

Thirty-Third Board Meeting

Update from the Technical Review Panel

For Board Information

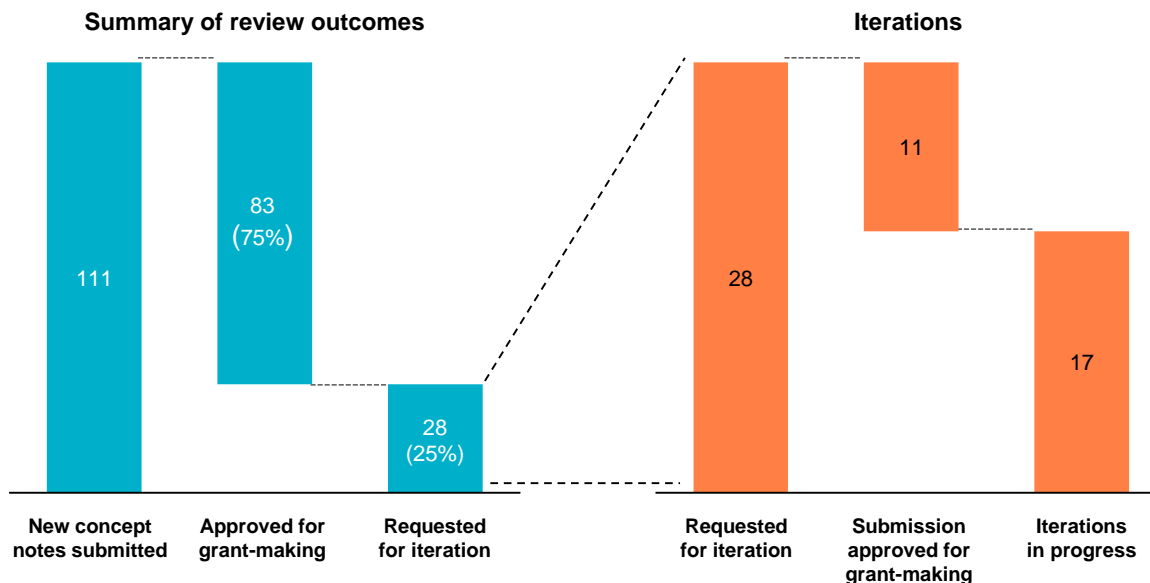
GF/B33/10

Geneva, Switzerland

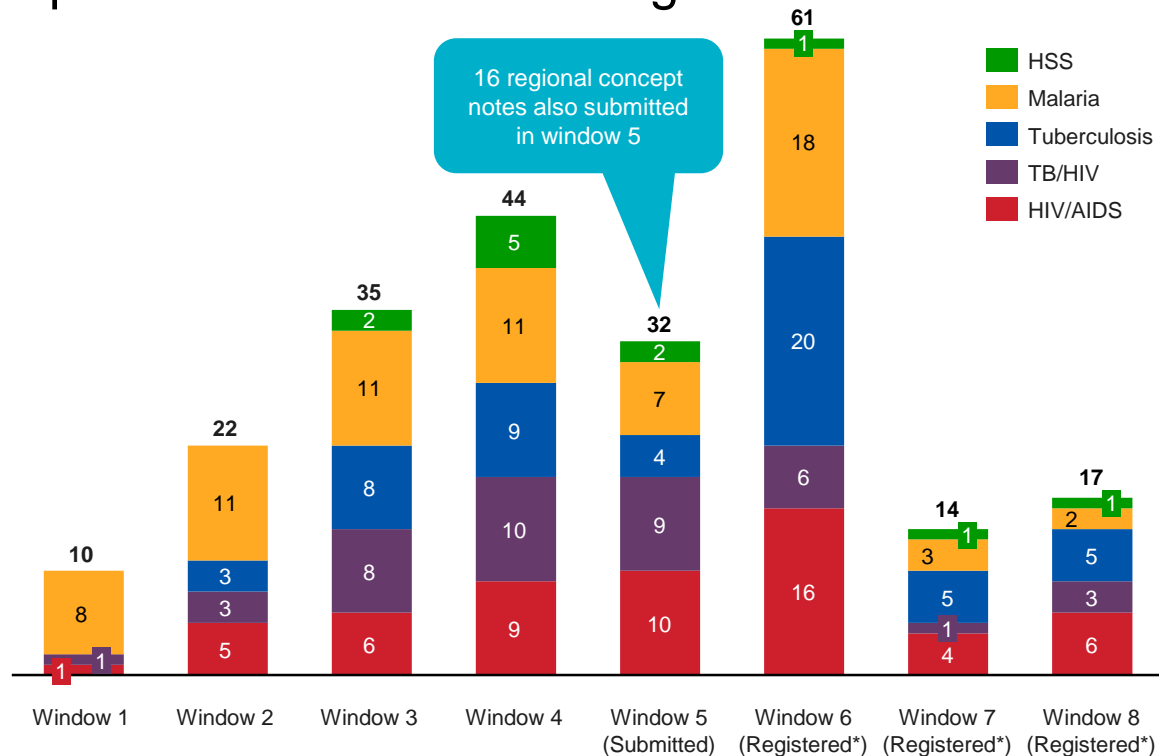
31 March – 1 April 2015

Results of review of concept notes in 2014 (windows 1-4)

75% in grant-making and 25% requested for iteration



New concept notes submitted and registered 2014-2015



The Global Fund 33rd Board Meeting
31 March – 1 April 2015, Geneva Switzerland

As of 17 February 2015

*Figures in future windows reflect current concept note registrations, which are subject to rescheduling.

Note: Regional concept notes and iterations not included in totals. One integrated concept note counted as multiple components.

TRP report on windows 3-4

Contents

- General observations
- Technical and disease-specific observations
- Policy-related observations and recommendations for Global Fund Secretariat and Board
- Review process

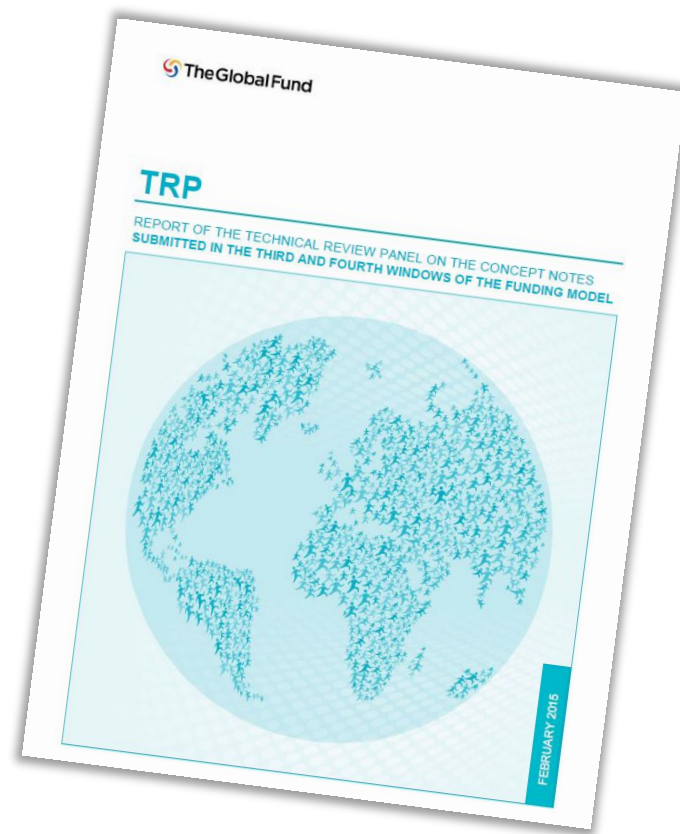
Annexes

- What TRP looks for in a concept note
- Reflections on results-based financing



Find the report online

theglobalfund.org/en/trp/reports/



TRP reflections on the funding model

Funding model is a great improvement over the rounds-based system by:

- Supporting all eligible countries to be **successful in accessing support**
- Assisting in **achieving a clear focus and prioritization** of interventions that maximize impact



TRP's observations are to be understood in light of a desire to contribute to further strengthening the operationalization of the funding model

Observations and recommendations for the Board and the Secretariat

Topics described in report on windows 3-4

- 1 Incentive funding, above allocation request and full expression of demand**
- 2 Shortened grant duration**
- 3 Allocation methodology**
- 4 Sustainable investments**
- 5 Development continuum and alternative financing modalities**
- 6 Domestic resources**

Topic 1: Incentive funding, above allocation request and full expression of demand

1

Reconsider incentive funding, above allocation request and full expression of demand

- TRP reaffirms these funding model elements are, in their current form, **not achieving desired outcome** of encouraging ambitious, innovative and prioritized interventions.
- Instead, they are creating an **undue burden**.
- These elements may contribute to **unrealistic expectations of funding levels**, which may:
 - Decrease mobilization of domestic financing.
 - Reduce a country's drive to aggressively pursue other donor funding.
 - Undermine a country's interest in meaningfully prioritizing interventions.
- TRP urges Board to **consider challenges created** by requiring applicants to split funding requests.
- TRP recommends the Board **dispense with incentive funding in its current format** and define different modalities to stimulate ambition and innovation.

Topic 2: Shortened grant duration

2 Consider operational challenges stemming from shortened grant duration

- While acknowledging that the **shortened grant duration policy** was put in place to allow the Secretariat some flexibilities including for countries that received less than formula-driven allocation amount or showed capacity for expedited scale up, TRP **reaffirms its great concern** around the **additional complexities stemming from shortened grant duration**.
- TRP's concerns revolve around **equity, prioritization and allocation**.
- Given shortened grant durations, TRP expects it is **unlikely additional Global Fund resources will be available** for other applicants that have unfunded quality demand.
- TRP noted with great concern incentive funding **recommendations made during window 4 have subsequently been adapted downward** by the GAC. The Secretariat, due to limited available resources, has indicated it saw no other option to cover gaps for countries with shortened grant duration than by lowering incentive funding to other countries.
 - The pro rata cut across the allocations does no justice to the careful process of prioritization of incentive funding by TRP, and it creates additional inequities in access to incentive funding. More importantly, it highlights the risk and liabilities stemming from the allocation formula and minimum required level of funding.
- TRP cautions the Global Fund Board to:
 - Seriously **consider operational consequences** of implementing Board decisions like shortened grant duration.
 - **Consider less complex ways to enlarge allocations** to countries that would have allocations below what is needed to cover essential services previously covered by the Global Fund.

Topic 3: Allocation methodology

3 Re-evaluate the allocation methodology

- TRP reaffirms its **concerns with the allocation of funds** in some areas.
- The current allocation methodology does not maximize **awarding funding to those country components with the highest impact on reducing mortality**.
- TRP strongly advises the Global Fund to **clarify its objectives for the allocation** and to re-evaluate the methodology before the next replenishment.
- If the objective of the Global Fund is to reduce mortality and morbidity rather than eradicate diseases, the methodology should more **accurately reflect the most strategic investment** of resources. |

Current and next steps: Funding modalities and allocation methodology

Short term

- TRP and Secretariat are in continuous dialogue and collaboratively **work toward streamlining application formats for allocation requests and above allocation requests.**
 - Concept notes' presentation has been **improving** over time, but **important challenges remain.**
- TRP and Secretariat furthermore are both **striving to mitigate inconsistencies and unintended effects** of allocation policies and funding modalities by **using allocation flexibilities** within the incentive funding and unfunded quality demand policies.
 - Still, major inequities are difficult to correct.

Longer term

- TRP observations and concerns regarding implementation challenges and unintended effects of current funding modalities and policies were presented to SIIC and will be discussed as **part of the new strategy discussions** during June SIIC retreat.
- TRP is **strongly committed to continue reporting to the Board and Secretariat** its reflections and observations during review windows and to **contribute to new strategy discussions.**

Topics 4: Sustainable investments

4

Encourage greater focus on sustainability (financial and programmatic)

- **Scale up** of interventions is encouraged but due **consideration should be paid to operational feasibility** and there should be plans for responsible scale up following **minimum operational quality standards**.
- Ambitious scale up should furthermore assess the in-country fiscal consequences and should **be presented accompanied by credible plans to mobilize domestic and other resources** for future sustainability.
- The Global Fund should define a **clearer policy on how the Global Fund transitions programs** or program elements to a host country government in a sustainable manner.
- The Global Fund should **encourage planning** for eventual exit in pre-exit grants.

Current and next steps

- Secretariat discusses operational and financial sustainability plans during grant-making.
 - This requires continuous monitoring of progress during grant implementation.
- Role of the Global Fund regarding recurrent costs and commodities and other transition considerations will be discussed as part of **development continuum discussion**.

Topics 5: Development continuum and alternative funding modalities

5 Evaluate results-based financing models

- The Global Fund's **vision for and objectives of results-based financing models** are clear and worth supporting.
- TRP has again seen different models being piloted simultaneously without first developing a clear framework.
- TRP recommends **strengthening the evaluation of results-based financing models** and sharing the evaluation with stakeholders.

Develop sub-national strategies to work effectively with large, federal states

- The Global Fund needs to **develop country-specific strategies** to address issues in large federal states, sensitive to country views on engagement, efficiency in delivering programs and cost implications.

Explore flexible approaches to support challenging operating environments

- The Global Fund is well suited to **strengthen health systems in fragile countries** to benefit the diseases.
- TRP supports **adoption of a differentiated approach** when working in such environments.

Topic 6: Domestic resources

6 Encourage more strategic investment of domestic resources

- According to Global Fund policies, the Global Fund is **not assessing the strategic value of government investments** to indicate which are acceptable to satisfy counterpart financing requirements.
- There is repeated evidence of **sub-optimal government allocation of resources**, which undermines the Global Fund's focus on investment for impact.
- “Focus of proposal” policy **seems to discourage domestic funding for key populations** for the countries close to transitioning from Global Fund funding.
- TRP recommends the Global Fund:
 - In the short term, **advocate for national investments** to be invested for greatest impact while noting challenges and limitations.
 - In the longer term, **adapt the counterpart financing policy** to encourage domestic investments in high-impact interventions or services.
 - **Adjust the focus of proposal requirement** to encourage domestic funding for key populations in transitioning countries.

Current and next steps: Funding modalities

Short term

- **TRP engages with Secretariat** during discussions with countries on potential results-based financing modality and provides input on the parameters for monitoring Global Fund strategic investment under these modalities.
 - This includes discussions on appropriate **high-level strategic indicators** to trigger disbursement in different results-based financing modalities.
- TRP observations documented by its results-based financing working group and included in TRP report as annex.
- Any TRP observations on sub-optimal **domestic financing**, in particular **with regards to key populations and community systems**, are flagged to country teams in support of their **in-country discussions** on domestic financing during grant-making and as part of ongoing monitoring.

Longer term

- TRP commits itself to **continue sharing its observations and reflections** from reviews to the Secretariat, SIIC and Board, as well as partners where relevant, and to contribute to **development continuum discussions** during future SIIC deliberations (e.g. meetings and retreat) and partnership forums, for ways to encourage domestic investments in equitable and high-impact interventions.