



Annex 1: Management Arrangements for the Global Fund's M&E

1. **The Global Fund's Board** decides on the Monitoring and Evaluation strategy for the Fund, and oversees its execution through the **Monitoring and Evaluation, Finance and Audit Committee (MEFA)**. MEFA provides policy guidance to the Fund's Secretariat on monitoring and evaluation issues and oversees their implementation by the Secretariat. MEFA also prepares decisions for the Board. For its decision making, the Board needs to have access to relevant strategic information on progress made vis-à-vis the goals of the Fund stated in its Framework Document and subsequent Board decisions and on the cost-efficiency in achieving this progress.

2. **The Global Fund's Executive Director** has the ultimate responsibility to the Board for all work of the **Secretariat**. This includes work on Monitoring and Evaluation. As such, the Executive Director carries the responsibility to provide regular and ad hoc reports on progress made to the Board and to MEFA. It is critical that this performance information gives impartial and independent insights to the Fund's operational achievements and areas for improvement. At the same time, it is critical that monitoring and evaluation is an integral and daily part of the Secretariat's work to ensure that policies are implemented correctly, that standards and goals are met, that lessons learned are rapidly turned into operational and policy improvements, and that all of these outcomes are based on timely and relevant strategic information which feeds directly into the Fund's core business operations. This includes to ensure that:
 - the Secretariat cost-effectively implements the Global Fund's fiduciary arrangements, including the performance based funding system;
 - the Secretariat Portfolio Team receives timely and relevant technical support as required to effectively implement the Fund's performance based funding system;
 - strategic information and analyses are directly relevant for designing and improving cross-cutting strategies, policies and procedures;
 - the Secretariat administrative functions are accountable, efficient and cost-effective.

3. To ensure transparency, the **Global Fund's Board** will have access to all performance information, studies and evaluations compiled by the

Secretariat and commissioned to external evaluators according to a **Monitoring and Evaluation Operations Plan**. This will include the inputs and advice received from an external **Technical Evaluation Reference Group (TERG)** (see below). This strategic information will be part of the regular monitoring and evaluation reports of the Fund's Executive Director to the Board. Based on performance reports and information, the Board may decide to conduct additional evaluation studies on specific or broader functions and issues. The Secretariat will support the implementation of such additional evaluations, as appropriate.

4. The monitoring and evaluation work of the Global Fund on the program, country and global levels is mainly focused on the performance of the Fund's grants and related processes, as relevant to demonstrate progress towards the Fund's goals and principles stated in the its *Framework Document* and according to subsequent decisions by its Board. In addition, the Fund will monitor and evaluate the administrative functions of the Secretariat, including finance, human resources, contracting, legal, communications and resource mobilization.
5. The **Global Fund's Secretariat administrative functions** are either directly performed by the Secretariat or are overseen by the Secretariat, when an external partner supplies the services (for example, the WHO and the World Bank). Administrative evaluations will focus on how policies and regulatory standards are implemented and the efficiency and cost effectiveness of key Secretariat processes. Evaluation topics, scopes, benchmarks, schedules and sources will be included in the Secretariat's work plans.

Qualified financial auditors approved by the Board through MEFA conducts annual audits of the Global Fund's financial statements and control processes of the Secretariat, including the management of the Fund's Trust Accounts (at the World Bank and WHO). The financial statements to be audited include those for the money held in the Trust Fund (by the World Bank). The Trust Fund itself is audited annually by the auditors of the World Bank. The audit results are reviewed by MEFA and reported to the Fund's Board by the 2nd quarter of each year.

6. A number of stakeholders and partners contribute to the **performance of the Global Fund's grant portfolio**. Executing parties include the Fund's Board and Secretariat (especially the Secretariat Portfolio Team). It also includes entities with which the Fund has contractual agreements: the Technical Review Panel (TRP), the Trustee (the World Bank) and Local Fund Agents (LFAs). It furthermore includes the entities responsible for implementing grant programs. The Fund holds Principal Recipients (PRs) responsible and accountable through Grant Agreements.¹ Several other partners influence the success of programs supported by Fund grants,

¹ See Section 4 in the Monitoring and Evaluation Strategy document *Program Level: Performance Based Funding*

including CCM members, sub-recipients and their development partners. M&E frameworks and approaches need to address the diversity of stakeholders involved in achieving the overall goals of the Fund. In addition, these approaches need to serve a timely learning function to allow adjustments in the policies and procedures of the Fund to guarantee effective and efficient operations.

7. The Global Fund will establish a **Monitoring and Evaluation Operations Plan** to define the operational details of the Fund's M&E Strategy for the performance of Fund grants and related processes. The M&E Operations Plan will include:
 - Prioritization and implementation of evaluations of key performance areas for the Fund, including scope and timing of specific evaluation studies. These evaluations will generally be conducted by external evaluators.
 - Operational details for M&E at the program level, including a description of the Secretariat's review process for periodic *Disbursement Reports and Progress Updates*, *Fiscal Year Progress Reports*, and *Requests for Continued Funding*, with a focus on the methods envisioned to assess data quality, provide feedback to grantees and, most importantly, the criteria for determining the on-going funding of grants.
 - Guidance on the selection of indicators for grantees, with particular attention to harmonizing with on-going global initiatives.
 - Indicators for performance monitoring for the Fund as an organization. Indicators, targets and timelines will be specified for the Fund's overall performance against its goals and principles as well as for the responsibilities of its different executing parties, including the Fund's Secretariat.
8. The Global Fund's Secretariat's **Strategic Information and Measurement Unit** develops the Monitoring and Evaluation Operations Plan under **MEFA's** oversight, and manages its implementation. The Strategic Information and Measurement Unit is part of the Strategy, Evaluation and Programme Support Team, which reports directly to the Fund's Executive Director. This organization will ensure independence for the M&E work from Portfolio Management operations as well as close linkage for M&E into the strategy and programme support functions of the Fund.
9. The Monitoring and Evaluation work of the Global Fund will be supported by a **Technical Evaluation Reference Group (TERG)**. The TERG will report at least annually to the Fund's Board through MEFA on issues which it determines may require Board attention. The Board and MEFA may also direct the TERG to examine specific programmatic aspects of the Fund as appropriate. The TOR for the TERG will be approved by the Board through MEFA. The Secretariat will ensure the TERG full access to any documentation that the TERG will need for the fulfilment of its tasks.

10. The TERG will support the Global Fund Secretariat's monitoring and evaluation work by providing independent assessments and advice on technical and managerial aspects of the monitoring and evaluation work of the Fund at all levels. Specifically, the TERG will provide input and conduct regular reviews of progress towards the implementation and refinement of the M&E Operations Plan and its different components, as well as to analytical reviews as appropriate.