006.

3. In revising and improving the Guidelines and Proposal Form, the Secretariat considered feedback from the TRP, technical partners (WHO and UNAIDS), the Technical Evaluation Reference Group (TERG) and the PC, and drew on its own lessons learned. The draft Guidelines and Proposal Form for Round 6 were provided to PC members on 1 March 2006 for their review and discussion at the fourth PC Meeting. As the draft documents were developed in tandem, greater consistency and alignment between them have been achieved.

4. During its third meeting in January 2006, the PC concluded that funding for HSS activities should not be accessed through a separate HSS component but through integration within one of the three disease components. This is the most significant change affecting Round 6 documents and is discussed in more detail below.

5. Expanding eligibility criteria for upper-middle income countries is also addressed above.

6. Discussions of the PC during its fourth meeting focused on newly drafted sections as follows:

- a. In its report to the Eleventh Board Meeting, the TRP specifically recommended that the linkages between the applicant's proposal to current Global Fund grants be included in the Proposal Form and Guidelines. The PC endorsed this view. New sections require information on linkages between the proposal and existing Global Fund grants for the same disease component, including information on their performance. Information on Round 5 grants currently under negotiation is also required.
- b. Information is also requested on linkages to other donor-funded programs and on how the proposal may complement such existing activities.
- c. Additional disclosure is required relating to funding that is to be contributed through a common funding mechanism.

7. The PC also considered the following key revisions to existing sections in the documents:

- a. The section on eligibility has been extensively revised to clarify minimum requirements for CCM functioning and requirements for counterpart financing. The PC requested the Secretariat to differentiate clearly in the documents between "technical" eligibility criteria, i.e. as regards country income classification, and governance eligibility criteria, i.e. Country Coordinating Mechanism (CCM) requirements. This request has been taken into consideration in the drafts submitted to the Board. Other proposed revisions relating to eligibility are addressed in Part 3 of this report.
- b. More detailed information has been requested on Regional Coordinating Mechanism and Regional Organization applicants.

8. Changes agreed during the PC meeting have been incorporated into the two documents and the final draft Guidelines and Proposal Form can be referenced in Annex 4 and 5 of this report. The PC recommends that the Board approve the Guidelines and Proposal Form at the Thirteenth Board Meeting.

Decision Point

The Board approves the Guidelines and Proposal Form for the Sixth Call for Proposals (as presented in Annex 4 and Annex 5 of GF/B13/8).

Part 5: TRP Matters

TRP Recruitment

1. The Secretariat briefed the PC on the progress of the TRP selection process for Round 6 members and the support group during both the 3rd and 4th PC Meetings.

2. The Secretariat launched the recruitment process as per Board-approved policy and past practice, taking into account lessons learned from previous recruitment processes and the recommendations of the PC, as well as the requirements of the TRP.

3. The Secretariat contracted an external recruitment company which has previously undertaken the same task for the Global Fund, the Health Systems Resource Centre (HLSP), to manage part of the recruitment process. Targeted advertising commenced on 16 January 2006, focusing on health-sector websites and newspapers and magazines covering all WHO regions, with a deadline for applications of 3 March 2006. The Global Fund Board constituencies, technical partners and TRP members were invited to solicit applications. By the deadline more than 600 applications had been received. An improved balance in terms of gender and regional distribution is evident from the applications received.

4. HLSP is screening applications in two stages to produce a shortlist of approximately 104 candidates: 28 HIV/AIDS experts; 16 tuberculosis experts; 16 malaria experts and 44 cross-cutters. Applicants with a particular proficiency in prevention and harm reduction, clinical expertise, NGOs/civil societies/communities, progressive HIV, health systems, health-care financing, human resources strategies, nutrition, and gender and children's issues, will be identified. All relevant recruitment documents have been provided on a secured website for the TRP Pre-Selection Panel and PC members to review. HLSP will place the shortlist, i.e. the outcome of the second stage of screening, on the website on 7 April 2006.

5. The Pre-Selection Panel, which includes the Chair and Vice-Chair of the PC, representatives of WHO, UNAIDS and the World Bank, and the Chair and Vice-Chair of the TRP (invited), will meet in Geneva on 11–12 April 2006 to review applications and the shortlist finalized by HLSP, and develop a shortlist for consideration by the PC and the Executive Director. The recommendation for Round 6 membership (filling vacancies for TRP members and appointing alternates) and the support group will be finalized by the PC and Executive Director during a teleconference on 12 April and presented as a decision point to the Board. Relevant documents including text for a decision point will constitute Annex 7 and will be forwarded to Board Members for review in time for the Thirteenth Board Meeting.

Decision Point

This decision will be circulated after the Portfolio Committee teleconference on 12 April 2006.

Length of Term of the TRP Chair and Vice-Chair

6. At its fourth meeting, the PC deliberated extending the length of term of membership for the Chair and Vice-Chair of the TRP. The PC considered previous discussions of the issue at the Eighth and Twelfth Board Meetings, which focused on lengthening terms for specific Chairs/Vice-Chairs. While the Board can practice flexibility with regard to the tenure of TRP members under current policy, the PC agreed that a clear rule needs to be established to lengthen the possible term of the Chair and Vice-Chair of the TRP beyond the four-round limit applied to TRP members. However the length of tenure for the Chair and Vice-Chair should not be unlimited.

7. The PC decided to recommend that the Board exempt the Chair and the Vice-Chair from the limitation that TRP members may serve for no more than four rounds but that the Chair should hold office for no more than two rounds.

Decision Point

The Board decides that:

- a) ***the Chair and Vice-Chair of the Technical Review Panel are exempt from the limitation that Technical Review Panel members may serve for no more than four rounds; and***
- b) ***the Technical Review Panel Chair may serve as Chair for no more than two rounds.***

Part 6: Phase 2 Decision-Making Policies and Procedures

1. Under a decision made at the Ninth Board Meeting, the procedure for Phase 2 funding commitment decisions, approved at the Seventh Board Meeting, was revoked and replaced by the Phase 2 Decision-Making Policies and Procedures set out in Annex 3 to GF/B9/8 (since amended and replaced at the Twelfth Board Meeting) until the Thirteenth Board Meeting. These new provisions gave the Board a decision-making role in Phase 2 renewal decisions which in their previous version had been allocated to the Secretariat. Such decision-making was to be carried out under the voting procedures set out in Article 7.6 Paragraph 5 of the By-laws and Section 12 of the Board Operating Procedures.

2. As the existing Phase 2 Decision-Making Policies and Procedures expire at the Thirteenth Board Meeting, the Board must decide at that meeting which new procedures will apply thereafter and the PC accordingly has been requested to make recommendations to the Board on this matter.

3. The options with respect to the Phase 2 decision-making procedures beyond the Thirteenth Board Meeting which could be considered at this time by the Board, as identified at the time of the decision made at the Ninth Board Meeting, are as follows:

- a. Continue the current decision-making practice as established at the ninth meeting; or
- b. Revert to the procedures established at the Seventh Board Meeting; or
- c. Adopt an alternative set of procedures.

4. The PC considered various aspects of the decision-making process and concluded that it would be preferable to retain the Board's decision-making role and that it would therefore not be appropriate to revert to the procedures established at the Seventh Board Meeting. The PC recommends to the Board (Decision Point a) below) that the existing procedures (as set out in *Phase 2 Decision-Making Policies and Procedures*, Annex 1 to the Report of the PC to the Twelfth Board Meeting (GF/B12/6)) be extended beyond the trial period ending at the Thirteenth Board Meeting.

5. The PC also discussed the procedures which apply in relation to processing No-Go recommendations made by the Secretariat. In particular it noted that 12 out of 13 No-Go recommendations made by the Secretariat (first and second recommendations) had been blocked by the Board. The PC recognized that the decision-making process for No-Gos had benefited from the revisions to the policy following the approval of the recommendations of the Phase 2 Task Force at the Eleventh Board Meeting. It noted, however, that the current procedures are time-consuming, which increases transaction costs for all parties.

6. The PC noted that the stated reasons for objecting to Secretariat No-Go recommendations are not always in line with the Board-mandated performance-based funding principles, with some committee members acknowledging that political considerations seemed at times to be an influencing factor. The voting procedure for blocking recommendations provided in the By-laws and Board Operating Procedures was also discussed. Whilst acknowledging the need for improvements, the PC concluded that it required more time to undertake an analysis of current policies, procedures and practices as they relate to blocking No-Go recommendations before recommending any changes to the Board.

7. Recognizing that the policies and procedures of the Phase 2 No-Go process need further review, the PC recommends that the Board ask the PC to report back on this issue at the Fourteenth Board Meeting. The PC will, subject to this request, ask the Secretariat to develop options for consideration by the PC at its fifth meeting in September.

Decision Point

- a) The Board decides to extend the application of the Phase 2 Decision-Making Policies and Procedures set out in Annex 1 to the Report of the Portfolio Committee to the Twelfth Board Meeting (GF/B12/6) beyond the trial period specified therein and to delete the final paragraph of such document.**
- b) The Board requests the Portfolio Committee to continue to review the Phase 2 Decision-Making Policies and Procedures as they relate to the processing of No-Go recommendations and develop recommendations for the Board to consider at its fourteenth meeting.**

Part 7: Funding of the Green Light Committee

1. At its fourth meeting the PC reaffirmed the Board's decision to require PRs of Global Fund grants to procure second-line anti-tuberculosis drugs through the Green Light Committee (GLC). The PC agreed that the GLC provides a package of services (procurement and quality assurance) that meet a global public need for centralized management of multi-drug resistant tuberculosis (MDR-TB) treatment. The GLC has rapidly expanded its operations recently to meet the increased demand created by Global Fund-related projects. As a result, the GLC is facing a shortage of funding to carry out its tasks in the coming years.

2. The PC reviewed an options paper prepared by the Sub-Working Group on the GLC (see Annex 9 to this report) outlining possible mechanisms to help cover its funding gap over the coming years. Discussions were based on a business plan prepared by the GLC which outlines its role in managing MDR-TB treatment and minimizing the development of resistance to second-line anti-tuberculosis drugs. It was highlighted that the GLC is a provider of services and not a technical agency.

3. After lengthy debate the PC recommended that the Board consider funding the GLC. The PC agreed that the GLC provides essential services to Global Fund programs and that the GLC's continuing presence is required for appropriate management of MDR-TB treatment in these programs. The PC emphasized that any funding should be additional to funding provided by other donors. It therefore strongly encourages the GLC to actively pursue a resource-mobilization strategy. Any funding mechanisms must minimize transaction costs for PRs and the Secretariat.

4. The PC discussed three possible mechanisms for providing funding: direct funding from the Global Fund's budget, funding from the Board-approved grant funds of Global Fund programs with MDR-TB components, and a hybrid of these two options. The PC agreed that a country-centered approach for cost-sharing should be utilized to provide the GLC with funding. The PC debated a possible structure for cost-sharing from Board-approved grant funds and deliberated on a unit cost-per-patient model versus a flat-rate per-grant model. The PC determined that GLC services should not be attributed on a per-patient basis, as costs for GLC services are more accurately reflected at a country or regional level. It was agreed that a flat rate be calculated per grant per year to cover the GLC's funding gap. The flat rate would be capped at US\$ 50,000 to ensure that the Global Fund would never be the sole-source provider of funding to the GLC. This amount would be negotiated between the Secretariat and the GLC on a yearly basis, based on the GLC's funding gap, anticipated funding from other donors and the number of Global Fund grants with MDR-TB components.

5. The PC agreed that a flat rate could easily be applied to grants of Round 6 and beyond, and should be reflected in the draft Guidelines and Proposal Form for Round 6. The PC recognized the difficulties of requiring programs from Rounds 1 through 5 to now participate in a cost-sharing approach to cover the GLC's funding gap. This would require negotiations for individual programs to reallocate money within current budgets and could take significant time to implement. The PC therefore recommended that the Board approve, on an exceptional basis, direct funding for the GLC's funding shortfall for 2006 from the Global Fund budget. This will enable the GLC to continue providing services for Global Fund programs while a grant-based cost-sharing system is operationalized for 2007 and beyond.

6. Should the Board decide in principle to approve funding of the GLC, the PC recommends that the Board at its thirteenth meeting:

- a. Approve funding for a shortfall for 2006 with a lump sum not exceeding US\$ 1.4 million;
- b. Require applicants of Round 6 grants and future rounds of funding to incorporate GLC costs into grants/budgets;
- c. Request the Secretariat to explore possible mechanisms to cover any funding gap for GLC services to Rounds 1-5 grants for 2007 and beyond and to report back to the Board at its fourteenth meeting.

Decision Point

The Board recognizes the essential service provided by the Green Light Committee (GLC) as a unique entity that ensures the quality of multi-drug resistant tuberculosis control programs. The Board reaffirms its decision taken at the Third Board Meeting, which requires recipients of Global Fund grants to procure second-line anti-tuberculosis drugs through the Green Light Committee, and recognizes that the Green Light Committee provides a package of services for multi-drug resistant tuberculosis control treatment that cannot be disaggregated.

- a) ***As the Green Light Committee provides essential services to Global Fund grants with multi-drug resistant tuberculosis control components, the Board decides that funding from such grants may be used to contribute to the cost of services provided to them by the Green Light Committee. The total cost of Green Light Committee services to Global Fund-financed programs shall constitute the upper limit for Global Fund funding to the Green Light Committee. The Board urges the Green Light Committee to develop a proactive resource-mobilization effort to attract other donor funding.***
- b) ***The Board decides that applicants applying for grants with multi-drug resistant tuberculosis control components in Round 6 and beyond must include a cost-sharing element for Green Light Committee services. This will be defined by the Secretariat in consultation with the Green Light Committee as a flat rate per grant per year to limit transaction costs. The flat rate will be adjusted on a yearly basis in January of each calendar year, based on the Green Light Committee's projected funding shortfall and the need for services to Global Fund recipients for the relevant calendar year but will not exceed US\$ 50,000 per grant per year. This figure is subject to review by the Portfolio Committee which may provide revisions. Green Light Committee revenue from sources other than the Global Fund will be taken into account when establishing the flat rate for the following calendar year.***
- c) ***The Board requests the Secretariat to explore mechanisms to apply these cost-sharing principles for Green Light Committee services to programs funded by grants in Rounds 1 through 5, in particular through the Phase 2 renewal process, and report back to the Board at the Fourteenth Board Meeting.***
- d) ***The Board recognizes a predicted funding shortfall for 2006 and authorizes the Secretariat, as an exceptional measure, to provide funding to the Green Light Committee for up to US\$ 1.4 million for 2006 based on the cost of services provided to recipients of Global Fund grants and other revenue received by the Green Light Committee to ensure the continued functioning of Green Light Committee services to programs funded by the Global Fund.***

Part 8: Health system strengthening (*The text below was drafted at the 3rd PC Meeting and the PC agreed it should be presented ad verbatim in its report to the Board*)

1. The PC was directed by the Board, at its eleventh meeting, to make recommendations regarding HSS issues in the context of the Global Fund and its current business model, with a view to improving future guidelines for applicants (decision from Eleventh Board Meeting entitled "HSS").

2. The PC discussed this matter at its third meeting in January 2006. The discussion was aided by an informative presentation and a wide-ranging discussion in which the views of all committee members were canvassed. There was strong agreement amongst committee members of the need for investment in HSS as a part of Global Fund funding. There was recognition that funding in HSS activities was imperative in order to mount an effective response to the three diseases. The committee also took note of views expressed in writing to the committee by a wide group of civil society organizations.

3. The committee agreed that the question to be addressed was not so much whether the Global Fund should fund HSS activities but how it should do so. More particularly, the committee deliberated on whether funding for HSS should be accessed through a separate HSS component or through integration within the disease components. The committee concluded that an integrated approach would be most effective for Round 6.

4. There was also acknowledgment by the committee of the urgent need to give clear instructions to the Secretariat on how HSS should be treated in the drafting of the revised Guidelines and Proposal Form for Round 6, especially recognizing the Board direction to present these documents at the Thirteenth Board Meeting (decision from the Twelfth Board Meeting entitled "Round 6 Funding").

5. The following views and observations emerged from the discussion:
- a. Support for strengthening health systems was recognized as being consistent with the Global Fund's Framework Document, and was not in question;
 - b. The Global Fund has already approved substantial systems-strengthening activities in each round, integrated within disease components. This approved funding (Rounds 1-4) is estimated at US\$ 1.3 billion;
 - c. There is a clear need for better articulation in the Guidelines and Proposal Form of how to access HSS funding;
 - d. The stand-alone HSS components in Rounds 4 (integrated) and 5 (HSS) had achieved extremely low approval rates;
 - e. In Round 5 applicants faced the dilemma of not knowing whether to apply for systems-strengthening funding within a disease component or through a stand-alone HSS component and the TRP recognized the innate difficulties in assessing stand-alone HSS proposals. A particular problem arose when a successful disease component application was reliant on an HSS component which failed to secure funding;
 - f. The Global Fund is not alone as a financier of health interventions and therefore cannot address all problems. It needs to focus on its comparative advantage, which is through funding for the three diseases.

6. It is widely recognized that the Global Fund has a role in the broader global financial architecture and that there is a need for better coordination with other bilateral and multilateral organizations which have a comparative advantage in more widely-based investment in the health sector. Specifically, the Global Task Team (GTT) recommends that UNAIDS co-sponsors and the Global Fund establish a more functional and clearer division of labor, based on their comparative advantages and complementarities, in order to more effectively support countries. Similarly, the Best Practice Principles on Harmonization and Alignment for Global Health Partnerships prepared for the High-Level Forum on Health Millennium Development Goals may be helpful. Recognizing the above, and given the strong level of consensus amongst the committee members, the PC directed the Secretariat, working with technical partners, to:

- a. Draft the Guidelines and Proposal Form for Round 6 so that the importance of HSS activities are highlighted and should be funded through integration within the individual disease components, not separately;
- b. Strengthen and improve the Guidelines and Proposal Form, so far as it relates to HSS efforts, to ensure clear guidance to applicants and encourage them to access funding for this purpose within the disease components;

- c. Provide clearer guidance on:
- i. Linking HSS activities to the program outcomes in relation to one of the three disease components for which a CCM application is made.
 - ii. Defining elements of HSS linked to the three diseases which could be funded. For example, these may include (but are not limited to):
 - o Health workforce mobilization, including salary, management, and capacity development;
 - o Local management and planning capacity in general, especially financial management;
 - o Health infrastructure, equipment and maintenance capacity;
 - o Laboratory capacity;
 - o Health information systems, inclusive of monitoring and evaluation;
 - o Supply chain management, especially drug procurement, distribution and quality assurance;
 - o Planning for long-term financial support and overcoming financial constraints to accessing care or those which cause impoverishment;
 - o National level management, planning, policy development capacity, including enhanced donor and partner coordination;
 - o Engagement of community and non-state providers;
 - o Quality of care management;
 - o Operations research; and
 - o Transport and communications;
 (This list, which was further refined during the fourth PC Meeting, is reflected in the draft Guidelines and Proposal Form);
 - iii. Linking HSS activities with national plans, processes and public expenditure frameworks; and
 - iv. Indicators to measure HSS impact.
 - v. Establish mechanisms whereby proposals are designed in compliance with surrounding context and aligned with government policies;
 - vi. Given the nature of HSS issues, encourage CCMs to include national actors who are responsible for health system planning and financing;
 - vii. Given the recent call for new TRP members, give consideration to expanding the Panel with the appropriate skill mix to review health systems elements, consistent with the findings of the TERG study on the proposals process;
 - viii. In planning for responding to CCM requests during Round 6 preparation, mobilize HSS technical support for countries.

7. At its fourth meeting the PC again discussed the issue of HSS and further refined the scope of activities which can be funded. Conclusions are reflected in the draft text of the Guidelines and Proposal Form.

Part 9: Local Fund Agent matters

1. At the request of the PC at its second meeting, the Secretariat provided an overview of activities it has undertaken to optimize the Local Fund Agent (LFA) model, based on a paper submitted by the outgoing Chief of Operations on 30 November 2005. The PC requested that a number of background documents previously submitted to its predecessor committee (PMPC) be shared for review. Discussions on LFA issues originally planned for the fourth PC Meeting have had to be postponed to its fifth meeting due to time constraints.

Part 10: Technical Evaluation Reference Group Study

1. At the third PC Meeting the Chair and Vice-Chair of the TERG presented the preliminary findings of a study conducted by Euro Health Group on the Global Fund grant proposals process. The study assesses the roles and functions of all relevant actors, focuses on strengths and weaknesses of each stage of the process and analyzes the extent to which guiding principles of the Global Fund are adhered to. The study also identifies areas for improvement. The evaluation was guided by an advisory panel composed of a range of partners and stakeholders.


2. The key recommendations proposed by the advisory panel on the basis on the study include the following:

- a. Significant misconceptions among partners at the country level about the role, mandate and structure of the Global Fund should be rectified through a comprehensive communications strategy;
- b. Proposals should be closely coordinated with national plans with clear guidelines to the TRP on how to address this issue during proposals review;
- c. Civil society involvement in CCMs, as well CCM functioning, should be strengthened;
- d. Partners and the Global Fund should develop information on country systems capacity. This would help facilitate the focus of a proposal to address existing gaps in country systems;
- e. Monitoring and evaluation should be recognized as the foundation of grant applications and review processes. Baseline data for self-assessment and performance-based funding should be established;
- f. WHO and other technical partners should be allowed to conduct a pre-review of proposals to ensure they meet existing international norms and standards. Technical partners should provide standard contextual information, including indicators on country implementation capacity.

The PC requested the Secretariat to take these recommendations into consideration in drafting the Round 6 Guidelines and Proposals Form.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public.

Please refer to the Global Fund's documents policy for further guidance.

 Investing in our future The Global Fund To Fight AIDS, Tuberculosis and Malaria						
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(As of 26 January 2006)						
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NGO Developing	Ms.	Rita	Arauz Molina	+ 505 278 0028	+ 505 278 6534	Rita.Arauz@nimehuatzin.org
NGO Rep. Communities	Dr.	Francoise	Ndayishimiye	+ 257 24 5297	+ 257 24 5301	fndayishimiye@cnilsburundi.org
Private Foundations	Ms.	Lisa	Carty	+ 7 095 728 5289	+ 7 095 246 5056	lisa.carty@gatesfoundation.org
Private Sector	Ms.	Joelle	Tanguy	+ 1 212 698 2157	+ 1 646 219 4135	jtanguy@businessfightsaids.org
South East Asia	Dr.	Viroj	Tangcharoensathien	+ 662 590 23 66	+ 662 590 23 85	viroj@ihpp.thaigov.net
UNAIDS	Mr.	Luis	Loures	+ 41 22 791 4698	+ 41 22 791 4880	louresl@unaid.org
United Kingdom - Australia	Mr.	Geoff	Adlide	+ 41 22 799 91 08	+ 41 22 799 91 90	Geoff.Adlide@dfat.gov.au
Western and Central Africa	Dr.	Maurice	Fezeu	+ 237 992 48 65	+ 237 222 02 33	mauricefe@yahoo.fr
WHO	Mr.	Alex	Ross	+ 41 22 791 10 82	+ 41 22 791 48 96	rossa@who.int

Agenda
Third Portfolio Committee Meeting
(As of 18 January 2006)

Date :	26-27 January 2006
Venue :	Global Fund Office, Hope Plaza Conference Room, Geneva
Chair :	H. E. Mr. Urbain Olanguena Awono
Vice – Chair :	Mr. Flavio Lovisolo
Focal Point :	Helen Evans, Interim Chief Of Operations

Thursday, 26 January 2006

- 9h00 - 9h15 Approval of Agenda and PC Workplan
Background Documents: GF/PC3/01 and GF/PC3/02
- Approval of agenda for 3rd PC Meeting
 - Review of 12th Board decisions affecting PC workplan
 - Outcome: Agreement on PC workplan and priorities in preparation for 13th Board Meeting (26-28 April 2006)
- 9h15 - 10h45 Operations Update: Helen Evans
- Outcome: Information only
- 10h45 – 11h00 Coffee break
- 11h00 - 11h30 Timeline for Round 6 Guidelines and Proposals: Ruwan De Mel
Background Document: GF/PC3/03
- Source: 12th Board Meeting
 - Timeline for revisions to proposal forms and guidelines for Round 6
 - Outcome: Information only
- 11h30 - 12h00 TRP Matters: Ruwan De Mel
Background Document: GF/PC3/04
- Source: 12th Board Meeting
 - Review TRP Recruitment
 - Outcome: Information only
- 12h00 - 13h00 Lunch
- 13h00 – 13h30 Eligibility Criteria: Flavio Lovisolo
Background Document: GF/PC3/05
- Source: Outcome of 1st and 2nd PC Meeting
 - Outcome: Discussion of whether expanded Eligibility Criteria for Round 6 should continue to be explored

- 13h30 – 1515 Health Systems Strengthening: TBC
Background Document: GF/PC3/06
- Source: 11th Board Decision
 - Outcome: PC recommendation on separate or integrated HSS components for Round 6
- 15h15 - 15h30 Coffee break
- 15h30 - 17h00 Continued discussion on Health Systems Strengthening

Friday, 27 January 2006

- 9h00 - 10h00 LFA Issues: Katherine Ryan
Background Document: GF/PC3/07
- Source: Follow up to 3rd PC Meeting
 - Summary presentation of 30 November 2005 paper submitted to the PC
 - Outcome: Offer PC members opportunity to comment on Secretariat activities related to LFAs
- 10h00 - 10h15 Coffee break
- 10h15 - 11h00 Briefing on Preliminary Findings of TERG study on “Assessment of the Proposal Development and Review Process:” Dr. Rolfe Korte
Background Document: GF/PC3/08
- Update PC on preliminary findings of the TERG study on Assessment of the Proposals Process
 - Outcome: Information only, in preparation for final study report
- 11h00 - 12h00 AOB and Wrap Up: Helen Evans
Background Documents: N/A
- Review agenda for 4th PC meeting in March 2006
 - Outcome: Endorse upcoming PC agenda, including outcome of 3rd PC meeting

<p>3rd Portfolio Committee Meeting Geneva, 26-27 January 2006</p> <p>Attendance List (As of 26 January 2006)</p>

	Constituency	PC Member	Attendee	Email
1	Western and Central Africa (Chair)	Urbain Olanguena Awono	Urbain Olanguena Awono	urbain_olanguena@yahoo.fr
2	Italy (Vice-Chair)	Flavio Lovisolo	Flavio Lovisolo	flavio.lovisolo@esteri.it
3	Canada-Germany-Switzerland	Jacques Martin	Jacques Martin	jacques.martin@deza.admin.ch
4	Eastern and Southern Africa	Bonnet Mkhweli	Bonnet Mkhweli	mkhwelib@yahoo.com
5	Eastern Europe	Zhanna Tsenilova	Zhanna Tsenilova	tsenilova@moz.gov.ua
6	Latin America & Caribbean	Ernest Massiah	Ernest Massiah	ernestm@iadb.org
7	NGO Developing	Rita Arauz Molina	Rita Arauz Molina	Rita.Arauz@nimehuatzin.org
8	NGO Rep. Communities	Francoise Ndayishimiye	Francoise Welter	fwelter@gnpplus.net
9	Private Foundations	Lisa Carty	Lisa Carty	lisa.carty@gatesfoundation.org
10	Private Sector	Joelle Tanguy	Barbara Bulc	bbulc@businessfightsaids.org
11	South East Asia	Viroj Tangcharoensathien	Waranya Teokul	waranya@nesdb.go.th
12	UNAIDS	Luis Loures	Nina Ferencic	ferencic@unaids.org
13	United Kingdom-Australia	Geoff Adlide	Geoff Adlide	Geoff.Adlide@dfat.gov.au
14	Western and Central Africa	Maurice Fezeu	Maurice Fezeu	mauricefe@yahoo.fr
15	WHO	Alex Ross	Alex Ross	rossa@who.int

	Global Fund Secretariat	Name	Function/ Subject Matter Specialist	Email
16	Interim Chief of Operations	Helen Evans	PC Focal Point	Helen.Evans@theglobalfund.org
17	Operational Policy Officer	Paula Hacopian	Rapporteur	Paula.Hacopian@theglobalfund.org
18	Interim Deputy Chief of Operations	Hind Khatib Othman	Operations Subject Matter Specialist	Hind.Khatib.Othman@theglobalfund.org
19	General Manager, Portfolio Services and Projects	Ruwan De Mel	Round 6 Guidelines and Proposals / TRP	Ruwan.Demel@theglobalfund.org
20	LFA Manager	Katherine Ryan	LFA Issues	Katherine.Ryan@theglobalfund.org
21	Head, Donor and Board Relations	Dianne Stewart	Observer	Dianne.Stewart@theglobalfund.org

	Others	Name	Function/ Subject Matter Specialist	Email
22	Invited Consultants/Advisors	Rolf Korte	Chair of TERG	Rolf.Korte@hygiene.med.uni-giessen.de

Agenda (as of 16 March 2006)
Fourth Portfolio Committee Meeting

Date :	15-16 March 2006
Venue :	Global Fund Office, Hope Plaza Conference Room, Geneva
Chair :	H. E. Mr. Urbain Olanguena Awono
Vice – Chair :	Mr. Flavio Lovisolo
Focal Point :	Helen Evans, Interim Chief of Operations

Wednesday, 15 March 2006

- 9h00 - 9h30 Approval of Agenda and PC Workplan
Background Documents: Agenda and Workplan
- Approval of agenda for 4th PC Meeting
 - Update on progress since 3rd PC Meeting: Helen Evans
- 9h30 - 10h30 Eligibility Criteria: Flavio Lovisolo
Background Document: Eligibility Criteria
- Source: Outcome of 1st, 2nd, and 3rd PC Meetings
 - Review recommendations of Sub Working Group for Expansion of Eligibility Criteria Outcome: Decision: Expanded eligibility criteria for Upper Middle Income Countries for Round 6
- 10h30 - 10h45 Coffee break
- 10h45 - 12h45 Revision of Rd 6 Guidelines and Proposal Form: Ruwan De Mel
Background Document: Rd 6 Guidelines and Proposal Form
- Source: 11th and 12th Board Meetings
 - Outcome: Decision: Approval of Round 6 Proposals and Guidelines
- 12h45 - 13h45 Lunch
- 13h45 - 15h45 Continued: discussion on Revision of Round 6 Guidelines and Proposal Form
- 15h30 - 15h45 Coffee break
- 15h45 - 17h15 Continued: discussion on Revision of Round 6 Guidelines and Proposal Form

Thursday, 16 March 2006

- 9h00 - 10h30 Green Light Committee: Vinand Nantulya
Background Document: Funding Options Paper on GLC
- Source: Outcome of 2nd PC Meeting 24 October 2005
 - Presentation on funding options from Sub Working Group
 - Outcome: Decision: Recommend funding decision for GLC activities
- 10h30 - 10h45 Coffee break
- 10h45 – 12h45 TRP Matters: Ruwan De Mel
Background Document: TORs of the TRP
- Source: 2nd and 3rd PC Meetings
 - Review TORs of the TRP and length of term for the TRP Chair and Vice-Chair, and update on TRP recruitment.
 - Outcome: Decision: Recommend length of term for the TRP Chair and Vice-Chair
- 12h45 – 13h45 Lunch
- 13h45 - 15h15 Phase 2 Decision Making Procedures: Ruwan De Mel
Background Document: Phase 2 Decision Making Procedures
- Source: 9th Board Meeting
 - Review Phase 2 decision making procedures
 - Outcome: Decision: Recommend key areas for improvement of Phase 2 Decision Process
- 15h15 - 15h30 Coffee break
- 15h30 – 16h30 AOB and Wrap Up: Helen Evans
Background Documents: N/A
- Review agenda for TRP Member Selection in April 2006
 - Agreement on PC workplan and priorities in preparation for 13th Board Meeting (26-28 April 2006)
 - Outcome: Endorse upcoming PC workplan, including outcome of 4th PC meeting
- Postponed* LFA Issues: Katherine Ryan
Background Document: *Compilation of PC Comments*
- *Source: 2nd and 3rd PC Meetings*
 - *Discuss PC comments on LFA Contract, MEFA Report on LFA Issues, and 2004 LFA Review*
 - *Outcome: Informational*
 - *Postponed: No comments received from PC members*

4th Portfolio Committee Meeting
Geneva, 15-16 March 2006

Attendance List
 (As of 15 March 2006)

	Constituency	PC Member	Attendee	Email
1	Western and Central Africa (Chair)	Urbain Olanguena Awono	Urbain Olanguena Awono	urbain_olanguena@yahoo.fr
2	Italy (Vice-Chair)	Flavio Lovisolo	Flavio Lovisolo	flavio.lovisolo@esteri.it
3	Canada-Germany-Switzerland	Jacques Martin	Jacques Martin	jacques.martin@deza.admin.ch
4	Eastern Europe	Zhanna Tsenilova	Zhanna Tsenilova	tsenilova@moz.gov.ua
5	Latin America & Caribbean	Ernest Massiah	Ernest Massiah	ernestm@iadb.org
6	NGO Developing	Rita Arauz Molina	Rita Arauz Molina	Rita.Arauz@nimehuatzin.org
7	NGO Rep. Communities	Francoise Ndayishimiye	Francoise Ndayishimiye	francnd@yahoo.co.uk
8	Private Foundations	Lisa Carty	Lisa Carty	lisa.carty@gatesfoundation.org
9	Private Sector	Joelle Tanguy	Barbara Bulc	bbulc@businessfightsaids.org
10	UNAIDS	Luis Loures	Luis Loures	louresl@unaids.org
11	United Kingdom-Australia	Geoff Adlide	Geoff Adlide	Geoff.Adlide@dfat.gov.au
12	Western and Central Africa	Maurice Fezeu	Maurice Fezeu	mauricefe@yahoo.fr
13	WHO	Alex Ross	Alex Ross	rossa@who.int

	Global Fund Secretariat	Name	Function/ Subject Matter Specialist	Email
14	Interim Chief of Operations	Helen Evans	PC Focal Point	Helen.Evans@theglobalfund.org
15	Operational Policy Officer	Nicole Delaney	Rapporteur	Nicole.Delaney@theglobalfund.org
16	Technical Officer	Michael Pirri	Support to Rapporteur	Michael.Pirri@theglobalfund.org
17	Interim Deputy Chief of Operations	Hind Khatib Othman	Operations Subject Matter Specialist	Hind.Khatib.Othman@theglobalfund.org
18	General Manager, Portfolio Services and Projects	Ruwan De Mel	Round 6 Guidelines and Proposals / TRP	Ruwan.Demel@theglobalfund.org
19	Head, Donor and Board Relations	Dianne Stewart	Observer	Dianne.Stewart@theglobalfund.org

	Others	Name	Function/ Subject Matter Specialist	Email
20	Invited Consultants/Advisors	Vinand Nantulya	Green Light Committee Funding Options	vinand.nantulya@findiagnostics.org
21	Representative of the Chair of the Board	Carl Browne	Observer	carlb@caricom.org

	Constituencies not attending	PC Member		
	East and Southern Africa	Bonnet Mkhwelli	<i>(not attending)</i>	mkhwellb@yahoo.com
	South East Asia	Viroj Tangcharoensathien	<i>(not attending)</i>	viroj@ihpp.thaigov.net