



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Operations Update

1 November 2006

*Fourteenth Board Meeting
Guatemala City, 31 October – 3 November 2006*

Key Points

- Significant people-level results continue to accrue from grants that work at the country level
- Increasing mutuality between country processes with Board policies and vice versa
- Transaction costs for both PR and Secretariat staff high and underestimated
- Alignment and coordination efforts continue to intensify use of technical assistance
- Efficiency gains are underway to improve grant processes in support of country operations
- Need to match steep growth in workload with timely & essential investment in Secretariat/Operations

Results as of June 2006

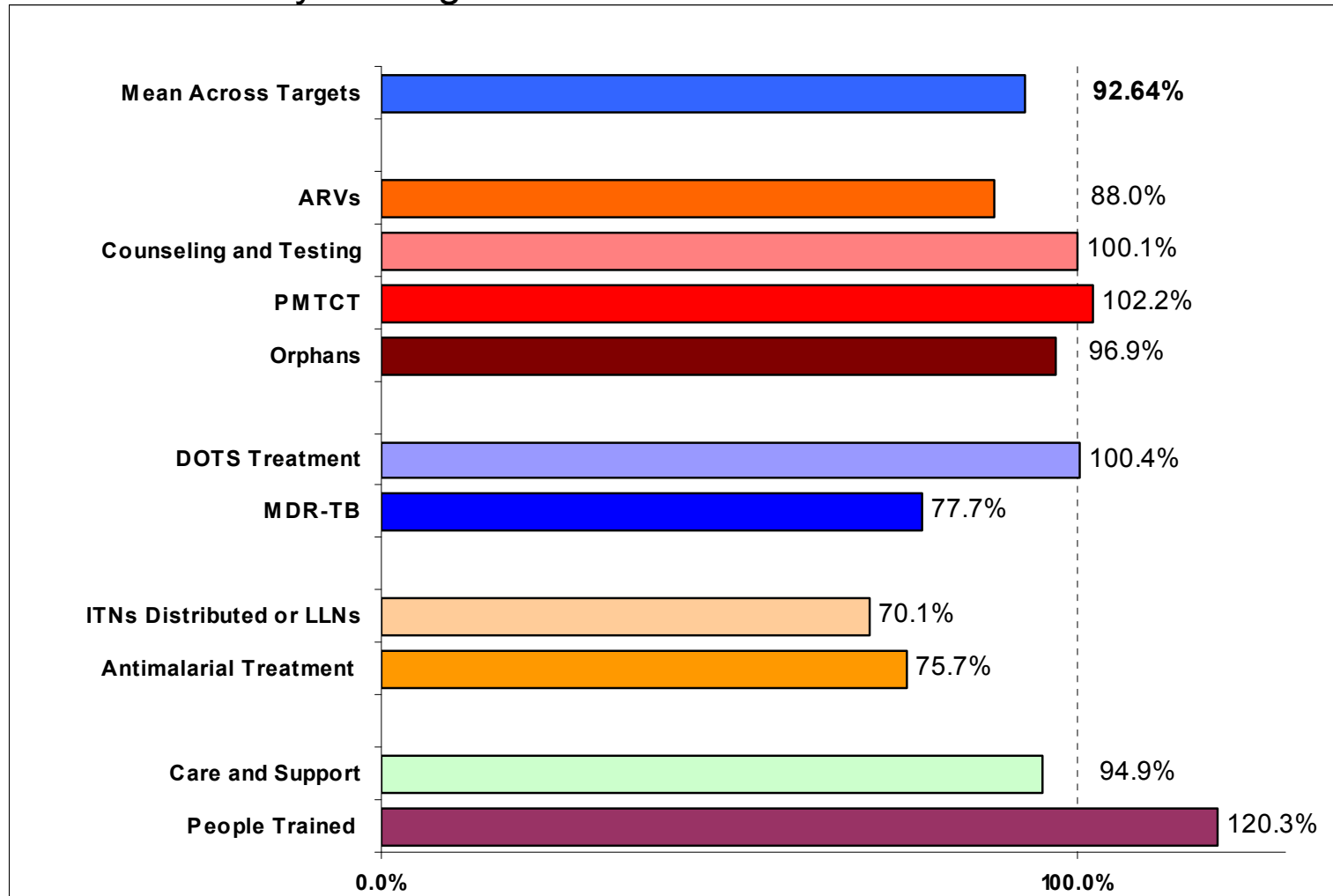
In Partnership with CCMs, WHO, UNAIDS, US PEPFAR

- 544,000 people on ARV therapy (42% increase since December 2005)
- 5.7 million people on counseling and voluntary HIV tests
- 1.43 million on Tuberculosis treatment using DOTS (43% increase since December 2005)
- 11.3 million families received insecticide-treated nets (47% increase since December 2005)

Source: Global Fund (2006). Investing in Impact: Mid Year Results Report, 2006

Results

Percent of two-year targets reached at Phase 2 Review



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Focus of Operations since April 2006



- **Round 5 grant negotiation and signings**
- **Disbursement of funds to Principal Recipients**
- **Round 6 preparations & TRP support**
- **Phase 2 grant reviews**
- **CCM compliance**
- **Coordination with bilateral and multilateral partners**
- **Regional meetings**
- **Strengthening Operations Unit/platform**
 - **Retreat of expanded Operations Directorate**
 - **Working Group on Quality and Operations Balanced Scorecard**

Portfolio Progress

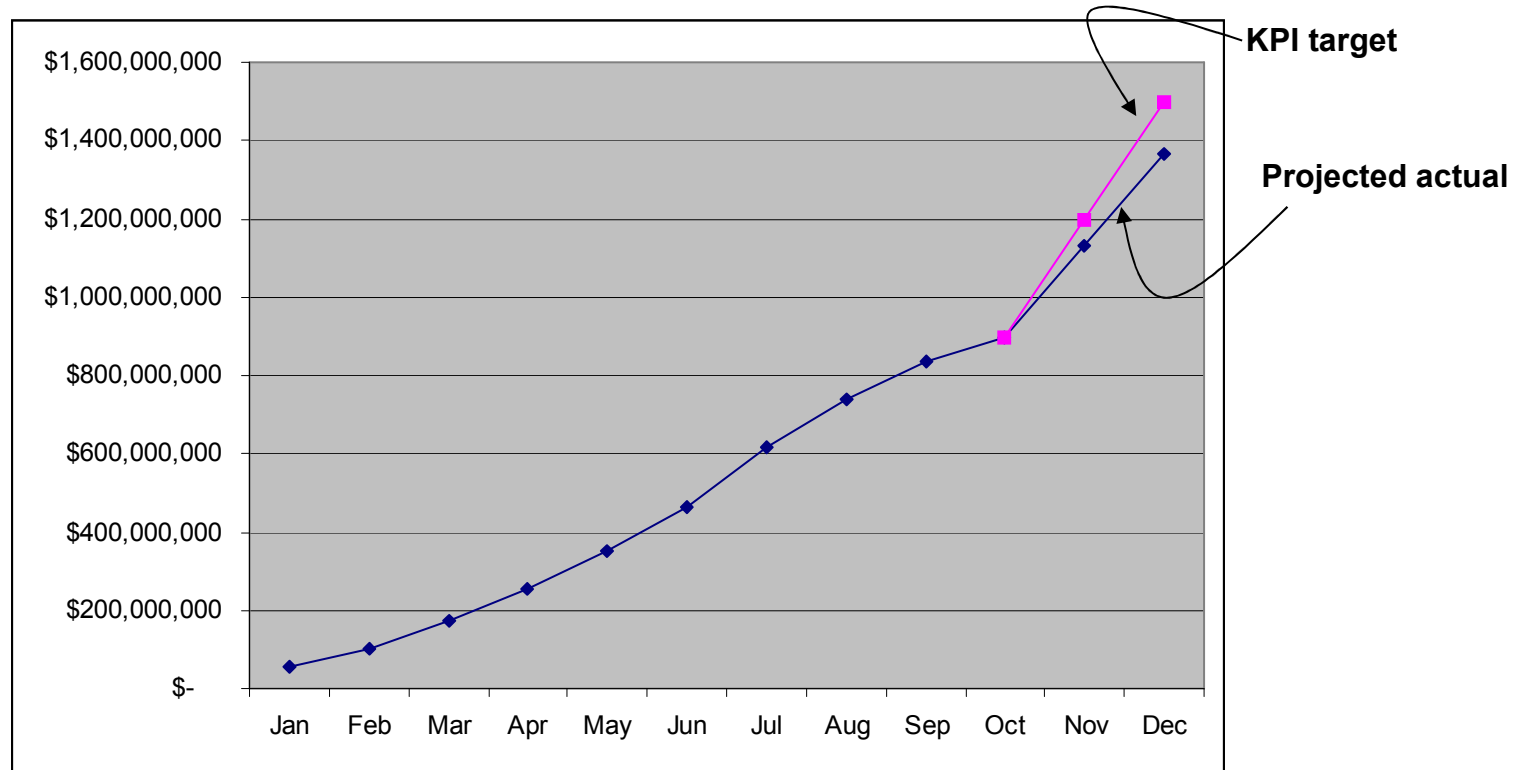
- **385 grants signed which benefit 132 countries**
- **\$ 5.76 billion committed**
- **\$ 4.99 billion signed**

Portfolio Progress

- **\$ 2.9 billion disbursed to date**
 - **82% of cumulative target of US\$ 3.4 billion**
 - **67% of grant value over 73% of elapsed time**
 - **Annual disbursement rate equal to 92%**
- **Principal Recipients are receiving funds in a timely manner**

2006 disbursements

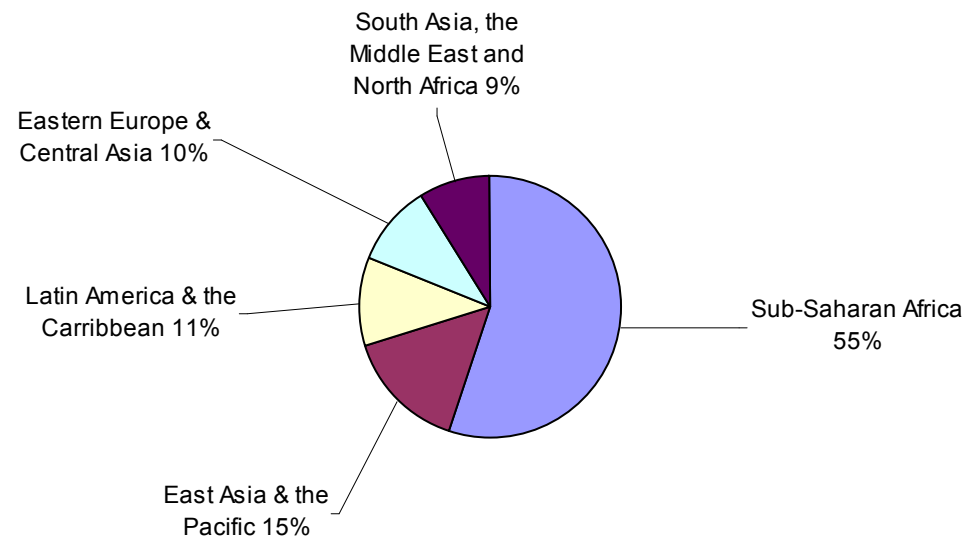
Cumulative Disbursement of Funds to Grantees in 2006 (in USD)



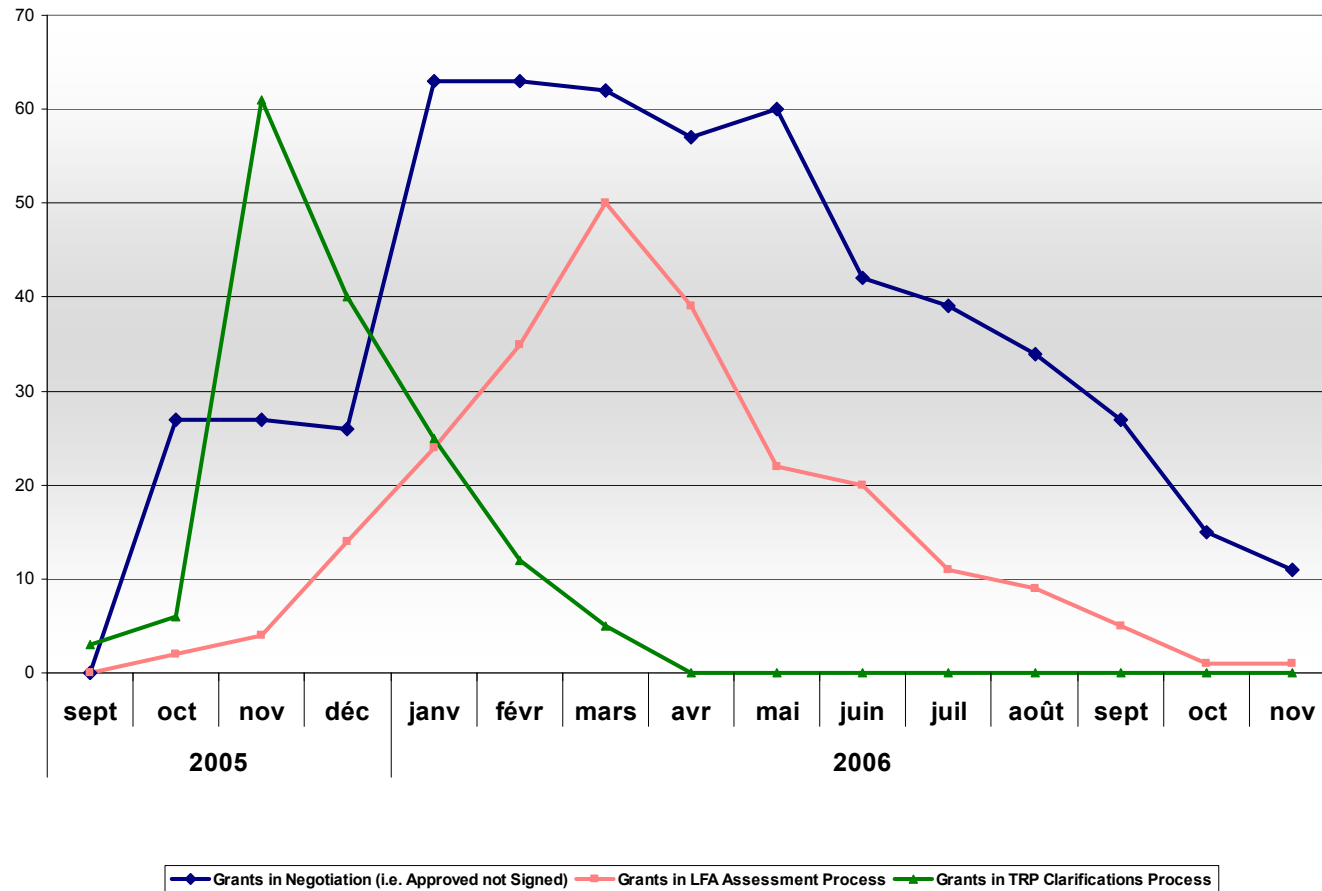
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Disbursements by Region

Percentage of total amount disbursed to geographic regions



Round 5 Signing



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Challenges with Round 5 grant signing:

Increasingly complex in-country environments which impact Secretariat workload

- » Higher than anticipated workloads for CCMs, PRs and Secretariat staff
 - » Substantial efforts required to harmonize and align grants with country systems including SWAp
 - » CCM Requirements
 - » Management Capacity issues at country level
 - » Delays with LFA assessments
- **Increased quality assurance requirements including Attachments 1 and 2**

Phase 2 renewals

- **191 recommendations approved by the Board**
- **186 grant approved for Phase 2 funding**
- **Value of \$ 1.9 billion**
- **125 Phase 2 grant agreements signed**

Phase 2 Grants: Delays in signing

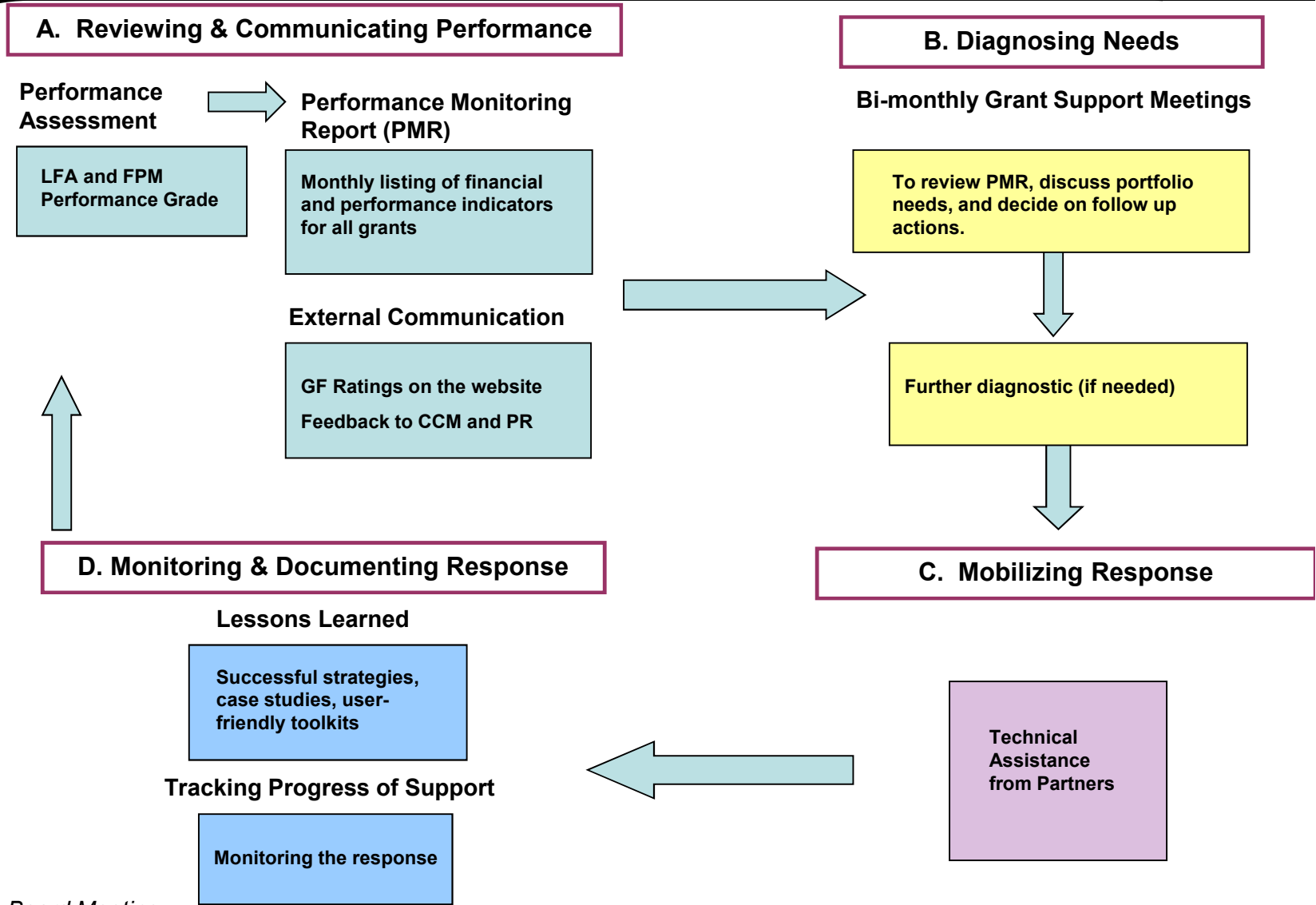
- **Delays in signing due to:**
 - **Recommendation Category – Negotiation of conditions & time-bound actions can be time intensive**
 - **Current time to negotiate Phase 2 agreements is insufficient**
 - **Delayed submissions by countries**
- **These delays increase Secretariat workload**

Round 6

Secretariat support for Round 6:

- **Training for countries during regional meetings**
- **FAQ in 6 languages on website**
- **Information Email Hotline – response within 24hrs**
- **Increased support to TRP including substantive country contextual information**

- **Four evaluations/audits of LFA model & performance:**
 1. Inspector General of Secretariat (Dec 2006)
 2. US GAO (April 2007)
 3. TERG (March 2007)
 4. Operations Unit (Nov 2006)
- ***Outcome:* to help refine the LFA model and feed into re-competition process for LFA contracts during 2007**
- **Further strengthening of LFAs with new tools and processes**



EARS Status

- **In June 2006 OPCS introduced the Portfolio Monitoring Report (PMR) and launched new series of bi-monthly grant support meetings**
- **109 grants reviewed by OPCS with Clusters from June to September**
- **At any given time approx. 15 percent of portfolio has implementation challenges**
- **Roster of pre-qualified consultants will strengthen Secretariat capacity to diagnose issues and leverage targeted support from partners**

Challenges of EARS

- **Identifying grant issues from reports submitted to Secretariat is not early;**
- **Work remains to be done to capture effectively available TA financing for countries**
- **Are the assumptions about current EARS strategy working?**

Strengthening Partnerships

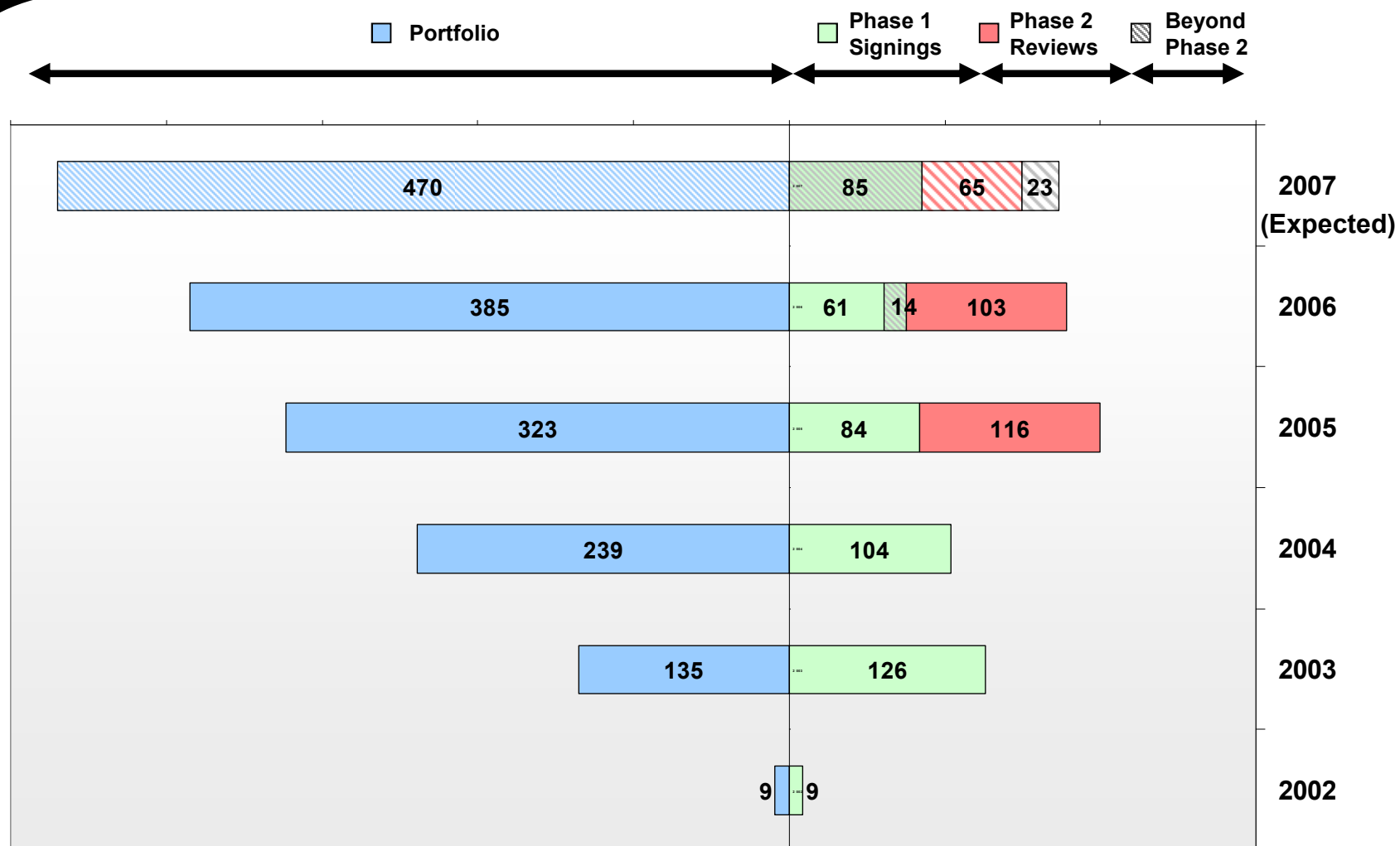


- **GIST**
- **Office for the US Global AIDS Coordinator**
- **World Bank**
- **UNDP**
- **European Commission**
- **WHO, UNAIDS and Roll Back Malaria Secretariat**
- **Global Fund regional meetings during 2006**

- **Strengthening of the Price Reporting Mechanism**
- **Implementation of Quality Assurance Policy**
 - **Finalized contract with quality control agent**
 - **Expect to be fully operational end October 2006**

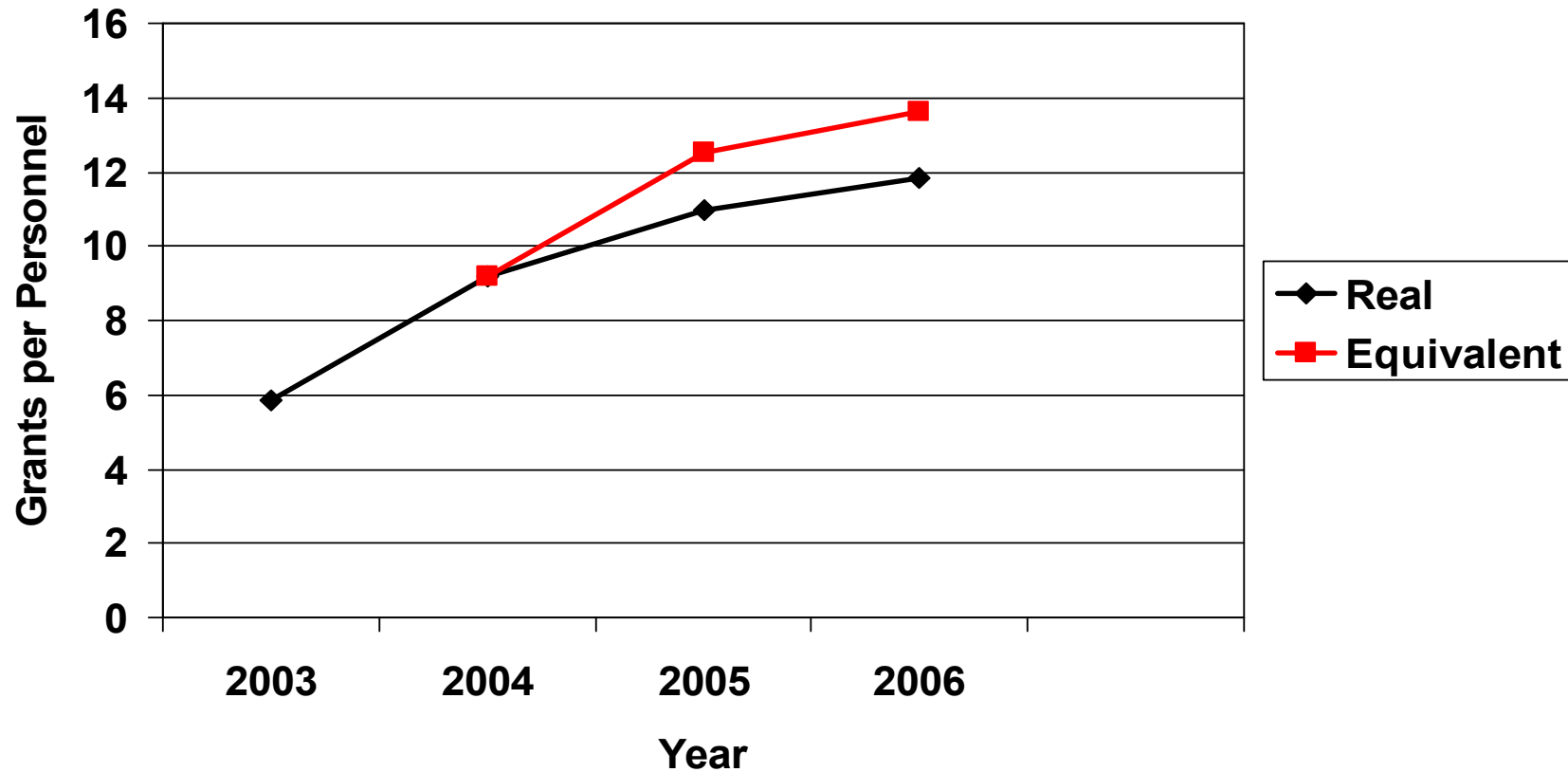
- **Secretariat Review of CCM Eligibility Requirements for Round 5**
- **For Round 6 Secretariat:**
 - **Constituted Screening Review Panel with clear ToRs**
 - **Finalized Operational Policy Note on implementing CCM requirements**

Workload and Portfolio Management 2002 to 2007



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Average Number of Grants per Fund Portfolio Manager, (2003-2006)

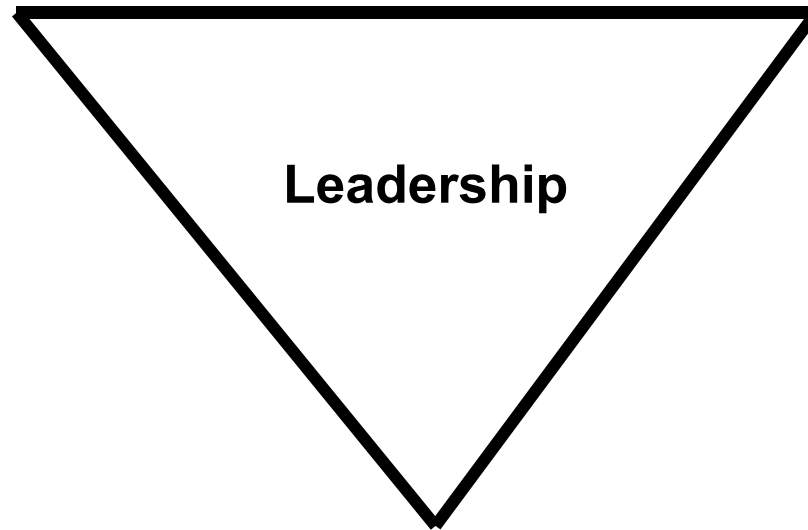


*Equivalent grants assumes an additional 40% workload for Phase 2 activities

Strengthening the Operations Unit

Quality

**Responsible
Speed**



Results

Strengthening Operations (2)

- **Established Working Groups on:**
 - Improving Quality in Operational Processes
 - Operations Balanced Scorecard
 - Updating Framework for Operational Risk Management
 - Tracking of Financial Expenditures
 - Ongoing policy development such as grant closure

6 Priorities for Operations in 2007

- Maintain rapid disbursement of funds to PR with responsible speed
- Help source and capture timely resources for value-driven technical assistance
- Promote time-value of implementation linked to performance-based funding
- Target and address key issues that impede grant efficacy at country level
- Expedite policies that transform CCMs towards greater implementation effectiveness
- Foster streamlined and better aligned internal processes

Conclusion

- Significant people-level results continue to accrue by making grants work at the at the country level
- Positive trend of increasing mutuality between Country processes with Board policies and vice versa
- Transaction costs for both PR and Secretariat staff high and underestimated
- Alignment and coordination efforts continue to intensify with partners to increase technical assistance
- Efficiency gains are underway to improve grants processes in support of country operations
- We call for a match in growth of workload with timely & essential investment in Secretariat/Operations



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Discussion

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