



## **MONITORING AND EVALUATION STRATEGY**

**Outline:** The purpose of this document is to propose a Monitoring and Evaluation (M&E) strategy for the Global Fund for the Board's consideration.

### **Summary of Decision Points:**

1. The Board is requested to endorse the Global Fund's Monitoring and Evaluation strategy as described in this document.

# MONITORING AND EVALUATION STRATEGY

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## Executive Summary

1. The Global Fund's Monitoring and Evaluation (M&E) strategy is based on the Fund's goals and principles, as set out in its founding Framework Document and in subsequent decisions by its Board. The M&E strategy was formulated considering the needs for strategic information of different stakeholders, including grant recipients, donors and other partners, as well as for the management purposes of the Fund itself.
2. To the extent possible, the Global Fund's M&E strategy builds on existing country level and global systems for monitoring and evaluation to provide reliable, quality information to satisfy the strategic needs of the Fund and its stakeholders. The Fund recognizes the challenges to effective monitoring and evaluation from inadequate data quality assurance systems and weak M&E capacity in many grant receiving countries. Fund grants may be used to strengthen national M&E capacities and the Fund encourages joint partner efforts to this effect.
3. Based on the needs for strategic information, the Global Fund's M&E strategy focuses on three levels: program, country and global.
4. At the **program level**, the Global Fund and its grant recipients need to verify that grant programs progress cost effectively towards the objectives of approved grant proposals. Monitoring grant programs will initially focus on measuring the processes of program implementation. Ultimately, grant programs should contribute to the reduction of infection, illness and death due to HIV/AIDS, tuberculosis and malaria.
5. The Global Fund's M&E strategy at the program level is closely linked with its fiduciary arrangements for grant recipients, which were endorsed at the June 2003 Board meeting and includes the Fund's system for performance based funding.<sup>1</sup> The Board of the Fund initially approves grants for two years. Continued program funding is based on satisfactory performance. During the grant period, the Fund periodically releases tranches of the grant based on satisfactory programmatic and financial progress updates. M&E methods used by the Fund at the program level include ex ante reviews and assessments, on-going monitoring of key performance indicators, ex post reviews, and evaluations as appropriate.
6. At the **country level**, the Global Fund contributes to strategic information sharing between partners as relevant to measure national disease impact and key related processes. This includes to:

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<sup>1</sup> See the document *Fiduciary Arrangements for Grant Recipients*. Further operational details are provided in the Fund's guidelines documents for grant recipients, including *Guidelines for Performance Based Funding*; *Guidelines for the Principal Recipient's Monitoring and Evaluation Plan*; and *Guidelines for Annual Audits of Program Financial Statements*.

- ensure linkages between program level results and country level disease trends and impact;
  - monitor the functioning of public-private partnerships by tracking information on Country Coordinating Mechanisms (CCMs);
  - contribute to monitor, track and assess additionality;
  - collaborate with partners to access strategic information related to other key priorities, including sustainability; provision of services to the poor and vulnerable groups; health system-wide effects; and contributions to poverty reduction.
7. At the **global level**, the Global Fund needs to demonstrate its added value by disseminating data and analyses on its grant portfolio. The Fund also needs to monitor and evaluate its performance as an organization against its goals and principles. The Fund will establish and monitor key performance indicators, arrange for stakeholder feedback and peer reviews, and regularly commission evaluations of key performance areas.
8. The Global Fund has made provisions for annual audits of the financial statements for all financial parties to the Fund, including grant recipients, the Secretariat and the Trust Fund.
9. The Board of the Global Fund, through the Monitoring and Evaluation, Finance and Audit Committee (MEFA), provides policy guidance on the Fund's M&E strategy and oversees its execution. The Fund's Executive Director is responsible for all Secretariat work, including the execution of the M&E strategy. It is essential that the Fund generates performance information that gives impartial and independent insights to the Fund's achievements and operations. At the same time, it is critical that monitoring and evaluation are integral parts of the Secretariat's work to ensure that policy decisions are based on timely and relevant strategic information which feeds directly into the Fund's core business operations. To ensure transparency, the Fund's Board will have access to all performance information, studies and evaluations compiled by the Secretariat and commissioned to external evaluators according to the Fund's M&E Operations Plan. The management arrangements for the Fund's M&E are described in Annex 1.

## Part I: Principles, Needs, Focus and Context

### 1. Purpose and Principles

10. The Global Fund's founding Framework Document defines the Fund's purpose and establishes a number of principles to guide the Fund's operations. The Framework Document includes principles for how and to whom the Fund should provide its financing. Subsequent decisions by the Board of the Fund provide further details on Fund policies and procedures. The Fund's Monitoring and Evaluation strategy is designed to ensure the provision of strategic information to measure whether the Fund is cost-effectively delivering against its goals and principles and how improvements can be made.

11. The Global Fund's Framework Document states:

*the purpose of the Fund is to attract, manage, and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis, and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals.<sup>2</sup>*

12. The Framework Document also sets out basic principles for the Global Fund's monitoring and evaluation system. Among those principles most relevant for M&E are:

- *Focus on performance by linking resources to the achievement of clear, measurable and sustainable results;*
- *Make use of existing international mechanisms and plans;*
- *Seek to establish a simplified, rapid, innovative process with efficient and effective disbursement mechanisms, minimizing transaction costs and operating in a transparent and accountable manner based on clearly defined responsibilities.<sup>3</sup>*

13. The Framework Document, as well as subsequent decisions by the Global Fund's Board, stresses the need to link programmatic monitoring and evaluation of Fund grants with financial accountability arrangements. The Global Fund's *Fiduciary Arrangements for Grant Recipients* were endorsed at

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<sup>2</sup> The Global Fund's *Framework Document*: Section II.

<sup>3</sup> The Global Fund's *Framework Document*

the Fund's Fifth Board meeting in June 2003 and established a system to link funding to grant performance and financial accountability.<sup>4</sup>

14. The concept of **additionality** is fundamental to the Global Fund, and is featured in all key Fund policy statements. It implies that the Fund's contribution should add value to the fight against HIV/AIDS, tuberculosis and malaria in ways where:
- resources raised will expand and supplement the overall resource envelope, attracting additional international and national resources and commitments;
  - support to programs will expand and complement existing programs;
  - processes and structures will expand partnerships and increase participation at all levels.
15. The Global Fund recognizes that the active engagement of all sectors of a society is necessary to achieve sustainable impact against the three diseases. To further these objectives, the Fund expects grant proposals to be coordinated among all country level stakeholders through a **Country Coordinating Mechanism (CCM)**, and for the CCMs to have an important role in monitoring the implementation of approved proposals. The Fund's *Guidelines on the Purpose, Structure and Composition of Country Coordinating Mechanisms* were endorsed at the Fifth Board meeting in June 2003.
16. The Global Fund must gather the necessary strategic information<sup>5</sup> to be able to **monitor** progress on an ongoing basis against its goals and principles; demonstrate its added value; and incorporate lessons learned for continuous improvements. At periodic intervals, the Fund must also **evaluate** progress made in achieving its goals and the effectiveness of key operational processes. These evaluations should illustrate whether the intended goals have been achieved cost effectively and suggest how to build on strengths and/or adjust activities and strategies.
17. The Global Fund's **Monitoring and Evaluation (M&E) strategy** builds on work done by the Fund's technical Working Group on Monitoring, Evaluation and Results Based Disbursement (MERWG) and subsequent work by the Fund's Monitoring and Evaluation, Finance and Audit Committee (MEFA).<sup>6</sup> Based on MERWG's recommendations at the Fund's Third Board meeting in

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<sup>4</sup> See the documents *Fiduciary Arrangements for Grant Recipients*, *Guidelines for Performance Based Funding*, *Guidelines for the Principal Recipient's Monitoring and Evaluation Plan* and *Guidelines for Annual Audits of Program Financial Statements*.

<sup>5</sup> Strategic information is the data necessary to measure performance against specified goals. This includes information on grant program progress against agreed-upon baselines, benchmarks and targets for indicators described in Grant Agreements.

<sup>6</sup> The Monitoring and Evaluation, Finance and Audit (MEFA) Committee assumed the functions of MERWG following decisions at the Global Fund's Third Board meeting in October 2002.

October 2002, the Board endorsed “the principles of transparency, consultation with stakeholders and coordination of Monitoring and Evaluation (M&E) efforts to facilitate optimal use of existing capacity, while satisfying the needs of major donors and their internal auditing requirements.” Specifically, the Board decided that the M&E framework of the Fund should:

- *Ensure that the Global Fund’s M&E strategy meets the needs of both donors and recipients while minimizing new reporting burdens;*
- *Be sufficiently robust and independent to satisfy the investors in the Global Fund while minimising the need for separate audits by investors’ own auditors (e.g. national “Government Auditing Offices”);*
- *Clearly communicate the critical importance to the Global Fund of achieving results and measuring the impact of its resources on target populations;*
- *Facilitate the communication of results obtained by the Global Fund to a broad range of stakeholders, including NGOs and civil society;*
- *Allow for a continuous and early lesson learning process for the Global Fund, and facilitate feedback into proposal guidelines for future rounds;*
- *Use existing mechanisms, where possible, to collect and analyze data;*
- *Use a limited number of relevant and practical indicators; and*
- *Use the Global Fund’s leverage to strengthen national M&E systems, including current health information and surveillance systems at global and country levels.<sup>7</sup>*

18. The Global Fund’s Monitoring and Evaluation strategy, as described in this document, is designed to respond to the above-cited Board decisions and to:

- allow the Fund to link grant funding to results;
- share strategic information with key stakeholders as relevant for monitoring disease impact and related priorities, including additionality and public-private partnerships;
- demonstrate to stakeholders; donors and beneficiaries alike, the added value of Fund grant investments, and thus build support for sustained funding over the long term; and
- use lessons learned from operational practices to improve the Fund’s performance as an organization.

19. The Global Fund’s Monitoring and Evaluation strategy will be reviewed periodically under the guidance of MEFA, and may be subsequently modified by the Board in light of lessons learned, on-going donor harmonization efforts, and the evolving needs of stakeholders. The M&E strategy will be supported by a M&E Operations Plan, which will be updated as appropriate.

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<sup>7</sup> *Report of the Monitoring and Evaluation and Results Based Disbursement Working Group, Third Board Meeting of the Global Fund, October 2002, p. 2.*

## 2. Needs for Strategic Information: M&E on Three Levels

20. The Global Fund's Monitoring and Evaluation strategy is designed to be responsive to the needs for strategic information of grant recipients, donors and other stakeholders, as well as for the Fund's own management purposes. Considering the needs for monitoring and evaluation, the Fund's M&E strategy focuses on three levels: **program, country** and **global** as described below. The methods and approaches of the Fund's M&E strategy at these three levels are covered in Part II of this document

### 2.1. Program Level

#### 2.1.1. Strategic Information Needs

21. **Principal Recipients (PRs)** and **sub-recipients** of Global Fund grants need to monitor their programs on an on-going basis and to commission evaluations as appropriate as a management tool to ensure effective implementation and that lessons learned are incorporated into more effective implementation arrangements.

22. **Country Coordinating Mechanisms (CCMs)** need to monitor the progress made by PRs and sub-recipients to ensure that implementation reaches the objectives of a CCM's grant proposal.

23. **The Global Fund** needs to ensure that its grants are employed where they can make a cost effective difference against HIV/AIDS, tuberculosis and malaria. To link funding to performance, the Fund needs periodic information on progress made by grant recipients towards agreed targets.

#### 2.1.2. M&E Strategy

24. The Global Fund's Monitoring and Evaluation strategy at the program level is designed to be supportive of the monitoring and evaluation needs of Principal Recipients, sub-recipients and CCMs. The M&E strategy is furthermore designed to furnish the Fund with the strategic information necessary to link funding to grant performance without imposing unnecessarily burdensome reporting requirements. The Fund's system for performance based funding is designed to:

- encourage grant recipients to focus on results rather than on inputs;
- serve as a management tool for grant recipients to make adjustments to improve performance as implementation proceeds; to identify early opportunities to expand effective efforts and to address potential issues;
- furnish the Fund with performance information as a basis for disbursement of funds;
- provide performance information to CCMs for oversight and monitoring purposes; and

- communicate periodic progress updates to the Fund's Board and wider constituency.

## 2.2. Country Level

### 2.2.1. Strategic Information Needs

- 25. Recipient Country Partners** All stakeholders in a country affected by HIV/AIDS, tuberculosis and/or malaria can benefit from collaborating and sharing strategic information on progress towards reducing the impact of the diseases. Stakeholders include all CCM members as well as other related partnerships, such as National AIDS Commissions (NACs), Health Sector Partnerships, or other existing alliances relevant to Global Fund-supported programs. Synergies, cost effectiveness and sustainability may be achieved from optimal use of the resources from the Global Fund together with other partner resources within the broader country context, including linkages with national strategies and development frameworks. Such benefits can also result from optimal use of existing and harmonized national data collection systems and common indicators used by multiple partners for the monitoring and evaluation of programs supported by the Fund.
- 26. Development Partners** Partner organizations working alongside the Global Fund to support the efforts of countries to reduce the impact of the diseases need information from the Fund to effectively target their own cooperation. Bilateral and multilateral partners providing financial resources for the diseases (e.g., the U.S. Emergency Plan for HIV/AIDS Relief, the World Bank's Multi-sector AIDS Program, MAP) need to know where the Fund's investments are going to guide their own funding decisions. Development partners providing technical assistance need to know what capacity strengthening support their partners in recipient countries may need to make Fund-supported programs and related country level efforts successful.
- 27. The Global Fund** needs to know that its grant programs effectively contribute to achieve sustainable country level disease impact. This includes information indicating that Fund resources do not replace other resources at the country level for the three diseases or broader health or poverty reduction purposes. The Fund, like other stakeholders, also needs to access strategic information on key country level processes related to reducing the impact of the diseases. This information includes the effectiveness of public-private partnerships, sustainability of interventions, reach of poor and vulnerable groups, health system-wide effects, and contributions to poverty reduction as part of the Millennium Development Goals (MDG) efforts.

### 2.2.2. M&E Strategy

- 28.** The Global Fund's Monitoring and Evaluation strategy at the country level is designed to link program performance to national disease impact and to contribute to effective strategic information sharing between country level stakeholders to maximize joint learning, cost effectiveness, synergies and

sustainability. This includes contributing to information on resource flows allocated to the three diseases and to health and poverty reduction as necessary to address additionality. In instances where data quality and reliability from existing systems needs improvement, joint partner efforts are needed. Fund grant resources, as well as partner financial support, can be used to address these needs.

## **2.3. Global Level**

### **2.3.1. Strategic Information Needs**

29. **Donors** to the Global Fund need to know that their resources are used effectively and are contributing to reduce the impact of the three diseases. Donors have certain audit requirements for donated funds. In addition, donors need to see information on whether the Fund as an organization is performing in a cost-effective manner towards achieving its goals and principles. Donors also need to know that the Fund's Secretariat is operating efficiently and transparently.
30. **Other stakeholders** Multiple other entities, including, for example, research institutions, media, the public at large and firms with commercial interests related to the Global Fund's goals have their own needs for information from the Fund, including to make decisions on partnerships with the Fund.
31. **The Global Fund's Board** needs periodic assurances that the Fund is performing cost effectively against its goals and principles. This includes strategic information to ensure that:
  - strategies and policies set by the Board effectively support the Fund's goals and principles;
  - the Fund's Secretariat is held accountable for operations and management within its responsibilities;
  - partners to the Fund provide effective support as appropriate.
32. **The Global Fund's Secretariat** needs to monitor and evaluate its own operational procedures, strategies and policies according to key performance indicators for its own management purposes: to report regularly to the Board and to use lessons learned to improve operational policies and processes.

### **2.3.2. M&E Strategy**

33. The Global Fund's Monitoring and Evaluation strategy at the global level is designed to periodically furnish the Fund's donors and Board with the performance information they need to ensure accountability. It is also designed to allow the Fund's Board and Secretariat to use lessons learned to adjust the Fund's strategies and processes as appropriate to improve the Fund's performance as an organization. The Fund will as far as appropriate

make the information it collects through its M&E system available to any interested stakeholder.

### **3. Context and the Existing Environment**

34. The Global Fund's Monitoring and Evaluation strategy has been formulated in view of the broader country level and global environment in which the Fund operates.

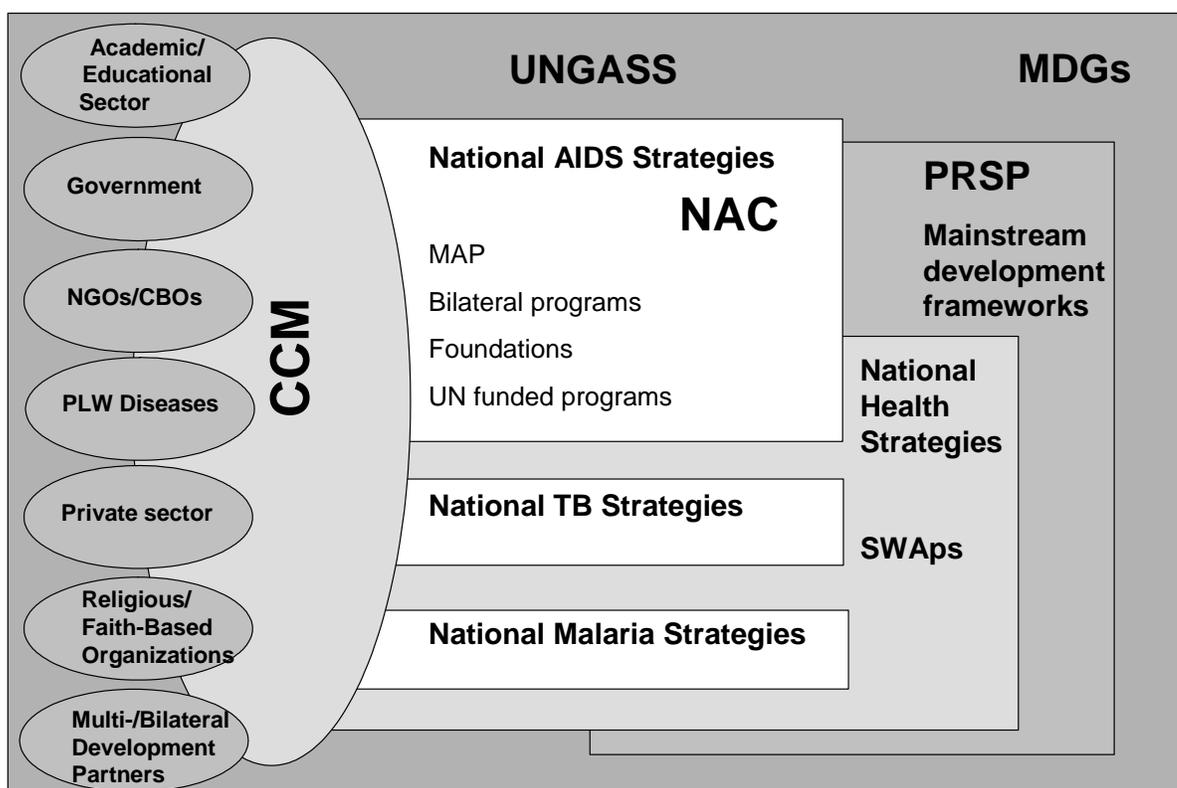
#### **3.1. Disease Impact and Linkages**

35. A multitude of stakeholders and processes influence countries' HIV/AIDS, tuberculosis and malaria situation. A number of factors contribute to the success of efforts to reduce the impact of the diseases including political commitment; the quality of overall health systems; human and other necessary capacities; inclusive and effective public-private partnerships; and optimal use of existing and harmonized systems; as well as national budget allocations and financial support from donors including the Global Fund.

36. The Global Fund recognizes that efforts against the three diseases will be less effective in isolation than if they build on, complement and coordinate with broader health and poverty reduction activities. This includes national strategies for the three diseases and the partnership and processes that provide coordination and oversight of these; National Health Strategies and sector-wide approaches (SWAPs); and broader development frameworks including Poverty Reduction Strategy Papers (PRSPs) and Millennium Development Goal (MDG) action plans

37. The Global Fund also recognizes the inherent difficulties in making attributions of specific disease impact to specific donor investments. Rather, the Fund will contribute with strategic information sharing and other forms of collaboration to joint partner efforts to monitor and evaluate progress towards sustainable country level disease impact in its totality. In doing so, the Fund recognizes the need to link grant program performance and capacity considerations to the broader country level disease context, as well as the contributions of disease impact to broader poverty reduction efforts as part of the MDGs.

## Programs supported by the Global Fund in the context of national strategies and broader development frameworks



### 3.2. Additionality

38. Resources through the Global Fund should not replace other resources at the country level for the three diseases or broader health or poverty reduction purposes. On the contrary, national allocations should be increasing to reflect higher policy priority due to the urgency of acting against the three diseases. Furthermore, donor resource allocations through bilateral and multilateral partners, private foundations and non-governmental organizations should also be increasing rather than decreasing as a result of the urgency of the pandemics and the need to support capacity-building efforts. In addition, increased funding for the three diseases must not result in a re-allocation of existing resources dedicated to other important health or poverty reduction initiatives.
39. Information on resource flows should include allocations to the three diseases and to health and poverty reduction by recipient governments, civil society, private sector and other donors. The World Bank and the IMF are supporting governments implement action plans to upgrade public expenditure management systems to make relevant public sector information transparently available.
40. Additionality can be seen in terms of improved outcomes and increased evidence of mitigation of impact. These health and poverty gains require

efficient use of increased level of funding, including from the Global Fund, complemented by a harmonized approach of an increased number of partners and an alignment with nationally led planning and budgetary processes.

### **3.3. Data Quality and Joint Partner Efforts to Strengthen Existing M&E Systems**

41. It is a major challenge for countries and donors to obtain quality data for measuring the status of the three diseases and the sustainable impact of different interventions. Currently, there are two principal sources of data for country level monitoring:
- National Health Information Systems (NHIS), including disease surveillance and vital registration systems; and
  - population and family surveys carried out by international partners.<sup>8</sup>
42. In many developing countries, routine health information systems are weak. Vital registration systems are incomplete or do not exist in many of the poorest countries. Plans for monitoring and evaluation, if they exist at all, often lack coherence on a national level, require updating and/or are unrealistic in scope. The indicators used to track progress are often too numerous and not clearly defined. Data collection, processing and interpretation are often inadequate, and data utilization is poor, with lack of feedback to lower levels in the system. National information systems often do not provide a complete picture of national disease distribution patterns, as information on high-risk groups is frequently unavailable, and information for district level planning is often poor.
43. Recognizing this challenge, especially in the context of monitoring progress towards the Millennium Development Goals (MDGs), the international community has in recent years made it a priority to support the strengthening of country level monitoring systems to improve data quality and to harmonize indicators to measure progress towards the MDGs.<sup>9</sup> For HIV/AIDS, tuberculosis and malaria, special global initiatives exist to harmonize indicators and M&E methodologies and to strengthen country capacities for monitoring and evaluation. These reference/resource groups include the UNAIDS, Roll-Back Malaria and Stop TB Monitoring and Evaluation Reference Groups (MERGs), the UNAIDS and World Bank Global Monitoring and Evaluation Support Team (GAMET), and the recent Health Metrics Network.

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<sup>8</sup> Such as the Demographic and Health Surveys (DHS MACRO), the Multiple Indicator Cluster Survey (UNICEF) and the World Health Survey (WHO).

<sup>9</sup> The Paris 21 initiative was introduced in 1999 as an umbrella framework for recipient countries, donors and multilateral organizations to work together to harmonize indicators and to strengthen national capacities to effectively measure progress towards the MDGs.

44. The Global Fund recognizes the challenges to effective monitoring and evaluation posed by inadequate data quality and weak M&E capacities. Fund grant resources may be used to support necessary capacity strengthening of national systems. To facilitate joint learning, cost effectiveness, synergies and sustainability, the Fund's Monitoring and Evaluation strategy as far as possible aims to build on, make use of, link up with and contribute to improvements of existing M&E systems. The Fund encourages harmonization efforts and joint efforts to strengthen existing country level and global M&E systems for the three diseases. The Fund will work with partners to ensure that the systems for monitoring the performance of grant receiving programs are linked to and make use of existing M&E systems at the country level. The Fund will also work with partners to access and contribute to strategic information, including common data bases and analytical work related to reducing the impact of the three diseases.

## Part II: Methods and Approaches

### 4. Program Level: Performance Based Funding

45. At the program level, the Global Fund's Monitoring and Evaluation strategy is designed to ensure that programs supported by Fund grants progress towards the objectives of approved grant proposals; ultimately contributing to reductions of infections, illness and death due to HIV/AIDS, tuberculosis and malaria. Methods and approaches employed by the Fund include:

- **ex-ante reviews** to ensure that only technically sound proposals are approved to receive grant financing;
- **ex-ante assessments** to ensure that grant recipients have the required minimum capacities to successfully implement approved grant proposals;
- **performance based funding** with:
  - periodic disbursement of funds to grant recipients linked to **monitoring of program results** against the objectives of approved grant proposals;
  - an **ex-post review** of program progress prior to the end of the initially approved two year funding period as a basis for continued funding.
- provisions for **evaluations** as appropriate.

45. The Global Fund's Monitoring and Evaluation strategy at the program level is closely linked to the Fund's fiduciary arrangements, as described in the document *Fiduciary Arrangements for Grant Recipients*, which was endorsed at the Fund's June 2003 Board meeting. Further operational details are provided in the Fund's guidelines documents for grant recipients, including

*Guidelines for Performance Based Funding; Guidelines for the Principal Recipient's Monitoring and Evaluation Plan; and Guidelines for Annual Audits of Program Financial Statements.*

#### **4.1. Ex-ante Reviews and Assessments**

46. Grant proposals to the Global Fund should include key objectives towards the reduction of infection, illness and death due to HIV/AIDS, tuberculosis and/or malaria, with associated key performance indicators, baseline data and targets.<sup>10</sup> The Fund normally expects grant proposals to be submitted by a Country Coordinating Mechanism (CCM).
47. Adequate resources need to be allocated by grant recipients for effective monitoring and evaluation. Donor experiences show that 5% to 7% of total annual disbursements to grantees should be targeted towards M&E. An appropriate amount of grant proceeds from the Global Fund should be identified in grant proposals to be used for M&E purposes.
48. The Global Fund's independent Technical Review Panel (TRP) **reviews** received grant proposals and recommends technically sound proposals for Board approval. The Board initially approves two years of grant funding for proposals recommended by the TRP.
49. Before the Global Fund agrees to enter into a Grant Agreement with a Principal Recipient nominated by the CCM, the Fund **assesses** that the PR has the required minimum capacities to successfully implement the approved proposal. PRs that transfer funds to sub-recipients must have appropriate systems in place to assess their capacities and monitor their performance.
50. Recognizing that **data collection and quality assurance systems** are often inadequate in grant recipient countries, the ex ante assessment will include identification of critical capacity gaps for the Principal Recipient's ability to collect and record programmatic data with appropriate quality control measures. This includes quality base line data early in the implementation process. The Global Fund requires the PR, with help from relevant CCM members, to address any critical capacity gaps as a condition for disbursement of funds. Fund grant resources may contribute to capacity strengthening as necessary and appropriate.

#### **4.2. Performance Based Funding**

51. Global Fund **monitoring** of grant program performance is based on the objectives and associated key performance indicators, base-line data and targets included in approved grant proposals. Based on an approved grant proposal, a Principal Recipient and the Fund may agree on supplementary

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<sup>10</sup> See the Global Fund's *Guidelines for Proposals*.

performance indicators and targets for the PR's monitoring purposes and for the Fund's periodic disbursements to be included in the Grant Agreement.

52. **Performance indicators** initially usually focus on *process* level achievements. As implementation proceeds, they will gradually shift to indicators related to expanding *coverage* and when relevant to lowering the *impact* of the three diseases on communities and individuals, and especially to reducing infection and death from the illnesses. CCMs and Principal Recipients are encouraged to select indicators that are widely used at the country level and globally as the result of harmonization processes, and linked to broader national data collection and surveillance efforts to monitor country level disease impact.<sup>11</sup>

#### ***Indicators to Measure Results***

- **Process** – the activities, systems, actions and other outputs that need to be completed in the near term to achieve improvements or increases in coverage or delivery of services to target groups;
- **Coverage** – the changes in key variables in the medium term that demonstrate that larger numbers of individuals in identified target groups are being reached by and benefit from improved services or interventions;
- **Impact** – the changes over a longer period in sickness and death, reducing the burden of disease in the target population that indicate that the fundamental objectives of the interventions have been achieved.

53. During grant implementation, Principal Recipients provide periodic progress updates against the agreed indicators and targets to the Global Fund along with their requests for additional disbursements of funds.

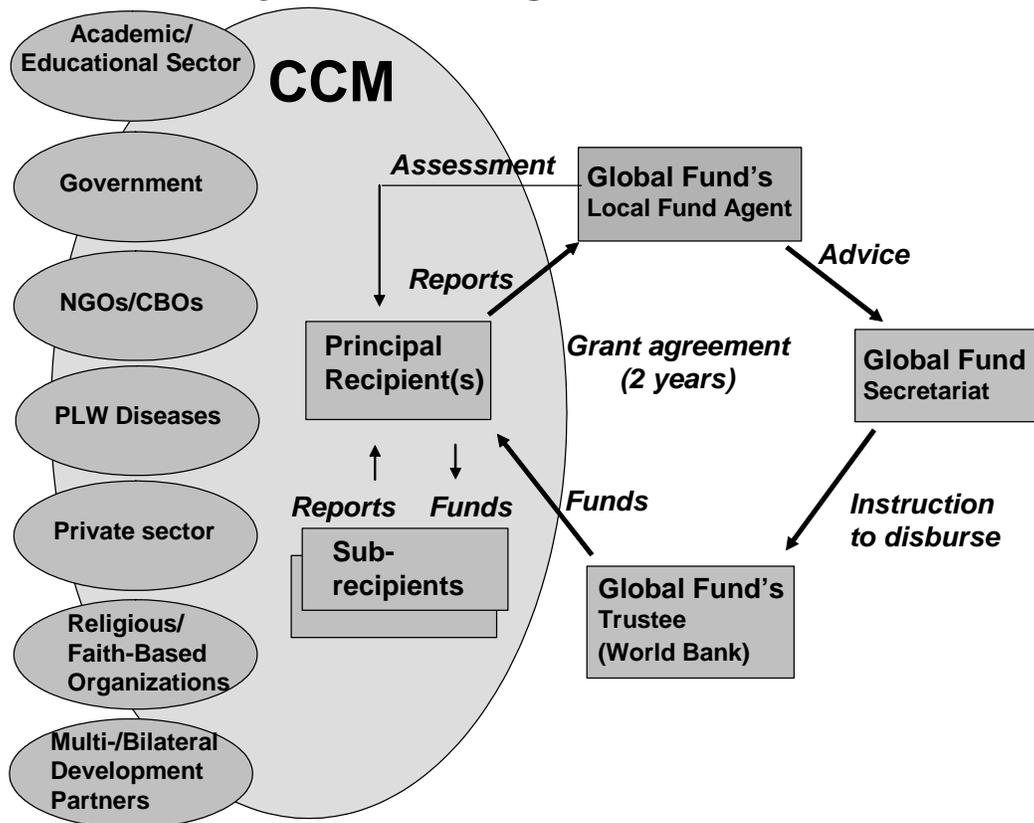
54. To ensure that the program performance data reported by Principal Recipients to the Global Fund are valid and of good quality, the Fund will as far as possible link up with and make use of existing reliable country level ***data quality assurance systems***. Where reliable mechanisms do not exist, the Fund can through its own grant financing or with the help of partners ensure that national data collection and surveillance systems are of adequate quality.<sup>12</sup> As necessary, the Fund contracts with independent experts with in-country presence (Local Fund Agents, LFAs) to provide independent verifications of the information provided by PRs.

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<sup>11</sup> See further discussion on linking program performance to disease impact at the country level in 5. *Country Level: Strategic Information Sharing*.

<sup>12</sup> See further discussion on the Global Fund's contributions to improve country level monitoring and evaluation systems in 5. *Country Level: Strategic Information Sharing*.

## Partners to the Global Fund's Monitoring and Evaluation Systems at Program Level



55. On a periodic basis, the Global Fund decides on additional disbursements to Principal Recipients based on their disbursement requests and programmatic and financial progress updates and the recommendations received from Local Fund Agents.
56. At the end of their fiscal year, Principal Recipients submit a *Fiscal Year Progress Report*<sup>13</sup> to the Global Fund, which covers consolidated programmatic and financial information for the grant program. The Fund uses this report to gain a consolidated view of program progress on an annual basis.
57. CCMs have an important oversight role to ensure that implementation follows the objectives established in their grant proposal. CCMs receive copies of all progress updates and reports from Principal Recipients to the Global Fund to ensure information sharing and encourage on-going peer review of implementation progress. In addition, partners can contribute to filling gaps

<sup>13</sup> The timing of this report is aligned with the PR's fiscal cycle to enable a PR that so chooses to incorporate the information needed for the Global Fund's purposes with other annual reports it may prepare.

and improving weaknesses as implementation proceeds based on the specific experience and comparative advantage of each partner.

58. To ensure financial accountability, the Global Fund requires all program **financial statements** to be **audited** on an annual basis by an independent, qualified auditor.<sup>14</sup>
59. Prior to the end of the two year initial funding period, CCMs may submit a *Request for Continued Funding* to the Global Fund which includes a **self-assessment** of progress made towards the objectives of their proposal. The Fund encourages CCM partners at the country level to contribute to this assessment with a critical view as to necessary adjustments to program design and/or implementation arrangements to improve performance. The Fund **reviews** progress made, requests Local Fund Agents to verify performance as necessary, and makes a decision on whether to continue funding the program for up to three more years on a discretionary basis based on performance and the availability of resources.<sup>15</sup>

### 4.3. Evaluations

60. All programs supported by Global Fund grants should make provisions for evaluations at appropriate points in time. An evaluation is a retrospective examination at some point in time to review the original assumptions made at the time that a program was developed, the progress made toward achieving its stated goals and objectives and recommendations for building on strengths or adjusting activities and/or strategies. The plans for such evaluations should be included in a CCM's grant proposal as well as in Principal Recipients' *Monitoring and Evaluation Plans*. The Fund encourages CCMs and PRs to make use of and link up with existing country level evaluation systems and efforts as far as possible, including those conducted on a regular basis by national academic institutions. PRs should send completed program evaluation reports to the Fund and forward copies to the CCM, who will follow up on the findings in these reports as appropriate.

## 5. Country Level: Strategic Information Sharing

61. At the country level, the Global Fund's Monitoring and Evaluation strategy is designed to contribute to effective strategic information sharing and other forms of collaboration to achieve joint learning, synergies, cost-effectiveness and sustainability between different national stakeholders, e.g., PRs/CCMs and National AIDS Commissions (NACs), the World Bank's Multi-sector AIDS

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<sup>14</sup> See the Global Fund's *Guidelines for Audit of Program Financial Statements*.

<sup>15</sup> Further operational details on the Global Fund's performance based funding system will be provided in the Fund's M&E Operations Plan.

Program (MAP), and other multilateral and bilateral, civil society and private sector initiatives. This includes to:

- ensure linkages between program level results and country level disease trends and impact, and that grant resources contribute to the strengthening of national M&E systems as necessary;
- monitor the functioning of public-private partnerships by tracking information on the functioning of CCMs;
- contribute to monitor, track and assess additionality;
- collaborate with partners to access strategic information related to other key priorities, including sustainability, provision of services to the poor and vulnerable groups, health system-wide effects and contributions to poverty reduction.

### **5.1. Linking Program Performance with Disease Impact**

62. The Global Fund considers program level information in the context of broader country level information when making decisions to approve grant proposals and to continue funding programs beyond the initially approved two years.<sup>16</sup> For this purpose, the Fund makes use of strategic information on disease trends and impact that is routinely collected and analyzed by partners.

63. The Global Fund encourages program level monitoring and evaluation to build on, make use of and be linked to broader country level M&E systems. This includes encouraging CCMs and Principal Recipients to as far as possible use harmonized performance indicators and to align program M&E with broader data collection and surveillance efforts.

64. In some cases, where Global Fund grants are very large (particularly involving a regional or national scale up of already successful activities at a lower level), program reporting may include regional or country level impact indicators, using existing country level systems where possible.

65. Where country level systems for data collection, assurances of data quality, surveillance and other important monitoring and evaluation functions are inadequate, Global Fund grant resources may be used to supplement the efforts of other partners to improve and strengthen these systems.

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<sup>16</sup> The Fund accesses relevant country level information for this purpose through CCMs in their grant proposals and in their *Requests for Continued Funding* as well as from development partners such as WHO and UNAIDS that on a regular basis collect country level disease information.

## 5.2. Key Processes Related to Disease Impact

66. The Global Fund will contribute to joint partner efforts at the country level to **track and assess strategic information** for certain key processes related to lowering the impact of the three diseases. The Fund will *directly track* strategic information of relevance for assessing additionality and the functioning of public-private partnerships. The Fund will seek to collaborate with relevant partners to consider this data in the broader country context. The Fund will work with partners to access strategic information for processes where the Fund *does not itself* directly track data, including sustainability, provision of services for the poor and vulnerable groups, health system-wide effects and contributions to poverty reduction as part of the MDGs. The Fund may collaborate with partners to conduct joint ad hoc case studies and evaluations.

### 5.2.1 Additionality

67. The Global Fund will ensure full transparency for its grants, including resource allocations by targeted disease, recipient constituency<sup>17</sup> and program area.<sup>18</sup> This information will be made available by the Fund on its website. The Fund will seek to work with partners that have access to information about other relevant resource flows, including the private sector where data are not always readily available, to contribute to jointly monitor, track and assess additionality, including:

- additional national allocation to HIV/AIDS, tuberculosis and malaria;
- additional overall resources allocated to HIV/AIDS, tuberculosis and malaria with assessment of additionality that can be attributed to the Fund;
- additional resources available for health (national health budget, including external support and national allocations);
- reduction in transaction costs through effective linkages and partnerships
- system improvements in transparency and management efficiency and effectiveness that can be associated with the Fund.

68. The Global Fund may conduct special studies and evaluations on additionality, as appropriate.

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<sup>17</sup> Academic/Educational Sector, Government, NGOs/Community-Based Organizations, People Living with HIV/AIDS, TB and/or Malaria, Private Sector, Religious/Faith-Based Organizations, and Multilateral and Bilateral Development Partners.

<sup>18</sup> Prevention, Treatment, and Care and Support; as well as resources going to Capacity Building and Program Administration.

### 5.2.2. The Functioning of Country Coordination Mechanisms: Expanding Partnerships and Linkages

69. The Global Fund will contribute to country level efforts to monitor the inclusiveness of public-private partnerships and whether there are effective linkages between related efforts by tracking information related to the functioning of CCMs. This includes tracking:
- evidence of expanding partnerships and participation in decision making and implementation;
  - linkages between Fund-supported programs and related efforts at country level; as well as
  - demonstrations of innovation and learning.
70. The Global Fund will commission ad hoc case studies on CCM practices. The Fund will make the information it receives on the functioning of CCMs widely available to partners, including through the Fund's website.

### 5.2.3. Other Key Priorities

71. Certain key priorities for reducing the impact of the diseases are difficult to attribute to Global Fund-supported processes or grants and *will not* be routinely covered by the Fund's M&E systems. However, through collaboration with partners and ad hoc case studies, the Fund will gain access to information in other key priorities at the country level, including:
- a) **Sustainability of interventions** Whether efforts against the diseases will lead to sustainable results and public health impact in the longer term ultimately depends on a number of factors including political commitment, strengthened health systems, human and other capacities, and effective partnerships. The Global Fund will collaborate with partners to improve current understandings of which pre-conditions and interventions foster sustainable results against the three diseases through e.g., joint ad hoc studies. Sustainability is an explicit criterion in the Fund's Technical Review Panel (TRP)'s consideration of which proposals to recommend for funding to the Fund's Board. A special concern is ensuring that access to treatment can be sustained over time.
  - b) **Provision of services to the poor and vulnerable groups, including people living with disease** Funding from the Global Fund is expected to reach the poor and vulnerable (e.g., ARV treatment). Equitable distribution of benefits from Fund grants needs to be addressed by CCMs during proposal development as well as by Principal Recipients and sub-recipients during implementation. Demonstrating that Fund grants reach the poor and vulnerable groups requires data according to socio-economic status and disaggregated for key criteria. Such benefit incidence studies are not carried out routinely in many countries but are becoming more common. The Fund encourages PRs to contribute to national efforts

to capture data by socio-economic status, for instance as part of Demographic Health Surveys (DHS), Multiple Indicator Cluster Surveys or the World Health Survey. The Fund may collaborate with partners in conducting ad hoc benefit incidence case studies to examine who benefits from Fund grants e.g., access to ARV treatment.

- c) **Health system-wide effects** Global Fund grants may have system-wide impact on health care in recipient countries. This effect may be positive if, for example, overall health service delivery is strengthened or commodity prices decrease, or negative if, for example, attention is diverted away from other national health priorities; human capacities for other health priorities are reduced as manpower is diverted to Fund supported programs; or adverse effects result from expanding ARV treatment. The Fund's Technical Review Panel (TRP) considers health system effects in their review of grant proposals. The Fund will explore the possibility to collaborate with relevant partners and research institutions to monitor such effects.
- d) **Contributions to poverty reduction** In addition to direct impact on the three diseases, Global Fund-sponsored programs may have wider effects on other aspects of social development and poverty reduction efforts towards the achievement of the MDGs in recipient countries. The Fund encourages partners that monitor wider social and poverty reduction effects at the country level to consider the Fund's contributions in this context. The Fund may commission ad hoc case studies to illustrate contributions to poverty reduction impact of Fund grants.

## 6. Global Level: Added Value of the Global Fund

72. The Global Fund makes information on its grant portfolio publicly available, with periodic updates as key variables change. The Fund will monitor and evaluate key performance areas related to the cost effectiveness of the Fund as an organization to deliver against its goals and principles. This includes areas related to the performance of the Fund as a financing mechanism as well as the performance of the Fund's Secretariat. The on-going monitoring of the Fund's performance serves transparency and accountability purposes, and provides lessons learned as a basis for continuous improvements of operational strategies, processes and tools.

### 6.1. The Global Fund's Grant Portfolio

73. The Global Fund tracks its grant investments by country, targeted disease, recipient constituency<sup>19</sup> and program area.<sup>20</sup> The Fund will make this data

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<sup>19</sup> Academic/Educational Sector, Government, NGOs/Community-Based Organizations, People Living with HIV/AIDS, TB and/or Malaria, Private Sector, Religious/Faith-Based Organizations, and Multilateral and Bilateral Development Partners.

and associated analyses available on its website on a country- as well as on an aggregated basis for its grant portfolio.

74. The Global Fund will as far as possible monitor aggregate results achieved by grant recipients. In the short term, this will mostly focus on process indicators selected by CCMs and Principal Recipients and agreed by the Fund during grant negotiations, e.g., number of service centres established or scaled-up. In the medium term, results will be aggregated according to an evolving menu of public health indicators for the three diseases (included in the Fund's *Guidelines for Proposals*) and other internationally agreed indicators that CCMs and Principal Recipients may select as relevant for the purposes of monitoring their programs. An example of such data is the number of HIV positive persons receiving ARV treatment. The Fund will make information on the aggregate results achieved by grant recipients and related analyses available on the Fund's website, with periodic updates as appropriate.
75. The Global Fund prepares frequent status updates on grant progress, including levels of disbursements per grant recipient, and publishes this information on the Fund's website. More extensive information on grant performance by country will also be included on the Fund's website as well as in the Fund's Annual Report

## **6.2. Monitoring Key Performance Indicators for the Global Fund as an Organization**

76. Key performance indicators (KPIs) for on-going monitoring of the Global Fund's performance as an organization are developed by the Fund's Secretariat as part of an annual process to set objectives, work plans and budgets. These objectives, work plans, budgets and key performance indicators are approved by the Fund's Board. They are then followed-up as part of an annual review process and included in the Fund's Annual Report and other periodic progress information.
77. The Global Fund's KPIs and monitoring and evaluation efforts have to reflect both the Fund's performance as a financing mechanism and areas under the direct responsibility of the Secretariat. As far as possible, the Fund will seek to establish relevant performance benchmarks, e.g., from other grant giving organizations. Important in this context are cost-effectiveness measures, such as the budget of the Secretariat (including the budget for LFAs) as a proportion of funds managed compared to other relevant organizations.

### **6.2.1. Portfolio Management**

78. The management of the Global Fund's grant portfolio includes the grant approval process, the process from Board approval to the first disbursement

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<sup>20</sup> Prevention, Treatment, and Care and Support; as well as resources going to Capacity Building and Program Administration.

of funds, the on-going performance based disbursement processes and, at the end of the initially approved two year grant period, the review of grant performance and decision whether to continue funding a program.

79. Key performance indicators for portfolio management include:

- **Cost effectiveness**, including total Secretariat administrative budget vs. approved and disbursed grants; and cost of LFAs vs. total grant disbursements.
- **Speed**, including the time from proposal submission to Board approval, the conclusion of Grant Agreements and the first disbursement of funds; and the time for disbursement requests from Principal Recipients to result in disbursements.
- **Grant performance**, including total funds disbursed vs. approved grant amounts; total funds used by PRs and sub-recipients vs. funds disbursed; and the proportion of grants that receive continued funding after the initial two years.

80. When establishing KPIs for portfolio management, it is important to consider which entity can be held responsible for performing a certain function. In addition to the Global Fund's Board and the Fund's Secretariat's Portfolio Team, partners involved in portfolio management include entities with which the Fund has contractual agreements: the Technical Review Panel (TRP), the Trustee (the World Bank) and Local Fund Agents (LFAs). The Fund will establish KPIs for the Secretariat's responsibilities for portfolio management as well as for the entities with which the Fund has contractual ties. With its Principal Recipients, the Fund concludes Grant Agreements and monitors grant progress according to KPIs (as described in 4. *Program Level: Performance Based Funding*). Several partners perform roles associated with the Fund's grant processes without formal ties, including development partners assisting CCMs to prepare proposals to the Fund and assisting PRs and sub-recipients with capacity strengthening during implementation of approved proposals. The Fund has concluded Memorandums of Understanding (MoUs) with certain partners for the benefit of its grant portfolio, e.g., UNAIDS. The Fund will monitor the effectiveness of partners in contributing towards its goals and principles for portfolio management.

81. In addition to **monitoring KPIs for portfolio management**, the Global Fund systematically requests **feedback** from key stakeholders, including grant recipients, on how the Fund's processes correspond with their needs and invite suggestions for improvements. The Fund will also arrange a system for **peer reviews** by technical experts. Strategic information and lessons learned will be used to periodically improve upon portfolio management processes and tools, including the *Guidelines for Proposals* and the Fund's system for performance based funding.

### 6.2.2. Additionality and Resource Mobilization

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82. A core purpose of the Global Fund is to mobilize additional resources for the three diseases. Information on resources committed to the Fund by donor source (donor governments, private sector, foundations, individuals, etc.) will be made widely available, including on the Fund's website and in its Annual Report. The Fund will seek to collaborate with other partners to monitor, track and assess additionality on the global level, including:
- overall ODA resources allocated to HIV/AIDS, tuberculosis and malaria (using OECD DAC information);
  - overall resources allocated health (using OECD DAC information)
  - non-ODA resources allocated to HIV/AIDS, tuberculosis and malaria (foundations, private sector, donations);
  - tracking system improvements in reduced transaction costs and management effectiveness that can be associated with the Fund.
83. The Global Fund's Secretariat Resource Mobilization Team will monitor total resources committed to the Fund by donor source (donor governments, private sector, foundations, individuals, etc.) as compared to targets, projected resource needs and previous years' disbursements.

### 6.2.3. Other Key Functions

84. **Communications** The Global Fund's Secretariat Communications Team is responsible for ensuring that relevant information about the Fund, including performance against key indicators, is effectively transmitted to different stakeholders. Key tools to this end are the Fund's website, Annual Report and other printed communications. The Secretariat encourages feedback from stakeholders to improve the effectiveness of its communication efforts.
85. **Administrative Operations** The Global Fund's Secretariat performs most of the Fund's administrative operations, including finance, administration, human resources, information systems, legal counsel and contracting, with support from the World Health Organization (WHO) through an Administrative Service Agreement. The Fund's Trustee (the World Bank) manages funds not yet disbursed to grantees. The Secretariat monitors key processes and outcomes from these functions.
86. To ensure financial accountability and transparency, the Global Fund's **financial statements**, processes and controls are **audited annually** by a qualified external auditor approved by the Board. The financial statements to be audited include those for the money held in the Trust Fund. The Trust Fund itself is audited annually by the auditors of the World Bank.
87. **Governance** The Board of the Global Fund has the primary responsibility for monitoring the Fund's governance. The Fund's Board meets at least twice yearly. In-between Board meetings, Board Committees provide policy guidance to the Secretariat. The Board monitors the effectiveness of Committees and periodically reviews the need to prolong mandates,

discontinue Committees or introduce new Committees based on key tasks to be performed.

### **6.3. Evaluations**

88. The Global Fund will commission evaluations of key performance areas on a rolling basis to perform more thorough in-depth reviews in order to provide necessary assurances to the Fund's donors, Board and other key stakeholders and suggest opportunities to improve Fund policies and procedures. One or two key areas for the Fund's performance will be selected for review every year. Key performance areas for these periodic evaluations include: the process to approve grant proposals; Country Coordinating Mechanisms (CCMs); the Local Fund Agents (LFAs) arrangements; the performance based funding system; and Fund partnerships. In this way, lesson learning will start at an early stage and the stresses that external evaluations may put on the Fund as an organisation can be minimised. Performance against the goals and principles of the Fund as well as cost effectiveness considerations will be key part of these evaluations. A first major evaluation of the Fund's overall performance against its goals and principles will be commissioned after at least one full grant funding cycle has been completed (five years).
89. In addition to the external evaluations commissioned by the Global Fund itself, the Fund may benefit from considering the analyses of independently commissioned external studies. However, independently commissioned external studies should be critically reviewed by the Fund as to their value added to prioritize the Secretariat's time in collaborating with such studies. External studies initiated by external parties should generally not receive funding from the Fund.