



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Report of the Portfolio Committee

Geneva, 5 May 2009

K. Sujatha Rao, Chair

IMPORTANT INFORMATION

Decisions in this presentation may have been amended after the presentation was given. For the final approved decision please refer to the final decisions document on the Global Fund website:

<http://www.theglobalfund.org/en/board/meetings/nineteenth/>

Nineteenth Board Meeting
Geneva, 5-6 May 2009



Outline of Decision Points

1. CCM Funding Policy
2. Income Level Eligibility (3 Decision Points)
 - Timing for Determining Income Level Eligibility
 - One Year ‘Grace’ (Transition) Period
 - Correction to Definition of High Disease Burden for TB
3. TRP Matters (2 Decision Points)
 - Additions to TRP Leadership and Membership
 - TRP Partial Replenishment and Round 9 Membership
4. Quality Assurance Review of ‘Non-ATM’ Products
5. Grant Start Dates

1. CCM Funding Policy

Current Model

- Up to US\$ 43,000/year
- For administrative and logistic expenses

New Model: Two Tracks to Fund CCMs

- Track 1:
 - for more than US\$ 50,000/year
 - Performance-based funding
 - for core functions + administrative and logistic expenses
- Track 2:
 - existing but increased to US\$ 50,000/year

1. CCM Funding Policy

Recommended Decision Point 1 (1/4):

The Board agrees that funding for Country Coordinating Mechanisms (CCMs) should be linked to their core functions as defined in the Global Fund Framework Document and further elaborated in the CCM Guidelines¹. The Board recognizes that the role of CCMs has expanded as Global Fund financing for programmes to fight AIDS, tuberculosis and malaria have increased.

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¹GF/B16/DP19: “CCM Guidelines on the Purpose, Function, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility”.



1. CCM Funding Policy

Recommended Decision Point 1 (2/4):

To reduce financial constraints that hinder CCMs from fulfilling their responsibilities, the Board adopts in principle a new funding model for CCMs which allows for increased budget amounts and flexible funding modalities on the basis of the following key objectives:

- i. Meaningful civil society and private sector participation;***
- ii. Enhanced CCM capacity for program oversight;***
- iii. Improved incentives to harmonize and align with national structures;***
- iv. Improved capacity to implement the Gender Equality Strategy and the Sexual Orientation and Gender Identify Strategy;***
- v. Introduction of performance-based funding for CCMs;***
- vi. Improved measurability and transparency of CCM performance;***
- vii. Enhanced country ownership; and***
- viii. Encouraging continued multi-stakeholder donor support to CCMs.***

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1. CCM Funding Policy

Recommended Decision Point 1 (3/4):

The Board delegates authority to the Portfolio Committee (PC) to approve at its 12th Meeting (September 2009) a revised policy for funding for CCMs based upon:

- i. Linking funding to function;**
- ii. Accountability through a robust performance framework;**
- iii. Strategic objectives and performance targets expressed in work plans and budgets;**
- iv. Different country contexts and needs;**
- v. Incorporating CCM best practices; and**
- vi. Rigorous oversight mechanisms including Local Fund Agent (LFA) verification as appropriate.**

The current funding model (GF/B16/DP19) continues to apply until PC approval of the fully defined revised policy, which is expected to take effect in January 2010.

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1. CCM Funding Policy

Recommended Decision Point 1 (4/4):

The annual budget for CCM funding will be subject to approval by the Board as part of the regular budgetary process under the oversight of the Finance and Audit Committee (FAC). The financial implications of the proposed CCM funding model are estimated to be approximately US\$ 8 million in 2010 (a maximum increase of US\$ 2 million over the US\$ 6 million CCM budget in 2009) and US\$ 12 million in 2011.

The Board also requests the Secretariat to conduct a review of the CCM Guidelines to clarify the role of CCMs [and, as appropriate, to recommend amendments to the CCM Guidelines] in time for the Twentieth Board Meeting (November 2009). The review should take into consideration the recommendations of the Five Year Evaluation, lessons learned and best practice as identified in various CCM studies.

In developing the revised funding policy and reviewing the CCM Guidelines the Secretariat shall engage in a broad consultative process.

The budgetary implications of this decision are estimated at approximately US\$ 250,000 in 2009 for consultations, meetings and professional fees. The Secretariat will endeavor to absorb the incremental costs in 2009 by making commensurate savings within the already approved budget.



2.1 Timing for Determination of Income Level Eligibility

- Income eligibility determination currently linked to call for proposals under Rounds-based Channel
- But:
 - Call for proposals not launched at regular intervals
 - Income eligibility also used for RCC, with varying timelines
- PC endorsed Secretariat proposal to:
 - De-link eligibility decision from call for proposals
 - Issue eligibility list effective 1 January each year
 - Retroactive application as of 1 January 2009

2.1 Timing for Determination of Income Level Eligibility

Recommended Decision Point 2:

The Board decides to change the timing of the determination of the income level eligibility for funding from the Global Fund by amending paragraph 4 of Part 3 of the document entitled “Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund” (GF/B16/07, Revision 1, Attachment 1) as follows:

4. The Secretariat will make income level eligibility determinations on an annual basis at the time of the Call for Proposals under the Rounds-Based Channel following the release of the World Bank Country Income Classifications in July of each year (or following the month of publication if different from July), to be reviewed by the Portfolio Committee at its next meeting. These income level eligibility determinations will be effective for all calls for applications to the Global Fund under all funding channels from 1 January to 31 December for the following calendar year.

This decision does not have material budgetary implications.

2.2 One Year 'Grace' (transition) Period

- Income Level and Cost Sharing Eligibility Criteria:
 - Provides one year transition period for a country that moves up from one income category to the next – the earlier income level is used for one more year
 - But, also states that proposals from high income countries are not eligible for funding from the Global Fund
 - Therefore, unclear if transition period applies to countries moving from upper-middle income to high income
- PC agreed:
 - Transition period should not apply to countries moving up to the high income category: they should stop being eligible as soon as they move to the high income level

2.2 One Year ‘Grace’ (transition) Period

Recommended Decision Point 3:

The Board decides that the one year “grace period” applicable for income level eligibility determinations for Global Fund funding where a country moves up from one income category to the next does not apply in the case that a country moves from “upper-middle income” to “high income”. Therefore, the Board decides to amend Part 3 of the document entitled “Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund” (GF/B16/7, Revision 1, Attachment 1) by adding the following paragraph:

“In line with the general principle that high income countries are not eligible for Global Fund funding, the one-year grace period only applies to countries moving from the “low-income” category to the “lower-middle income” category and for countries moving from the “lower-middle income” category to the “upper-middle income” category. Those countries moving from “upper-middle income” to “high-income” are not eligible for funding.”

This decision does not have material budgetary implications.

2.3 Definition of High Disease Burden for TB

- Current policy defines “high disease burden” for TB as:
 - any country that is on the WHO list of high tuberculosis burden countries
 - [on] the WHO list of countries that account for 95 percent of all new TB cases attributable to HIV/AIDS
- PC endorsed decision point to correct error noted by WHO in definition:
 - the correct percentage of countries that account for new TB cases should be “97 percent” (not 95 percent)

2.3 Correction to the Definition of High Disease Burden for TB

Recommended Decision Point 4:

The Board decides to correct an error in the definition of high disease burden for Global Fund financing of tuberculosis in Upper-Middle Income Countries by amending paragraph 2 of Part 3 of the document entitled “Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund” (GF/B16/7, Revision 1, Attachment 1) as follows:

“The country in which the proposal activities are targeted is included on the WHO list of high-burden countries or on the WHO list of countries that account for 95 97 percent of all new cases attributable to HIV/AIDS.”

This decision does not have material budgetary implications.

3.1 Additions to TRP Leadership and Membership

- Increase in TRP workload
- PC agreed to:
 - endorse TRP request to add an additional Vice-Chair to the TRP leadership
 - give flexibility to the TRP leadership to increase the number of members from 35 up to a maximum of 40

3.1 Additions to TRP Leadership and Membership

Recommended Decision Point 5:

The Board decides to amend the Terms of Reference of the Technical Review Panel (TRP) to add a second Vice-Chair and to increase the overall maximum number of Permanent TRP members from 35 to 40 persons. The revised Terms of Reference are set forth in Attachment 1 of the Report of the Portfolio Committee (GF/B19/5).

This decision does not have material budgetary implications.

3.2 TRP Partial Replenishment and Round 9 Membership: Process to date

- **Feb 2009:** Contract awarded
- **20 Mar – 6 Apr:** Advertisement circulated
- **22 Apr:** Initial scoring and screening of 63 applications received → short list of 22
- **4 May:** PC SWG on TRP Partial Replenishment meeting to select 5 experts:
 - Expertise on gender and sexual minorities
 - Geographical distribution and in-country experience
 - Diversity and balance to complement current TRP composition

3.2 TRP Partial Replenishment and Round 9 Membership: Recommendations

Five new members to the TRP Support Group:

1. Dr Ondina Leal (Brazil) *
2. Dr Tim Brown (USA) *
3. Dr. Mabel Bianco (Argentina) *
4. Dr. Sarah Hawkes (UK)
5. Dr. Katya Burns (US/Canada)

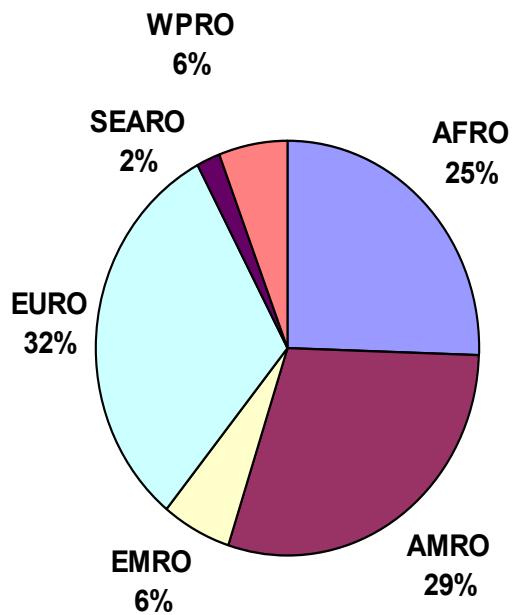
Five Support Group members to serve in Round 9:

1. Dr Daphne Toupozis (USA/Greece)
2. Mr Nomathemba Mazelani (South Africa)
3. Ms Hanem Zaher (Egypt)
4. Dr George Gotsadze (Georgia)
5. Mr Tore Rose (Norway)

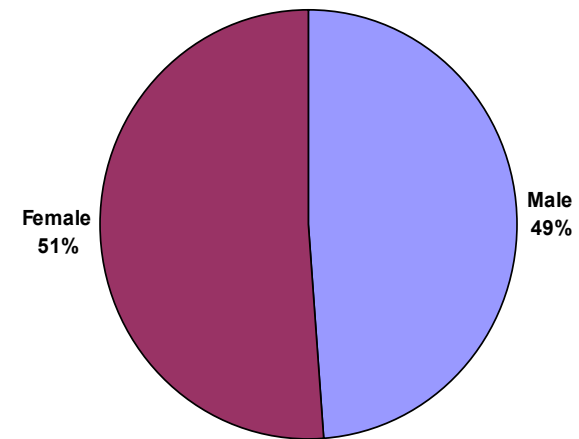
** To serve in Round 9*

3.2 TRP Membership Round 9

Regional Balance by country of nationality



Gender Balance



3.2 TRP Partial Replenishment and Round 9 Membership

Recommended Decision Point 6:

The Board approves the appointment of the following:

- i. To strengthen the TRP's cross-cutting expertise with a focus on gender and sexual minorities, Drs Ondina Leal, Tim Brown, Sarah Hawkes, Mabel Bianco and Katya Burns as members of the TRP Support Group;***
- ii. Dr Tim Brown (HIV), Dr Daphne Toupozis (HIV), Ms Nomathemba Mazelani (HIV), Ms Hanem Zaher (Tuberculosis), Dr Ondina Leal (Cross-Cutting), Dr Mabel Bianco (Cross-Cutting), Dr George Gotsadze (Cross-Cutting) and Mr Tore Rose (Cross-Cutting) as Permanent Members of the TRP to serve up to four Rounds commencing from Round 9;***
- iii. In respect of calls for proposals made in 2009, the twelve (12) persons identified as Alternate Members in GF/B19/5 Revision 1.***

each of whom have been recommended by the Portfolio Committee and the Executive Director upon consideration of required technical expertise, as well as geographical distribution and gender balance.

This decision does not have material budgetary implications.

4. Quality Assurance Review for 'Non-ATMs'

- 'Non-ATMs' refers to pharmaceuticals products other than anti-retrovirals, anti-TB and anti-malarial products procured with Global Fund financing.
- Scope of the study:
 - Obtain overview of existing QA standards and systems applied by PRs for non-ATMs with focus on treatment for opportunistic infections
 - Recommend a specific approach to assure the quality of such products
- Secretariat presented approach for the study
 - Presentation of initial findings to the 12th PC
 - Update to the Board at 20th Board Meeting
 - Presentation of recommendations to the 13th PC
- PC endorsed proposed approach and provided inputs

4. Quality Assurance Review for 'Non-ATMs'

Recommended Decision Point 7:

The Board requests the Portfolio Committee (PC) to oversee the Secretariat's study of the quality assurance status of pharmaceutical products other than anti-retroviral, anti-malaria and anti-tuberculosis medicines.

The Secretariat shall present the findings of the first phase of the study to the PC at its 12th Meeting in September 2009. Based on these findings, the PC may permit the Secretariat to undertake the later stages of the study to explore the possibility of establishing a quality assurance policy for these products. The Board requests the PC to update the Board on the progress of the study at the Board's first meeting in 2010.

The budgetary implications of this decision are estimated at approximately US\$ 250,000 in 2009 for consultations, meetings and professional fees. The Secretariat will endeavor to absorb the incremental costs in 2009 by making commensurate savings within the already approved budget.

5. Grant Start Dates

- Secretariat proposed:
 - Flexibility in setting grant start dates up to 18 months after Board approval for alignment and harmonization
 - Does not change deadline for grant signature
- PC welcomed flexibility but noted:
 - Time between proposal development and first disbursement can take up to 24 months. May be denying access to treatment.
 - Find better ways to manage undisbursed funds in the Trustee account.
 - Need to find additional flexibilities for aligning with countries' fiscal cycles including for Phase 2 – being addressed in architecture review

5. Grant Start Dates

Recommended Decision Point 8:

The Board affirms the importance of rapid grant signature and disbursement of approved funds as reflected in the target of 8 months for 2009 Key Performance Indicator measuring the average time from Board approval to first disbursement. At the same time, the Board also recognizes the value of aligning disbursements with national cycles.

The Board delegates to the Secretariat the authority to set the starting date for Grant Agreements up to 18 months after Board approval of a proposal to align with national fiscal and programmatic cycles and support harmonization with existing Global Fund grants and other donor-funded programs. The starting date shall continue to be based on the timing of receipt by the Principal Recipient of the first disbursement of grant funds under a Grant Agreement.

This decision does not have material budgetary implications.