

Appointment of Rapporteur

Decision Point GF/B28/DP1:

Jan Paehler from the European Commission constituency (Belgium, Finland, Portugal, Italy and Spain) is designated as Rapporteur for the Twenty-Eighth Board Meeting.

Signed:

Jan Paehler
Rapporteur

Paula Hacopian
Secretariat

Approval of Agenda

Decision Point GF/B28/DP2:

The agenda for the Twenty-Eighth Board Meeting (GF/B28/1) is approved.

Signed:

Jan Paehler
Rapporteur

Paula Hacıopian
Secretariat

Approval of Report of the Twenty-Seventh Board Meeting

Decision Point GF/B28/DP3:

The report of the Twenty-Seventh Board Meeting (GF/B28/11) is approved.

Signed:

Jan Paehler
Rapporteur

Paula Hacopian
Secretariat

Evolving the Funding Model (Part Two)

Decision Point GF/B28/DP4:

Building on its previous decision *Evolving the Funding Model* (GF/B27/DP7), the Board decides the following:

- 1. Allocation Period:** Every three years, aligned with the replenishment cycle, the Secretariat shall (i) identify the amount of resources available for allocation to the Country Bands, and (ii) update the country-specific information required to use the allocation formula described below.
- 2. Implementation of Grants:** While the allocation period will be aligned with the replenishment cycle, the planning and implementation of grants will be aligned with country planning cycles. The standard period of Global Fund financing for an applicant will be three years, subject to flexibility where deemed appropriate by the Secretariat¹.
- 3. Establishment of Country Bands:** The Board approves the following approach to determine the composition and structure of Country Bands (groups of countries) for the purposes of allocating resources:
 - a. Principles for Determining Country Bands: The Board approves the following principles for determining Country Bands to ensure focus is placed on countries with the highest disease burden and least ability to pay:
 - i. **Sufficient Critical Mass:** Each Country Band should have a large enough number of countries and sufficient resources to enable flexibility within it;
 - ii. **Logical Coherence within Each band:** As the incentive funding introduces a need for comparison between applications, countries in each Country Band should be roughly comparable;
 - iii. **Bands Should Not Be Disease-Specific:** Each country should only be part of one Country Band; and
 - iv. **Simplicity:** The system of Country Bands should be easy to communicate and implement.
 - b. Composition Criteria for Country Bands: Countries will be allotted to Country Bands based on a composite score generated based on a combination of a country's (i) Gross National Income (GNI) per capita and (ii) disease burden. The principles for these criteria are as follows:

¹ Justifications for variations from the three-year standard will be provided to the Board as part of the Secretariat's grant approval requests.

- i. **Transparency:** The factors for “ability to pay” and disease burden should be objective and use widely accepted and available data;
 - ii. **Proportionality:** To adjust funding to population size, the disease-burden measure should take into account the scale of affected persons (in terms of absolute numbers, not percentages) by the three diseases in each country; and
 - iii. **Comprehensiveness:** To avoid putting a country in more than one Country Band, the burden metrics for each of the three diseases in a country should be aggregated into a composite disease-burden measure.
- c. **Number of Country Bands:** Based on these composition criteria, eligible countries² will be placed in one of four Country Bands based on a combination of: (i) higher or lower disease burden; and (ii) higher or lower income (GNI per capita). One of these Country Bands, corresponding to higher income (GNI per capita) and lower disease burden, will include countries that should finance strategies, projects or plans targeted at most-at-risk populations (MARPs); however, countries in this band with generalized epidemics will not be restricted to MARPs related funding.³
- d. **Revising the Bands:** Prior to each allocation period, the Board may revisit the composition of the Bands, based on recommendations from the SIIC.
- 4. Allocation of Available Funding to Each Country Band:** As outlined in GF/B27/DP7, the Board will undertake, on a regular basis, a strategic allocation of resources to Country Bands, and this will serve as the primary pool for funding grants. Such allocation will be based on a forecast of available resources approved by the Finance and Operational Performance Committee (FOPC). The Board approves the following approach to the allocation methodology and formula:
- a. **Principles for Allocating Funding to Country Bands:** The Board agrees on the following principles for allocating funding to Country Bands:
 - i. **Strategic Focus:** Focus funding on countries with the highest needs and least ability to pay;
 - ii. **Simplicity:** The methodology should be easy to communicate to implementers and other stakeholders;

² Country eligibility will follow existing criteria approved by the Board in the Policy and Eligibility Criteria, Counterpart Financing Requirements and Prioritization of Proposals for Funding from the Global Fund (<http://www.theglobalfund.org/en/board/meetings/twenty-third/documents>, attachment to GF/B23/14), GF/B25/DP16 and B25/ER/05.

³ It is anticipated that some countries will have MARPs-related epidemics for one disease, and not for others.

- iii. **Transparency:** The allocation methodology should use objective and widely accepted and available data;
 - iv. **Global Reach:** The funding distribution should remain global;
 - v. **Comprehensive Scope:** Taking committed and uncommitted assets into account; and
 - vi. **Flexibility:** The output of the allocation formula is a guiding number, to be adjusted by pre-determined qualitative criteria.
- b. **Allocation Formula:** The formula for apportioning funding to Country Bands will be based on each country's "ability to pay" (measured by GNI *per capita*) and disease burden. The SIIC will assess the indicators used in the formula prior to each allocation period, and approve changes deemed appropriate. The specific construction of the formula shall follow the principles below:
- i. **Proportionality:** The disease split implied by the allocation formula at the country should be based on each country's share of global disease burden and its ability to pay, applied to each of the three diseases;
 - ii. **Flexibility:** The system should feature flexibility in how to apportion funding between the three diseases and health and community systems strengthening (HCSS) at the country level;
 - iii. **Sensitivity:** Qualitative factors will adjust the initial figures derived from the allocation formula to account for the specific circumstances in each country the allocation formula might not capture; and
 - iv. **Calibrated Eligibility:** Not all countries are eligible for all three diseases, as reflected in current Global Fund policy.
- c. **Disease Split:** As previously agreed by the Board (GF/B27/DP7), to apportion resources to the Country Bands at the start of each allocation period, the Board will first split the total projected resources for a given allocation period between the three diseases. As the Board previously agreed (GF/B27/DP7), the Secretariat will under the oversight of the SIIC develop a measure that can be used to estimate disease burden and financial demand across all three diseases for approval by the Board no later than September 2013.

- d. **Apportionment to Country Bands:** After making the global disease split described in GF/B27/DP7, the Board will then apportion to each Band a share of the total funding available for the chosen period. These shares will be calculated by adding up the shares produced by the allocation formula for all of the countries in each Band, adjusted for major sources of external financing and, if necessary, a transitional provision to ensure the Global Fund's financial commitments in some countries do not fall below a minimum required level⁴ over the allocation period. For countries in the band with lower disease burden and higher income, this aggregation of shares will be based on a separate methodology that is currently under development by the Secretariat which recognizes the particular needs of countries in this band including multi-country grants, regional grants, small island states and MARPs. The Secretariat will present this methodology to the SIIC for approval. Although countries' initial funding ranges will be dependent on the outcome of the Global Fund replenishment, countries will be encouraged to apply to the Global Fund for their full quality demand.
- e. **New Resources:** Any resources that become available during an allocation period in addition to the initially allocated funding can be used by the Secretariat to (i) increase the amount of funding available in the Country Bands, (ii) fund "unfunded quality demand" (see paragraph 6), or (iii) propose to the SIIC to use some of these resources to fund special initiatives as described in GF/B27/DP7.

5. Indicative and Incentive Funding: As part of its allocation, the Board will divide the total amount of resources allocated to each Country Band into indicative and incentive funding:

- a. **Purpose of Indicative Funding:** Indicative funding should ensure predictability for applicants, and should defend the Global Fund's aggregate investments in ways that go beyond the Continuity of Essential Services.
- b. **Purpose of Incentive Funding:** As the Board previously agreed (GF/B27/DP7), a portion of funds will be used to establish a funding stream to incentivize high impact, well-performing programs and the submission of robust, ambitious requests based on national strategic plans or investment cases. The apportionment of funding to this stream will be substantial so as to ensure sufficient funds are available to motivate full expressions of quality demand.

⁴ Based on a recommendation from the Secretariat, the FOPC and SIIC, as appropriate, will define this "minimum required level" before the first full allocation period under the new funding model.

- c. Determining the Division Between Indicative and Incentive Funding: The Board will decide the required resource levels to meet the applicants' prioritized needs through the indicative funding ranges for the allocation period, and apportion to the incentive funding the difference between prioritized needs and the amount of available assets identified at the time of the allocation. In this way, additional resources mobilized during the given replenishment period may be apportioned to incentive funding. Additional principles to guide the division between indicative and incentive funding, including a final definition of prioritized needs, will be approved by the Board at its Twenty-Ninth Meeting, based on recommendations of the SIIC.
- d. Access to Funding: The access to funding process will be based on country dialogue and reviews where the Global Fund is part of joint country-led processes, including within the CCMs and with other relevant partners, and will result in the development of a Concept Note.
- i. Access to Indicative Funding: The determination of indicative funding ranges will be supplemented by qualitative factors including, but not limited to, the following:
1. Major sources of external financing;
 2. Minimum funding levels;
 3. Willingness to pay;
 4. Past program performance and absorptive capacity;
 5. Risk; and
 6. Increasing rates of new infections in lower prevalence countries.
- ii. Access to Incentive Funding: The Secretariat will develop the process and methodology for awarding incentive funding. Prior to the full implementation of the new funding model, the Secretariat will present to the SIIC for approval this methodology, which shall conform to the following principles:
1. **Ambition**: Additional funding should foster quality expressions of full demand to address the totality of the response to a disease;

2. **Strategic Focus:** Additional funding should reward robust National Strategies and investment cases, and well-performing programs with a potential for increased, quantifiable impact;
 3. **Alignment:** The processes for awarding additional funding should ensure that applicants can access funding aligned to national planning cycles, by avoiding unintended incentives to apply either early or late in an allocation period;
 4. **Sustainability:** Additional funding should leverage contributions from other sources, including domestic budgets;
 5. **Simplicity:** The processes for awarding additional funding must minimize complexity and transaction costs for implementers, and avoid disruptions to grant-making; and
 6. **Co-investment or Willingness to Pay:** Additional funding should also leverage financing from Governments in implementing countries.
- 6. Managing Unfunded Quality Demand:** Since quality demand by countries could exceed the level of resources available, the Secretariat will maintain a register of unfunded quality demand. The Global Fund will prioritize this demand for future funding should additional resources become available, as well as invite other donors to finance this demand directly:
- a. Prioritizing and Awarding Financing to Unfunded Quality Demand: The Secretariat will determine how to prioritize and award financing to unfunded quality demand and will present this methodology to the SIIC, as appropriate, for approval prior to the full implementation of the new funding model. This methodology for prioritizing and awarding financing to unfunded quality demand shall conform to the same set of principles as set forth in paragraph 5.d.ii above.

Signed:

Jan Paehler
Rapporteur

Paula Hacopian
Secretariat

Evolving the Funding Model (Part Three)

Decision Point GF/B28/DP5:

Referring to its previous decision *Evolving the Funding Model* (GF/B27/DP7) and GF/B28/DP4, the Board decides to launch the transition to the new funding model immediately by taking the following steps:

1. Transition to the Full Implementation of the New Funding Model: The Board decides to invest a portion of currently available uncommitted assets, to be determined by the Finance and Operational Performance Committee (FOPC) before the end of 2012, in a transition phase to test elements of the new funding model.
2. Participation:¹ The Secretariat would invite countries to participate in the Transition Phase, considering those that are:
 - a. Significantly “underfunded” over the 2013-2014 period;
 - b. At risk of service interruptions;
 - c. Positioned to achieve rapid impact; and
 - d. Diverse in areas including, but not limited to size, geography, capacity and proposal modalities (including non-CCM and regional applicants), such that lessons learned can be derived from all aspects of the funding model, including funding for underserved and most-at-risk populations (MARPs).²

The Secretariat will report quarterly to the Strategy, Investment and Impact Committee (SIIC) on the identity of countries participating in the Transition Phase. Countries, including those not invited to participate in the Transition Phase, are nonetheless encouraged to work on developing strong national strategies, reflecting full expressions of demand, and beginning Country Dialogues and iterative processes to encourage Concept Notes to be ready to allow for funding, based on the replenishment, to begin in early 2014.

¹ Participation in the transition phase will not preclude access to new financing when the new funding model is implemented in full.

² For the purposes of the transition to the new funding model, “MARPs” will be defined as subpopulations, applying to HIV/AIDS, malaria and tuberculosis, within a defined and recognized epidemiological context:

- 1) That have significantly higher levels of risk, mortality and/or morbidity;
- 2) Whose access to or uptake of relevant services is significantly lower than the rest of the population; and
- 3) Who are culturally and/or politically disenfranchised and therefore face barriers to gaining access to services.

3. Disease Split: As previously agreed by the Board (GF/B27/DP7), to apportion resources to the Country Bands for this transition period, the Board will first split the total projected resources between the three diseases based on the historical distribution of the Global Fund's portfolio: 52% for HIV, 32% for malaria, and 16% for tuberculosis.
4. Allocating Funding to Eligible Countries in the Transition Phase: The Secretariat will determine an indicative funding range for each participating country based on the principles approved by the Board for indicative funding ranges in GF/B28/DP4 as adjusted by qualitative criteria³ and informed by the extent to which each country is "underfunded". The SIIC will assess the indicators used in the allocation formula prior to the commencement of the Transition Phase.
5. Channeling Funding During the Transition Phase: The primary vehicle for investing the additional funding during the transition phase will be existing grants.
6. Use of Concept Note and Incentive Funding in the Transition Phase: A subset of participating countries will receive an invitation to participate in the Concept Note process outlined in GF/B27/DP7, and as such will have an opportunity to access incentive funding in addition to the indicative range amounts per country. The incentive funding available to these countries will be limited to a ceiling established by the Secretariat at the time the transition is launched.
7. Strategic Investment Frameworks, Minimum Standards and Investment Guidance: The guidance package the Secretariat will make available to Country Coordinating Mechanisms (CCMs) in the transition phase will include Strategic Investment Frameworks and Minimum Standards.
8. Independent Technical Review of Funding Requests: To optimize learning, during this transition, the Secretariat and the Technical Review Panel (TRP) will jointly identify entry points for the TRP to review and provide feedback and recommendations on funding requests. As part of the transition to the full implementation of the new funding model, the composition and modalities of the TRP may change from current practice during the transition phase.
9. Board Approval of Investments during the Transition Phase: During the transition phase, the Board will approve electronically the investments negotiated by the Secretariat and recommended by the TRP, on the basis of the Board's "no-objection" process for approving funding decisions for renewals and continuations of existing grants.

³ The qualitative criteria will include external financing, "willingness to pay", absorptive capacity, performance of current and previous Global Fund grants and risk.

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10. Existing Policies and Procedures: The Board authorizes the Secretariat, under the oversight of the FOPC and SIIC, to make temporary exceptions to, or apply restrictions contained in, existing policies and procedures to the extent necessary to implement the transition phase of the new funding model.

11. Assessing the Effectiveness of the Transition: The SIIC will have responsibility for assessing the effectiveness of the Transition, based on a monitoring and evaluation plan presented by the Secretariat, in consultation with the Technical Evaluation Reference Group. The SIIC will report to the Board regarding the effectiveness and lessons learned from the Transition.

Signed:

Jan Paehler
Rapporteur

Paula Hacopian
Secretariat

Integration of the Lessons from the Affordable Medicines Facility - malaria

Decision Point GF/B28/DP6:

The Board refers to its decision (GF/B20/DP24) to review the findings of the Independent Evaluation of the Affordable Medicines Facility – malaria (AMFm) Phase 1 and make a recommendation on whether to “expand, accelerate, modify, terminate or suspend the AMFm business line” in pilot countries.

The Board:

1. notes the findings of the Independent Evaluation (“IE”), as detailed in the Strategy, Investment and Impact Committee (“SIIC”) Report to the Board (GF/B28/O4), on the effectiveness of the AMFm in the eight pilot programs and, in particular, notes the results regarding the “upstream” success parameters recommended in 2010 by the Technical Evaluation Reference Group (“TERG”).
2. recognizes that the successes of the AMFm are due to the co-payment system, consisting of price negotiations with manufacturers and direct co-payments from the Global Fund to manufacturers on behalf of approved first-line buyers, and the use of supporting interventions.
3. notes that the results of the IE and the TERG’s interpretation of those findings indicate there is sufficient evidence to approve a modified approach to support countries in achieving the Roll Back Malaria targets of universal coverage of malaria treatment if coupled with efforts to improve access to diagnostic testing.
4. recognizes the importance of ensuring access to affordable diagnostic testing and treatment for malaria and the role of the private sector in delivering this access.
5. notes the role of the Global Fund in helping to ensure sustainable affordable pricing for health commodities through innovative strategies and initiatives, including through engagement of the private sector.
6. thanks countries, partners, donors and manufacturers for their participation and support in AMFm.

The Board decides to modify the existing AMFm business line by integrating the lessons learned from the operations and resourcing of Phase 1 of the AMFm into Global Fund grant management and financial processes by:

- a. requesting the Secretariat to establish and operationalize a co-payment system through which the Global Fund will make direct payments to manufacturers on behalf of in-country buyers and at negotiated prices for countries which request the use of approved grant funds for a private sector subsidy to achieve their malaria case management targets and utilize supporting interventions; and

- b. Acknowledging the need for an assessment by technical partners of the feasibility to include diagnostic testing into the co-payment system, which would inform the operationalization of the co-payment system.

2013 Transition by AMFm Pilot Countries to Full Integration:

The Board:

1. notes that the integration of a co-payment system into Global Fund grant management and financial processes will mean that, following a responsible Transition, co-payments for anti-malarial drugs will no longer be available through a separate funding mechanism hosted by the Global Fund.
2. decides that, during the Transition in 2013 to operationalizing the integration of a co-payment system, the pilot countries will have a defined funding allocation to support private sector co-payments, subject to availability of dedicated resources for such payments, and that each country will determine the parameters, such as the use of demand levers, under which that funding is utilized.
3. requests the Secretariat to report to the FOPC and SIIC prior to the end of 2012 on the outcome of resource mobilization efforts undertaken to finance the co-payments for the Transition.
4. authorizes the Secretariat to deploy remaining resources from malaria grants in Phase 1 for supporting interventions, which is separate from co-payment funds.

Signed:

Jan Paehler
Rapporteur

Paula Hacopian
Secretariat

Appointment of Executive Director

Decision Point GF/B28/DP7:

The Board:

1. Selects Mark Dybul to serve as the next Executive Director of the Global Fund for a four-year term beginning on or around 4 February 2013.
2. Requests the Board Chair and Vice-Chair to facilitate the appointment of Mark Dybul to the position of Executive Director.

Signed:

Jan Paehler
Rapporteur

Paula Hacıopian
Secretariat

Recognition of Debrework Zewdie

Decision Point GF/B28/DP8:

The Board notes that this meeting will be the last involving participation by Debrework Zewdie as Deputy General Manager.

The Board therefore thanks Debrework for her wonderful service to the Global Fund. In her work as Deputy General Manager and Head of the Strategy, Investment and Impact Division, she has demonstrated enormous commitment and passion for the mission of the Global Fund. The Board acknowledges the numerous contributions Debrework has made to the organization and, in particular, the Board praises her leadership in reforming the grant renewals process.

The Board wishes Debrework every success in the future as she continues to work towards improving global health.

Signed:

Jan Paehler
Rapporteur

Paula Hacopian
Secretariat