



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

**Seventeenth Board Meeting  
Geneva, 28 – 29 April 2008**

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**GF/B17/4  
Revision 1  
Decision**

## **REPORT OF THE POLICY AND STRATEGY COMMITTEE**

### **OUTLINE:**

This report summarizes the deliberations of the Policy and Strategy Committee at its 9<sup>th</sup> meeting on 12-14 March 2008, and its resultant recommendations to the Seventeenth Board Meeting.

## PART 1: INTRODUCTION

1. The Policy and Strategy Committee (PSC) met in Geneva on 12-14 March 2008 for its 9<sup>th</sup> meeting. The Chair was Ambassador Lennarth Hjelmåker (Point 7); the Vice Chair was Dr Paulo Teixeira (Latin America and the Caribbean).
2. This report contains the following topics:
  - **Items for Board decision:**
    - Donor Seat Allocation (Part 2);
    - Affordable Medicines Facility – malaria (Part 3);
    - Roadmap for UNITAID (Part 4);
    - Memorandum of Understanding between Global Fund and UNAIDS (Part 5); and
  - **Items for information** (Part 6):
    - Key Performance Indicators;
    - Follow-up to Study Area 1 of the Five-Year Evaluation;
    - Status of Five-Year Evaluation Study Area 2 and update on Study Area 3;
    - Global Fund Architecture Review;
    - National Strategy Applications;
    - Gender Strategic Framework;
    - Request from the Roll Back Malaria and Stop TB Partnerships for Non-Voting Board Seats;
    - Relationship between the Global Fund and the United Nations; and
    - Partnership Forum.
3. Guidance on the location of further information is provided at the end of this report.

## PART 2: DONOR SEAT ALLOCATION

### Decision

#### **Decision Point 1: Guidance for Board Seat Allocation for Public Donors**

1. ***The Board recognizes the importance of establishing a transparent framework for seat allocation among public donors that attributes rights based principally on levels of contributions, and that helps achieve higher levels and timely payment of contributions.***
2. ***In accordance with Article 7.2 of the By-laws, the Board requests the Board Members representing donor constituencies, in consultation with other donors, to determine a framework for donor seat allocation, within the existing eight public donor seats and guided by a threshold, and to report to the Board on their conclusions at the Eighteenth Board Meeting.***

#### **This decision does not have material budgetary implications.**

1. As a follow up to the Resource Mobilization Strategy adopted by the Board at its Fifteenth Meeting,<sup>1</sup> the PSC discussed possible guidance and principles for the allocation of public donor seats in the future.<sup>2</sup>

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<sup>1</sup> "Adoption of the Resource Mobilization Strategy" (GF/B15/DP5).

<sup>2</sup> "Guidance for Board Seat Allocation for Public Donors" (GF/PSC9/08).

2. During its deliberations on this topic the PSC recognized:
  - i. the importance of thresholds for seat allocation and the need for guidance on donor involvement in governance – of particular importance is the incentive this could provide to new donors or to donors who might increase their contributions;
  - ii. the desire of donors to decide amongst themselves how donor seat allocation is arranged;
  - iii. the need for greater transparency in the management of the donor block seat allocation.
3. The PSC agreed not to request an increase in seats and thus acknowledged the need to accommodate new public donors as they emerge within the existing eight public donor seats.
4. The PSC recommends **Decision Point 1, “Guidance for Board Seat Allocation for Public Donors”**.

### **PART 3: AFFORDABLE MEDICINES FACILITY – MALARIA (AMFm)**

### **Decision**

#### **Decision Point 2: Affordable Medicines Facility for Malaria**

***[Decision point currently under development – to be made available when ready]***

1. The PSC discussed work undertaken since the Sixteenth Board Meeting on outstanding AMFm technical design issues by the Roll Back Malaria (RBM) Partnership’s AMFm Task Force and the business model and plan developed by the Global Fund Secretariat for managing the AMFm as a business line within the Global Fund.<sup>3</sup> Some PSC members expressed different views from the rest of the Committee on a number of topics.
2. The PSC appreciated and acknowledged the work of the AMFm Task Force to refine the AMFm’s design and address technical questions. The PSC discussed a number of issues, including:
  - i. The urgent need to ensure broader access to artemisinin-based combination therapies (ACTs), in particular for poor and vulnerable populations;
  - ii. The role of the AMFm as one important element within a comprehensive approach to ensure access to effective malaria treatment;
  - iii. The importance of including appropriate supporting interventions in country roll-out plans to ensure broad access to ACTs, including within at-risk populations;
  - iv. Measures to ensure that savings from the co-payment pass through to end-users;
  - v. The critical role of rigorous monitoring and evaluation as well as operational research in informing the implementation of the AMFm; and
  - vi. The need for ongoing involvement of all technical partners in addressing outstanding issues related to AMFm implementation.
3. Regarding the proposed business plan for hosting the AMFm as a new business line within the Global Fund, the PSC discussed a number of issues. These include, but are not limited to, the following:
  - i. Financing for supporting interventions is critical for reaching AMFm objectives and access to ACT co-payments at the country level should be made dependent on the existence of a financed AMFm roll-out plan. While most PSC members agreed that the existing Global Fund grant and reprogramming mechanisms should be leveraged for the financing of roll-out plans (alongside financing provided by other donors), some members suggested the establishment of separate financing stream for supporting interventions;

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<sup>3</sup> “Affordable Medicines Facility – Malaria” (GF/PSC9/03, and Annexes).

- ii. Reprogramming of ACT budgets released within existing grants due to the AMFm co-payments for financing supporting interventions should follow a streamlined process and there was concern among some PSC members that streamlining this process would be difficult;
- iii. A clear separation or “firewall” should be maintained between the funding for the Global Fund’s ongoing grant-financing activities within the existing Trustee account and funding to be raised for ACT co-payments, which would be kept in a separate account with the Trustee;
- iv. The quality standard for ACTs co-paid by the AMFm should be no lower than current Global Fund standards; local manufacturers of ACTs should be given appropriate technical support to reach these standards;
- v. Lessons learned from operational research and rigorous monitoring and evaluation should inform implementation;
- vi. Final governance and staffing arrangements for the AMFm should be decided on by the Board in November 2008; and
- vii. The need for training of private and public providers, including correct clinical diagnosis, safety issues, appropriate dispensing of treatment and counseling, and referral (including the specific cases of children and pregnant women).

4. The PSC discussed both the nature of the Board decision in April and the appropriate speed for moving ahead. Many PSC members were supportive of approving, at the Seventeenth Board Meeting, the integration of the AMFm as a business line within the Global Fund and its management by the Secretariat based on the design and business plan set out in document GF/PSC9/03 subject to the approval at the Eighteenth Board Meeting of an implementation plan incorporating a number of core principles. Other PSC members favoured a somewhat slower approach building on pilots or phasing-in of the AMFm for a limited number of countries.

5. The PSC agreed to work on developing these principles in the time period between the PSC and the Board meeting with the aim arriving at a consensus recommendation to the Global Fund Board on the management of the AMFm. At the time that this PSC Report to the Board was being finalized, the PSC was still working on these **principles and a corresponding Board decision point**. They **will be made available to the Board as soon as they are ready**.<sup>4</sup>

#### **PART 4: ROADMAP FOR UNITAID**

#### **Decision**

##### **Decision Point 3: Strategic Framework for Collaboration (“Roadmap”) 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 to develop a roadmap for future collaboration with UNITAID. The Board approves the proposed framework set out in the document GF/PSC9/02 and requests the Secretariat under the oversight of the PSC to proceed with collaboration in the five areas described in the proposed framework and provide an update to the PSC at its first meeting in 2009.***

**This decision does not have material budgetary implications.**

1. At its Fourteenth Meeting, the Board requested the PSC to work with the Secretariat and the Finance and Audit Committee (FAC) to develop a strategic framework (or “Roadmap”) for future collaboration with UNITAID. At the Sixteenth Board Meeting, the PSC presented the Board with a progress update on the Roadmap.

<sup>4</sup> See GF/B17/4 Attachment 3 AMFm Phase-in Document and GF/B17/DP16

2. At its 9<sup>th</sup> meeting, the PSC expressed its support for the areas of collaboration proposed in the Roadmap document<sup>5</sup> as furthering the objectives of both organizations while ensuring low transaction costs if designed appropriately. In summary, the five areas in the proposed framework are as follows:
  - i. Malaria: Improving access and affordability of ACTs through the AMFm;
  - ii. Tuberculosis: Achieving market impact and increasing access to multi-drug-resistant tuberculosis medicines;
  - iii. HIV/AIDS: Improving access to affordable pediatric and second-line antiretrovirals;
  - iv. Improving and aligning data- and information-sharing; and
  - v. Achieving better access and more affordable diagnostics.
3. The PSC welcomed and supported the joint work of the Global Fund and UNITAID Secretariats. It also emphasized that explorations should continue to identify further opportunities for collaboration in addition to those already identified, especially in malaria.
4. The PSC requested the Secretariat to continue discussions with UNITAID to add detail to suggested collaborations and to define the required policies and processes necessary for implementation, for review by the PSC. The PSC also decided that decision-making responsibility for corporate policy changes or additions related to the Roadmap should remain with the Board based on PSC recommendations. It further requested the Secretariat to report back to the PSC in a year's time on progress made on the collaboration with UNITAID.
5. The PSC recommends **Decision Point 3, "Strategic Framework for Collaboration ('Roadmap') with UNITAID"**.

## **PART 5: MEMORANDUM OF UNDERSTANDING (MoU) BETWEEN THE GLOBAL FUND AND UNAIDS Decision**

### **Decision Point 4: Memorandum of Understanding with UNAIDS**

***The Board welcomes and supports the Executive Director's initiative to strengthen the Global Fund's relationship with its key partners in the fight against the three diseases. In this context, the Board expresses its satisfaction with and endorsement for the principles of the new memorandum of understanding with UNAIDS (the "UNAIDS MoU"), and requests the Executive Director to finalize and sign the UNAIDS MoU.***

***This decision does not have material budgetary implications.***

1. In August 2003, the Secretariats of the Global Fund and UNAIDS signed an MoU recognizing their joint goals and setting out the terms of their collaboration. In 2007, both parties felt that the original MoU needed revision in order to adapt the content to the evolution of both organizations and develop a more workable framework to enhance their cooperation, and to provide a better system for mutual accountability.
2. Joint work between the Secretariats from May 2007 to February 2008 has resulted in a proposed revised MoU, which was accepted by the Committee of Cosponsoring Agencies (CCO) of UNAIDS and by the Global Fund Secretariat. The UNAIDS Secretariat, after consulting its ten cosponsor agencies through the CCO, made it clear that this revised MoU is intended to be a "chapeau" or framework agreement on collaboration in the field of HIV/AIDS, providing the basis for the possible development of further operational agreements between each of the UNAIDS cosponsoring agencies and the Global Fund.

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<sup>5</sup> "Roadmap for the Strategic Collaboration between the Global Fund and UNITAID" (GF/B17/4 Attachment 2).

3. The current draft version of the revised MoU was shared with the PSC at its 9<sup>th</sup> meeting and the PSC endorsed the draft MoU between UNAIDS and the Global Fund.<sup>6</sup> The PSC agreed that the Board should approve the MoU at the Seventeenth Board Meeting. The Programme Coordinating Board of UNAIDS will also consider the MoU in late April 2008.

4. Following a question by a PSC member, the Secretariat clarified that it would be desirable to make future MoUs more concrete, including for example by specifying how the relevant institutions would support the Global Fund at country level. In addition, the PSC noted the need for a process in the future to allow Committee members to provide input into the development of such documents at an earlier stage.

5. The PSC recommends **Decision Point 4, “Memorandum of Understanding with UNAIDS”**.

## **PART 6: ITEMS FOR INFORMATION**

## **Information**

### **Key Performance Indicators (KPIs)**

1. In accordance with the decision taken by the Board at its Sixteenth Meeting,<sup>7</sup> the PSC assessed the results achieved against the KPIs for 2007 and discussed and approved a set of KPIs for 2008.<sup>8</sup>

2. The PSC recognized the Secretariat’s solid performance in 2007 and was satisfied with the explanations provided for the targets not met and the proposed corrective actions.

3. Given the multiplicity of indicators and the absence of a clear prioritization among them, the PSC noted the difficulty of coming to an overall conclusion on the Global Fund’s performance in 2007. The PSC thus decided that a joint PSC/Secretariat working group should review the entire KPI framework for 2009. The PSC also suggested:

- i. to further sharpen the 2009 KPIs and further align them with the corporate priorities – thereby clearly differentiating between corporate performance and performance of the Secretariat’s internal management, and also clarifying the link with the Executive Director’s performance; and
- ii. to explore a possible weighting of KPIs to account for their different level of importance.

4. The PSC asked to reintroduce into the 2008 KPIs the 2007 KPIs on diversity and on staff performance reviews, which had been dropped in the original proposal. The table of 2008 KPIs has been modified to reflect this.<sup>8</sup>

5. The PSC approved the following decision point:

***Decision point: Key performance indicators – results for 2007, KPIs for 2008 and 2009***

1. *The PSC takes note of the results for the 2007 key performance indicators (KPIs) presented by the Secretariat and recognizes its solid performance. The PSC is satisfied with the explanations provided for the targets not met and the proposed corrective actions.*
2. *The PSC approves the KPIs and their corresponding targets for 2008, as listed in revision 2 of document GF/PSC9/06.*

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<sup>6</sup> For current draft version of “Memorandum of Understanding – UNAIDS and The Global Fund to Fight AIDS, Tuberculosis and Malaria”; see GF/B17/4 Attachment 1.

<sup>7</sup> “Amendment of Assessment Process for Key Performance Indicators” (GF/B16/DP13).

<sup>8</sup> Details of the results achieved in 2007 and of the KPIs approved for 2008 are given in “Key Performance Indicators: Results for 2007 and Proposal for 2008” (GF/PSC9/06 – revision 2).

3. *The PSC acknowledges the need to review the entire framework of KPIs for 2009. It requests the Secretariat to convene a joint PSC/Secretariat working group to conduct this task and to present a revised framework and corresponding targets for 2009 to the 10<sup>th</sup> PSC Meeting.*

*This decision does not have material budgetary implications.*

### **Follow up to Study Area 1 of the Five-Year Evaluation**

6. The Secretariat gave a report on its follow-up on the results of Study Area 1 of the Five-Year Evaluation by the Technical Evaluation Reference Group (TERG).
7. The PSC supported the framework, the follow-up actions identified, and the timetable which involves the Partnership Forum. The PSC also emphasized the importance of the coordinated approach among committees in reviewing the Secretariat's responses and actions.

### **Status of Five-Year Evaluation Study Area 2 and update on Study Area 3**

8. The Chair of the TERG presented the current status of Study Area 2 and an update on Study Area 3 of the Five-Year Evaluation.
9. The PSC pointed out the attention being paid to the Five-Year Evaluation by the Board and Committee members. It stressed the key role of the TERG in ensuring a quality report is delivered, and agreed with the TERG's strong message that the contractor provide a high quality report through strengthening its team and work in the areas identified.
10. The PSC also confirmed the importance of the "participative process" for responding to and refining Study Area 2 recommendations leading to the Board retreat scheduled for October 2008, and suggested that initial delays in contracting could be reflected in an adjusted overall Five-Year Evaluation schedule, if required.

### **Global Fund Architecture Review**

11. The Secretariat presented a paper that provides an analysis of the funding architecture issues related to the current financing model of the Global Fund, as well as some emerging potential architectural improvements to address these issues.<sup>9</sup> The PSC commended the high quality of the paper, stressing its refreshing, honest and self-critical approach to identifying a number of crucial challenges in the current Global Fund architecture, and its strong emphasis on country stakeholder perspectives.
12. The PSC agreed with the overall analysis of the issues presented. It provided input on the emerging architectural-improvement themes for the Secretariat's upcoming design of concrete options. The PSC also offered additional ideas for architectural improvement within the proposed themes. The options will be presented for PSC consideration in September 2008.

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<sup>9</sup> "Global Fund Architecture Review" (GF/PSC9/04).

## **National Strategy Applications (NSAs)**

13. The World Health Organization (WHO) provided an update on the status of the work on national strategies within the relevant working group of the International Health Partnership (IHP+).<sup>10</sup> The PSC emphasized the need to ensure the meaningful inclusion of civil society and the private sector in the joint work on this topic, as well as, more broadly, their involvement in the development of national strategies. In addition, the PSC stressed the importance of the validation of national plans as the key component to implementing the NSA approach and it reiterated:

- i. the urgency of setting up such a validation approach; and
- ii. the need for the validation to cater to both health and disease-specific strategies.

14. The PSC also discussed two specific issues related to the Global Fund's implementation of NSAs.<sup>11</sup> The PSC re-emphasized the importance of multi-stakeholder involvement in NSAs and highlighted the value of the Country Coordinating Mechanism (CCM) in this regard (while recognizing that CCMs do not typically have a role in developing national strategies). Further the PSC recognized that certain circumstances might justify the need to allow funding in parallel to NSAs, while noting that this could also carry some risks.<sup>12</sup>

## **Gender Strategic Framework**

15. The PSC discussed the Secretariat's framework for scaling up a gender-sensitive approach<sup>13</sup> that will serve as a basis for the development of both gender and sexual minority strategies.

16. The PSC recognized the progress made since the Sixteenth Board Meeting, particularly the work on the guidelines for Round 8, and supported the approach of pursuing two separate strategies (one towards gender equality and equity with a particular focus on women and girls, and another on the particular challenges facing sexual minorities).

17. The PSC emphasized that the forthcoming strategies need to focus on concrete actions. The PSC stressed the need for capacity building on gender equality and equity with a particular focus on women and girls and on the particular challenges facing sexual minorities, and the importance of using the different elements of the Global Fund architecture to do so. The PSC also noted the importance of strengthening the gender competency of the Technical Review Panel. Further, it reiterated the value of the gender-focused advisor positions approved by the Board and the necessity of proceeding rapidly with these recruitments.

18. The PSC agreed there was no need to recommend a decision point at this time since there was a commitment on the part of the Secretariat to continue with timely action. The PSC agreed that the Board discussion on these issues should be deferred to the Eighteenth Board Meeting in November 2008, at which the two strategies will be presented. In proceeding with this work the PSC requested the Secretariat to establish a broad consultation process involving PSC constituencies and other relevant experts.

## **Request from the Roll Back Malaria (RBM) and Stop TB (STB) Partnerships for Non-Voting Board Seats**

19. The PSC discussed this topic again at the request of the Chair of the Global Fund Board in response to a letter (signed by RBM Board members and alternates) he had received, which requests a non-voting seat for the RBM Executive Director on the Global Fund Board.

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<sup>10</sup> "Update on Work on National Health Sector Strategies, Plans and Budgets within the International Health Partnership" (GF/PSC9/05 – Attachment 1).

<sup>11</sup> "Issues for Discussion Regarding the Global Fund's Implementation of National Strategy Applications" (GF/PSC9/05).

<sup>12</sup> For example, in terms of complexity, transaction costs and undermining NSAs as a default mode of Global Fund funding over time.

<sup>13</sup> "The Process for Developing a Strategy on the Scaling up of a Gender-Sensitive Response to HIV/AIDS, Tuberculosis, and Malaria by the Global Fund" (GF/PSC9/07).



20. The PSC re-iterated its position expressed at its 8<sup>th</sup> meeting neither to enlarge the Board nor the Committee and thus the need to operate within the existing structure of the Board. A number of PSC members highlighted the fact that the Global Fund covers three diseases, and the political and visibility dimensions underlying the request to include STB and RBM as non-voting Board members.

21. Some PSC members suggested further elaborating how RBM and STB participation could be optimized within the WHO Board seat. Some others suggested to consider accommodating appropriate representation for RBM and STB through re-configuring the three of the four non-voting Board seats; however some technical partners and some other PSC members expressed strong concerns about the latter option.

### **Global Fund/United Nations (UN) Relationship<sup>14</sup>**

22. The PSC acknowledged the importance of the Global Fund continuing to maintain a close relationship with the UN, based on an analysis of roles, functions and comparative advantages. The PSC noted the need for the Global Fund to continue to be effectively represented, through appropriate relationships, in relevant governance structures of UN agencies (e.g., the World Health Assembly, the WHO's Executive Board and the Program Coordinating Board of UNAIDS). The PSC supported the Global Fund pursuing the option of being granted an observer status at the UN General Assembly, and to pursue consultative status at WHO. In addition, the PSC requested the Executive Director to convene a working group, including members of the Board that have leadership roles in various parts of the UN system, to further work out institutional relationships with the UN system.

### **Partnership Forum**

23. The PSC commended the Partnership Forum Steering Committee for the progress made in preparing the 2008 Partnership Forum. The Chair of the PSC stressed the importance of Board members and constituency representatives attending the Partnership Forum to participate in its deliberations and ensure proper follow-up on its recommendations.

### **Linguistic Diversity**

24. At various points in the meeting (during the opening session and during the discussion of KPIs) the issue of linguistic diversity was raised by some PSC members.

This document is part of an internal deliberative process of the Fund and as such cannot be made public. Please refer to the Global Fund's documents policy for further guidance.

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<sup>14</sup> "Global Fund Relationship with the United Nations" (GF/PSC9/09).

## GUIDANCE ON THE LOCATION OF FURTHER INFORMATION

The table below indicates where further information on items addressed in this report can be found.

**All documents referenced are available on the PSC password-protected document website:**

<http://www.theglobalfund.org/en/about/board/committees/documents/default.asp?#psc>

Item:	Location of further information:
1. Donor Seat Allocation	<ul style="list-style-type: none"> <li>• “Guidance for Board Seat Allocation for Public Donors” (GF/PSC9/08)</li> </ul>
2. Affordable Medicines Facility – malaria	<ul style="list-style-type: none"> <li>• “Affordable Medicines Facility – malaria” (GF/PSC9/03)</li> <li>• Letter from Roll Back Malaria (RBM) Board to the Executive Director of the Global Fund (GF/PSC9/03 – Annex 1a)</li> <li>• “Interim Report on Progress against Outstanding AMFm Implementation Challenges from the RBM AMFm Taskforce” (GF/PSC9/03 – Annex 1b)</li> <li>• “Detailed Background Information on Business Plan to Manage AMFm within the Global Fund” (GF/PSC9/03 – Annex 2)</li> <li>• AMFm Phase-in Document ( GF/B17/4 Attachment 3)</li> </ul>
3. Roadmap for UNITAID	<ul style="list-style-type: none"> <li>• “Roadmap for the Strategic Collaboration between the Global Fund and UNITAID” (GF/B17/4 Attachment 2)</li> </ul>
4. MoU between Global Fund and UNAIDS	<ul style="list-style-type: none"> <li>• Current draft version of “Memorandum of Understanding – UNAIDS and The Global Fund to Fight AIDS, Tuberculosis and Malaria” (GF/B17/4 Attachment 1)</li> </ul>
5. Key Performance Indicators	<ul style="list-style-type: none"> <li>• “Key performance indicators: results for 2007 and proposal for 2008” (GF/PSC9/06 – revision 2)</li> </ul>
6. Follow-up to Study Area 1 of the Five-Year Evaluation	<ul style="list-style-type: none"> <li>• Presentation slides from 9<sup>th</sup> PSC Meeting, pages 3-10</li> </ul>
7. Global Fund Architecture Review	<ul style="list-style-type: none"> <li>• “Global Fund Architecture Review” (GF/PSC9/04)</li> </ul>
8. National Strategy Applications	<ul style="list-style-type: none"> <li>• “Issues for Discussion regarding the Global Fund’s Implementation of National Strategy Applications” (GF/PSC9/05)</li> <li>• “Update on Work on National Health Sector Strategies, Plans and Budgets within the International Health Partnership” (GF/PSC9/05 – Attachment 1)</li> </ul>
9. Gender	<ul style="list-style-type: none"> <li>• “The Process for Developing a Strategy on the Scaling up of a Gender-Sensitive Response to HIV/AIDS, Tuberculosis, and Malaria by the Global Fund” (GF/PSC9/07)</li> </ul>
10. Global Fund/UN Relationship	<ul style="list-style-type: none"> <li>• “Secretariat Information Point – Global Fund Relationship with the United Nations” (GF/PSC9/09)</li> </ul>
11. Partnership Forum	<ul style="list-style-type: none"> <li>• Presentation slides from 9<sup>th</sup> PSC Meeting, pages 37-46</li> </ul>