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 and activities of the Strategy, Investment, and Impact Committee ("SIIC") since the November 2013 Board Meeting in accordance with its Charter.

INTRODUCTION

This report compiles decisions approved by the Strategy, Investment, and Impact Committee ("SIIC") for recommendation to the Board by the, decisions taken by the Committee under its delegated authority according to its Charter and previous Board decisions, and an overview of items discussed under the Committee's oversight. For a more detailed account of committee deliberations, governance officials are invited to read the SIIC Chair's Meeting Reports.

The report is divided as follows:

- Part 1: Decisions recommended to the Board

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

- Part 3: Matters addressed by SIIC as part of its oversight and advisory functions in accordance with its Charter

- Part 4: Decisions recommended by SIIC and approved by the Board via electronic vote

PART 1: DECISIONS RECOMMENDED TO THE BOARD

Extension Policy under the New Funding Model

1.1. At the 10th SIIC meeting in February 2014, the Secretariat presented an overview of the proposed changes to the current grant extension policy (GF/SIIC10/03), which has high transactional costs and is difficult to track. Also, the current extension policy, which is designed for the Rounds-based financing model and old grant architecture, contains ten different types of grant extensions. The proposed streamlining to the extension policy will serve as the single authority for all situations, and will allow up to 12 months extension to grant implementation periods for strongly justified and exceptional circumstances.

1.2. As a result, the SIIC approved the Secretariat's proposed policy on grant extensions, and is recommending Decision Point GF/B31/DP12[1] to the Board for approval at the Thirty-First Board Meeting

Special Initiatives

1.3. Following the 9th SIIC meeting in October 2013, the Secretariat had further developed the specific initiatives being proposed both under Special Initiatives programs (GF/SIIC10/05), which must fall into the category of "programs, activities and strategic investments not adequately accommodated through the distribution of funding to the Country Bands". Three areas of focus were proposed for funding under this initiative:

- Humanitarian Emergency Fund
- Strategic Investment in Country Data Systems
- Strategic Enablers of the New Funding Model

1.4. Based on its review of the Secretariat's proposal for funding for Special Initiatives, the Committee is recommending GF/B31/DP06[2] to the Board for approval at the Thirty-First Board Meeting.

Regional Programs

1.5. At its presentation to the 10th SIIC Meeting in February 2014, the Secretariat outlined the rationale for regional programs (GF/SIIC10/05), which must have a strategic focus and demonstrate a strong potential for high impact. A new two-step process was proposed: the first step will require interested applicants to submit a short Expression of Interest to include key aspects of the proposed initiative which would be reviewed by the Grant Approvals Committee (GAC), after which eligible, strategically-focused proposals would be invited to submit a concept note, which will be subject to the same approvals process as that for single country applicants.

1.6. Based on its review of the Secretariat's proposal for funding to Regional Programs, the Committee is recommending GF/B31/DP07[3] to the Board for approval at the Thirty-First Board Meeting.

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[1] GF/B31/07 Extension Policy under the New Funding Model
[2] GF/B31/08A Special Initiatives
[3] GF/B31/08B Regional Programs

Transition from the Third to the Fourth Replenishment

1.7. During January 2014, the SIIC and the FOPC leadership worked together, in close collaboration with the Secretariat, to coordinate Committee discussions and enable agreement on the optimal approach to the transition from the Third to the Fourth Replenishment Period.

1.8. Based on this common agreement and the recommendations of the Secretariat and the Finance and Operational Performance Committee (the "FOPC"), the SIIC is jointly recommending with the FOPC Decision Point GF/B31/DP09[4] to the Board for approval at the Thirty-First Board Meeting.

Composition of and Allocation to Country Bands

1.9. At its 10th Meeting in February 2014, the Strategy, Investment and Impact Committee endorsed the composition of and allocation to Country Bands, as recommended by the Secretariat in GF/SIIC10/04, and accordingly agreed to recommend Decision point GF/B31/DP10[5] to the Board for approval at the Thirty-First Board Meeting.

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

Appointment of New Members of the Technical Review Panel

1.10. The Terms of Reference of the Technical Review Panel (TRP) were revised to align with the requirements of the new funding model and approved at the 9th SIIC meeting in October 2013[6]. In parallel, the recruitment process for new TRP Members was undertaken to ensure replenishment of the TRP pool of experts ahead of the full roll-out of the new approach to funding to ensure that there is a robust and diverse pool of experts from which to draw.

2.1 The TRP recruitment was conducted through an open and transparent process. It was managed by the Secretariat under the oversight of the SIIC through its Working Group with input from the TRP leadership, and taking into account lessons learned from the previous TRP recruitment process in 2010[7]. The following decision point was approved electronically by the Committee on 18 November 2013:

GF/SIIC09/EDP01: Appointment of New Members of the Technical Review Panel

The Strategy, Investment and Impact Committee approves the appointment of the individuals listed in Annex 1 to GF/SIIC09/ER02 as members of the Technical Review Panel.

2.2 Interested Board Members can access the Global Fund website[8] for full details of the recruitment process and current TRP Membership.

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[4] GF/B31/05 – Revision 1: Transitioning from the Third to the Fourth Replenishment Period
[5] GR/B31/09 – Revision 1: Composition of and Allocation to Country Bands
[6] GF/SIIC09/DP04 Technical Review Panel Terms of Reference
[7] GF/SIIC09/EDP01 TRP Replenishment 2014-2016 in GF/SIIC09/ER02
[8] http://www.theglobalfund.org/en/trp/

Revision of Global Fund Policy on Quality Assurance for Diagnostic Products

2.3 Following recent innvations in this area of the market, the Secretariat presented to the SIIC a proposal to revise the current policy on quality assurance for diagnostic products. These proposals had been determined in consultation with a group of experts on regulatory, technical, implementation issues related to diagnostics. and had been reviewed by MDAG. The Decision Point was passed on 5 February 2014 with consensus.

Decision Point GF/SIIC10/DP2:

1. The Strategy, Investment and Impact Committee (the "SIIC") acknowledges:

    a. The Board's prior adoption of the Quality Assurance Policy for Diagnostic Products (GF/B22/DP10); and
    b. The Secretariat's recommendations, based on consultation with technical partners and the Market Dynamics Advisory Group, with respect to operational measures required to further implement the Quality Assurance Policy for Diagnostic Products, as set forth in GF/SIIC10/06.

2. Accordingly, the SIIC decides to approve the amended and restated Global Fund Quality Assurance Policy for Diagnostic Products, as set forth in Annex 3 to GF/SIIC10/06 – Revision 1, which shall become effective and supersede all prior versions as of the date of this decision.

Term Extension for Members of the Technical Evaluation Reference Group

2.4 As the TERG Recruitment and Renewal Strategy would not be finalized until the next TERG meeting it was proposed to extend the term of three TERG members for one additional year to facilitate proposed reviews to the operational modalities of TERG. The Decision Point was passed on 6 February 2014 with consensus.

Decision Point GF/SIIC10/DP3:

The Strategy, Investment and Impact Committee:

1. Approves the extension of the terms of Mickey Chopra, Viroj Tangcharoensathien and Paulin Basinga as members of the Technical Evaluation Reference Group (the "TERG") from February 2014 through February 2015, as recommended in GF/SIIC10/09 (Technical Evaluation Reference Group – Extension of Terms of Membership); and

2. Requests the Secretariat to develop and implement a TERG Recruitment and Renewal Strategy in 2014.

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

Report on Flexibilities and other extensions

3.1 In December 2013, the Secretariat provided an electronic update[9] to the SIIC on the Secretariat's exercise of delegated authority related to extension of grant implementation periods and other related operational flexibilities. As shown by the report, the current extension policies are scattered across various policies and Board decisions that have resulted to challenges in application and tracking. As a result, it was proposed to present a revised extension policy to SIIC for recommendation to the Board at the 10th SIIC Meeting in Febrary 2014 (see *Extension Policy under the New Funding Model* in Part 1: Decisions Recommended to the Board).

Transition to the new funding model

1. In its quarterly overview of the transition to the new funding model The Secretariat provided an overview of the transition to the new funding model, informing the Committee that the accelerated early applicants (Myanmar, El Salvador and Zimbabwe) and the regional early applicant Artemisinin Resistance Initiative (malaria) are in the grant implementation phase. The Philippines (TB, early applicant) and the other regional early applicants (Eurasian Harm Reduction Network (HIV/AIDS) and Regional Elimination Initiative in Mesoamerica and Hispaniola (malaria)) are in the grant-making phase. Concept Notes from the other early applicants have been submitted (Kazakhstan) or are expected in Q1 of 2014 (DRC). The final 15 interim grants will be reviewed by GAC in 2014. The Secretariat also provided a status update on preparations for the full implementation of the new funding model, including timing estimates for submission of concept notes, Secretariat resources, and the status of partnership agreements. Training programs and materials are under development, and a resource book describing the key new funding model steps including practical tips and best practice examples is now available on line.

Technical Evaluation Reference Group (TERG)

3.2 The TERG Vice-Chair presented an update on TERG's work in 2013 including: a Position Paper on Sustainability; progress on evaluations and data quality investments; thematic reviews, including the transition phase of the New Funding Model; and the outline of the Mid-term Review of the Global Fund Strategy. A briefing session on the Mid-Term Review will be presented at the Thirty-First Board Meeting in Jakarta.

Market Dynamics Advisory Group (MDAG)

3.3 At its 10th Meeting, the SIIC received a presentation from the Office of the Inspector General on the recent review of the Market Dynamics Advisory Group (MDAG) which assessed the capability of the MDAG to provide strategic direction to the Secretariat for achieving impact and effectiveness in market-shaping initiatives. Areas for further exploration included challenges faced by MDAG in fulfilling its advisory role, and potential conflicts of interest. The report is not yet complete, but will be shared with the Committee, once available.

3.4 A discussion was also held on the need to continue the MDAG in its current format or in some other format to be defined. The Committee agreed to set up a small task team to determine a process and a framework to consider what was required of MDAG, in terms of how it works with partners, such as UNITAID, as well as what support it needs and if

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[9] GF/SIIC09/ER03 Report on Extensions and Other Flexibilities

this should continue to be provided by the Secretariat. The task team would propose a process to establish a new terms of reference for MDAG and report back to the Committee in advance of the 31st Board Meeting.

Contributions to UQD by Private Sector and Debt2Health

3.5 An information session was held at the 10th SIIC Meeting on new opportunities to engage with additional donors interested in making targeted financial contributions, particularly to finance investments that may be on the register of Unfunded Quality Demand (UQD). As the current Earmarking Policy poses limitations on the type of restricted contributions that could be available for these donors interested in specific investments, any eventual amendments to the Earmarking Policy would be presented to the FOPC, which has oversight. However, given its Board-delegated authority on how to award and prioritize UQD, so inter-committee coordination is important.

Global Fund Strategic Issues for 2014 and beyond

3.6 The Secretariat presented recommendations to the SIIC of the main strategic areas for focus in 2014 and beyond, including an approach to the development continuum, human rights and girls/women, approaches to HSS, CSS, MNCH integration, monitoring the implementation of the new funding model, and the mid-term review of the Global Fund strategy planned for 2014-2015.

Technical Review Panel (TRP) matters

3.7 The TRP Vice-Chair presented a summary of TRP activities during 2013, including lessons learned from TRP's experience during the transition to the new funding model, while stressing that and more lessons would be learned in 2014 which would feed into refinements to the application and review processes. TRP membership had been replenished under the oversight of a SIIC Working Group in late 2013[10], and the pool of TRP members had been increased to better facilitate more frequent TRP reviews. At the same time, the TRP Terms of Reference had been revised[11] to align with the new funding model. During 2014, TRP review meetings were planned in June, July, September and November, but the TRP would be ready to consider interim and/or resubmissions remotely, if need be. Further refinement of engagement between the TRP and the Secretariat's Grant Approvals Committee (GAC) was also planned and the TRP would undertake more formal self-assessment during 2014.

Technical Evaluation Reference Group (TERG)

3.8 TERG updated the SIIC on activities in 2013 and developments on the preparations for the Global Fund Mid-Term Review (MTR) in 2015. The TERG Thematic Paper on Sustainability was also discussed and although the recommendations of the report were approved by TERG, the Committee requested the Secretariat to develop a more comprehensive, methodological approach to sustainability rather than transition. The Secretariat then provided a summary of actions underway taken in response to the OIG review of TERG, and informed the SIIC that a more comprehensive update would be presented to SIIC in October which would include an assessment of the support received from the Secretariat.

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[10] GF/SIIC09/EDP01
[11] GF/SIIC09/DP4

PART 4: DECISIONS RECOMMENDED BY SIIC AND APPROVED BY THE BOARD VIA ELECTRONIC VOTE

4.1   There have been no electronic Decisions recommended to the Board by the SIIC since the Thirtieth Board Meeting in November 2013.