

34th Board Meeting

Strategic Review 2015

GF/B34/10
Board Decision

PURPOSE: The purpose of this paper is to inform the Board on the results and recommendations of the Strategic Review 2015 (SR 2015) of the Global Fund, which was commissioned by the Technical Evaluation and Reference Group (TERG) and then reviewed and agreed by the Strategy, Investment and Impact Committee (SIIC) in October 2015, to present to the Board.

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

I. Decision Point

1. Based on the rationale described below, the following decision point is recommended to the Board:

Decision Point: GF/B34/DP03: Strategic Review 2015

- 1. Based on the recommendation of the Strategy, Investment and Impact Committee (the “SIIC”), the Board:**
- a. Acknowledges the results and recommendations of the Strategic Review 2015 commissioned by the Technical Evaluation Reference Group (the “TERG”), as presented in GF/B34/10;**
 - b. Requests the Secretariat to consider the TERG’s recommendations as it prepares the final strategy narrative that will be presented for the SIIC to review and recommend to the Board for approval by the first Board meeting in 2016; and**
 - c. Requests the Secretariat to provide the SIIC with its response to the TERG’s recommendations in relation to the current strategic period**
- 2. The Board also notes its appreciation for the TERG and its evaluation team for their work to commission and produce the Strategic Review 2015.**

There are no material budget implications due to this decision.

II. Relevant Past Decisions

2. Pursuant to the Governance Plan for Impact as approved at the Thirty-Second Board Meeting, the following summary of relevant past decision points is submitted to contextualize the decision point proposed in Section I above.

Relevant past Decision Point	Summary and Impact
GF/SIIC16/DP01: Recommendation on Strategic Review 2015 (October 2015)	Based on its review of the results and recommendations of the Technical Evaluation Reference Group’s Strategic Review 2015, the SIIC agreed to present the results and recommendations to the Board, and recommended the decision point presented in this paper.
GF/SIIC12/DP01: Approval of Plan for Strategic Review 2015 (June 2014)	The SIIC endorsed the TERG’s plan for the Strategic Review 2015, as outlined and described in GF/SIIC12/03, which required the TERG to prepare and implement a detail to deliver the Strategic Review 2015 for review and recommendation to the Board by no later than the fourth quarter of 2015.

Relevant past Decision Point	Summary and Impact
GF/SIIC13/DP03: Approval of Technical Evaluation Reference Group's 2015 Work Plan and Recommendation on the Technical Evaluation Reference Group's 2015 Budget (October 2014)	Global Fund Strategy 2012 – 2016. It also recommended the 2015 work plan's associated budget to the Finance and Operational Performance Committee for review and recommendation to the Board as part of the 2015 operating expenses budget.
GF/B25/DP09: The Global Fund Evaluation Strategy 2012 – 2016 (November 2011)¹	The Board approved the Global Fund Evaluation Strategy 2012 – 2016, which included a ten-year evaluation of the Global Fund. The Board requested the Secretariat to work with the TERG to update the Evaluation Strategy and requested the TERG to develop annual implementation plans for the Evaluation Strategy.

III. Action Required

3. Upon the approval of the decision point presented in this paper, the Secretariat will consider the recommendations from the Strategic Review 2015, as well as the inputs provided by the Board during the November 2015 Board meeting, to the final strategy narrative.

4. The final strategy narrative will be presented for the SIIC to review and recommend to the Board for approval by the first Board meeting of 2016.

IV. Executive Summary

5. The TERG was required to conduct an independent appraisal of progress towards the objectives in the Global Fund Strategy (2012-2016). In addition, the Global Fund Evaluation Strategy, approved in November 2011, anticipated the conduct of a rigorous, country focused ten-year evaluation of the Global Fund which included an assessment of impact against the three diseases. Seeking to conduct these two distinct activities in an efficient and coordinated manner, the TERG brought together the two components into a consolidated effort termed the “Strategic Review 2015” (SR 2015), presented in GF/SIIC16/06, which is available to Board members on the Board Effect online portal.

6. The SR2015 has two main objectives. Main Objective 1 (MO1) is a review of progress in implementation of the 2012 – 2016 Strategy to date and is formative by nature. Main Objective 2 (MO2), which is summative by nature, assesses impact against the three diseases over the past ten to 14 years.

7. Strategic Review 2015 employed a mixed-methods approach with elements of both quantitative and qualitative analysis. It synthesized a wealth of existing materials. The credibility and quality of the work were assessed by the TERG throughout the review period while the Secretariat was given the opportunity to identify any factual inaccuracies

¹ <http://www.theglobalfund.org/Knowledge/Decisions/GF/B25/DP09/>

01 Findings and conclusions

8. The Global Fund Strategy 2012–2016, which laid out the principles and directions for Global Fund investments remains as valid now and also into the foreseeable future, almost four years after it was developed in 2011.

9. The Global Fund processes do not yet appear to be fully aligned with, and supportive of, country-driven planning processes or national systems but are moving the right direction.

10. Good progress that has been made in transforming how the Global Fund functions including increasing allocations for high impact countries is being hindered by the continued application of largely undifferentiated processes and procedures. This is limiting the Global Fund's ability to focus its limited resources on what is most important and created unnecessarily high transaction costs for Secretariat teams and countries. For more information on differentiation, please find SIIC document GF/SIIC16/17 on the Board Effect platform.

11. There has been strong emphasis on key populations and a rights-based approach to tackle epidemic drivers, which has been well supported by the Secretariat. However, these positive efforts have not yet been fully translated into programming within countries while gender analysis remains especially weak.

12. A range of measures have been instituted by the Global Fund to monitor and improve its performance. However, there was particular concern on the value of the present set of KPIs for tracking Secretariat performance.

13. Sustainability and transition planning remain poorly operationalized within many countries. Inadequate support has gone towards mobilizing resources from the private sector and towards ensuring that non-governmental (e.g. civil society) contributions to the health sector can be sustained. For more information sustainability and transition, please find SIIC document GF/SIIC16/03 on the Board Effect platform.

14. The upfront allocation to countries based on GNI per capita and burden of disease has successfully ensured that Global Fund investments were better targeted to countries where the greatest impact could be made. The strategic objectives of increasing the predictability and flexibility of allocation of funding have been largely achieved, and welcomed by implementing countries and partners. Less successful has been the introduction of incentive funding and use of the Unfunded Quality Demand (UQD) register.

15. The Global Fund has been establishing formal partnership arrangements with key technical agencies at the global level. The approach has gone some way to addressing the provision of short-term technical support, and there is also evidence that global coordination of technical support is being strengthened. More attention is now needed to ensure that these agreements are working effectively at country level and that there is systematic engagement by in-country partners to improve program implementation and sustainability.

16. There are positive trends of declining incidence and mortality from 2000 to 2013 at an aggregate level across the 27 focus countries. The model used by the Global Fund to assess impact (the Lives Saved Tool) was adjudged to be satisfactory.

02 Recommendations

17. **Recommendation 1:** *Stay the course* - continue the current strategic objectives/directions without major changes with a focus on improving the prioritization and strategic focus of investments; and the measures for ensuring the sustainability of these investments.
18. **Recommendation 2:** *Let countries lead* - give greater priority to strengthening national ownership.
19. **Recommendation 3:** *One size does not fit all countries* - use differentiated approaches in the different country contexts to reduce transaction costs for both the countries and Secretariat staff.
20. **Recommendation 4:** *Smarter internal performance management* - improve the Global Fund internal performance management and oversight by drawing more on other organizations' experience to design systems that better meet Secretariat and Board needs.
21. **Recommendation 5:** *Seize opportunities to advance human rights and gender* -seek proactively opportunities to engage with policy makers and practitioners in countries to increase investments in the rights to health and gender sensitive interventions.
22. **Recommendation 6:** *Act on sustainability now* - start now to plan for and operationalize sustainability initiatives.
23. **Recommendation 7:** *Allocate for results* - ensure the current review on the allocation methodology considers a stronger element of absorptive capacity and proven effective use of Global Fund resources. Transform the current 'incentive' fund into a performance fund, to be awarded to countries for achieving outcomes and efficiencies.
24. **Recommendation 8:** *Buy into UHC* - promote more integrated, health systems-oriented investments to enhance Global Fund's contribution to national universal health coverage priorities.
25. **Recommendation 9:** *Leverage partners for greater country impacts* - continue the current approach of having pragmatic and more formal partnership agreements but ensure a greater focus on ensuring impact at country level.
26. **Recommendation 10:** *Quality data do not come free* -invest in improving the data quality for key inputs into jointly agreed methods for estimating prevalence, incidence, morbidity, mortality and treatment coverage. Consider using a quasi-experimental approach to examining the linkage between Global Fund disbursements and the number of lives saved taking into account available resources from all sources.

V. Background

03 Objectives of the Strategic Review 2015

27. In November 2011, the Board approved the Global Fund Strategy 2012-2016. Under the SIIC's guidance, the TERG was required to conduct an independent appraisal of progress towards the commitments reflected in the Global Fund Strategy (2012-2016). In addition, the Global Fund Evaluation Strategy, approved in November 2011, anticipated the conduct of a rigorous, country focused ten-year evaluation of the Global Fund, which included an assessment of impact against the three diseases. Seeking to conduct these two distinct activities in an efficient and coordinated manner, the

TERG brought together the review of Strategy implementation and the assessment of impact into a consolidated effort termed the “Strategic Review 2015”. For more information on the overall synthesis of the Strategic Review 2015, please find SIIC document GF/SIIC16/06 - Resource document: Overall synthesis, which is available to the Board members on the Board Effect platform.

28. The Strategic Review 2015 has two main objectives. Main Objective 1 (MO1) is a review of progress in implementation of the 2012 – 2016 Strategy to date and is formative by nature. It is the first major review of the Global Fund’s ‘transformative’ strategic framework that was developed to address a changing external funding environment, the need to increase impact and value for money (VFM) of investments, and the recommendations of the High Level Panel report on the Global Fund efficiency and effectiveness. For more information on MO1, please find SIIC document GF/SIIC16/06 - Resource document: MO1 Review progress in strategy implementation, which is available to the Board members on the Board Effect platform. Main Objective 2 (MO2), which is summative by nature, assesses impact against the three diseases over the past ten to 14 years. For more information on MO2, please find SIIC document GF/SIIC16/06 - Resource document: MO2 Approach to assessing progress in impact, on the Board Effect platform.

02 Scope and scale of the SR 2015

29. The evaluation questions for SR 2015 were developed based on individual interviews, group forums and extensive document review. The initial and most comprehensive set of questions covered the strategic goals and targets, all five strategic objectives and most of the 14 strategic actions for the Global Fund Strategy 2012-2016. In order to focus the Strategic Review 2015, the TERG applied three factors, namely, areas of greatest strategic interest; differing pace of implementation; and the availability of existing information across, the strategic objectives and strategic actions.

30. For MO1, the focus was on the TERG priority countries; however, samples of countries from all country bands were informative and necessary. An important consideration was those countries that had completed the process of developing and submitting Concept Notes under the new funding model. For the impact component of the Strategic Review 2015, analyses ranged from those Global Fund-supported countries that met the criteria for inclusion in lives saved and infections averted modelling, to a small number of countries where enhanced national Program Reviews provided more nuanced information on plausible program effects on impact.

03 Method and approach to the SR 2015

31. Strategic Review 2015 employed a mixed-methods approach with elements of both quantitative and qualitative analysis. The particular benefits of a mixed methods approach to the SR 2015 included bolstering the review’s validity and credibility through triangulation of findings from different methods and data sources.

32. The Review used a wealth of existing materials including TERG-commissioned evaluations and thematic reviews, Secretariat information and tracking systems, TRP reviews, Office of Inspector General (OIG) materials, national disease Program Reviews, modeling and estimations work done collaboratively with partners as well as other partner agency and country-developed materials.

33. For MO1, the main challenge was how to review the results of a Strategy intended to enhance results across many countries, when it was too soon for there to be actual results at the country level to assess. For this purpose, TERG used a ‘theory driven approach’ which set out the assumptions for why it is plausible to believe that changes observed are likely to lead to the intended enhanced results in the future. Detailed discussion of the methods applied and evidence used in the MO1 report can be found

respectively in Chapter 2 and Annexes 6 and 7 of SIIC document GF/SIIC16/06 - Resource document: MO1 Review progress in strategy implementation, available on the Board Effect platform.

34. For MO2, results reported using the Lives-saved Model for each of the three diseases were triangulated with three country-level data sources: Impact Profiles; Program Reviews and Plausibility Impact Assessments. Lives-saved estimates were not re-calculated but attempts were made to validate the results broadly with the afore-mentioned data sources. Details of the methods used are discussed throughout SIIC document GF/SIIC16/06 - Resource document: MO2 Approach to assessing progress in impact, available on the Board Effect platform, but the limitations are summarized at Section 6.1 of that document.

35. The credibility and quality of the work were assessed by the TERG throughout the review period and at its meeting in June 2015, while the Secretariat was given the opportunity to identify any factual inaccuracies.

VI. Discussion

01 Findings and conclusions

36. **Direction of current strategy:** The Global Fund Strategy 2012–2016 which laid out the principles and directions for Global Fund investments remains as valid now and also into the foreseeable future, almost four years after it was developed in 2011. However, the review notes that although the Global Fund's current strategy prioritizes in terms of setting out a number of strategic objectives, it does not prioritize either within nor between these objectives.

37. The review acknowledges that prioritization within the objectives has taken place during operationalization, such as during design and implementation of the New Funding Model, risk management processes and the allocation model. The review concurs that it was a pragmatic response to the context within which the strategy was developed. However, during these processes there appears to have been varying levels of engagement by the SIIC/Board. The evidence from the review indicates that the challenge going forward is in the further operationalization of the strategy, rather than a significant change in the strategic direction or objectives.

38. **Alignment of investments with national systems and country ownership:** Global Fund processes do not yet appear to be fully aligned with, and supportive of, country-driven planning processes or national systems. Although countries submitting Concept Notes have aligned their Global Fund requests with their disease NSPs, the review notes that some countries appear to have been overly influenced by NFM requirements and made revisions to NSPs prior to Concept Note development in order to assure greater alignment with the Global Fund. The findings also indicate that only a few countries propose that their Global Fund grants are aligned with and managed through national health systems or that the Global Fund grants will progressively work towards integrating current parallel systems into overall national health systems and structures.

39. The TERG conducted a thematic review on health system strengthening and has presented its position on HSS based on the review and other work, such as the Strategic Review (SIIC document GF/SIIC16/02, which is available to the Board members on the Board Effect platform).

40. **Differentiation:** The Global Fund's business model was meant to simplify and tailor processes based on country circumstances and assessment of risk. The review documents the good progress that has been made in transforming how the Global Fund functions including increasing allocations for high impact countries and applying more dedicated Secretariat resources towards high impact countries.

This has ensured more efficient and effective application of NFM processes in countries. However, the continued application of largely undifferentiated processes and procedures along the spectrum of high-risk, low capacity countries and low-risk, high capacity countries has hindered the Fund's ability to focus its limited resources on what is most important and created unnecessarily high transaction costs for Secretariat teams and countries in many cases.

41. Differentiation would also require a change in how others, such as the Board and the TRP, operate. For example, for the Board, this would include changes in the areas of risk management and appetite and capacity to strategically engage with the Secretariat on prioritization during operationalization of the next strategy. These changes also imply a reassessment of the role of the TRP in the Concept Note process and the degree to which all Notes should receive the same level of TRP attention.

42. The TERG has highlighted this key area further in another position paper, SIIC document GF/SIIC16/17, which is available on the Board Effect platform, incorporating key findings and lessons from other thematic reviews.

43. **Investments in human rights and gender:** The SR 2015 documents the strong emphasis on key populations and a rights-based approach to tackle epidemic drivers as a positive responses to the strategy, which has been well supported by the Secretariat. A clearly stronger analysis in Concept Notes of the effect of the three diseases and rights-related barriers to access to services for certain population groups is noted.

44. These positive efforts have not yet been fully translated into rights focused, gender sensitive programming within countries. Gender analysis in Concept Notes remains especially weak and often is reduced to looking at how the epidemics have a different effect on women and men, rather than examining the social and cultural factors that make women (or men) more or less vulnerable to each particular disease. Even when these aspects are analyzed, then prioritizing and translating funding ceilings into targeted interventions and grant budgets have been applied inconsistently. This has resulted in an inadequate focus on youth, particularly adolescent girls and young women.

45. **Global Fund performance management:** The SR 2015 documents a range of measures instituted by the Global Fund to monitor and improve its performance, including annual reviews of the Board and Secretariat by the OIG and the corporate 'key performance indicators' (KPIs) used by the Board to monitor Secretariat performance. The review commends the Global Fund, together with its principles of transparency on the global stage, as an institution with a level of scrutiny comparable with, or higher than, most other international organizations.

46. Of particular concern was the value of the KPIs for tracking Secretariat performance, which is central to the Secretariat being able to demonstrate results at output and outcome levels. While the review indicates that there are many technical issues that need to be resolved, it emphasizes that understanding changes in an indicator requires significant understanding of the context. When corporate KPIs are intended for use by the Board as much as by management, as in the Global Fund, problems arise when Board members lack the same level of contextual understanding.

47. **Sustainability of investments:** As with all development assistance, investing strategically does not necessarily lead to sustained improvements and impact unless sufficient attention is also given to the long-term sustainability. The Secretariat has put in place a number of initiatives to improve the financial sustainability, and has quite rightly emphasized the need for countries to generate domestic resources to continue delivering the same level of services. The review notes that sustainability and transition planning remain poorly operationalized within many countries.

48. Inadequate support has gone so far towards either mobilizing resources from the private sector or towards ensuring that non-governmental (e.g. civil society) contributions to the health sector can be sustained. As these contributions often are the only ones that provide support to marginalized groups,

it is vital that due attention is given to how they will be sustained beyond Global Fund financing. More focus is also required on countries that are transitioning between income groups and on how to encourage them to contribute to their own financing gaps.

49. The TERG also conducted jointly with the Secretariat team a thematic review on sustainability and has a position paper, incorporating key findings and lessons (SIIC document GF/SIIC16/03, which is available on the Board Effect platform).

50. **Invest more strategically:** One of the most important outcomes of the 2012–2016 strategy has been the shift of investments to ensure maximum impact. Having an upfront allocation to countries based on GNI per capita and burden of disease has successfully ensured that Global Fund investments were better targeted to countries where the greatest impact could be made. The strategic objectives of increasing the predictability and flexibility of funding have been largely achieved, which was welcomed by implementing countries and partners.

51. Less successful has been the introduction of incentive funding, which was intended to motivate countries to increase the ambition of their requests to the Global Fund. Country stakeholders and the Technical Review Panel (TRP) have found that the introduction of incentive funding led to increased transaction costs and weak evidence that incentive funding has universally motivated countries to increase the ambition of their requests through Concept Notes, as was the intention. At the same time, the Unfunded Quality Demand (UQD) register that was put in place to document disease program content that was not funded by the Global Fund or any other donor has had little effect as the Global Fund itself is unlikely to have sufficient funds to invest in additional activities and little evidence was found that other donors were stepping up to fill the gap.

52. **Partnerships:** The Review identifies the efforts of the Global Fund in establishing more formal partnership arrangements with key technical agencies at global level. These agreements have been important in supporting countries navigate the requirements of the NFM and providing better evidence to assist prioritization. It has also gone some way to addressing the provision of short-term technical support, particularly for needs related to the NFM. There is also evidence that global coordination of technical support is being strengthened.

53. As implementation of NFM grants is still nascent, there is little evidence to show how technical support and the role of partners has maximized Global Fund investments in grant implementation. More attention is now needed to ensure that these agreements are working effectively at country level and that there is systematic engagement by in-country partners to improve program implementation and sustainability.

54. **Impact on the three diseases and availability and quality of data:** The overall conclusions would confirm the belief that impact is being made against the three diseases and that the level of funding is an important factor in this impact. Findings from the SR 2015 show positive trends of declining incidence and mortality from 2000 to 2013 at an aggregate level across the 27 focus countries. Additionally, increasing trends were seen in the numbers of lives saved in all three diseases across the 27 countries during this time period. Furthermore, adequate evidence was found that there was a temporal association between funding and impact as shown in a cross-national analysis. Additionally, cross-national regression analysis showed a positive association between funding and impact for all three diseases separately over time.

55. The model used by the Global Fund to assess impact (the Lives Saved Tool) was adjudged by the review to be satisfactory. The review did not identify any large discrepancies in impact estimates generated but believe that the proposed changes in the *Report of the first meeting of the expert panel on health impact of Global Fund investments* from July 2014 are worthwhile and will improve accuracy of the model's results.

56. At the individual country level, evidence for plausibility of impact was examined which provided adequate evidence of association between funding and impact in most countries but not all.

57. Gaps in financial expenditure data in many countries make it difficult to track what funds have expended on national programs. Improving routine program monitoring data, surveys and surveillance would also be needed to fill in gaps. Higher quality data will be especially important if the Global Fund wishes to move to using registry-based data, which will become more necessary as the world moves closer to elimination.

VII. Recommendation

58. The TERG worked with the SR 2015 consultants to identify and prioritize 10 high-level recommendations based on the findings and conclusions of the review. The specific recommendations are given below while further details are provided in SIIC documents GF/SIIC16/06 - Resource document: Overall synthesis; Resource document: MO1 Review progress in strategy implementation; and Resource document: MO2 Approach to assessing progress in impact, which are available to the Board members on the Board Effect platform.

59. Recommendation 1: *Stay the course* - continue the current strategic objectives/directions without major changes with a focus on improving the prioritization and strategic focus of investments; and the measures for ensuring the sustainability of these investments.

The strategic objectives/directions in the current strategy are as relevant for the new strategy period and therefore strategy development does not need, as a priority, to focus on either identifying new directions or changing the substance of those already in place.

60. Recommendation 2: *Let countries lead* - give greater priority to strengthening national ownership.

The Secretariat should work to intensify discussions within countries on national priorities framed within universal health coverage targets and tailoring Concept Notes to country specific needs. Current practice may have put too great a priority on getting grants approved and money disbursed at a cost of lessening opportunities for strengthening national ownership.

61. Recommendation 3: *One size does not fit all countries* - use differentiated approaches in the different country contexts to reduce transaction costs for both the countries and Secretariat staff.

In terms of operationalization the strategy, almost all changes will be affected by how the Secretariat differentiates what it does. The Board should therefore focus on agreeing on the parameters for differentiation with the Secretariat as a matter of urgency and include consideration of the implications for the roles of the Board, Secretariat, TRP and OIG in this discussion.

62. Recommendation 4: *Smarter internal performance management* - improve the Global Fund internal performance management and oversight by drawing more on other organizations' experience to design systems that better meet Secretariat and Board needs.

63. Recommendation 5: *Seize opportunities to advance human rights and gender* -seek proactively opportunities to engage with policy makers and practitioners in countries to increase investments in the rights to health and gender sensitive interventions.

The new strategy should maintain a focus on and increase investments in rights to health and promotion of gender sensitive interventions as enablers to increasing impact by encouraging the Secretariat teams to seek out and exploit opportunities to engage with policy makers and practitioners in countries.

64. Recommendation 6: *Act on sustainability now* - start now to plan for and operationalize sustainability initiatives.

Broaden the concept of sustainability beyond a concern around transition and move the Secretariat focus from continued analysis/piloting to supporting countries.

65. Recommendation 7: *Allocate for results* - ensure the current review on the allocation methodology considers a stronger element of absorptive capacity and proven effective use of Global Fund resources. Transform the current ‘incentive’ fund into a performance fund, to be awarded to countries for achieving outcomes and efficiencies.

66. Recommendation 8: *Buy into UHC* - promote more integrated, health systems-oriented investments to enhance Global Fund’s contribution to national universal health coverage priorities.

67. Recommendation 9: *Leverage partners for greater country impacts* - continue the current approach of having pragmatic and more formal partnership agreements but ensure a greater focus on ensuring impact at country level.

68. Recommendation 10: *Quality data do not come free* -invest in improving the data quality for key inputs into jointly agreed methods for estimating prevalence, incidence, morbidity, mortality and treatment coverage. Consider using a quasi-experimental approach to examining the linkage between Global Fund disbursements and the number of lives saved taking into account available resources from all sources.

The higher the quality of the data that goes into the Lives Saved model, and eventually the Infections Averted model, the more reliable the results will be. Improving data quality for key inputs would be a worthwhile investment. If, as anticipated, elimination becomes a high priority, the Board should strongly advocate for higher quality data as well as completion and strengthening of the Infections Averted model. The TERG should consider whether there is value in taking a quasi-experimental approach to examining the linkage between Global Fund disbursements and the number of lives saved taking into account available resources from all sources.