

**STRATEGY, INVESTMENT, AND IMPACT COMMITTEE  
DECISIONS AND RECOMMENDATIONS TO THE BOARD**

**PURPOSE:**

1. This report serves to inform the Board about the decisions taken by the Strategy, Investment, and Impact Committee (SIIC) since the September 2012 Board Meeting in accordance with its Charter.

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

## **PART 1: INTRODUCTION**

1.1 This report presents to the Board the decisions taken by the SIIC since September 2012 in accordance with its Charter <sup>1</sup>.

1.2 The 5<sup>th</sup> Meeting of the Strategy, Investment, and Impact Committee (SIIC) took place from Wednesday 24 October – Friday, 26 October 2012. Todd Summers (Private Foundations) and Shaun Mellors (Communities) serve as Chair and Vice-Chair of the Committee. On the opening afternoon, the Members of the Committee were welcomed by the Chair, Todd Summers, who informed the SIIC members that a recording of the SIIC meeting discussions would, on an exceptional basis, be made available for two weeks after the meeting.

The report is divided as follows:

Part 2: Decisions taken by SIIC pursuant to its delegated authority

- i. *Market Dynamics Advisory Group (MDAG)*: Approval of MDAG Workplan
- ii. *Technical Evaluation Review Panel (TERG)*: Approval of TERG Workplan

Part 3: Decisions recommended to the Board under separate cover.

1.3 All background documents that formed the basis of SIIC decisions and other deliberations may be accessed by persons with access to the Governance Extranet <http://extranet.theglobalfund.org/board/default.aspx>.

## **PART 2: DECISIONS TAKEN BY THE SIIC PURSUANT TO ITS DELEGATED AUTHORITY**

### **Market Dynamics Advisory Group (MDAG)**

2.1 The MDAG held its second meeting by conference call in Geneva on 16-17 October 2012, and an update was presented to the 5<sup>th</sup> SIIC Meeting in October 2012 by the Vice-Chair Oliver Sabot. This included a brief overview of the MDAG workplan and a summary of the discussions during the teleconference (see GF/SIIC05/06). The Workplan was approved by the committee by consensus.

### **Technical Evaluation Review Panel (TERG) Workplan 2013-2014**

2.2 The Chair of the TERG presented the TERG Workplan 2013-2014 (GF/SIIC05/04), and outlined the planned approach to develop strategic investments in country data (M&E) systems. The members of the SIIC and the TRP supported the approach and saw this as the major impact component of the Global Fund strategy “Investing in Impact”. They stressed it should be implemented with countries and partners. The TERG Workplan was approved by consensus.

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<sup>1</sup> The SIIC Charter and other core governance documents are available at the following link: <http://www.theglobalfund.org/en/about/structures/board/>

**SIIC Decision Point :**

***The Strategy, Investment and Impact Committee (the “SIIC”) approves the Technical Evaluation Reference Group work plan for 2013-2014 (the “work plan”) and recommends the associated budgets to the Finance and Operational Performance Committee for inclusion in the Operating Expenses Budget to be approved by Board.***

***Material changes to the work plan will be subject to review and approval by the SIIC.***

**PART 3: DECISIONS RECOMMENDED TO THE BOARD**

**AMFm: Transition options for 2013**

3.1 The Secretariat presented a paper to the Fifth SIIC meeting (GF/SIIC05/03) summarizing the lessons learned through the AMFm pilot (Phase 1) and the AMFm WG’s recommendations for the future beyond Phase 1, including a proposed Board Decision Point. The SIIC broadly supported the AMFm WG’s recommendation to integrate key elements of the AMFm model into core Global Fund grant processes, although agreement on the language of the proposed Decision Point on the future of the AMFm to be recommended to the Board took up much of the SIIC deliberations on this issue. A sub-group comprised of some Committee members, the AMFm Chair and the Secretariat worked together to revise the decision point language, and the revised version was agreed by consensus. See GF/B28/04 for full details of the Decision Point as recommended to the Board.

**TERG Strategic Investment in data quality systems**

3.2 The Secretariat presented a paper (GF/SIIC05/05) introducing a strategic investment plan, based on recommendations from the Technical Evaluation Reference Group, to strengthen country data systems in order to prepare countries to measure impact and to position the Global Fund to better deliver on its goal of investing for impact, and recommends a Decision Point to SIIC for onward transmittal to the Board for investments of up to US\$ 10 million in additional grant funds to strengthen national data systems measuring impact within 20 priority countries established by the Global Fund. The Decision Point will be presented to the board electronically following the Twenty-Eighth Board Meeting. For further details and the full text of the Decision Point please see Strategic Investment Impact Data Systems (GF/SIIC05/05).

**Better Grants for Increased Impact and New Funding Model**

3.3 SIIC leadership reported that in preparation for the discussions at the SIIC and the November Board Meeting decision on the New Funding Model, a series of telephone consultations had been organized with Board constituencies hosted by the Chair and Vice-Chair of SIIC and the Secretariat to share information, answer questions and obtain feedback on the New Funding Model. The first phase, which was open to any person from Board constituencies without limitation, took place between 1-5 October, and the second phase, targeted at Board

Members, alternate Board Members, Focal points and SIIC members (if applicable) for each constituency took place from 15–19 October. In addition, a face-to-face consultation with implementers was held at the Geneva secretariat from 29-30 October, and a third phase of teleconference calls with donors and partners is scheduled for the week of 5<sup>th</sup> November.

3.4 A summary of inputs received during the first two phases was presented by the SIIC leadership to the committee on the morning of the second day of the meeting, and committee members were asked to be mindful of comments received in writing during the deliberations.

3.5 The Secretariat made a series of presentations to the 5<sup>th</sup> SIIC meeting on the Better Grants for Increased Impact Project and the New Funding Model, outlining its preferred option for the New Funding Model (see GF/SIIC05/02), taking into account feedback received from constituencies during the October consultation calls. These emphasized the four areas to be presented for Board decision in November 2012:

- i. length of grants and the allocation period; the Secretariat presented its recommendation for a 3-year grant and 3-year fixed allocation period aligned with replenishment. Comments from the Committee Members included the need to award funding as soon as possible after resources are mobilized, matching the timing of donor funding with country requests, and the need to review and revise policies.
- ii. principles for country Bands and the apportioning of resources to Bands; the Secretariat presented the rationale for Bands, the principles guiding band design, and the four alternatives analyzed by the Secretariat, and noted that the exact composition of Bands would not need to be determined by the Board before end 2013. Concern was raised that Bands may adversely impact regional & non-CCM proposals and HSS & CSS funding, and the Secretariat responded that these initiatives would be strongly supported. Relevant language was added to the decision point.
- iii. the split between indicative and incentive funding; the principles of the allocation methodology were outlined, including steps and criteria for the allocation formula including the simulated impact on the portfolio. Concern was raised over the use of a disease split and how relevant this was for countries, although this was recognized as an interim solution until September 2013. Other areas discussed included the use of incentive funding to “reward” funding requests based on national strategies and investment cases; the need to further develop the understanding of “prioritized needs” as the primary use for indicative funding in the already approved decision point on the new funding model (GF/B27/DP7). It was agreed that this definition should be wider than the existing “Continuity of Services” policy, but for the purposes of the new funding model should be clear, measurable, and limited.
- iv. the transition to the new funding model; the Secretariat presented the rationale for the transition phase, the proposed process and the elements to be evaluated. The Committee discussed the factors to be used by the Secretariat when identifying countries to participate in the transition, and agreed that participation in the transition should be voluntary and, wherever possible, existing grant instruments would be used to disburse resources more rapidly.

3.6 Other areas of discussion at the 5<sup>th</sup> SIIC meeting included Preliminary Ideas on Determining Applicants' Funding Amount, and Investment Frameworks.

3.7 Decision Point GF/SIIC05/03 (Evolving the Funding Model Parts Two and Three) was presented to the SIIC and following several sessions of discussion and debate on specific wording the Decision Point was amended and approved for recommendation to the November Board meeting, with consensus except for the Developed Country NGO member, who abstained.

3.8 Due to time constraints and the complexity of finalizing the agreed language, the SIIC leadership requested permission to make any non-substantive edits necessary to produce a clear decision point, and subsequently, SIIC leadership and the secretariat's legal counsel produced a revised version and submitted that to SIIC members for "no objection" approval. See GF/B28/2 for full details of the Decision Point.

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