

Report of the Portfolio Committee

Issues for Decision By the Board

1. Delegated Authority for the PC to Approve Guidelines and Proposal Forms
2. Flexibility in Phase 2 Timing
3. Income Level Cost-Sharing and Eligibility Criteria
4. Strengthening the Role of Civil Society and Private Sector
5. Interim Quality Assurance Policy for Multi-Source Products

1. Delegated Authority for the PC to Approve Guidelines and Proposal Forms

- Context: Delegation to PC to approve Guidelines and Proposal Forms was given prior to the launch of each Round
- PC recommends to:
 - Make this a standing practice by requesting the authority to approve Guidelines and Proposal Forms on a continual basis.
 - This recommendation applies to both Rounds-Based and Rolling Continuation Channel Forms

Delegated Authority for the PC to Approve Guidelines and Proposal Forms: Decision Point

The Board delegates to the Portfolio Committee the authority to approve the guidelines and proposal forms for each future funding opportunity under both the Rounds-Based Channel and the Rolling Continuation Channel.

This decision does not have material budgetary implications.



2. Flexibility in Phase 2 Timing

Context: Decision of 15th Board Meeting

- Board decided to allow CCMs to request greater flexibility in phase 2 timing and performance period to enable:
 - Greater alignment with national cycles and
 - Harmonization with other donor evaluation efforts
- Board recognized flexibilities inherent in existing policies and encouraged Secretariat to continue to adjust:
 - Grant start dates and/or
 - Reporting schedules

Flexibility in Phase 2 Timing

Context: Decision of 15th Board Meeting (Cont'd):

- Portfolio Committee was requested by Board to propose modifications to existing policies to:
 - Establish conditions under which CCMs may request this flexibility, and
 - Define the resulting timeframe for the Phase 2 review
- Outcome of PC Recommendation:
 - Changes to “Phase 2 Policies and Procedures”

Flexibility in Phase 2 Timing

- Highlights of PC Recommendation to the Board on allowing flexibility in Phase 2 timing when:
 - Global Fund financing contributes to a national program or to a multi-donor funded program (where M&E and reporting cycle is fixed) and
 - The reporting schedule is the national reporting schedule or donors have committed to a harmonized reporting schedule which cannot be easily be synchronized w/ Global Fund Phase 2 review timeframe and
 - Reporting timelines specifically for GF purposes would otherwise be necessary

Flexibility in Phase 2 Timing : Decision Point

The Board decides to amend the Phase 2 Decision Making Policies and Procedures by adding a new paragraph 19 to the Phase 2 Decision-Making Policy and Procedures as set out in Attachment 1, Section 3 of GF/B16/7.

This decision does not have material budgetary implications.

3. Income Level and Cost-Sharing Eligibility Criteria

- Context: Various aspects of income-level eligibility under discussion by PC since 2005
- November 2006 : Fourteenth Board Meeting
 - Realization that three HIV/AIDS high-burden countries would become ineligible under existing criteria
 - PC assigned task to review eligibility criteria under policy in time for Launch of Round 7
- February 2007: Board made “holding decision” via email
 - Result: Same countries that were eligible in Round 6, eligible in Round 7
 - Temporarily addressed special concern about Botswana, Equatorial Guinea and South Africa

Income Level and Cost-Sharing Eligibility Criteria

- April 2007: Board approves principles on:
 - High disease burden
 - Concentrated epidemics
 - OECD requirements
 - Overall decision subject to “appropriate levels of counterpart financing and domestic investments”



Income Level and Cost-Sharing Eligibility Criteria

- Global Fund objective for requiring “counterpart financing” is to :
 - Ensure national commitment
 - Make a start on sustainability (increasing domestic financing requirement)
 - Channeling bulk of resources to poorer countries
 - Through larger domestic financing requirement from UMICs

Income Level and Cost-Sharing Eligibility Criteria

- Goal of proposed approach to cost-sharing:
 - Overcome issues with current policy
 - Maintain national ownership objective
 - Harmonize Global Fund policy with other donors' practices, drawing on best practice
 - Consistent with April 2007 Board decision, promote national strategies

Income Level and Cost-Sharing Eligibility Criteria

- Move to concept of “cost sharing” instead of “counterpart financing”
- Base cost sharing on National Programs
- Establish as a guideline maximum level of Global Fund funding for each disease:
 - Up to 100% of the national program for LICs
 - Up to 65% of the national program for LMICs
 - Up to 35% of the national program for UMICs
- Recognize need for flexibility to exceed guideline when justified by unanticipated country circumstances

Income Level and Cost-Sharing Eligibility Criteria

- Highlights of PC-Recommendation to the Board:
 - Maintains Fifteenth Board Decision on definition of high disease burden and concentrated epidemics
 - Propose move to “cost-sharing”
 - Allows one-year “grace period” for countries that move up from one income category to the next
 - Establishes a 10% cap of GF funding to upper-middle income countries
 - Delegates to the PC the responsibility to oversee the implementation of the policy and to facilitate implementation parameters
 - Calls for a review of the Decision in three years’ time

Income Level and Cost-Sharing Eligibility Criteria

Round 8 Eligibility Determination

Current list of all Upper- Middle Income Countries (7/2007)

American Samoa	Latvia	Romania
Argentina	Lebanon	Russian Federation
Belize	Libya	Serbia
Botswana	Lithuania	Seychelles
Brazil	Malaysia	Slovak Republic
Bulgaria	Mauritius	South Africa
Chile	Mayotte	St. Kitts and Nevis
Costa Rica	Mexico	St. Lucia
Dominica	Montenegro	St. Vincent & Grenadines
Equatorial Guinea	Northern Mariana Is.	Turkey
Gabon	Oman	Uruguay
Grenada	Palau	Venezuela
Hungary	Panama	
Kazakhstan	Poland	

*As of 1 July 2007

Income Level and Cost-Sharing Eligibility Criteria

Round 8 Eligibility Determination

Step 1

Exclude Countries not on OECD-DAC List (minus 10 countries):

- | | |
|-------------------|-----------------------------|
| 1. American Samoa | 6. Northern Mariana Islands |
| 2. Bulgaria | 7. Poland |
| 3. Hungary | 8. Romania |
| 4. Latvia | 9. Russian Federation |
| 5. Lithuania | 10. Slovak Republic |

Step 2

Include countries with > 1% prevalence (5 countries)

- | | |
|----------------------|-----------------|
| 1. Belize | 4. Gabon |
| 2. Botswana | 5. South Africa |
| 3. Equatorial Guinea | |

Income Level and Cost-Sharing Eligibility Criteria

Round 8 Eligibility Determination

Step 2

Include countries with concentrated epidemics (9 countries)

- | | |
|---------------|--------------|
| 1. Argentina | 6. Mexico |
| 2. Brazil | 7. Panama |
| 3. Chile | 8. Turkey |
| 4. Costa Rica | 9. Venezuela |
| 5. Malaysia | |

Step 3

Include “Small Island Economy” (4 countries)

Include countries under “grace period”: (2 countries)

- | | |
|---|---|
| <u>Small Islands:</u> <ol style="list-style-type: none">1. Dominica2. Grenada3. St. Lucia4. St. Vincent & Grenadines | <u>“Grace period”</u> <ul style="list-style-type: none">• Bulgaria• Kazakhstan |
|---|---|

Income Level and Cost-Sharing Eligibility Criteria

Round 8 Eligibility Determination

List of UMICs (As of 1 July): With all criteria

American Samoa	Latvia	Romania
Argentina	Lebanon	Russian Federation
Belize	Libya	Serbia
Botswana	Lithuania	Seychelles
Brazil	Malaysia	Slovak Republic
Bulgaria	Mauritius	South Africa
Chile	Mayotte	St. Kitts and Nevis
Costa Rica	Mexico	St. Lucia
Dominica	Montenegro	St. Vincent & Grenadines
Equatorial Guinea	Northern Mariana Is.	Turkey
Gabon	Oman	Uruguay
Grenada	Palau	Venezuela
Hungary	Panama	
Kazakhstan	Poland	

Income Level and Cost-Sharing Eligibility Criteria: Decision Point

The Board decides to revise the current eligibility criteria for proposals for funding and approves the income level and cost-sharing eligibility criteria for Global Fund funding as set out in Attachment 1, Section 2 of GF/B16/7. The Board delegates to the Portfolio Committee the responsibility to oversee the implementation of the Income Level and Cost-Sharing Eligibility Criteria and to make decisions to facilitate such implementation within the parameters of the policy. The Board further requests technical partners to work with the PC to review how the availability of data for concentrated epidemics in HIV/AIDS will impact access to Global Fund financing.

The Board decides to review the Income Level and Cost-Sharing Criteria in three years' time.

This decision does not have material budgetary implications.

4. Strengthening the Role of Civil Society and Private Sector

- Context: Decision at 15th Board Meeting “Strengthening the Role of Civil Society and the Private Sector in the Global Fund’s Work”
 - Divided implementation of Decision Point to three committees
 - PC requested to consider four issues:
 1. How to increase representation of vulnerable groups on CCMs
 2. Propose guidance to CCMs on types of civil society and private sector representatives relevant to the work of CCMs
 3. Discuss how mechanisms by which GF’s proposal evaluation processes supportive of role of civil society and private sector
 4. Simplify access to funding for CCMs to address issues relevant to civil society and the private sector.

Strengthening the Role of Civil Society and Private Sector

1. PC recommendation on increasing representation of vulnerable groups on CCMs:
 - Addition of “key affected populations” to list of recommended actors on CCMs
 - Definition of “key affected populations” based on UNAIDS
 - Outcome: Amendment to CCM Guidelines



Strengthening the Role of Civil Society and Private Sector

2. PC recommendation on providing guidance on types of civil society and private sector representatives on CCMs:

- Addition to CCM Guidelines as annexes include detailed explanations
- It is hoped that in cases where CCMs unsure of which groups can be most useful to CCMs, they can refer to this list and get clarity
- Outcome: Amendment to CCM Guidelines through addition of an annex



Strengthening the Role of Civil Society and Private Sector

3. PC consideration of proposal evaluation process (ie TRP) and extent to which they are supportive of considerations of civil society and private sector issues
 - Secretariat provided information and update about how TRP membership and decision making considered these issues
 - PC satisfied that profile of TRP members, profiles and selection criteria adequate with respect to civil society and private sector considerations

Strengthening the Role of Civil Society and Private Sector

4. PC recommendation about simplifying access to CCM Funding

- Applications for funding will be channeled centrally through CCM Team
- CCM funding will be from separate budget of Secretariat, not through grant funds
- 2-year limitation on CCM funding lifted
 - As long as CCM has one grant under its oversight, it will qualify for funding
 - CCMs may apply annually for such funding
- Types of activities funded does not change



Strengthening the Role of Civil Society and Private Sector

4. PC recommendation about simplifying access to CCM Funding (cont'd)

- All CCM members, including civil society, must sign application for funding to ensure transparency
- LFA must verify budget and expenditures of CCM spending
- Limits on amount of funding unchanged:
 - Ceiling of US\$ 43,000 annually
 - Exceptions to ceiling allowed for Regional CCMs

Strengthening the Role of Civil Society and Private Sector

- Highlights of Decision Point amending CCM Guidelines:
 - Definition of Key Affected Populations
 - Guidance on types of Civil Society and Private Sector organizations
 - Changes to CCM funding policy
 - Delegated authority to PC to modify CCM Guidelines to make membership of key affected populations a requirement if appropriate
 - Next Steps Include:
 - Exploring possibility of making representation of civil society on CCMs mandatory
 - Reviewing CCM Funding model taking into consideration:
 - Intended purpose and role of CCMs
 - Differing country contexts
 - Need for meaningful participation by civil society representatives
 - Need to strengthen and support capacity and resources for CCMs to conduct grant oversight



Strengthening the Role of Civil Society and Private Sector

- ***“Guidelines on the Purpose, Structure, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility”***
- ***The Board approves the “Guidelines on the Purpose, Structure, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility” (“CCM Guidelines”) as outlined in Attachment 1, Section 1 of GF/B16/7.***
- ***In the context of DP/B15/14 the Board requests the Portfolio Committee to continue to review the representation and participation of civil society and private sector on CCMs and delegates to the Portfolio Committee the authority to modify the CCM Guidelines to make membership of key affected populations and other civil society and private sector representatives on the CCM a requirement if the Portfolio Committee deems it appropriate based on its review.***



Strengthening the Role of Civil Society and Private Sector

- ***The Board approves an allocation of US\$ 5,961,000 for CCM funding for the period ending on 31 December 2008. The Board emphasizes that this funding must be used in accordance with the CCM funding policy and is a maximum only. The Board requests that the Secretariat include the expected annual CCM funding maximum as part of the annual budget for the Secretariat that is reviewed by the Finance and Audit Committee and approved by the Board at the last Board Meeting of each calendar year, by adding a separate line item within the operating costs in the same manner as the LFA oversight cost.***
- ***The Board delegates to the Portfolio Committee the responsibility for overseeing the implementation of the CCM funding policy and grants to the Portfolio Committee the authority to make such modifications to the CCM Guidelines as may be necessary to operationalize the funding policy. The Portfolio Committee will provide updates on any such modifications in its periodic reports to the Board.***

28. Strengthening the Role of Civil Society and Private Sector

- ***The Board also requests the Portfolio Committee to work with the Secretariat to identify future alternative models of CCM funding taking into consideration (i) the intended purpose and role of CCMs, (ii) differing country contexts, (iii) the need for meaningful participation by civil society representatives, and (iv) the need to strengthen and support the capacity and resources of CCMs to conduct grant oversight and (v) harmonization with other national bodies. If appropriate based on the outcome of this work, the Portfolio Committee shall recommend modifications to the CCM composition functioning and financing for decision by the Board at its Eighteenth Meeting.***
- ***The budgetary implications of this decision point in 2008 amount to US\$ 6,047,000 which includes an allocation for 0.5 of a full time staff position.***



5. Quality Assurance Policy: Multi-Source Products

- Context: At 8th Meeting, PC alerted to need for a comprehensive review of quality assurance policy approved by the Board
- During the last 1-2 years several products - including ARVs and ACTs - have changed classification from Single and Limited Source to Multi-Source (monograph available)



Quality Assurance Policy: Multi-Source Products

- As a result of recent developments,
 - Existing policy requires produce to be authorized by National Drug Regulatory Authority in country of use
 - Quality standards must be conducted in accordance with requirements in recipient countries
 - As a result, several ARVs, ACTs and anti-TB products can *potentially* be purchased with a lower level of quality assurance

Quality Assurance Policy: Multi-Source Products

- One way to address immediate concerns:
 - amend the QA Policy on interim basis
 - Await results of full review of QA policy in time for Eighteenth Meeting (November 2008)
- Proposed Interim Amendment:
 - continue to consider products as Single and Limited Source Pharmaceutical Products – despite the availability of a monograph.
 - Impact: all relevant ARVs, ACTs and TB medicines would be subject to the quality standards in the QA Policy as it applies to Single and Limited-Source Pharmaceutical Products

Quality Assurance Policy: Multi-Source Policy

The Board requests the Portfolio Committee to conduct a review of the Global Fund's quality assurance policy for drugs, taking into account alignment with relevant partners' quality assurance policies, concerns about safety, stability and efficacy of drugs, and market dynamics, and report back to the Board at its Eighteenth Meeting.

Concerns have been raised about the risk of quality assurance problems with drugs previously covered by the Global Fund's Quality Assurance Policy for Single and Limited Source Products ("Single Source QA Policy") that have recently been re-categorized as multi-source products (GF/B16/7 Revision 1). As an interim measure to address this risk pending the outcome of the review of quality assurance policy, the Board decides that any drugs for the treatment of HIV/AIDS, TB and malaria for which the formula has been published^[1] since the Third Board Meeting (10 October 2002) shall be subject to the Single Source QA Policy.

There are no material budgetary implications for this decision.

[1] For this purpose, a published formula means a publicly available monograph for the finished dosage form in the international, US or UK pharmacopeia.