



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Report of the Policy and Strategy Committee

Wednesday-Thursday, 25-26 April 2007

*Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Areas for discussion

A. Strategy

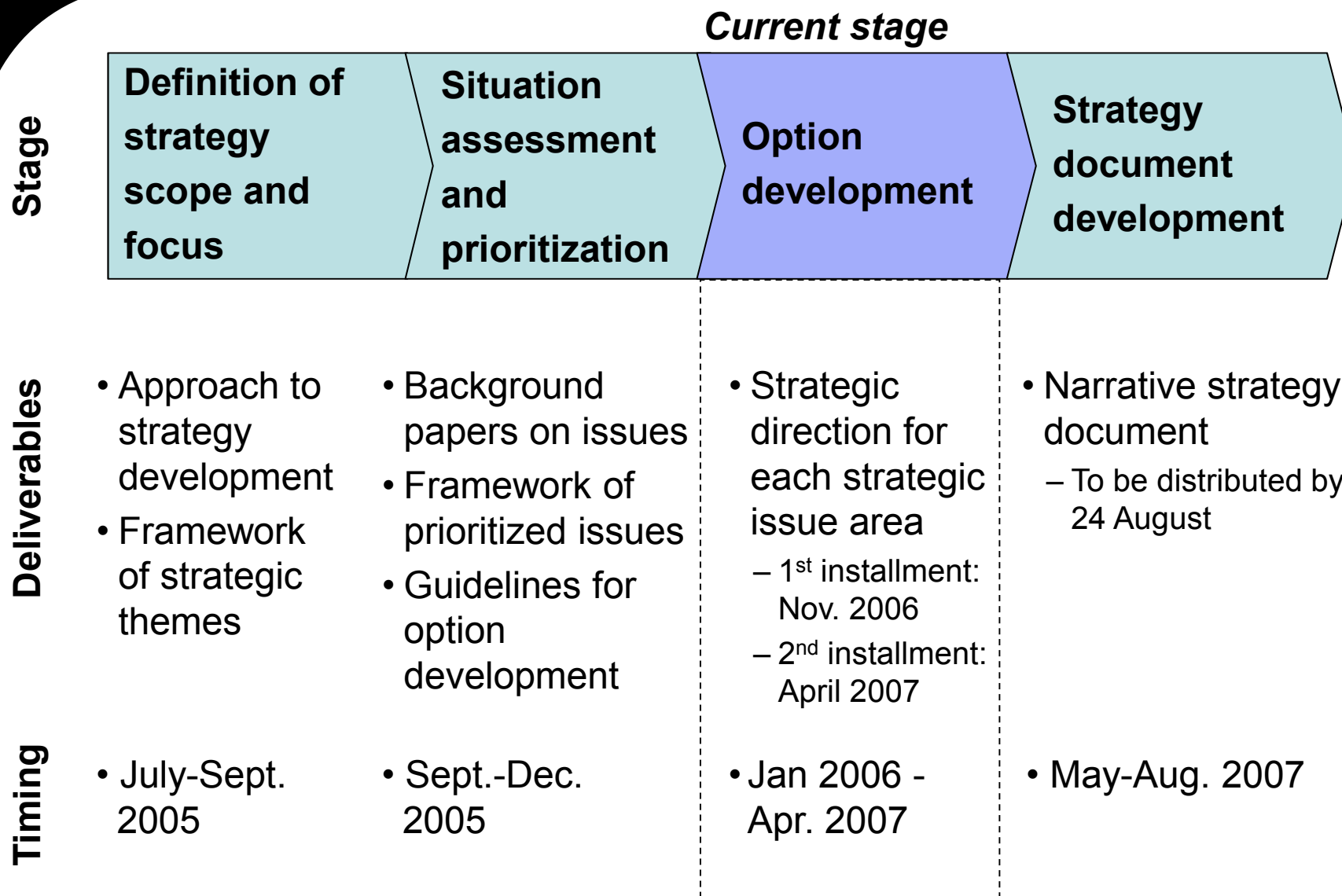
B. UNITAID

C. Policy issues for the Rolling Continuation Channel

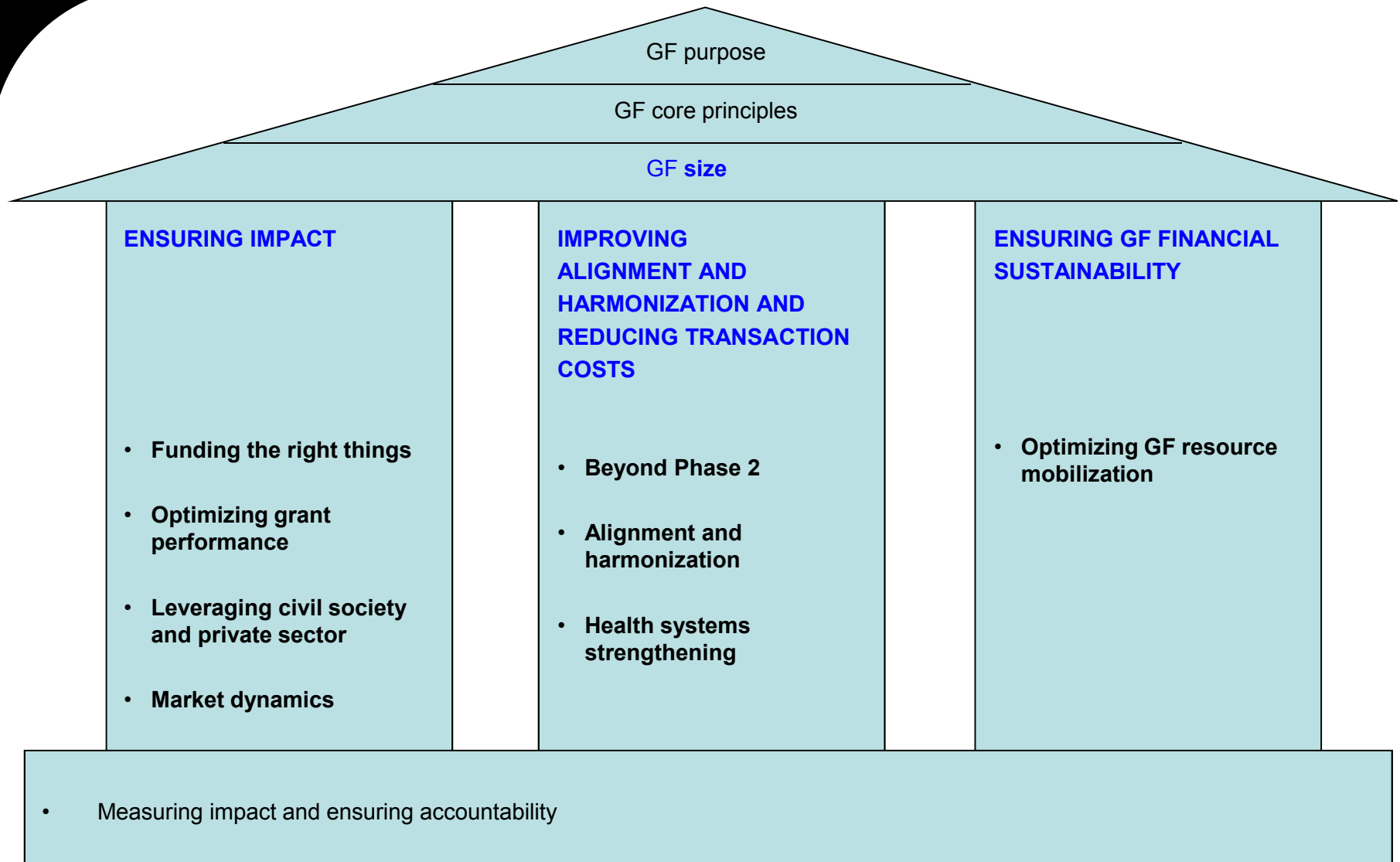
D. Confidentiality of recordings of executive sessions

E. TERG

Strategy development timeline



Strategy development process: Framework of strategic issues





**Decided
at 14th Board
meeting**

First installment

- Grant performance
- Market dynamics (objective and guiding principles)
- Beyond Phase 2
- Alignment and harmonization (excluding program funding)
- Impact/accountability

**For decision
at 15th Board
meeting**

Second installment

- Global Fund size (TBD)
- Funding the right things
- Civil society and private sector
- Market dynamics
- Alignment and harmonization (program funding)
- Health systems strengthening
- Resource mobilization

Strategy development process: **Strategy decision points for Board consideration at this meeting**

GF size

- TBD

Funding the right things

- Reporting on the Status of the Portfolio

Leveraging civil society and private sector

- Strengthening the Role of Civil Society and the Private Sector in the Global Fund's Work

Market dynamics

- Market Dynamics and Voluntary Pooled Procurement

Alignment and harmonization

- Modified Application Process for Supporting Country Programs
- Use of Existing Flexibilities, and Flexibility in the Timing of Phase-2 Reviews

Health systems strengthening

- Global Fund Strategic Approach to Health-Systems Strengthening

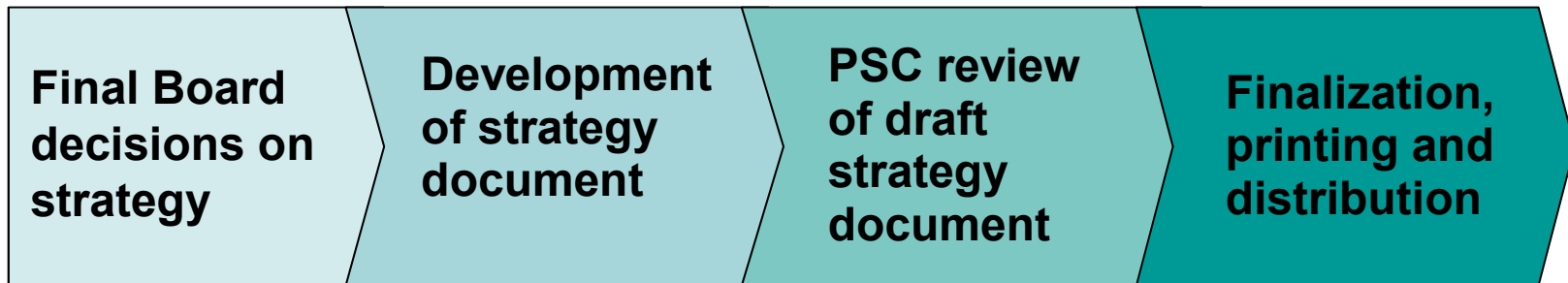
Optimizing GF resource mobilization

- Adoption of the Resource Mobilization Strategy

Strategy development process: **Strategy-related 2007 costs (budgeted and estimated)**

<u>Issue area</u>	<u>Approved at 14th Board Mtg</u>		<u>Recommended at 15th Board Mtg</u>		<u>Possible add'l upcoming</u>
	<u>\$(M)</u>	<u>Staff #</u>	<u>\$(M)</u>	<u>Staff #</u>	
GF size					
Funding the right things			\$0.1	1.5	
Optimizing grant performance					
Leveraging CS/PS					✓
Market dynamics			\$1.1	5.0	
Beyond Phase 2	\$0.3	2.0	\$0.3	0.0	✓
Alignment/harmonization	\$1.1*	4.0			✓
Health systems strengthening					✓
Resource mobilization			\$5.3	18.5	
Total	\$1.4	6.0	\$6.8	25.0	

Strategy development process: Next steps for the strategy



- 25-27 April

- May-June

- To PSC on 29 June

- Comments due by 13 July

- July-August

- Available for distribution 24 August

I. GF Size

II. GF Resource Mobilization Strategy

III. Health Systems Strengthening

IV. Alignment and Harmonization: Program Funding

V. Funding the Right Things

VI. Civil Society and Private Sector

VII. Market Dynamics: Pooled Procurement

Size:

Key strategic question



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

What is the appropriate target size that will enable the Global Fund to attain its purpose?

Size:

Options for target size

Option	Target 2010 GF size	Link to scenarios
A	• US\$ 1.5-3.5 billion	• Scenario 1: maintenance
B	• US\$ 4-6 billion	• Scenario 2: continuing allowance for new programs • Scenario 3: growth in line with announced increases in resources
C	• US\$ 8-11 billion	• Scenario 4: growth based on global effort to meet international targets for the pandemics

Option A not recommended by PSC

I. GF Size

II. GF Resource Mobilization Strategy

III. Health Systems Strengthening

IV. Alignment and Harmonization: Program Funding

V. Funding the Right Things

VI. Civil Society and Private Sector

VII. Market Dynamics: Pooled Procurement

Core strategic objectives



- Raise a **sufficient year-to-year level of resources** for the Global Fund
- Build and maintain the medium- and long-term **sustainability** and **predictability** of resource inflows
- Optimize the level of **additionality** of resources raised
- **Expand current** sources and tap into **promising new sources** of funding
- Ensure appropriate **representation** of donors
- **Optimize the efficiency** of resource mobilization efforts of the Board and Secretariat

Resource mobilization (Task Team): **Report of the Resource Mobilization Task Team**



14-member Task Team appointed in November 2006 and comprised of:

Michael Madnick, Chairperson

United Nations Foundation, United States

Christoph Benn, Secretariat

The Global Fund, Switzerland

Elliot Berger,

Merrill Lynch, United States

Mohamed El-Ashry

Former Head, GEF, United States

Yuka Fujino, Board Member

Ministry of Foreign Affairs, Japan

Lennarth Hjelmaker, Board Member

Point Seven, Sweden

Akudo Ikemba

Friends of the Global Fund Africa, Nigeria

Robert Kissane

Community Counseling Service, United States

Shaun Mellors, Board Member

International HIV/AIDS Alliance, United Kingdom

Mabel van Oranje

Open Society Institute, United Kingdom

Peter van Rooijen, Board Member

International Cibi, The Netherlands

John Studzinski

The Blackstone Group, United Kingdom

John Tedstrom

Global Business Coalition, United States

Holly Wise

Former Head, USAID Global Development Alliance,
United States

*Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Work process

- Ambitious 90-day timeline
- Comprehensive stakeholder outreach process (Completed 65 interviews)
- Significant baseline data review
- Web-site to share Task Team materials

Task Team

- Sub-sector approach per Terms of Reference
- Regular sub-sector and overall teleconferences
- In-person Task Team meeting in Geneva

Resource mobilization (Task Team):
Requirements for increase resources



A significant increase in resource levels will require:

Demand

More of it, at fundable quality

Resource mobilization capacity

More of it, realistic to achieving desired levels

Resource and staff capacity

- Wholly inadequate to dramatically increase resource mobilization efforts
- Investment in resource and staff capacities are imperative to success

Partner organizations and others

- Further develop relationships with these organizations without minimizing the Secretariat's capacity

Prioritization of income sources

- **Public Sector**
 - Will remain primary income source
- **Investment Income**
 - Form Investment Committee to maximize portfolio return
- **Private Sector (non-governmental sources of income)**
 - Enhance resource and staff capacity to mobilize additional resources
- **Innovative Finance**
 - Explore and develop mechanisms while maintaining a sensitivity to predictability and sustainability

Conclusions of the RMTT

- Concrete expressions of demand derived from the input of all stakeholders—recipient countries, donors, civil society, technical agencies and the private sector—to move toward a demand-driven model;
- The development and articulation of a compelling case for support that demonstrates the comparative advantages of the Global Fund model in terms of results, performance and impact in the fight against the three diseases, coupled with increased efforts to heighten donor confidence;
- Strong political will among the international community in supporting significant increases to ODA and a doubling or near tripling of investments by current Global Fund donors coupled with significantly enhanced resource mobilization efforts within other revenue streams;
- More direct involvement of the Board, especially the chair and vice chair, and the Fund's executive director in assuming international leadership roles in advocating for the Global Fund within their constituencies and those with whom they have influence.

Resource mobilization: **RM Strategy – priorities for each source (1/2)**

Priorities for the next four years

Public donors

- Continue the Voluntary Replenishment process and increase the predictability of funding by encouraging multi-year pledges
- Encourage Board engagement to steward constituencies for resource mobilization
- Continue and broaden resource mobilization information efforts with key donors, highlighting the need for long-term sustainability and the effectiveness of investing increasing ODA in GF
- Refine and expand resource mobilization efforts with current and potential new donors

Investment returns

- Explore options to optimize investment returns within an investment policy consistent with the best practices of publicly funded institutions

Resource mobilization: **RM Strategy – priorities for each source (2/2)**

Priorities for the next four years

Private sector

- Strengthen GF position as a strategic partner for private foundations
- Support the growth of (PRODUCT)^{RED} and other consumer-focused fundraising initiatives
- Further develop and grow an integrated partnership platform to mobilize cash and non-cash contributions from corporations
- Mobilize the support of high-net worth and other influential individuals
- Cultivate policies, processes and attitudes at all levels of GF architecture to support the full engagement of the private sector

Innovative financing mechanisms

- Maximize the benefits presented by UNITAID, in close collaboration with the Board and Secretariat of UNITAID, its donor countries and civil society
- Engage the Board in a broader advocacy role to promote collaboration with and further development of opportunities in innovative finance, particularly with the GF Debt Conversion Initiative

Decision Point 1: Adoption of the Resource Mobilization Strategy

The Board adopts the Resource Mobilization Strategy contained in GF/B15/6, Annex 3, which is based on the recommendation of the Task Team on Resource Mobilization, and commits, where possible, to assisting the Secretariat in executing the strategy to achieve the agreed targets.

The material budgetary implications of this decision amount to US\$ 5,332,772 in 2007, which includes an allocation for 18.5 positions in 2007.¹

1. The details of this supplementary budget for 2007 and the implications of this for 2008 were presented to the Finance and Audit Committee and endorsed by that committee. Further information is available in the Report of the Finance and Audit Committee (GF-B15-8).

Strategic issues for Board decision

- I. GF Size
- II. GF Resource Mobilization Strategy
- III. Health Systems Strengthening**
- IV. Alignment and Harmonization: Program Funding
- V. Funding the Right Things
- VI. Civil Society and Private Sector
- VII. Market Dynamics: Pooled Procurement

HSS:

Core strategic objective



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

To determine the **appropriate strategic approach** for the Global Fund to continue **to support the strengthening of** public and private **health systems** as a way to help accomplish the Global Fund's mission to mitigate the impact of HIV/AIDS, tuberculosis and malaria in countries in need

HSS:

PSC-recommended strategic approach



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

The Global Fund should invest in activities to help health systems overcome constraints to the achievement of improved outcomes in reducing the burden of HIV/AIDS, tuberculosis and malaria

PSC to consider and make recommendations for B16 on the following issues:

- Whether the Board should continue to fund HSS interventions **exclusively within disease components** or, in addition, **establish a separate HSS component for proposals** to GF;
- The appropriate **parameters for allowable HSS activities**;
- The possible **use and nature of conditionality for applying** for HSS funding; and
- The possible **use and nature of ceilings** for HSS funding

Decision Point 2: **GF Strategic Approach to Health-Systems Strengthening (1/2)**



The Board refers to the Framework Document of the Global Fund, which states that the Global Fund will support programs that “address the three diseases in ways that will contribute to strengthening health systems,” and “the Fund will support proposals which... support the substantial scaling up and increased coverage of proven and effective interventions, which strengthen systems for working: within the health sector; across government departments; and with communities.” The Board reaffirms the importance of strong public and private health systems to accomplishing the Global Fund’s mission to mitigate the impact of HIV/AIDS, tuberculosis and malaria in countries in need. The Board also recognizes that health systems capacity constraints have proven to be significant bottlenecks to Global Fund grant implementation, and that the Global Fund has, since its inception, provided significant support to a broad range of activities to strengthen health systems.

[...]

Decision Point 2: GF Strategic Approach to Health-Systems Strengthening (2/2)



[...]

The Board decides that the Global Fund, as a financing instrument, should continue to support the strengthening of public and private health systems, and reaffirms its strategic approach in this regard, which consists of investing in activities to help health systems overcome constraints to the achievement of improved outcomes in reducing the burden of HIV/AIDS, tuberculosis and malaria. The Board also recognizes that the Global Fund is not the sole, or even primary, financier of such activities, and close coordination in strategic direction and implementation at the country level in this area is essential.

With this approach in mind, the Board asks the Policy and Strategy Committee (PSC) to consider the following issues, and make recommendations to the Board for decision at its Sixteenth Meeting:

- Whether the Board should continue to fund “Health-Systems Strengthening” (HSS) interventions exclusively within disease components or, in addition, establish a separate HSS component for proposals to the Global Fund;
- The appropriate parameters for allowable HSS activities;
- The possible use and nature of conditionality for applying for HSS funding; and
- The possible use and nature of ceilings for HSS funding.

There are no material budgetary implications for this decision.

Strategic issues for Board decision

- I. GF Size
- II. GF Resource Mobilization Strategy
- III. Health Systems Strengthening
- IV. Alignment and Harmonization:
Program Funding**
- V. Funding the Right Things
- VI. Civil Society and Private Sector
- VII. Market Dynamics: Pooled Procurement

Core strategic objectives

Consistent with the principles in the GF Framework Document, to make policy and architectural changes to the GF's business and financing model to allow it, over time, to **better align** with national efforts **and harmonize** with international partners, **as a means to achieving increased impact** from GF resources.

These changes should aim to do the following:

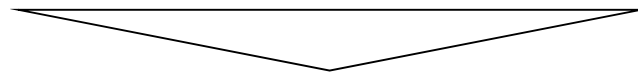
- **Further the GF principles;**
- **Take into account the wide range of country settings** in which the GF finances grants; and
- **Help fulfill existing GF commitments to ongoing global initiatives focused on A+H** (e.g., GTT, Paris Declaration).

Functional areas considered by PSC

Functional area	Description
Application	<ul style="list-style-type: none">Accepting, reviewing and selecting applications for GF financing
Financial and programmatic accountability	<ul style="list-style-type: none">Ensuring the appropriate levels of financial and programmatic accountability of the programs funded on an ongoing basis
Performance-based funding	<ul style="list-style-type: none">Ensuring that GF financing responds appropriately to different levels of performance by recipients

Current obstacles to full A+H

- Requirement to use GF-specific proposal form
- GF-specific technical review process
- Fixed, 'artificial' timing of submission, review and funding decision



PSC recommendation

- Enable **streamlined applications to the GF based on certified national strategies** (“National Strategy Applications”) (NSAs)
- Examine **possibility of the Board making more frequent funding decisions** for NSAs

Key principles for National Strategy Applications (NSAs)

- NSAs to be **based on** inclusive, costed, comprehensive and prioritized **national strategies** (including a workplan and budget) that have undergone a **rigorous technical certification by an independent review mechanism** (“IRM”);
- NSAs to comprise the certified national strategy and **minimal additional information** (including specification of financial contributions to national strategy from existing sources, amount of GF funding requested and results to which funding expected to contribute);
- **IRM to meet certain conditions** – to be defined and Board-endorsed later – such as appropriate technical expertise and capacity to carry out certifications functions rapidly, efficiently and transparently;
- IRM to **assess** national strategies **based on rigorous criteria developed jointly** with relevant partners (so outcome of certification useful beyond GF’s own specific needs), with GF to contribute standards it requires; and
- Implementation of NSAs to be **consistent with GF core principles**, including performance-based funding, financial/programmatic accountability, and additionality.

Decision Point 3: Modified Application Process for Supporting Country Programs (1/2)

The Board reaffirms its commitment to the principles of alignment and harmonization – in particular to further alignment of the Global Fund with national strategies, systems, and structures, and further harmonization with the procedures of international partners, as a means to achieving increased impact.

To provide greater support for country programs, the Board decides, in principle, to establish new procedures that will allow applicants to submit national strategies for HIV/AIDS, tuberculosis or malaria for Global Fund financing under conditions that differ in some respects from existing application requirements (“National-Strategy Applications”).

The Board endorses the following principles for National-Strategy Applications:¹

- National-Strategy Applications must be based on inclusive, costed, comprehensive and prioritized national strategies (which include a workplan and budget) that have undergone a rigorous technical certification by an independent review mechanism (“IRM”);²
- National-Strategy Applications shall comprise the certified national strategy and minimal additional information, which should include a specification of financial contributions to the national strategy received from existing sources, the amount of funding requested from the Global Fund, and the results to which this funding is expected to contribute;
- The IRM that certifies national strategies shall meet certain conditions – to be defined and endorsed by the Board at a later stage – such as appropriate technical expertise and the capacity to carry out certifications functions rapidly, efficiently and transparently;
- The IRM shall assess the technical soundness and feasibility of national strategies based on rigorous criteria that will be developed jointly with relevant partners, so the outcome of the certification is useful beyond the Global Fund’s own specific needs. The Global Fund shall contribute to the development of the criteria the standards the Board requires for the certification to fulfill the Global Fund’s core principles, including but not limited to programmatic and financial accountability; and

[...]

*Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Decision Point 3: Modified Application Process for Supporting Country Programs (2/2)

[...]

The implementation of National-Strategy Applications should be consistent with the core principles of the Global Fund, including performance-based funding, financial and programmatic accountability, and additionality.

The Board requests the Policy and Strategy Committee to recommend to the Board for approval at its Sixteenth Meeting a plan and policies for bringing into operation a National-Strategy Applications procedure, based on the principles set forth in this decision. Such recommendations shall also address the role of Country Coordinating Mechanisms and the Technical Review Panel, the inclusion of non-governmental entities in the National-Strategy Applications process, and the possibility of more frequent funding decisions for National-Strategy Applications, which the Board believes could provide benefits in terms of alignment and harmonization. The Policy and Strategy Committee shall also identify any modifications to existing Global Fund policies that would be necessary in order to bring into operation the National-Strategy Applications procedure.

In the spirit of the underlying principles of the Global Task Team and the Paris Declaration, the Board calls upon all partners to develop a shared certification approach for national strategies and to allow, where relevant, the use of certified strategies as the basis for applications for funding.

There are no material budgetary implications for this decision.

1. In addition, the existing country eligibility requirements for Global Fund proposals shall also apply to National-Strategy Applications.
2. There could be a single IRM for all diseases, or different IRMs for each disease. Also, depending on how an IRM is constituted, it could review national strategies for the entire health sector (which include sub-strategies for specific diseases), or only for one or more of the three diseases relevant to the Global Fund.

A+H (Program): **Financial and programmatic accountability**



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

Significant **operational flexibility** today in initial assessment and ongoing reporting and verification, can be adapted to support program-based approaches – thus **no new strategic measures proposed**



PSC recommendation

Board to encourage Secretariat, CCMs, PRs to communicate and fully exercise existing flexibilities to enable increased alignment and harmonization

Current obstacles to full A+H

- Requirement to submit Phase 2 application at specific point in time (18-21 months after start date)
- No flexibility on length of performance period assessed – must be 18 months



PSC recommendation: Flexible approach to Phase 2 review

Allow, in principle, CCMs to request **greater flexibility in timing** of, and performance period covered by, Phase-2 review for grants to operate in alignment with implementation of national programs

- Specific conditions + timing parameters to Board-defined/agreed later
- Current criteria and requirements for Phase 2 review to apply
- Board to vote on any requests for bridge funding in cases in which necessary to avoid interruption of program activities

Decision Point 4: Use of Existing Flexibilities, and Flexibility in Timing of Phase-2 Reviews

The Board reaffirms its commitment to the principles of alignment and harmonization – in particular to further alignment of the Global Fund with national strategies, systems, and structures, and further harmonization with the procedures of international partners, as a means to achieving increased impact.

The Board recognizes that there is much flexibility in the current policy framework of the Global Fund that can and should be further exercised to enable increased alignment and harmonization. Thus, the Board encourages the Secretariat, Country Coordinating Mechanisms (CCMs)¹ and Principal Recipients to communicate and fully exercise – as relevant and appropriate – these existing flexibilities.

In addition, the Board decides, in principle, to allow CCMs to request greater flexibility, for grants to operate in alignment with the implementation of national programs, in the timing of, and the performance period covered by, the Phase-2 review, for the purpose of enabling greater alignment with national cycles and harmonization with other donors' evaluation efforts. The Secretariat shall only allow this flexibility where relevant and appropriate, based on a set of conditions to be determined and agreed by the Board. The Board shall vote on any requests for bridge funding in cases in which such funding would be necessary to avoid interruption of program activities prior to the beginning of Phase 2. The Board requests the Portfolio Committee to propose appropriate modifications to existing Board policies to enable the Secretariat to exercise this flexibility, including by specifying the conditions under which the Board would allow CCMs to request this flexibility and the specific timing parameters for the Phase-2 review, and to present these to the Board for approval at its Sixteenth Meeting.

There are no material budgetary implications for this decision.

1. All references to a Country Coordinating Mechanism (CCM) include – in addition to a Country Coordinating Mechanism – a Sub-National CCM and a Regional Coordinating Mechanism, and in the case of a non-CCM proposal a grant applicant.

Strategic issues for Board decision

- I. GF Size
- II. GF Resource Mobilization Strategy
- III. Health Systems Strengthening
- IV. Alignment and Harmonization: Program Funding
- V. Funding the Right Things**
- VI. Civil Society and Private Sector
- VII. Market Dynamics: Pooled Procurement



- i. How might “**portfolio balance**” be defined and determined?
- ii. What is the **current status** of the GF portfolio?
- iii. Should the Board **systematically assess the GF portfolio** on an ongoing basis, and if so how?
- iv. Should the Board **maintain** the current purely demand-driven approach to funding **or more actively shape** the portfolio?

Funding the right things: **Key messages and PSC recommendations for questions considered**



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

i. Defining and determining
“portfolio balance”



There is no such thing as an absolute, objective definition of portfolio balance

ii. **Current status** of the GF portfolio



GF’s country-led, demand-driven model is operating in a balanced manner across different regions and diseases

iii. **Systematic assessment** of the portfolio



PSC accepted Secretariat proposal to **provide the Board an analysis of the status of the portfolio** at the first Board meeting of each calendar year, as part of its regular reporting on the Performance Indicators for GF

iv. Should the Board **maintain** the current demand-driven approach **or more actively shape** the portfolio?



PSC recommended GF **maintain the current demand-driven approach at this time**



The Board requests the Secretariat to provide an analysis of the Global Fund's grant portfolio at the Board's first meeting of each calendar year, as part of the Secretariat's yearly reporting to the Board on the core set of Performance Indicators for the Global Fund.¹

This analysis shall include, for example, where feasible and available in recipient country systems, elements such as value for money of Global Fund-financed interventions, the quality of treatment, prevention and care interventions provided through Global Fund-supported programs, the balance of interventions within each disease, the integration of relevant scientific innovations, and gender.

The budgetary implications of this decision in 2007 are estimated to be US\$ 117,000, which includes an allocation for 1.5 positions in 2007.

1. Decision Point GF/B14/DP16.

Strategic issues for Board decision

- I. GF Size
- II. GF Resource Mobilization Strategy
- III. Health Systems Strengthening
- IV. Alignment and Harmonization: Program Funding
- V. Funding the Right Things
- VI. Civil Society and Private Sector**
- VII. Market Dynamics: Pooled Procurement

Civil society + private sector:
Core strategic objective

To further enable the **strengthened and scaled-up involvement of civil society and the private sector** at both the country and Board levels, and within every step of the processes of the Global Fund

Civil society + private sector: **PSC-recommended strategic orientations**

- **The routine inclusion in GF proposals of both government and non-government PRs (“dual-track financing”) encouraged**
 - If a proposal does not include both government and non-government PRs, it should contain an explanation of the reason for this
- **The routine inclusion in proposals of requests for funding of relevant measures to strengthen the community systems necessary for the effective implementation of GF grants**
- **The effective representation and meaningful participation of vulnerable groups (as defined in the context of each particular country) on CCMs**
- **Simplified CCM access to funding to support their effective administrative functioning, for the life of a grant when needed, and increased transparency by CCMs about how they plan to ensure access by civil society to such funding**

- **Principles for implementation of dual-track financing by CCMs, PRs, Secretariat :**
 - The implementation should be **consistent with alignment and harmonization** of efforts to fight the three diseases;
 - It should be **consistent with national strategies** to fight the three diseases, or there should be a justification stated when this is not the case;
 - It should seek to **minimize transaction costs and demands** on CCMs, PRs and the Secretariat; and
 - It should apply equally the same **expectations of accountability, transparency and responsibility** to government and non-government PRs.
- Secretariat to consult with FAC to further **analyze and refine the estimates of budgetary implications**, including possible costs and savings, of this decision and report to B16

Decision Point 6:

Strengthening the Role of Civil Society and the Private Sector in the GF's Work (1/3)



The Board believes that civil society and the private sector can, and should, play a critical role at all levels of the architecture and within every step of the processes of the Global Fund, at both the institutional and country levels. This includes their critical roles in the development of policy and strategy, and in resource mobilization at the Global Fund Board level, as well as in the development of proposals, and the implementation and oversight of grants at the country level. The Board further expresses its desire for strengthened and scaled-up civil-society and private-sector involvement at both the country and Board levels, while recognizing the respective strengths and roles of the two sectors.

With this goal in mind – and also reaffirming the importance of effective Country Coordinating Mechanisms (CCMs)¹ in ensuring strong country-level development of proposals and oversight of grants – the Board recognizes the need to further enable civil society and the private sector to play their critical roles, facilitated by the following:

- The routine inclusion, in proposals for Global Fund financing, of both government and non-government Principal Recipients (PRs) for Global Fund grants (“dual-track financing”). The Board ~~encourages~~ **recommends** the submission of proposals with both government and non-government PRs. If a proposal does not include both government and non-government PRs, it should contain an explanation of the reason for this;
- The routine inclusion, in proposals for Global Fund financing, of requests for funding of relevant measures to strengthen the community systems necessary for the effective implementation of Global Fund grants;
- The effective representation and meaningful participation of vulnerable groups (as defined in the context of each particular country) on CCMs; and
- Simplified CCM access to funding to support their effective administrative functioning, for the life of a grant **that the CCM is overseeing** when needed, and increased transparency by CCMs about how they plan to ensure access by civil society to such funding.

[...]

*Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Decision Point 6:

Strengthening the Role of Civil Society and the Private Sector in the GF's Work (2/3)



[...]

The Board requests the Secretariat to take the necessary actions and collaborate with partners to achieve the above outcomes, working with the relevant Board committee(s), where necessary.

In particular, the Board requests the Portfolio Committee (PC) to do the following:

- Agree on a suitable definition of the term “civil society”, by building on existing work to that effect;
- Modify future proposal forms and guidelines (starting with those for Round 8) to encourage the use of dual-track financing and the inclusion of funding requests for strengthening community systems in proposals;
- Propose means to increase the representation of vulnerable groups on CCMs, such as by revising the relevant, current recommendation on the composition of CCMs;
- Propose guidance to CCMs regarding the types of civil-society and private-sector representatives that could be most relevant to the work of CCMs;
- Propose appropriate modifications to the policy or guidance on the funding for CCM activities;
- Propose guidance on increasing the capacity of the Technical Review Panel in the area of civil society and the private sector; and
- Report on progress at the Sixteenth Board Meeting.

Regarding dual-track financing, the Board notes the following:

- The possible benefits achieved through dual-track financing include increased absorption capacity (from taking full advantage of the implementation capacity of all domestic sectors, both governmental and non-governmental), accelerated implementation and performance of grants, and the strengthening of weaker sectors; and

[...]

*Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Decision Point 6: Strengthening the Role of Civil Society and the Private Sector in the GF's Work (3/3)

[...]

- CCMs, PRs and the Secretariat should implement dual-track financing according to the following principles:
 - The implementation should be consistent with alignment and harmonization of efforts to fight the three diseases;
 - It should be consistent with national strategies to fight the three diseases, or there should be a justification stated when this is not the case;
 - It should seek to minimize transaction costs and demands on CCMs, PRs and the Secretariat; and
 - It should apply equally the same expectations of accountability, transparency and responsibility to government and non-government PRs.

The Board requests the Secretariat to consult with the Finance and Audit Committee to further analyze and refine the estimates of budgetary implications, including possible costs and savings, of this decision and report its findings to the Sixteenth Board Meeting.

1. All references to a CCM include – in addition to a Country Coordinating Mechanism – a Sub-National CCM and a Regional Coordinating Mechanism, and in the case of a non-CCM proposal (where relevant) a grant applicant.

Strategic issues for Board decision

- I. GF Size
- II. GF Resource Mobilization Strategy
- III. Health Systems Strengthening
- IV. Alignment and Harmonization: Program Funding
- V. Funding the Right Things
- VI. Civil Society and Private Sector
- VII. Market Dynamics: Pooled Procurement**

13th Board Meeting Decision on Facilitating 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 voluntary pooled procurement** for recipients of grants [...]

14th Board Meeting Decision on Role of GF in Market Dynamics:

“The Board endorses the recommendation of the Policy and Strategy Committee, as part of the strategic issue of “Market Dynamics,” **that the Global Fund assume a deliberate and strategic role in improving impact of grants through influencing market dynamics.** The Board notes the draft objective and guiding principles for developing the Global Fund’s market dynamics strategy [...]

Market dynamics: **GF core strategic objective** **of market dynamics**



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

To ensure GF resources are **used most efficiently**

and

to enable GF recipients to gain **access to improved market conditions** for the procurement of essential health products with GF resources;

specifically:

to enable GF recipients to gain access to a **sustainable supply of affordable and quality-assured essential health products** related to the prevention, treatment and care of HIV/AIDS, tuberculosis and malaria

Market dynamics: **Guiding principles for GF's market dynamics strategy**

- i. **The Global Fund will pursue a focused strategy that targets the highest-potential opportunities;**
- ii. **The Global Fund will select a range of approaches**
 - a) that are **compatible with the Global Fund's core principles**, as embodied in its Framework Document (including the principle that Global Fund is a financing mechanism, not an implementing entity);
 - b) to which the Global Fund is **uniquely positioned to contribute effectively**, based on the unique assets that comprise its comparative advantage (e.g., its privileged relationships with recipients, its aggregate financing power for essential products); and
 - c) that respect the **importance of innovation, competition and the critical role of manufacturers of quality-assured products** (from both developing- and developed-countries) for the achievement of long-term, sustainable markets for essential health products that can benefit developing countries; and
 - d) that are **consistent with international law and agreements, respect intellectual property rights**, such as TRIPS, and encourage efforts to make quality drugs and products available at the lowest possible prices for those in need. (The Global Fund encourages recipients to apply national laws and applicable international obligations in the field of intellectual property including the flexibilities provided in the TRIPS agreement and interpreted in the Doha declaration in a manner that achieves the lowest possible price for products of assured quality).
- iii. **In implementing these approaches, the Global Fund will**
 - a) select the Global Fund's specific role within each overall approach, by taking into account its **core principles and comparative advantage**, and **making optimal use** – as relevant and appropriate – of **partners, third-party initiatives and outsourcing** to perform the required complementary roles;
 - b) **ensure consistency with all relevant Global Fund policies** (particularly the policies on Procurement and Supply Management and the Quality-Assurance Policy);
 - c) **make available to all recipients** the resulting positive market outcomes (to the extent applicable); and
 - d) continue to **support the development of the capacity** of governments and non-governmental organizations to **conduct procurement effectively, efficiently and in compliance with Global Fund policies** (e.g., through funding technical assistance for this specific purpose).

Market dynamics-pooled procurement: PSC recommendations (1/2)

- **Board to adopt the Objective and Guiding Principles for market dynamics**, to guide the GF's deliberate and strategic role in market dynamics
- Board to **endorse strategic model for voluntary pooled procurement**, as a first element of its market dynamics strategy:
 - **Rapidly strengthen existing Price Reporting Mechanism**
 - **Establish a voluntary pooled-purchasing service** with the following characteristics:
 - Covering a set of **target products**
 - Operated by **one or more procurement agent(s)**
 - Available to PRs on a **voluntary basis**, with **some exceptions**
 - **Direct payment** to suppliers (via procurement agent) from Trustee account, with agent to enter relevant/required data in PRM
 - **Make available**, via contracted providers, **procurement capacity-building services and supply-chain-management assistance** on an optional basis for all PRs participating in the pooled-purchasing mechanism

Market dynamics-pooled procurement: PSC recommendations (2/2)

- Secretariat to implement model **in a phased approach** initially covering a small number of target product categories, which the Secretariat shall select based on further, careful analysis
- Secretariat to **refine operational implementation** of model based on lessons learned over time and other considerations, and report back to PSC on **possible strategic refinements/ revisions to model** (including possible use of price ceilings and other incentives)
- Secretariat to report on progress at Sixteenth Board Meeting, specifically including an **analysis of the status of the current PRM and specific measures taken to improve it.**

Decision Point 7: Market Dynamics and Voluntary Pooled Procurement (1/3)

The Board refers to its decision at the Thirteenth Board Meeting (GF/B14/2, p. 13) to approve, in principle, the recommendation that the Global Fund facilitate the provision of voluntary pooled procurement for recipients of grants, subject to the development and Board approval of a suitable feasibility and business plan. It also refers to its decision at the Fourteenth Board Meeting (GF/B14/DP15) that the Global Fund assume a deliberate and strategic role in improving the impact of grants by influencing market dynamics.

The Board adopts the Objective and Guiding Principles for the Global Fund's Market Dynamics Strategy, as set out in the Report of the Policy and Strategy Committee (GF/B15/6).

The Board decides to endorse the following strategic model ("the Model") for voluntary pooled procurement, as a first element of its strategy on market dynamics, and notes additional elements to this strategy may follow.

1. The Secretariat shall rapidly strengthen its existing Price Reporting Mechanism ("PRM"), with the objective of enhancing the completeness and quality of self-reported data as an essential foundation of sound market dynamics and procurement practices. In particular, the Secretariat shall more strictly enforce compliance with the existing requirement that recipients report procurement information (including prices paid) for the relevant health products, and subject the data reported in the PRM to periodic audit by an external agent with appropriate qualifications.
2. The Secretariat shall establish a pooled-purchasing service¹ (the "Pooled Service").
 - i. The Pooled Service shall cover a set of target products and be operated by one or more global or regional procurement agent(s) (the "Procurement Agent") that the Secretariat shall select following a transparent, competitive tender process. The Secretariat shall direct the Procurement Agent to seek to award contracts for a given product to several suppliers, where possible and appropriate in view of considerations of market dynamics.

[...]

Decision Point 7: Market Dynamics and Voluntary Pooled Procurement (2/3)

[...]

- ii. Participants in the Pooled Service must agree to have the Global Fund Trustee make direct payment to the Procurement Agent for purchases. The Procurement Agent will input in the PRM all required information in relation to purchases made through the Pooled Service.
 - iii. Use of the Pooled Service shall be voluntary except for (a) United Nations agencies serving as Principal Recipients (“PRs”) and (b) PRs that, in the determination of the Secretariat, have demonstrated inadequate capacity to procure effectively, which the Secretariat, if appropriate, may in each case require to procure through the Pooled Service.
3. The Secretariat shall enter into contracts with global, regional or national providers of procurement capacity-building services and supply-chain-management assistance (the “Capacity-Building Providers”), which it shall select following transparent, competitive tender processes. These services shall be available, on a voluntary basis, to any PR using the Pooled Service. In addition, to further support the development of the national capacity to conduct procurement effectively and efficiently, the Secretariat shall make available the services provided by the Capacity-Building Providers to other relevant entities in those countries with Global Fund grants whose PR procures through the Pooled Service (at their own cost).

Payment for services of the Procurement Agent pertaining to purchases made through the Pooled Service with funds provided by the Global Fund, and payment for services provided to PRs by the Capacity-Building Providers shall, if not otherwise covered by the relevant PRs, be made out of grant funds and not out of the Secretariat’s operating budget.

[...]

Decision Point 7: Market Dynamics and Voluntary Pooled Procurement (3/3)

[...]

The Board delegates authority to the Secretariat to implement the Model, in conformity with the Guiding Principles for market dynamics, in a phased approach that shall initially cover a small number of target product categories, which the Secretariat shall select based on further, careful analysis.

The Board expects the Secretariat to refine the operational implementation of the Model based on lessons learned over time and other considerations, and to report back to the Policy and Strategy Committee on possible strategic refinements or revisions to the model (including the possible use of price ceilings and other incentives) that might prove helpful to better achieving the Objective in conformity with the Guiding Principles.

The Board also requests the Secretariat to report on progress at the Sixteenth Board Meeting. Noting the limited progress to date on improving the PRM, the Board specifically requests the Secretariat to include in its report an analysis of the status of the current PRM (including rates of, and challenges to, compliance by PRs) and specific measures taken to improve compliance with reporting requirements and the data reliability of the PRM.

The budgetary implications of this decision in 2007 are estimated to be US\$ 1.13 million, which includes an allocation for five positions in 2007.

1. This Pooled Service will include, but not be limited to, the functions of demand aggregation; competitive, transparent, international tendering and negotiation with suppliers; order-taking and -processing; shipping to in-country central warehouses; and transfer of funds to suppliers.

Areas for discussion

A. Strategy

B. UNITAID

C. Policy issues for the Rolling Continuation Channel

D. Confidentiality of recordings of executive sessions

E. TERG

	<u>Lead committee</u>
1. UNITAID-funded scale-up of Round 1-5 grants <ul style="list-style-type: none">• Artemisinin Combination Therapies (ACTs)• Medicines to treat multi-drug-resistant tuberculosis (MDR-TB)	PSC
2. UNITAID Round 6 contribution: \$52.5 million	PSC
3. Comprehensive policy on targeted financial contributions	FAC
4. Development of a “roadmap” for future collaboration with UNITAID	PSC, with FAC



- Short-listed GF recipients contacted and estimates of additional treatments received
- **UNITAID Board:** Funding approved to cover treatment estimates until the end of the grant term
 - \$78,887,568 for ACT scale-up
 - \$15,562,800 for MDR TB scale-up
- **GF Board decision (16 March):** Final approval and delegation of responsibility to proceed with implementation.
- **Next steps:**
 - Finalization of MoUs
 - LFA assessment prior to finalization of participating countries.



- **GF-UNITAID MoU on Round 6** contribution under development, expected to be finalized by mid May
- **Key issues** to be addressed in MoU include
 - Financial Contribution: Payment schedule and modes of payment
 - Procurement of medicines
 - Monitoring and reporting on results
 - Eligibility

UNITAID: Strategic roadmap for future GF-UNITAID collaboration



- **Objectives:** Identification of strategic areas and modes of collaboration – given similarities and differences in business models
- **Need for revised timetable:**
 - May: Agreement on questions to be addressed by roadmap
 - June-Aug: Background analysis and development of a draft roadmap document
 - Sept-Oct: PSC and UNITAID review of document, preparation of final document, based on feedback
 - Nov: GF and UNITAID Board decisions on adoption of the roadmap
- **PSC UNITAID subgroup:** To guide development of roadmap between May and Sept given strategic importance; includes one representative of the FAC

Decision Point 8: Development of a Roadmap for Future Collaboration with UNITAID

The Board refers to its decision (GF/B14/DP23) to request the Policy and Strategy Committee (PSC) to work with the Secretariat and the Finance and Audit Committee (FAC) to develop a roadmap for future collaboration with the UNITAID Board and Secretariat, and present it for approval by the Board at its Fifteenth Meeting. The Board notes that it was not possible for the PSC to present such a roadmap at the Fifteenth Board Meeting, for a number of reasons explained in the Report of the PSC (GF/B15/6), and requests the PSC¹ to continue to work with the Secretariat and the FAC to develop the roadmap with UNITAID, with a view to presenting it for approval by the Board at its Sixteenth Meeting.

The budgetary implications of this decision in 2007 are estimated to be \$153,227, which includes an allocation for 0.6 of a position for the remainder of 2007.

1. The PSC has established a working group which will ensure its ongoing involvement in the development of the roadmap and which also includes a representative of the FAC.

Areas for discussion

A. Strategy

B. UNITAID

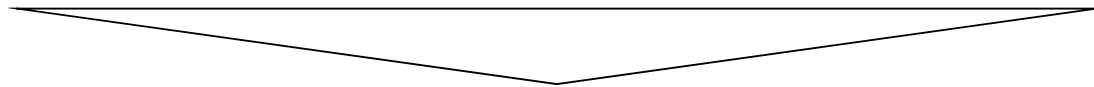
C. Policy issues for the Rolling Continuation Channel (RCC)

D. Confidentiality of recordings of executive sessions

E. TERG

Rolling Continuation Channel (RCC): Update on implementation

- Since approval of RCC at Fourteenth Board Meeting, Secretariat has:
 - Designed **processes** to qualify grants
 - Established a **qualifications panel**
 - Reviewed and qualified the **first wave** of grants



- First wave resulted in a **22% qualification rate**

RCC: Policy/document development since Fourteenth Board Meeting

Policy and Strategy Committee

- Duration of grants eligible for the RCC *
- Board decision-making procedure *

Portfolio Committee

- RCC proposal form and guidelines
- Revised TRP ToRs *
- Appeals process

Finance and Audit Committee

- Changes to Comprehensive Funding Policy and funding prioritization *

*** For decision at Fifteenth Board Meeting**

RCC: PSC issues for decision

- 1. Duration of grants eligible for the RCC**
2. Board decision-making procedure for the RCC

RCC: Primary RCC qualification factors (from Board decision)

- i. “Strong **performance**, as determined by the Secretariat having assigned to the grant a performance rating of ‘A’ in more than half of its reviews of the grant’s progress updates **over the 18 months immediately preceding the determination of qualification**; and
- ii. Evidence of potential for **impact** by, for example, demonstration of the grant contributing to a national effort that has had, or has the potential to have in the near future, a measurable impact on the burden of the relevant disease.”

Issue

- **Board decision on RCC** did not provide specific guidance on inclusion of 3- and 4-year grants
- However, RCC qualification for 3- and 4-year grants poses **particular challenges**
 - they would have to be qualified using mainly Phase 1 data
 - “impact” is difficult to assess early in grant’s life cycle

PSC recommendation

- Recognizing the above issues **but also** the need to maintain equity, PSC recommends:
 - ➔ **In the long term, exclude 3- and 4-year grants from RCC**
 - ➔ **As an interim measure, include 3- and 4-year grants from Rounds 1 to 3**

Decision Point 9: Duration of Grants Eligible for Qualification for the RCC

The Board decides that grants from the fourth and subsequent Rounds that have a term of less than five years shall be ineligible for qualification for the Rolling Continuation Channel. The Board and Secretariat will communicate with Country Coordinating Mechanisms¹ in a timely manner regarding this policy.

There are no material budgetary implications for this decision.

1. The reference to a Country Coordinating Mechanism (CCM) includes – in addition to a Country Coordinating Mechanism – a Sub-National CCM, and a Regional Coordinating Mechanism, and in the case of a non-CCM proposal, a grant applicant.

RCC: PSC issues for decision

1. Duration of grants eligible for the RCC

2. Board decision-making procedure for the RCC

RCC: Key features of the RCC decision-making procedure

- **Board consideration** of proposals for RCC funding typically **not more than once every three months**;
- **Board decisions** on proposals for RCC funding **based on TRP recommendations**;
- **Board vote by e-mail, on a ‘no-objection’ basis**;
- Consistent with Board practice for funding decisions made under the rounds-based channel, Board to **consider the totality of the TRP’s recommendations**; and
- **Approval of RCC proposals for entire term** of the proposal, with a financial commitment for the initial three years.

Decision Point 10: Board Decision-Making Procedure for the RCC (1/3)

The Board has approved the establishment of a funding channel (the “Rolling Continuation Channel” or “RCC”)¹ that provides an opportunity for Country Coordinating Mechanisms (“CCMs”)² to apply for continued funding for high-performing grants that are reaching the end of their funding terms (“expiring grants”) under conditions different from those available for proposals submitted as part of new rounds of financing (“rounds-based channel”). The Board approves the following procedure for the Board to make funding decisions for proposals submitted under the Rolling Continuation Channel that the Secretariat has qualified as eligible for the RCC.

1. The Board will consider proposals for RCC funding not more than once every three months, unless the Secretariat determines it is necessary because of exceptional circumstances to present a recommendation to the Board more frequently.
2. The Board will make funding decisions for proposals for RCC funding based on the recommendations of the Technical Review Panel (“TRP”), which will take into account performance data provided by the Secretariat. The TRP will make recommendations to the Board for funding of RCC proposals in accordance with the Terms of Reference of the TRP.
3. The Secretariat will post the TRP’s recommendations and supporting documents on the Global Fund website with password protection, will inform Board constituencies via e-mail when it has posted these recommendations, and will provide to them a voting form that will list the recommendations. Notice to Board constituencies of the vote on the TRP’s recommendations will be effective upon the transmission of the voting form. For the purposes of Article 7.6 of the By-laws, all Board members will be deemed to be participating in the vote when such notice becomes effective.

Decision Point 10: Board Decision-Making Procedure for the RCC (2/3)

[...]

4. The Board will vote on the TRP recommendations on RCC funding by e-mail on a “no-objection” basis, in accordance with Section 12 of the Board Operating Procedures and Article 7.6 of the By-laws. Consistent with Board practice for funding decisions made under the rounds-based channel, the Board will consider the totality of the TRP’s recommendations.
5. However, if a Board member objects to an individual recommendation from the TRP, he or she will provide to the Secretariat a written explanation of the reasons for such objection. The Secretariat will then promptly make available such explanation to all other Board members and the TRP.
6. For the purposes of Section 12 of the Board Operating Procedures, the time period within which the Secretariat must receive objections in order for them to be counted is ten (10) calendar days after notice of the vote is effective.
7. If the Board approves the TRP recommendations, that decision will constitute an approval of the entire term of each RCC proposal recommended for funding by the TRP, with a financial commitment for the initial three (3) years of the RCC proposal, with funding for the second phase subject to the approval of the Board based on a mid-term performance review.
8. If the Board decides not to approve a TRP recommendation, the decision-making process that applies following a Board objection to a TRP recommendation under the Phase-2 Decision-Making Policies and Procedures,³ as amended from time to time,⁴ will be followed.

[...]

*Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Decision Point 10: Board Decision-Making Procedure for the RCC (3/3)

[...]

9. Funding recommendations with respect to RCC proposals that have successfully been appealed, in accordance with the Global Fund's Rules and Procedures for Appeals, will come before the Board for decision, in accordance with such Rules and Procedures for Appeals.

There are no material budgetary implications for this decision.

1. See decision GF/B14/DP9 ('Establishment of a Rolling Continuation Channel').
2. In this procedure, all references to a CCM include – in addition to a Country Coordinating Mechanism – a Sub-National CCM, Regional Coordinating Mechanism and, in the case of a non-CCM proposal, a grant applicant.
3. See Phase 2 Decision-Making Policies and Procedures, approved by Board Decision GF/B14/DP27.
4. For this purpose, references in the Phase 2 Decision-Making Policies and Procedures to 'Go,' 'Conditional Go,' 'Revised Go' and 'No Go' recommendations will be construed as references to the nearest equivalent recommendation to fund or not to fund under the TRP's Terms of Reference for review of RCC proposals.

Decision Point 11: Amendment to Section 12 of the Board Operating Procedures

To allow RCC funding decisions to be made on a ‘no-objection’ basis, the Board amends Section 12 of the Board Operating Procedures as follows:

~~“12. No-Objection Process for Approving Funding for Proposals Beyond the Initial Funding Commitment~~

- *Notwithstanding Sections 10 and 11, decisions by the Board to provide funding for approved proposals beyond the initial funding commitment or for proposals requesting continued funding for grants that are reaching the end of their funding terms may be made on a no-objection basis under the following process.*
- *As directed by the Board, the Secretariat shall issue a request recommendation for ~~decision action~~ on each funding commitment for which a Board decision is required, and shall notify the Board accordingly. Unless four Board members of one of the voting groups described in Section 10 object to the requested decision recommendation within a time period specified by the Board following the date of notification, the requested decision recommendation shall be deemed approved by the Board.”*

There are no material budgetary implications for this decision

Decision Point 12: Development of a Decision-Making Procedure for Funding Beyond the Initial Commitment of Approved RCC Proposals

The Board requests the Portfolio Committee to present for approval, no later than the Seventeenth Board Meeting, a procedure for the Board to make funding decisions beyond the initial financial commitment of approved RCC proposals. The Board further requests that, in developing such procedure, the Portfolio Committee take into consideration the principles, policies and procedures applicable to Phase-2 funding decisions of rounds-based proposals.

There are no material budgetary implications for this decision.

Areas for discussion

A. Strategy

B. UNITAID

C. Policy issues for the Rolling Continuation Channel

D. Confidentiality of recordings of executive sessions

E. TERG

Decision Point GF/B14/DP37:

- The Global Fund Board directs the Secretariat to draft a policy for the Global Fund Board and Secretariat concerning the maintenance of confidentiality of any recordings of Executive Sessions of the Global Fund Board, and the circumstances, policies and procedures under which any individual may receive access to these recordings. The Board requests the Secretariat to present such draft policy in time for consideration of the next meeting of the Policy and Strategy Committee (PSC), and requests the PSC to present its recommendation for a policy on the "Confidentiality of Recordings of the Executive Sessions of the Board" for approval by the Board at the April 2007 Board Meeting.

Recordings of Executive Sessions: Principles

- Board Operating Procedures: “In its discretion the Board may conduct its business in Restricted Session (Board Members and Alternative Members only)”

Recordings of Executive Sessions: **Why record Executive Sessions of Board meetings?**

- A tool for the rapporteur and Chair and Vice Chair of the Board
- To ensure there is a full and accurate record of the meeting

Recordings of Executive Sessions: **Issues in recording Executive Sessions**

- Board is convened in Executive Session to discuss confidential and sensitive matters
- Need a 'safe space' to speak freely on these issues
- Outcomes of Executive Session are usually – but not always – made public through a decision point or statement
- Board reports for these sessions are usually brief, they do not always reference all matters discussed

Recordings of Executive Sessions: Options for policy

Option One:

- No Executive Sessions are recorded

Option Two:

- All Executive Sessions are recorded

Recordings of Executive Sessions: PSC mandate

- Strong concerns raised regarding the confidentiality of discussions in Executive Sessions not being respected
- The PSC agreed the following:
 - Default position that all Executive Sessions are recorded
 - Board can decide not to record particular sessions on a case-by case basis
 - Secretariat to amend the existing Global Fund Documents Policy for Board decision at its Fifteenth Meeting
 - Policy to specify the process for storing and providing access to the recordings
- Global Fund Documents Policy amended in line with this mandate

Decision Point 13: Confidentiality of Recordings of Executive Sessions



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

The Board approves the amendments to the Global Fund Documents Policy, as presented in GF/B15/6, Annex 4.

There are no material budgetary implications for this decision.

Key amendments to the GF Documents Policy:

- Board Members will operate in accountable manner, uphold standards of ethical behavior, respect principles of transparency and safeguard confidentiality when required
- Executive Sessions will be recorded (as with all Board sessions)
- Executive Session recordings to be stored with the IG; access to these recordings requires Board approval
- Board may decide to record all or part of an Executive Session, or discard a recording of an Executive Session

Areas for discussion

- A. Strategy
- B. UNITAID
- C. Policy issues for the Rolling Continuation Channel
- D. Confidentiality of recordings of executive sessions
- E. TERG**

TERG:

TERG membership rotation



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

- Recruitment for current vacancies (according to TOR) – Board members may nominate up to four candidates
- Extension of term of current members to cover Five-Year Evaluation
- Inclusion of TERG Chair in the selection committee

Decision Point 14: TERG Membership Rotation Procedure

The Board approves the following amendments to paragraph 6 of the Terms of Reference, Membership and Procedures of the Technical Evaluation Reference Group approved at the Tenth Board Meeting (GF/B10/8, Annex 8):

“6. Each Board member of the Global Fund may nominate candidates who match the profile and qualifications defined in paragraph 7 (up to 4 candidates per board member). The names of candidates will be submitted to the Policy and Strategy Committee with the appropriate information and documentation through the Secretariat. The PS Committee with the support of the Fund Secretariat, will recommend a proposed list of appointees to the selection committee which is comprised of the Chair or Vice Chair of the PS Committee, the Chair of the TERG, the Committee M&E focal point and the Executive Director of the Global Fund or his/her designee. The final proposed list will be forwarded to the Board of the Global Fund for decision. The confirmed appointees will be invited to become members of the TERG by the Executive Director of the Global Fund. The M&E focal point member of the PS committee as well as the chairs of the monitoring and evaluation reference panels of UNAIDS, Roll back Malaria, and Stop TB shall be ex-officio members of the TERG. In addition to the regular TERG membership, additional experts may be invited to participate as the need arises.”

There are no material budgetary implications for this decision.



BACKUP SLIDES



Beyond Phase 2

- Exceptional Extension Funding (via email Aug 2006)
- Establishment of a Rolling Continuation Channel (B14)
- Technical Reviews for the Rolling Continuation Channel (B14)
- Continuity of Services Policy (B14)

Alignment and harmonization

- Establishment of Fixed Dates for Rounds (B14)
- Dates for the Launch and Approval of Rounds 7 and 8 (B14)
- Grant Consolidation Pilot Project (B14)

Optimizing grant performance / market dynamics

- Facilitating Pooled Procurement (B13)
- Role of the Global Fund in Market Dynamics (B14)

Impact/Accountability

- Performance Indicators for the Global Fund (B14)

Size:

RMTT message on size



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

“...the **size options are not particularly helpful** in determining resource mobilization targets or dictating a resource mobilization strategy. The task team believes **developing concrete expressions of demand based on national priorities, plans and budgets** and **derived through a more collaborative process involving the Fund’s critical stakeholders** – donors, civil society, technical agencies, and the private sector – represents a more promising evidence-based method for increasing resources and establishing targets.”

Resource mobilization: Details of budget for resource mobilization strategy

**AS DISCUSSED
 WITH FAC**

- Additional budget necessary to meet RM challenges embedded in the RM strategy equals:
 - **US\$ 5,332,767.69** in 2007
 - **US\$ 10,269,615.52** in 2008
- Breakdown per priority areas identified by the RMTT:

Activity	2007		2008	
	staff	Cost (US \$ '000)	staff	Cost (US \$ '000)
100 Public donors	8.0	1,996	12.5	3,178
200 Investment returns	0.5	26	0.5	53
300 Private sector	6.0	2,003	16.3	4,799
400 Innovative financing mechanisms	2.0	502	2.0	333
500 Cross cutting communication capacity	2.0	805	3.8	1,907
TOTAL	18.5	5,332	35.0	10,270

Decision Point 1: Adoption of the Resource Mobilization Strategy

The Board adopts the Resource Mobilization Strategy contained in GF/B15/6, Annex 3, which is based on the recommendation of the Task Team on Resource Mobilization, and commits, where possible, to assisting the Secretariat in executing the strategy to achieve the agreed targets.

The material budgetary implications of this decision amount to US\$ 5,332,772 in 2007, which includes an allocation for 18.5 positions in 2007.¹

1. The details of this supplementary budget for 2007 and the implications of this for 2008 were presented to the Finance and Audit Committee and endorsed by that committee. Further information is available in the Report of the Finance and Audit Committee (GF-B15-8).

HSS: Option 1

Scope + funding approach:

- Fund **only ATM interventions** – via disease components only

Opportunities:

- Could **focus** national/partner attention and action **on** an urgent response to the **three diseases**
- Defines **clear scope of GF support to HSS**, enabling other donors to fill national HSS gaps without any risk of duplication

Risks:

- Large, vertical inflows of GF finances only into disease-specific interventions could **potentially distort** health systems
- GF would **leave it up to partners** to fund addressing of HS constraints, which if they fail to act could put at risk GF-funded disease programs

Scope + funding approach:

- Fund HSS to **overcome constraints** to achieving improved ATM outcomes – via **disease components** only

Opportunities:

- Naturally facilitates assessment of **linkages** between ATM and HSS interventions
- **Reduces** potential risk of **distortion** from heavy investments in disease-specific programs only
- Allows GF support of HSS activities **within a country's** (robust) **holistic plan**

Risks:

- In countries without robust HS development plans, could lead to **piecemeal approach** to addressing HS constraints
- Could encourage an **unnatural split** of cross-cutting HSS activities across disease components
- May not provide sufficient opportunity to address **broad-based HSS issues**

Scope + funding approach:

- Fund HSS to **overcome constraints** to achieving improved ATM outcomes – via a **separate HSS component**

Opportunities:

- Encourages **cross-cutting, holistic approaches** to address HS constraints
- **Removes** risk of **unnatural split**
- **Reduces** risk of **distortion** from disease-only investments
- Could enable **greater harmonization**
- Could **raise visibility** of investments in HSS

Risks:

- May be difficult to ensure **linkages** between disease-specific and HSS interventions
- Successful applications could be **limited** by # of countries with robust HS devt. plans
- Could bias applications towards **funding government**
- May not provide sufficient opportunity to address **broad-based HSS issues**

**Scope + funding approach:**

- Fund **any HSS activities** in a country's National Health Sector Devt. Plan, with expectation of ATM trickle-down – via a **separate HSS component**

Opportunities:

- Encourages **cross-cutting, holistic approaches** to address health systems constraints
- **Neutralizes** risk of **distortion** from heavy investments in disease-specific programs only
- Enables greater **harmonization and alignment**
- Could significantly raise the **visibility** of investments in HSS

Risks:

- Could be viewed as a **dilution of GF's mission**
- Successful applications could be **limited** by # of countries with robust HS devt. plans
- Could lead to **very large requests** for GF financing (depending on implementation)
- Could bias applications towards **funding government**
- May not see **outcomes** on ATM results for a long time, if ever

Strategic question



What strategic actions might the Fund take – within the current financing model and architecture or through changes to it, and in a way that is consistent with its principles, including accountability – to **align more closely with** (inclusively-defined) **country priorities and systems and improve harmonization with other donors?**



- A single, comprehensive, locally-owned and -led **program of development** and corresponding **budget framework**; and
- A formalized, **coordinated approach** to supporting that program, encompassing **harmonization** of donor procedures and donor **alignment** with local systems (i.e. donor efforts to increase the use of local systems)

Based on Lavergne and Alba, 2003 – as cited in: OECD, “DAC Guidelines and Reference Series Harmonising Donor Practices for Effective Aid Delivery, Volume 2”.



- GF is **committed in principle** to supporting program-based approaches, *and already does this today in many countries*
- There is a **significant amount of flexibility inherent in the current GF architecture, policies, and processes** which enables GF support of program-based approaches



- At the same time, **some areas** of the GF's current architecture and processes **could be improved to remove apparent structural obstacles or take advantage of missed opportunities** to more proactively support A+H
 - Current architecture and processes are just *one of many possible embodiments* of the core Framework Document principles and are not in themselves fundamental *so long as core principles are fulfilled*
 - While **supporting national programs** with its resources, GF is essentially today **using a project-management modality** in grant administration
- ▼
- Focus in on **enabling more flexibility within current funding mode** to fulfill the core principles (*not* on developing an entirely new programmatic funding instrument)

Inclusion of non-gov't entities

- To mitigate potential public sector bias, GF could:
 - Adopt a **dual-channel funding approach**; or
 - Allow applications only from applicants specifying **in national plans/strategies the meaningful participation in implementation of non-government entities**

Possible funding cap

- GF could set (absolute or relative) **limits on how much funding applicants can request** through NSAs

Role of CCMs

- As CCMs are usually not involved in the development of national plans/strategies, GF could:
 - **Accept direct submission** (without CCM sign-off) from countries having inclusive processes
 - **Maintain current process** of channeling GF applications through a CCM



- GF's country-led, **demand-driven model is operating in a balanced manner** across different regions and diseases (as compared to relevant external benchmarks)
- **Portfolio composition** has evolved over time, **reflecting the responsiveness** of the demand-driven model
- **Inherent constraints in data availability** (especially lack of costed, up-to-date and credible national strategic plans and budgets, which make it difficult to assess extent to which GF grants fill gaps in national disease responses)

TERG recommends that the GF continue and deepen efforts to track portfolio balance across different dimensions

Funding the right things: **Should GF maintain the current approach or actively shape the portfolio?**

Should or should not the Global Fund Board move to actively shape the portfolio *at this point in time?*

Relevant factors:

- **Need** to take portfolio-shaping actions now
- **Ability** to adequately + effectively take such actions now
- Potential **benefits** of any such actions now
- Potential **risks** of any such actions now

If so, how should the Board do so?

Funding the right things: Possible strategic options

Option	Description
1 Maintain current country-led, demand-driven model	<ul style="list-style-type: none">• No change to current approach at this time
2 Actively shape portfolio through funding priority	<ul style="list-style-type: none">• Based on identified imbalances, give funding priority within a round to TRP-recommended proposals meeting a set of balancing objectives communicated in advance
3 Actively shape portfolio through dedicated funding window/round	<ul style="list-style-type: none">• Based on identified imbalances, set aside money for a funding window or round reserved exclusively for proposals containing elements addressing balancing objectives communicated in advance

Civil society + private sector: **Estimate of budgetary implications of dual-track financing**



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

**CURRENT
ESTIMATE**

Based on a range of uptake of 15-40 percent, the budgetary implications of dual-track financing are currently estimated at **US\$1-3 million in the first year of implementation, and \$6-\$15 million per annum within five years of implementation.**

Includes:

- Additional **staff costs**: \$0.5-1.3 million in the first year, and \$2.5-6.7 million per annum within five years, which would represent 4-10 and 18-48 additional staff, respectively.
- Additional **LFA costs**: \$0.5-1.3 million in the first year, and \$2.5-6.7 million per annum within five years.
- Additional **other costs** (overhead, travel): \$0.1-0.3 million in the first year, and \$0.6-1.6 million per annum within five years.

Market dynamics-pooled procurement: 14th Board Meeting Decision on Role of GF in Market Dynamics



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

The Board endorses the recommendation of the Policy and Strategy Committee, as part of the strategic issue of “Market Dynamics,” **that the Global Fund assume a deliberate and strategic role in improving impact of grants through influencing market dynamics.**

The Board notes the draft objective and guiding principles for developing the Global Fund’s market dynamics strategy set out in the Report of the Policy and Strategy Committee (GF/B14/7).

The Board requests that the Policy and Strategy Committee **further explore the issue** and present any additional matters, including any potential modifications to the objective and guiding principles for the Global Fund’s market dynamics strategy, for Board consideration at the Fifteenth Board meeting.

Market dynamics-pooled procurement: 13th Board Meeting Decision on Facilitating Pooled Procurement



Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

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 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 pooled procurement, and report to the Board on progress at the 14th Board meeting.



To ensure **Global Fund resources are used most efficiently**, and to **enable Global Fund recipients to gain access to improved market conditions** for the procurement of essential health products with Global Fund resources; specifically to enable them to gain access to a sustainable supply of affordable and quality-assured essential health products related to the prevention, treatment and care of HIV/AIDS, tuberculosis and malaria

Market dynamics: **Guiding principles for GF's market dynamics strategy**

- i. **The Global Fund will pursue a focused strategy that targets the highest-potential opportunities;**
- ii. **The Global Fund will select a range of approaches**
 - a) that are **compatible with the Global Fund's core principles**, as embodied in its Framework Document (including the principle that Global Fund is a financing mechanism, not an implementing entity);
 - b) to which the Global Fund is **uniquely positioned to contribute effectively**, based on the unique assets that comprise its comparative advantage (e.g., its privileged relationships with recipients, its aggregate financing power for essential products); and
 - c) that respect the **importance of innovation, competition and the critical role of manufacturers of quality-assured products** (from both developing- and developed-countries) for the achievement of long-term, sustainable markets for essential health products that can benefit developing countries; and
 - d) that are **consistent with international law and agreements, respect intellectual property rights**, such as TRIPS, and encourage efforts to make quality drugs and products available at the lowest possible prices for those in need. (The Global Fund encourages recipients to apply national laws and applicable international obligations in the field of intellectual property including the flexibilities provided in the TRIPS agreement and interpreted in the Doha declaration in a manner that achieves the lowest possible price for products of assured quality).
- iii. **In implementing these approaches, the Global Fund will**
 - a) select the Global Fund's specific role within each overall approach, by taking into account its **core principles and comparative advantage**, and **making optimal use** – as relevant and appropriate – of **partners, third-party initiatives and outsourcing** to perform the required complementary roles;
 - b) **ensure consistency with all relevant Global Fund policies** (particularly the policies on Procurement and Supply Management and the Quality-Assurance Policy);
 - c) **make available to all recipients** the resulting positive market outcomes (to the extent applicable); and
 - d) continue to **support the development of the capacity** of governments and non-governmental organizations to **conduct procurement effectively, efficiently and in compliance with Global Fund policies** (e.g., through funding technical assistance for this specific purpose).

Market dynamics: **Guiding principles for GF's market dynamics strategy (1/3)**



- i. **The Global Fund will pursue a focused strategy that targets the highest-potential opportunities;**
- ii. **The Global Fund will select a range of approaches**
 - a) that are **compatible with the Global Fund's core principles**, as embodied in its Framework Document (including the principle that Global Fund is a financing mechanism, not an implementing entity);
 - b) to which the Global Fund is **uniquely positioned to contribute effectively**, based on the unique assets that comprise its comparative advantage (e.g., its privileged relationships with recipients, its aggregate financing power for essential products); and

[...]

Market dynamics: **Guiding principles for GF's market dynamics strategy (2/3)**

[...]

- c) that respect the **importance of innovation, competition and the critical role of manufacturers of quality-assured products** (from both developing- and developed-countries) for the achievement of long-term, sustainable markets for essential health products that can benefit developing countries; and
- d) that are **consistent with international law and agreements, respect intellectual property rights**, such as TRIPS, and encourage efforts to make quality drugs and products available at the lowest possible prices for those in need. (The Global Fund encourages recipients to apply national laws and applicable international obligations in the field of intellectual property including the flexibilities provided in the TRIPS agreement and interpreted in the Doha declaration in a manner that achieves the lowest possible price for products of assured quality).

[...] *Fifteenth Board Meeting
Geneva, 25-27 April 2007*

Market dynamics: **Guiding principles for GF's market dynamics strategy (3/3)**

[...]

iii. In implementing these approaches, the Global Fund will

- a) select the Global Fund's specific role within each overall approach, by taking into account its **core principles and comparative advantage**, and **making optimal use** – as relevant and appropriate – of **partners, third-party initiatives and outsourcing** to perform the required complementary roles;
- b) **ensure consistency with all relevant Global Fund policies** (particularly the policies on Procurement and Supply Management and the Quality-Assurance Policy);
- c) **make available to all recipients** the resulting positive market outcomes (to the extent applicable); and
- d) continue to **support the development of the capacity** of governments and non-governmental organizations to **conduct procurement effectively, efficiently and in compliance with Global Fund policies** (e.g., through funding technical assistance for this specific purpose).

Market dynamics-pooled procurement: Issues to be addressed

Symptoms: **Procurement bottlenecks**

- Long delivery times
- Frequent stockouts
- Price variability of key products



Root causes: **Key structural barriers**

- **Fragmentation of purchasing activity:**
 - Limited negotiating power
 - Missed opportunity to leverage GF's aggregate purchasing power
- **Lack of effective collection of procurement data:**
 - Limited transparency and knowledge of what constitutes reasonable purchasing terms
- **Multi-step flow of funds at country level:**
 - Potential for substantial delays, transaction costs and financial mismanagement

Market dynamics-pooled procurement: **Detail on voluntary pooled procurement model (1/4)**

Rapidly strengthen existing Price Reporting Mechanism

- **WHY?** To enhance completeness and quality of self-reported data as an essential foundation of sound market dynamics and procurement practices
- **WHAT?**
 - Endow PRM with a more user-friendly interface
 - More strictly enforce compliance with existing requirement that recipients report procurement information for relevant health products
 - Subject data reported in PRM to periodic audit by an external agent with appropriate qualifications

Market dynamics-pooled procurement: **Detail on voluntary pooled procurement model (2/4)**

Establish a voluntary pooled-purchasing service

- **WHY?** To:
 - Increase speed of product procurement/delivery to country
 - Ensure supply availability and reliability
 - Ensure products procured are of assured quality
 - Obtain more attractive pricing of products purchased

- **WHAT?**
 - GF-contracted procurement agent to provide all PRs participating in pooled-purchasing system with services for target products including:
 - demand aggregation
 - tendering and negotiation with suppliers
 - order-taking and -processing
 - shipping to in-country central warehouses
 - transfer of funds to suppliers

Market dynamics-pooled procurement: **Detail on voluntary pooled procurement model (3/4)**

Establish a voluntary pooled-purchasing service (continued)

• WHAT? (continued)

- For all participating PRs:
 - GF Trustee pays suppliers directly (via procurement agent)
 - procurement agent collects transaction data centrally and enters it into PRM
- Non-participating PRs required to self-report transaction data
- Use of pooled-purchasing service voluntary (on opt-in basis) for most PRs, but mandatory for:
 - grants where PR has poor procurement capacity
 - grants for which a UN agency is PR
 - These grants proven to systematically encounter greatest procurement challenges
 - For quasi-totality of these grants, UN agency procures through a procurement agent that itself in most cases procures through other procurement agents, with no consolidated approach to this sub-contracting (→ missed opportunities in influencing market and obtaining benefits through increased buying power)

Market dynamics-pooled procurement: **Detail on voluntary pooled procurement model (4/4)**

Make available procurement capacity-building services and supply-chain-management assistance

- **WHY?** To

- help strengthen local procurement and supply management capacity
- increase speed of product procurement/delivery to local distribution or treatment centers
- ensure supply availability and reliability

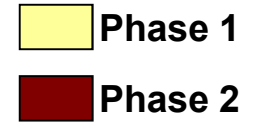
- **WHAT?**

- For all PRs participating in pooled purchasing mechanism, voluntary access to:
 - in-country procurement-capacity-building services (e.g., capacity building related to forecasting, warehouse management)
 - in-country supply-chain-management services, including warehouse management and product delivery to local distribution or treatment centers
- Services delivered by a third-party entity contracted by GF
- Services available (at own cost) to other relevant entities in countries of GF grants with participating PR

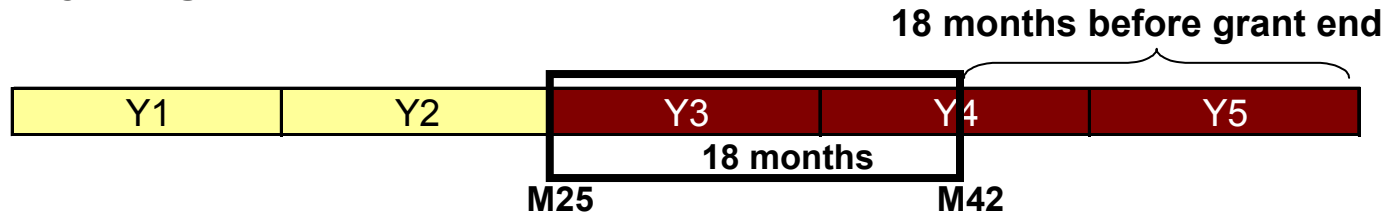
Market dynamics-pooled procurement: Estimate of 2007 budgetary implications of decision point

<u>Category</u>	<u>Activity</u>	<u>2007 (6 month) USD '000</u>
Strengthening the PRM	• Software & system improvements	500
	• Staff cost	60
	• Travel cost	5
Audit function for PRM reporting	• Audit cost	90
Further analysis of product groups	• Consulting support	150
Procurement agent	• Staff cost	160
	• Travel cost	9
Capacity service provider	• Staff cost	146
	• Travel cost	9
Total		1,128

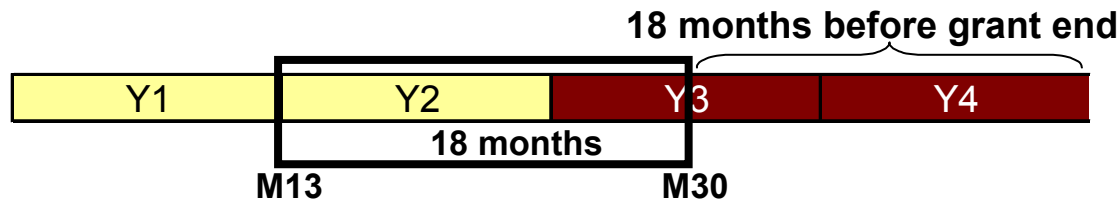
Assessment periods for RCC qualification



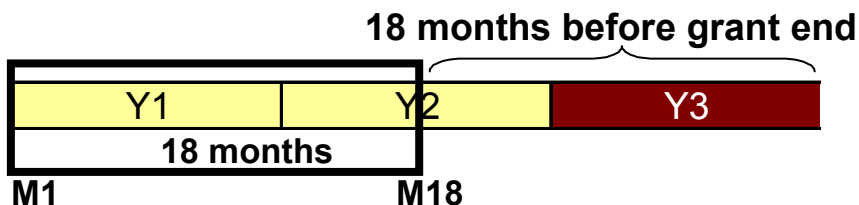
5-year grants



4-year grants



3-year grants



RCC qualification of 3- and 4-year grants would require consideration of **grant-performance data primarily or completely from Phase 1**

RCC:

Number of 3-, 4- and 5-year grants by round

	3 years	4 years	5 years	TOTAL
Round 1	16	5	31	52
Round 2	12	7	74	93
Round 3	12	2	55	69
Round 4	4	2	64	70
Round 5	4	1	62	67
Round 6	5	3	79	87
TOTAL	53	20	365	438



Category	Number	Percentage
Qualified	11	22%
• “A”s	7	14%
• “B1”s	4	8%
Not Qualified	39	78%
• “A”s	0	0%
• “B1”s	14	28%
• “B2”/”C”s	25	50%
Total	50	100%

RCC:

Grants qualified for RCC – Wave 1

Grant	Region	Disease	Term (years)
RWN-304-G03	East Africa	Malaria	3
TZN-102-G01	East Africa	Malaria	4
BRN-202-G02	East Africa	Malaria	3
HND-102-G03	Latin America / Caribbean	Malaria	5
HND-102-G01	Latin America / Caribbean	HIV/AIDS	5
CUB-202-G01	Latin America / Caribbean	HIV/AIDS	5
HTI-102-G01	Latin America / Caribbean	HIV/AIDS	5
MON-102-G01	East Asia / Pacific	TB	5
CHN-102-G01	East Asia / Pacific	TB	5
MWP-202-G02	East Asia / Pacific	Malaria	5
MOR-102-G01	Middle East / North Africa	HIV/AIDS	4



- Board is convened in Executive Session to discuss **confidential and sensitive matters**
- Need a **'safe space'** to speak freely on these issues
- **Outcomes** of Executive Session are **usually** – but not always – **made public** through a decision point or statement
- **Board reports** for these sessions are **usually brief**, they do not always reference all matters discussed

Other Issues...

1/ If Executive Sessions are to be recorded where will these recordings be stored?

It is suggested the Chair of the Board keeps all recordings.

2/ Who can have access to these recordings?

Options:

- 1/ The Board decides at the end of the Executive Session who will have access to the recordings

- 2/ The Chair and Vice Chair decide what to do with recordings at their discretion but within the parameters of the existing documents policy

**Confirm we
should delete**

The Board refers to its decision (GF/B14/DP23) to request the Policy and Strategy Committee (PSC) to work with the Secretariat and the Finance and Audit Committee (FAC) to develop a roadmap for future collaboration with the UNITAID Board and Secretariat, and present it for approval by the Board at its Fifteenth Meeting. The Board notes that it was not possible for the PSC to present such a roadmap at the Fifteenth Board Meeting, for a number of reasons explained in the Report of the PSC (GF/B15/6), and requests the PSC to continue to work with the Secretariat and the FAC to develop the roadmap with UNITAID, with a view to presenting it for approval by the Board at its Sixteenth Meeting.

The budgetary implications of this decision in 2007 are estimated to be \$153,227, which includes an allocation for 0.6 of a position for the remainder of 2007.