

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

**PURPOSE:**

This report serves to inform the Board about the decisions taken by the Strategy, Investment, and Impact Committee (SIIC) since the November 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 Strategy, Investment and Impact Committee (SIIC) since November 2012 in accordance with its Charter <sup>1</sup>. Todd Summers (Private Foundations) and Shaun Mellors (Communities) serve as Chair and Vice-Chair of the Committee.

1.2. Much of the Committee's work continues to focus on aspects of the new funding model, with additional issues under its mandate addressed to the extent possible. The first meeting of the Committee in 2013 was a virtual meeting (SIIC6) convened on 22 January 2013. SIIC Members discussed proposed policy parameters to guide Secretariat implementation of the New Funding Model Transition, following the adoption by the Board of the principles underpinning the New Funding Model and the transition phase (GF/B27/DP7; GF/B28/DP4; GF/B28/DP5). An Electronic Report (GF/SIICo6/03) "Implementation of the Transition to the New Funding Model", containing Committee Decision Point GF/SIICo6/DP1 was shared shortly afterwards with the Committee, revised following Committee input, and subsequently GF/SIICo6/03 Revision 1 was approved electronically.

1.3. The 7th Meeting of the Strategy, Investment, and Impact Committee (SIIC) took place from 16 to 18 April 2013 at the Global Fund Secretariat in Geneva. The meeting agenda was structured around the Global Fund's Strategic Objectives for 2013, and a large portion of the meeting focused on the New Funding Model, including the first Secretariat Quarterly Update to SIIC on the NFM Transition, an evaluation plan of the transitions phase developed under the guidance of the Technical Evaluation Reference Group (TERG), distribution of funding by disease, and the incentive and indicative funding allocation. Although it was expected that a recommendation would be made to the Twenty-Ninth Board Meeting on this last item, the Committee was unable to reach consensus on an approach to indicative and incentive funding; the Secretariat was asked to develop additional analyses and SIIC members were also invited to provide written inputs to be further discussed on a conference call in the weeks that followed. A full report of the meeting is contained in GF/SIIC7/16 Final Chair's Summary Notes.

1.4. A conference call was organized on 17 May 2013 for SIIC Members to discuss further the incentive and indicative funding allocations. The Secretariat presented its review of inputs received from SIIC and non-SIIC constituencies, and provided further analysis on the impact of incentive funding on underfunded countries and learning from the first early applicants. While the call did not result in any decision on the indicative/incentive split, it provided an opportunity to help Committee members to understand the impact of incentive funding on underfunded countries. In addition, the committee asked to see further analysis of this issue at the portfolio level, particularly of the most impacted countries in Africa. It is now expected that a recommendation will be made to the October Board meeting on the formula to be adopted for the Indicative and Incentive Funding allocation and other issues.

The report is divided as follows:

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

i. GF/SIICo6/DP1: Implementation of the Transition to the New Funding Model

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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/>

- ii. GF/SIICo6/DP2: Amendments to the Terms of Reference for MDAG/AMFm

Part 3: Matters addressed by the SIIC as part of its oversight and advisory functions in accordance with its charter.

Part 4: Decisions recommended to the Board under separate cover.

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

### **New Funding Model**

2.1. Following the SIIC virtual meeting on 22 January 2013, GF/SIICo6/03 “Implementation of the Transition to the New Fund Model” was circulated to the Committee for discussion. Following inputs from the Committee the document was revised and circulated (see GF/SIICo6/03 Revision 1), an electronic vote was taken, and Decision Point GF/SIICo6/DP1 was approved. Details of the Decision Point are given below.

#### ***SIIC Decision Point GF/SIICo6/DP1***

##### ***Implementation of the Transition to the New Funding Model***

***The SIIC approves the policy parameters presented in GF/SIICo6/03-Revision 1 to guide Secretariat implementation of the Transition to the New Funding Model, consisting of: (i) allocation formula indicators; (ii) “Band 4” allocation methodology; and (iii) maximum and minimum shares for apportioning funding to countries.***

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

2.2. In early 2013, the Terms of Reference (ToRs) for the Affordable Medicines Facility – malaria (AMFm) Working Group were revised to better focus the AMFm Working Group on providing assistance with the 2013 transition by AMFm Pilot Countries to Full Integration<sup>2</sup>. At the same time, 31 December 2013 was defined as the end date for the Working Group.

2.3. As the AMFm Working Group is a sub-Group of MDAG, its ToRs are contained within those of MDAG, so in effect both sets of ToRs required revision. On 4 February 2013, a SIIC Decision Point was circulated to the Committee requesting its approval of the revised ToRs for AMFm<sup>3</sup>, and of the appointment of Brenda Waning, Coordinator of Market Dynamics for UNITAID as the new Vice-Chair, Oliver Sabot having resigned as

<sup>2</sup> As approved by the Board in November 2012 (GF/B28/DP6)

<sup>3</sup> MDAG ToRs February 2013

Vice-Chair at the beginning of the year. On 15 February, Decision Point GF/SIICo6/DP2 was approved electronically by the Committee.

### ***SIIC Decision Point GF/SIICo6/DP2***

#### ***The Strategy, Investment and Impact Committee (the “SIIC”):***

- 1. Acknowledges the departure of Oliver Sabot from the MDAG and thanks him for his service and contribution as Vice-Chair;***
- 2. Appoints Brenda Waning to serve as Vice-Chair of the Market Dynamics Advisory Group (the “MDAG”) for the remainder of her current two-year term as a member of the MDAG; and***
- 3. Approved revised Terms of Reference for the MDAG as contained in Attachment 1 (MDAG Terms of Reference Revised February 2013), dated 15 February 2013.***

2.4. The MDAG held its third meeting in Glion, Switzerland on 6-7 March 2013, and an update was presented to the 7th SIIC Meeting in May 2013 by the Chair Prashant Yadav via video link. The Third MDAG Meeting Report is contained in GF/SIICo7/14.

#### **Technical Evaluation Reference Group (TERG)**

2.5. The TERG held its 21<sup>st</sup> meeting in Geneva from 19-20 February. The meeting, which was attended by the SIIC Chair, focused in part on finalizing the protocol for the process evaluation of the transition phase of the New Funding Model, and a report on this was presented to the 7<sup>th</sup> SIIC Meeting by the TERG Chair, Mickey Chopra, in April 2013. The full report of the TERG meeting<sup>4</sup> is available on the Governance Extranet.

### **PART 3: MATTERS ADDRESSED BY SIIC AS PART OF ITS OVERSIGHT AND ADVISORY FUNCTIONS IN ACCORDANCE WITH ITS CHARTER.**

3.1. Proposed Key Performance Indicators (KPI) framework for SIIC input. This agenda item was part of each committee discussion, including at the FOPC and AEC, to enable appropriate cross-cutting review. The Board will receive a proposed KPI framework from the Coordinating Group for approval at its Twenty Ninth Meeting .

3.2. The secretariat also reported to SIIC on other areas where the Committee has oversight responsibility: the 5-Year Strategy Implementation Plan, the 10 Year Evaluation, the Technical Review Panel, the three Disease Committees, Secretariat Grant Approval Policies (Delegation of Authority from the Board to the Secretariat), and the newly-established Grant Approvals Committee (GAC). In addition, updates were made on HSS, Human Rights, Gender and SOGI.

<sup>4</sup> Final TERG Meeting Outcomes, February 2013

In addition, an update on Risk Assessment and Management was also presented to SIIC, an issue which was presented to each of the Standing Committees during the spring committee meetings.

#### **PART 4: DECISIONS RECOMMENDED TO THE BOARD**

4.1. There have been no Decisions recommended to the Board by the Strategy, Investment and Impact Committee since the Twenty-Eighth Board Meeting in November 2012.

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