



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Eighth Board Meeting  
Geneva, 28 - 30 June 2004**

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**GF/B8/7**

## **REPORT OF THE GOVERNANCE AND PARTNERSHIP COMMITTEE**

**Outline:** This report from the Governance and Partnership Committee with its annexes gives an overview of the committee's activities and deliberations and offers several recommendations for decision by the Board.

### **Decision Points:**

1. The Board approves, with immediate effect, the amendments to the Bylaws and Board Operating Procedures (as outlined on page 3), that add a constituency represented by a representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria (the "Communities delegation") to the Board as a voting member. The Board announces its intention to add an additional and balancing donor seat when a donor emerges who meets an appropriate financial threshold.
2. The Board adopts the requirements and recommendations as proposed in Annex 3a, in order to strengthen Country Coordinating Mechanisms as public-private partnerships of all relevant stakeholders.
3. The Board authorizes the signing of Headquarters Agreement based on the text attached as Annex 4a.
4. The Ethics and Conflict of Interest Policy is amended by inserting the following as section seven, and re-numbering the policy accordingly:
  7. Any individual who has served as a Board member, Alternate, a member of a Board committee, or as Chair or Vice Chair of the Technical Review Panel shall not be eligible for employment by the Global Fund Secretariat until one year following their last date of service in such a position. The Ethics Committee may waive this provision as appropriate.

## **Part 1: Introduction**

1. The Governance and Partnership Committee met on 20 and 21 May 2004 under the leadership of newly appointed Chair, Mr Pasqualino Procacci, and Vice Chair, Ms Dana Farcasanu, to pursue several ongoing issues and to address some new mandates. The current Terms of Reference, the meeting Agenda and the participants list are attached as Annex 1.
2. The deliberations of the Committee are summarized below with recommendations noted and supporting documentation contained in the attached annexes.

## **Part 2: Voting Rights for Communities Delegation**

1. At its Sixth Board meeting the Board requested that the GPC consider the issue of providing voting rights to the Communities delegation without affecting the existing voting structure.
2. At the Seventh Board meeting, the GPC reported to the Board that it could not recommend a mechanism to add the Communities delegation to the Board that did not affect the existing mandate. The Board then requested that the GPC reconsider the issue of providing voting rights to the Communities delegation with a broader mandate:

The Board requests the GPC to address the conditions under which the Communities delegation can become a voting member of the Board and report back with decision points to the Eighth Board meeting.

3. The GPC gave full consideration to the various options set out in the paper attached as Annex 2.
4. The GPC decided to recommend that the Board (1) add the Communities constituency to the recipient voting group now, and (2) invite prospective donors to join the Board in the donor group, committing to add an additional and balancing donor seat when a donor emerges who meets an appropriate financial threshold. The GPC was guided in its decision by the fact that (1) the prospective addition of the balancing donor seat presents a beneficial resource mobilization opportunity, and (2) the impact on the voting structure is marginal and (3) the decision reflects the Global Fund's commitment to the meaningful inclusion of affected communities in all aspects of its work.
5. The decision was near unanimous, though there were two minority positions. One position was that the status quo should be maintained. The other was that the addition of the Communities seat should be simultaneously balanced by the addition of a donor seat in the donor voting group. The majority of the GPC felt, however, that the additional donor seat would have more impact if held in abeyance to ensure that the seat would be allocated in recognition of significant additional financing being made available to the Global Fund.
6. The GPC recommended that this decision be the first substantive decision on the agenda of the Eighth Board meeting, and that it be immediately put into effect by the Board through an amendment to the Bylaws in order to allow the Communities delegation full voting participation at the meeting.

**Decision Point:**

**1. The Board approves, with immediate effect, the amendments to the Bylaws and Board Operating Procedures (as outlined below) that add a constituency represented by a representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria (the “Communities delegation”) as a full voting member of the Board. The Board announces its intention to add an additional and balancing donor seat when a donor emerges who meets an appropriate financial threshold**

**Amendments:**

**Article 7.1 of the Bylaws is amended as follows:**

**7.1. Composition**

**The Foundation Board shall consist of nineteen voting members and four nonvoting members. Each voting member shall have one vote.**

**Voting members of the Foundation Board shall consist of:**

- **Seven representatives from developing countries, one representative based on each of the six World Health Organization (“WHO”) regions and one additional representative from Africa.**
- **Seven representatives from donors.**
- **Five representatives from civil society and the private sector (one representative of a non-governmental organization (“NGO”) from a developing country, one representative of an NGO from a developed country, one representative of the private sector, one representative of a private foundation, and one representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria).**

**The four ex-officio nonvoting members of the Foundation Board shall consist of:**

- **One representative from the WHO;**
- **One representative from the Joint United Nations Programme on HIV/AIDS (“UNAIDS”);**
- **One representative from the trustee; and**
- **One Swiss citizen with his or her domicile in Switzerland authorized to act on behalf of the Foundation to the extent required by Swiss law.**

**Members of the Foundation Board (“Board Members”) may each appoint one Alternate Member to serve in their stead, under policies and procedures determined by the Foundation Board.**

**The third paragraph of Article 7.6 is amended as follows:**

## 7.6 Operations

***The Foundation Board shall use best efforts to make all decisions by consensus. If all practical efforts by the Foundation Board and the Chair have not led to consensus, any member of the Foundation Board with voting privileges may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the seven donor seats and the two private sector seats and b) the group encompassing the seven developing country seats, the two non-governmental organization seats, and the representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria.***

***Section 10 of the Board Operating Procedures is amended as follows:***

### 10. Decision-making

***The Board shall use best efforts to reach all decisions by consensus. If all practical efforts by the Board and the Chair have not led to consensus, any member of the Board with voting privileges may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the 7 donor seats and the 2 private sector seats and b) the group encompassing the 7 developing country seats, the 2 non-governmental organization seats, and the representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria.***

***There are no material budgetary implications for this decision point.***

## Part 3: Country Coordinating Mechanisms

1. The GPC had considered a series of documents in their review of the issue of Country Coordinating Mechanisms. A description of the full review of the process is contained in Annex 3a. It included a synthesis and analysis of case studies from seventeen countries (Annex 3b), an interim report on the tracking study of four countries, a multi-country study of NGO involvement in CCMs and other reviews and studies as well as existing guidelines. The GPC considered both the background documentation (the case studies and surveys), the synthesis and analysis as well as a paper prepared by the secretariat outlining a range of possible responses to the findings.

2. In its discussion the GPC decided to focus on two distinct deliverables: first, a set of requirements which would build on and strengthen issues addressed in the current CCM guidelines and would be incorporated as appropriate in Global Fund tools and instruments (such as the grant agreement or the proposal guidelines), and second, a set of recommendations that would be included in the current CCM guidelines to further clarify the roles and expectations of CCMs (these are outlined in Annex 3a).

3. In principle, the GPC determined that requirements should be used only where the findings showed additional rigor would have a positive effect on country processes and where the aims were achievable by the majority of CCMs. In other cases, the Committee developed recommendations to address issues where additional guidance was necessary. The GPC emphasized that they see the CCM processes have been improving over the relatively short life of the Global Fund, and that they will continue to evolve.

4. The GPC discussions were undertaken in a spirit of consensus and compromise, allowing the Committee to reach consensus on most of its recommendations to the Board. However, no consensus could be reached related to the provision of Global Fund resources to support the functioning of CCMs. While most GPC members recognized the need for financial assistance in running a CCM, many were of the view that Global Fund money should not be used for this purpose.

5. The GPC took the view that Board Members should actively encourage both bilateral and multilateral partners to support the functioning and development of CCMs by providing technical assistance wherever possible.

6. The Committee noted its intention to continue to monitor the issue of CCMs and the implementation of the requirements and recommendations should the Board approve them. as discussed in Part 9.2 of Annex 3a.

7. The GPC recognizes that these decision points are another step along the road to well functioning and accountable CCMs and intends maintaining the issue as part of an ongoing agenda. The results of these current requirements and recommendations will be reviewed and further action proposed as necessary.

**Decision Point:**

***2. The Board adopts the requirements and recommendations as proposed in Annex 3a, in order to strengthen Country Coordinating Mechanisms as public-private partnerships of all relevant stakeholders.***

**Budgetary implications of this decision point:**

***Recommendation 9, Option 2 on page 17 of Annex 3a, would have budgetary implications for the Secretariat in the amount that MEFA would recommend to be set aside as a discretionary budget. No other recommendation in the Annex has budgetary implications.***

**Part 4: Headquarters Agreement**

1. During the week of the GPC meeting the Secretariat completed its negotiations and finalized the text of the Headquarters Agreement (HQA). The final versions of the HQA, the official French text and the English translation, together with a note explaining the minor changes from the original draft previously circulated to the Board, are attached as Annexes 4a and 4b. Each of the changes was requested by the Global Fund, and accommodated by the Swiss authorities. The French text is the official text of the agreement; the English text is provided as an unofficial reference translation.

2. The GPC noted that the Global Fund is engaged in high-risk activities of a scope and scale typically undertaken only by international organizations and governments, and that it is currently exposed to potential legal liabilities that are significant. International organizations and governments generally receive some protection from these liabilities through the recognition of certain legal immunities, which the Global Fund does not have. The HQA offered by the Swiss authorities would provide certain legal immunities and privileges to the Global Fund in Switzerland, and significantly protect the Global Fund against liabilities that may arise based on its activities. The GPC noted that, in the absence of the HQA, the Global Fund would need to rapidly consider the purchase of private party insurance or, if it chose to remain self insured, to consider changes to its current financial management policies that may be necessary to address its increasing risk exposure.

3. The Committee noted that the development of the HQA was the result of a process initiated at the time the Global Fund was formed, in which the Fund has been pursuing the most optimal situation for insuring against risk. The GPC requested that the Secretariat prepare an information paper briefly summarizing the development of the HQA and the benefits it offers. This paper is attached as Annex 4c.

4. The Committee noted that the Swiss authorities have offered the HQA based on an expectation that the Global Fund will, over time, begin to directly employ at least some Secretariat staff. It also noted that the fulfillment of this expectation will be an evolving process with the Swiss authorities, and the Board should be kept apprised of any changes to Secretariat employment conditions, and any associated resource implications, as required by Board governance procedures.

5. The Committee decided to unanimously recommend to the Board that it approve the Headquarters Agreement based on the final text attached as Annex 4a. It also recommended that the Secretariat keep the Board continuously updated, through the GPC, of the ongoing discussions with the Swiss authorities on the HQA to ensure that the Board is informed of any substantial changes to the Secretariat, as required by Board governance procedures.

**Decision Point:**

***3. The Board authorizes the signing of Headquarters Agreement based on the text attached as Annex 4a.***

***There are no material budgetary implications for this decision point.***

**Part 5: Ethics and Conflict of Interest**

**Post-Board Employment Restrictions**

1. The revised Ethics and Conflict of Interest Policy was approved by the Board at the Seventh Board meeting with the exception of the recommendation to create a “cooling off” period which must pass before an individual who has served in the governance structure of the Global Fund may be employed by the Fund. The GPC had proposed the following provision to the Board for inclusion in the Policy:

***Employment by the Global Fund***

*Any individual who has served as a Board Member, Alternate, a member of any Board committee, or as Chair or Vice Chair of the Technical Review Panel shall not be eligible for employment by the Global Fund Secretariat until eighteen months following their last date of service in such position. The Ethics Committee may waive this provision as appropriate.*

2. The Chair of the Board requested that the GPC re-consider this provision to determine whether the eighteen month period was the appropriate term, or whether the period should be shortened.

3. The GPC recommends that this provision be reinstated in the Conflict of Interest policy with a shortened "cooling off" period of one year.

#### **State-owned Production of Goods Procured by State Entities**

4. At the Sixth Board meeting, the Board referred the following issue to the Governance and Partnership Committee (GPC):

The Board refers to the Governance and Partnership Committee the issue of potential conflict of interests when products are manufactured in a state-owned laboratory and the Principal Recipient is a public entity and when products are manufactured or purchased in a state-owned structure and the state is responsible for quality.

5. The GPC deferred consideration of this until after the Seventh Board meeting. The GPC based its consideration of this issue, in part, on the background papers previously issued by the Procurement and Supply Management Advisory Panel (PSM-AP) in its May 2, 2003 report to the Portfolio Management and Procurement Committee (PMPC).

6. The GPC considered these issues as a matter of general principle, without considering the specific technical aspects of procurement and quality control processes. The GPC recommended that Global Fund policies should avoid these conflicts where possible and reasonable to do so, but recognized that in some circumstances these conflicts may arise. In these cases, it recommended that these conflicts continue to be mitigated on a case-by-case basis, rather than being addressed by a general policy set by the Board. In particular, the Committee proposes to examine questions regarding Global Fund liability, the liability of Sub-recipients under the agreements, and the standards for derogation from the agreements.

#### **Decision Point:**

***4. The Ethics and Conflict of Interest Policy is amended by inserting the following as section seven, and re-numbering the policy accordingly:***

***7. Any individual who has served as a Board member, Alternate, a member of a Board committee, or as Chair or Vice Chair of the Technical Review Panel shall not be eligible for employment by the Global Fund Secretariat until one year following their last date of service in such a position. The Ethics Committee may waive this provision as appropriate.***

**There are no material budgetary implications for this decision point.**

## **Part 6: Grant Agreements**

1. At the Seventh Board meeting the GPC was given the following mandate:

The Board requests the Governance and Partnership Committee, in consultation with its other appropriate bodies, to develop a standard template grant agreement containing clear and detailed definition of role, obligations and competence of main actors in the grant disbursement process (i.e. CCM, LFA, PR, Global Fund Secretariat) and to elaborate procedures for ensuring timely, sound and unhindered implementation of grant agreements for consideration by the Board at its Eighth Meeting.

2. Prior to the Seventh Board meeting, the legal team of the Secretariat had initiated a process to revise the standard grant agreement. This initiative was undertaken by the Secretariat in order to (1) tighten and clarify some of the language in the agreement, (2) clarify the legal responsibilities of the institutions participating in grant implementation, and (3) determine whether there were legal obligations or expectations not addressed in the current standard form.

3. In the course of this review, the Secretariat has undertaken substantial internal consultation between its relevant policy and operational units, and has benefited from pro-bono legal advice on language, structure, and terms of the standard template. This process has also been informed by feedback provided by Principal Recipients and lessons learned during negotiations in the first two funding rounds. Though nearing completion, this process is still ongoing.

4. The Global Fund currently uses one of two standard agreements, one for UNDP when it acts a principal recipient, and one for other Principal Recipients (PRs). The current templates for both these agreements were shared with the GPC.

5. The GPC encouraged the Secretariat to clarify the roles of each of the actors involved in implementation (PRs, CCMs, LFAs) by ensuring that the legal rights and obligations of each are clearly set out in the grant agreements. The GPC noted that the current grant agreements present a narrative of these roles, but the legal rights and obligations of all parties (including the Secretariat) could be more explicit. It also discussed variances between the two template agreements, and asked for further clarification from the Secretariat on the differences and how those differences are addressed as the revision process develops. The GPC will participate in the grant agreement review process by providing suggestions on the template grant agreements for consideration, and will keep the template grant agreement under review.

6. As an ongoing process, the Secretariat committed to keep the GPC regularly informed of substantial changes to the standard template agreements.

## **Part 7: Partnerships**

1. The GPC was informed that there were additional changes to the Memoranda of Understanding with Roll Back Malaria and Stop TB and that new drafts will be made available to the Committee as soon as they were ready. The Committee will then determine whether to approve the MOUs or to refer them to the Board for approval.

**TERMS OF REFERENCE**  
**GOVERNANCE AND PARTNERSHIP COMMITTEE**

General Terms of Reference		
<ol style="list-style-type: none"> <li>1. Making the bodies of the Fund work effectively, including Board processes and structure;</li> <li>2. CCM partnership and policies related to expanding partnerships at the global level;</li> <li>3. Policies on interactions among Board, TRP, Secretariat and Partnership Forum; and</li> <li>4. Personnel policies.</li> </ol>		
Current Assignments		
Issue (responsible)	Task	Deliverable and Timeline
1. Conflicts of Interest (David Sullivan)	<p>Review clause on Post- Board Employment</p> <p>Examine the possible COI between the chairs of CCMs and the Principal Recipients, particularly in the process of selecting Principal Recipients.</p> <p>Issue of potential COI when products are manufactured in a state-owned laboratory and the Principal Recipient is a public entity and when products are manufactured or purchased in a state-owned structure and the state is responsible for quality</p>	<p>Board sent back for Committee review</p> <p>Pending with Committee</p>
2. CCMs (Doris D'Cruz-Grote)	<p>Review of completed case studies and surveys and CCM data and formulation of recommendations</p> <p>Examine eligibility of applications when the composition of CCMs lacks representation of communities affected by the three diseases and civil society.</p>	<p>Recommendations to Eighth Board 30-June2004</p>
3. Partnership Agreements (Brad Herbert)	<p>Review and Endorse for Signature the MOUs with Stop TB and Roll Back Malaria</p>	<p>For review by GPC and submission to Board</p>
4. Legal Status of the Fund in Switzerland	<p>Work further on the legal status of the Fund, prepare recommendations to the Board regarding the proposed Headquarters Agreement; support the Secretariat negotiations</p>	<p>Review of HQ Agreement and explanatory documents by Board June 04</p>
6. Voting Rights for Communities (David Sullivan)	<p>The Board requests the GPC to address the conditions under which the Communities delegation can become a voting member of the Board and report back with decision points to the Eighth Board Meeting.</p>	<p>Recommendations for Eighth Board</p>
8. Roles and Obligations of Main Actors in Grants Process	<p>The Board requests the Governance and Partnership Committee, in consultation with its other appropriate bodies, to develop a standard template grant agreement containing clear and detailed definition of role, obligations and competence of main actors in grant disbursement process (i.e. CCM, LFA, PR, Global Fund Secretariat) and to elaborate procedures for ensuring timely, sound and unhindered implementation of grant agreements for consideration by the Board at its Eighth Meeting.</p>	

**DRAFT AGENDA**  
**GOVERNANCE AND PARTNERSHIP COMMITTEE**

<b>Date :</b>	Thursday 20 and Friday 21 May
<b>Venue :</b>	Ground Floor Conference Room, Global Fund Office
<b>Chair :</b>	Mr Pasquelino Procacci
<b>Vice –Chair :</b>	
<b>Focal Point :</b>	Dianne Stewart (resource people in brackets below)

**Thursday 20 May 2004**

**Morning 9.00 – 12.30:**

- 9.00 – 9.30**            **1.        Introductions**  
                                 **Review and Approval of the Agenda**  
                                 **Appointment of the Vice Chair**
- 9.30 - 12.30**            **2.        CCMs (As Sy; Doris D’Cruz-Grote)**  
                                 - Review of recommendations for comprehensive CCM Paper

**Lunch 12.30 – 14h00**

**Afternoon 14.00 – 18.00**

- 14.00 – 15.30**            **3.        Voting Rights for Communities (David Sullivan)**  
                                 - Review and Approval of the paper
- 15.30 – 16.00**            **4.        Legal Status of the Fund in Switzerland (David Sullivan)**  
                                 - Update on negotiations with the Swiss
- 16.00 – 16.30**            **5.        Partnerships (As Sy/Brad Herbert)**  
                                 - Update on RBM and STB MOUs
- 16.30 – 17.30**            **6.        Conflict of Interest (David Sullivan)**  
                                 - COI Policy (post employment restrictions)  
                                 - COI Specific Question (Procurement)
- 17.30 – 18.00**            **7.        Grant Agreements (Dave Sullivan)**

**Friday 21 May 2004**

**Morning 9.00 – 12.30:**

- 9.00 – 11.00**            **8.        CCMs - Final paper**  
                                 (Review and Approval of paper)
- 11.00 – 12.30**            **9.        Voting Rights – Final paper**  
                                 (Review and Approval of paper)

**Lunch 12.30 – 14.00**

**Afternoon 14.00 – 17.00**

**LIST OF PARTICIPANTS**  
**GOVERNANCE AND PARTNERSHIP COMMITTEE**

<b>Date :</b>	Thursday 20 May and Friday 21 May
<b>Venue :</b>	“Hope Plaza” Conference Room, Global Fund Office.
<b>Chair :</b>	Mr Pasqualino Procacci
<b>Vice –Chair :</b>	Dr Dana Farcasanu
<b>Focal Point :</b>	Dianne Stewart

1. Dr. Minghui Ren, China (Western Pacific)
2. Dr. H el ene Rossert-Blavier, (Board Vice Chair), Developed Country NGO
3. Dr. Dana Farcasanu, Eastern Europe
4. Dr. Nono Simelela, East and Southern Africa
5. Mr. Pasqualino Procacci (Chairman), Italy
6. Mr. Todd Summers, Private Foundations
7. Mr. Trevor Neilson, Private Sector (***To be represented by Dr. Neeraj Mistry on Thursday, 20 May***)
8. Mr. Tamotsu Ikezaki, Japan
9. Dr. Jose Antonio Izazola, Latin America & Caribbean
10. Ms. Rita Arauz Molina, NGO Developing
11. Mr. Rodrigo Pascal, NGO Representing Communities
12. Ms. Marijke Wijnroks, Point Seven
13. Mr. John S. Gardner, USA

**Global Fund Staff Members**

14. Mr. John Burke, Chief Administrative Officer
15. Ms. Doris D’Cruz, Coordinator, CCM Development
16. Ms. Dianne Stewart, Board Relations Manager
17. Mr. David Sullivan, Senior Legal Officer
18. Mr. Elhadj Sy (As), Director, Operational Partnerships & Country Support

## Communities Voting Rights

### Introduction

1. At the Seventh Board meeting the Board requested that the GPC reconsider the issue of providing voting rights to the Communities delegation under the following motion:

The Board requests the GPC to address the conditions under which the Communities delegation can become a voting member of the Board and report back with decision points to the Eighth Board meeting.

### Background.

1. At the Sixth Board meeting the GPC was given the following mandate:

The Board requested the GPC to address the conditions under which the communities delegation can become a voting member without affecting the existing voting mechanism, and report back to the Seventh Board Meeting.

2. Within that mandate, the GPC considered two possible options:

- Addition of the Communities constituency to an existing voting group;
- Agreement to add the Communities constituency to one voting group contingent upon a subsequent decision to add a balancing constituency to the other voting group.

It was presumed by the GPC that the Communities constituency would be added to the recipient voting group.

3. The GPC was guided in its deliberations on this issue by the general principle that the Global Fund is a public-private partnership and strives to be representative of all stakeholders.

4. In its report to the Board for the Seventh Board meeting, the GPC reported that no acceptable option existed for adding the Communities Delegation to the Board within the constraints set by the Board. It requested, and received, a broader mandate from the Board to consider the issue, allowing it to consider options more generally, including those which may have an impact on the voting mechanism.

### Revision of the Mandate

5. With the mandate revised to remove “without affecting the existing voting mechanism” as a precondition, the GPC was given more flexibility to consider proposals on the issue. There were views expressed at both the Sixth and Seventh Board meetings that this issue should not re-open the fundamental voting structure, and opposing views that the entire voting mechanism, including the division of voting Board members into two voting classes, should be open for reconsideration.

### Applicable Governance Provisions

6. The addition of an additional voting member to one of the Board voting groups affects both the voting power and quorum requirements.

7. These provisions are as follows:

Voting Power: Approval of Motions. Bylaws, Article 7.6, and Board Operating Procedures Section 10 (identical).

#### *7.6 Operations*

*The Foundation Board shall use best efforts to make all decisions by consensus. If all practical efforts by the Foundation Board and the Chair have not led to consensus, any member of the Foundation Board with voting privileges may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the seven donor seats and the two private sector seats and b) the group encompassing the seven developing country seats and the two non-governmental organization seats.*

Quorum: Bylaws, Article 7.7, and Board Operating Procedures Section 11 (identical).

#### *7.7 Quorum*

*The Board may conduct business only when a majority of Board Members of each of the two voting groups defined in Article 7.6 are present.*

### Considerations

8. The GPC focused on two options: (1) add the Communities constituency to the recipient voting group, and (2) add the Communities constituency to the recipient voting group with a simultaneous addition to the donor voting group.

9. Add the Communities constituency to the recipient voting group. With the lifting of the Board restriction on solutions that do not affect the existing voting mechanism, this addition becomes an option which is consistent with the Board mandate.

10. Adding a voting member to the recipient group without any corresponding change to the two-thirds approval requirement would dilute the voting power of members within the voting block from 1/9 to 1/10 and affect the absolute voting numbers as follows.

#### Currently

Members in each voting block:	9
Votes required to pass a motion:	6
<i>Votes required to block a measure:</i>	4
Members required for a quorum:	5
<i>Members needed to prevent a quorum:</i>	5

#### After Addition

Members in recipient voting block:	10
Votes required to pass a motion:	7
<i>Votes required to block a measure</i>	4
Members required for a quorum:	6
<i>Members needed to prevent a quorum:</i>	5

11. The additional member reduces the relative weight of the votes among existing members of the recipient voting group, though the number of members in the group necessary to block a measure from passage remains at four, and the number of members in the group necessary to prevent the formation of a quorum remains at five. Structurally, this change would alter the relative power between the two voting groups by making it easier for the recipient group to both block proposed measures and prevent the formation of a quorum (the required number of Board members for either action remains unchanged, and the population of eligible Board members increases by one). It is unclear, however, how this shift in power balance between the two groups and the enhanced structural ability to block Board action would affect Board relations and the efficiency of Board operations in practice.

12. Add the Communities constituency to the recipient voting group and a balancing donor constituency to the donor voting group. This option addresses the issue of parity between voting groups by adding a counterbalancing donor member to the group opposite the Communities constituency, increasing the number of non-specified donor seats from seven to eight. The Board mandate does not directly contemplate the addition of another voting Board member in addition to the Communities constituency. This option maximizes the goal of adding the Communities delegation to the Board with minimum distortion to the current voting mechanism.

13. The incremental addition of one member per voting group does weaken, somewhat, the ability of the Board to take action, as it makes it easier for either group to block motions or prevent formation of a quorum.

14. GPC Recommendation.

The GPC decided to recommend that the Board (1) add the Communities constituency to the recipient voting group now, and (2) express the willingness of the Board to add an additional and balancing donor seat when a donor emerges who meets an appropriate (and significant) financial threshold. The GPC was guided in its decision by the fact that (1) the prospective addition of the balancing donor seat presents a beneficial resource mobilization opportunity, and (2) the impact on the voting structure is marginal.

15. The decision was near unanimous, though there were two minority positions. One position was that the status quo should be maintained. The other was that the addition of the Communities seat should be simultaneously balanced by the addition of a donor seat in the donor voting group.

16. The GPC recommended that this decision be the first substantive decision on the agenda of the Eighth Board meeting, and that it be immediately put into effect by the Board through an amendment to the Bylaws in order to allow the Communities delegation full voting participation at the meeting.

17. Resource Considerations.

Any change in the voting status of the Communities delegation would not have resource implications, given that the Communities delegation is currently supported to participate at Board and Committee meetings. Any addition of an additional seat on the donor side would likewise not have financial implications, given that the Global Fund does not support donor participation in Board governance.

## Strengthening CCMs as Public-Private Partnerships

**Outline:** This document presents a series of recommendations to strengthen the existing guidelines relating to the composition, roles and responsibilities of the Country Coordinating Mechanisms in proposal development and in implementation of approved grants for the Board to consider at its Eighth Board Meeting in June 2004. It summarizes briefly the Guidelines related to CCMs, followed by a summary of the main findings and analysis from the CCM case studies, surveys and meeting reports, as the framework for the recommendations.

### Decision points:

The GPC recommends that the Board adopt the requirements and recommendations as proposed below, in order to strengthen Country Coordinating Mechanisms as public-private partnerships of all relevant stakeholders:

### CCM Composition and Representation

1. The inclusion of the following as **Requirements** in Guidelines on the Purpose, Structure and Composition of Country Coordinating Mechanism (hereafter referred to as CCM Guidelines) in Part 5: Composition:

- i. The membership of the CCM should comprise a minimum of 40 % representation of the non-government sectors such as NGOs/community based organizations, people living with the diseases, religious/faith-based organizations, private sector, academic institutions.*
- ii. All CCMs are required to show evidence of membership of people living with and/or affected by the diseases.*
- iii. All CCMs are required to submit to the Global Fund Secretariat, for publication at its web site, an annual list showing the name, organization, sector and email/phone/fax contact details for each member of the CCM, and also to make this publicly available domestically.*

2. The inclusion of the following as **Recommendation** in CCM Guideline, Part 5: Composition:

*CCMs should include representation from state/provinces/districts either through direct geographical representation in national CCMs or through mechanisms such as sub national CCM, or state/province-level committees*

### CCM Participation

3. The inclusion as **Requirement** in CCM Guidelines, Part 3: Roles and Responsibilities:

*CCM members representing the non-government sectors to be selected/elected by their own sector(s) based on a documented, transparent process, developed within each sector.*

4. The inclusion in CCM Guidelines, Part 6, "Operationalization of CCM Principles:

*Individual CCM members are free to communicate their views on design or implementation issues with other CCM colleagues or with the Secretariat, on a confidential basis if necessary, to register problems and complaints, and identify weaknesses in CCM functioning as described in the principles of the Fund. While respecting confidentiality where confidentiality has been requested, portfolio managers would have the right to inform themselves on the issue through queries to other CCM members, and if necessary tasking the LFA to determine the accuracy of the complaint.*

(GPC discussed this issue briefly in its meeting and did not take a formal vote on proposing a recommendation, but it is forwarded for the Board's consideration at the request of several members of the Committee.)

5. The inclusion as **Requirements** in Guidelines for Proposals, under (A) Proposal development process:

- i. CCMs are required to put in place a transparent, documented mechanism to facilitate the provision of input of all stakeholders, both members and non-members, in the proposal development process.*
- ii. CCMs are required to have in place a fair, transparent, documented process for reviewing all qualitatively sound submissions they receive for integration into the Coordinated Country Proposal.*

6. The inclusion as **Recommendations**:

In CCM Guidelines, Part 3: Roles and Responsibilities:

- i. The government representatives on the CCM should be mandated by, represent the views of and report back to, the senior leadership of the government*

In Guidelines for Proposal under 1V: Criteria for Proposal Review

- ii. Strengthen and reflect high-level political involvement and commitment as demonstrated through their support for a well-working and inclusive CCM.*

## **CCM Governance**

6. The inclusion as **Requirement** in CCM guidelines, Part 4: Structure:

*CCMs are required to elect a Chair and Vice Chair from a different sector.*

7. The inclusion as **Requirement** in CCM guidelines, Part 6: Operationalization of CCM Principles:

*CCMs are required to put in place a transparent, documented mechanism to facilitate the participation of all stakeholders, both members and non-members, in the grant implementation.*

8. The inclusion as **Recommendation** in CCM guidelines in Part 4: Structure:

*The CCM Chair and Vice Chair should be from domestic entities.*

9. The Board is requested to consider the following options, either together or separately, to ensure access to resources on a sustainable basis to support CCM functioning and member participation in CCM processes:

**Option 1:** *Recommend that grantees be allowed to use up to \$150,000 per grant agreement to support CCM Secretariat functioning and member participation.*

**Option 2:** *Request MEFA to assess if the GF Secretariat can establish a discretionary budget, for allocation of specified, limited funds on request to support CCM operations (has budgetary implications).*

### **Conflict of Interest**

10. The Board is requested to approve the inclusion of the following recommendations in the Guidelines on the Purpose, Structure and Composition of CCMs to address the two primary areas of Conflicts of Interest:

*i. It is strongly recommended that PRs and Chairs or Vice Chairs of CCMs should not be the same entity.*

*ii. When the PRs and Chair or Vice Chairs of the CCM are the same entity, the CCM should have a written plan in place to mitigate against this inherent conflict of interest that is documented and made public to ensure the highest levels of transparency and integrity. This plan should include, at a minimum, that the PR, or prospective PR, shall recuse itself from participation at the CCM and shall not be present during deliberations or decisions related to the CCM's monitoring and oversight of the PR, such as decisions regarding*

- a. the selection of the PR;*
- b. regarding PR renewal for Phase 2;*
- c. related to a substantial reprogramming of grant funds;*
- d. that have a financial impact on the PR, such as contracts with other entities, including sub-recipients.*

### **Technical Assistance**

11. The inclusion as a **Recommendation** in Guidelines for Proposal under V. Proposal Development, B. Component description, Implementation arrangements:

*All proposals should include a plan for obtaining technical assistance as needed to strengthen CCM functioning and for capacity building in fulfilling its responsibilities for oversight of program implementation and for Principal Recipient/Sub-Recipient capacity building in fulfilling their responsibilities for proposal implementation and in Monitoring and Evaluation.*

12. The inclusion as a **Recommendation** in CCM Guidelines, Part 6: Operationalization of CCM Principles:

*CCMs should facilitate the development of a single national technical assistance framework for Global Fund-related processes and activities.*

13. *The GPC recommends that the Board delegate, to a committee, the authority to develop a process to facilitate the provision of technical assistance to CCMs for presentation and approval at the Ninth Board meeting.*

#### **Implementation of Recommendations**

14. *The GPC recommends that: the proposed requirement should take effect for 5th Call for Proposals and for Phase Two Grant Renewals starting in January 1, 2005. The Secretariat will provide guidance to CCMs on all requirements and recommendations no later than the announcement of Round 5.*

- 15a. Based on the outcome of the decisions, GPC proposes two options:

*Option 1: The Board mandates MEFA to provide guidance on priority areas and minimal standards for CCM monitoring including development of indicators to facilitate the assessment of compliance of the requirements and recommendations related to CCMs.*

*Option 2: The Board requests GPC to continue with this function, and mandates GPC to provide guidance on priority areas and minimal standards for CCM governance and functioning, including advice on how to facilitate and document compliance with the requirements and CCM consideration of the recommendations.*

## Part 1: Background

1. The Governance and Partnership Committee (GPC) was mandated by the Board at its Sixth Board Meeting to report on the extent to which the CCMs are operationalizing the principles of the Global Fund. The GPC requested the Secretariat during the Committee meeting, 27-28 January, 2004 to prepare a comprehensive CCM options paper based on an analysis of the CCM experience during the last two years.
2. The Secretariat prepared this comprehensive CCM options paper based on an analysis of CCM case studies from 17 countries, on the interim report of the tracking study of CCMs in four countries, a multi-country study of the involvement of People Living with HIV/AIDS, two multi-country studies of NGO involvement in CCMs, an ILO review of private sector involvement, and two studies of faith-based organizations, as well as feedback from regional meetings<sup>1</sup>.
3. Based on this comprehensive options paper, the GPC during its Committee Meeting from 20 to 21 May, 2004, proposed recommendations to strengthen the existing guidelines relating to the composition, roles and responsibilities of the Country Coordinating Mechanisms, for the Board to consider at its Eighth Board Meeting in June 2004.
4. This document summarizes briefly the Guidelines related to CCMs, followed by a summary of the main findings and analysis from the CCM case studies, surveys and meeting reports, and the recommendations proposed for consideration at the Eight Board Meeting from 28-30 June, 2004.
5. The GPC recognizes that this decision points are another step along the road to well functioning and accountable CCMs and intends maintaining the issue as part of an ongoing agenda. The results of these current requirements and recommendations will be reviewed and further action proposed as necessary.

## Part 2: Context

1. The recommendations being proposed to the Board are guided by the principles outlined in the Framework document, CCM Guidelines and the Guidelines for Proposals. The central principle of the Global Fund is to ensure country level participation *'of all relevant players within a country and across all sectors including governments, NGOs, civil society, multi and bilateral agencies and the private sector.'* The Fund recognizes increasingly that in establishing/adapting the Country Coordination Mechanisms, no one size or model fits all countries. There may, therefore be a number of ways whereby the existing country mechanisms can be adapted to better reflect the basic principles of the Fund.
2. While broad participation of civil society has been a major challenge in many countries, the Fund should not make any compromise on its principle of broad, meaningful inclusion of civil society including that of people living with and/or affected by the diseases both in decision-making and as beneficiaries. The proposed recommendations have been made with particular emphasis towards strengthening CCMs to meet this challenge.
3. Among its underlying principles, the Fund states that CCMs should *'build on, complement and coordinate with existing regional and national programs in support of national policies, priorities and partnership'*. The operationalization of this principle in

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<sup>1</sup> Please see Attachment 1 for a list of case studies and surveys

the area of HIV/AIDS could be facilitated by country-specific adaptation and application of UNAIDS model of the “Three Ones” with its guiding principles of one national framework, one national AIDS coordinating authority and one agreed country level monitoring and evaluation system.

### Part 3: CCM Composition and Representation

#### 1. Summary of related guidelines

- The CCM should be a country driven, public-private partnership. Grant requests made outside of a CCM are rejected except in the most limited circumstances.
- CCMs to be broadly representative and inclusive of all national stakeholders, CCM members should each represent a constituency active in fighting one or more of the three diseases.
- Global Fund finances programs that strengthen the participation of communities and individuals, particularly those directly affected by the three diseases.
- The Global Fund encourages CCMs to achieve a gender-balanced composition.

#### 2. Summary of key findings

- 2.1 When the Global Fund was first established, CCMs were set up quickly to meet proposal submission deadlines for Round 1 with members being mainly nominated by ministries of health. In most CCMs, membership has evolved over time to include representatives from the major stakeholder groups recommended by the Fund though there is still only marginal representation of people living with the diseases and of the private sector. In membership and structure, CCMs still tend to be dominated by the governments.
- 2.2 Though all diseases exist in both urban and rural settings, CCM membership, with few exceptions, is limited to representatives from the capital cities. Even large countries with devolved administrative and political structures have not as yet set up sub-national CCMs, with the result that most state/provincial/district level governmental and non-governmental organisations are being excluded from access to Global Fund processes.
- 2.3 Few CCMs were following the Fund guidelines on ensuring a gender balance though it was also noted that membership of women does not necessarily translate into effective representation of gender concerns.

#### 3. Recommendations related to CCM composition and representation

The Board is requested to approve the inclusion of the following requirements and recommendations to its current guidelines to ensure that CCMs are public-private partnerships with representation of all stakeholders/sectors:

- 3.1 The inclusion of the following as **Requirements** in Guidelines on the Purpose, Structure and Composition of Country Coordinating Mechanism (hereafter referred to as CCM Guidelines), Part 5: Composition:
- The membership of the CCM should comprise a minimum of 40 % representation of the non-government sectors such as NGOs/community based organizations, people living with the diseases, religious/faith-based organizations, private sector, academic institutions.*

- ii. All CCMs are required to show evidence of membership of people living with and/or affected by the diseases.
- iii. All CCMs are required to submit to the Global Fund Secretariat, for publication at its web site, an annual list showing the name, organization, sector and email/phone/fax contact details for each member of the CCM, and also to make this publicly available domestically.

3.2 The inclusion of the following as **Recommendation** in CCM Guidelines, Part 5: *Composition*:

*CCMs should include representation from state/provinces/districts either through direct geographical representation in national CCMs or through mechanisms such as sub national CCM, or state/province-level committees.*

## **Part 4: Participation in CCMs**

### **1. Summary of related guidelines**

- A CCM should function as a national consensus group to promote true partnership in the development and implementation of Global Fund supported programs and be fully transparent in its decision making.
- All members of a CCM should be treated as equal partners in the mechanism, with full rights to participation, expression and involvement in decision-making in line with their areas of expertise.
- A CCM should be responsive to all national stakeholders. Individual members should hold regular meetings with their constituents to ensure that representative views and concerns are expressed in the national forum.
- CCMs should coordinate the submission of one national proposal for grant funding, drawing on the strengths of various stakeholders to agree on a comprehensive strategy.
- Proposals should strengthen the participation of communities and individuals, especially those directly affected by the three diseases.

### **2. Summary of key findings**

2.1 CCMs have increased opportunities for government-civil society dialogue but have not in most cases resulted in the equal partnership envisaged in the Fund guidelines. In a number of CCMs, members, particularly representatives of civil society including people living with the diseases, have not always been involved in decision-making. A major limiting factor is an institutional culture in many countries that is unfamiliar with or unwelcoming to broader participation in decision-making. In addition, the need for some members to maintain good relations with government officials, limits debate and leads to government control of some CCMs.

2.2 The public health rationale for involvement of people living with the diseases appears to be little understood. Their effective participation, and that of civil society in general, is often limited by weak organisational and networking capacity, their inadequate negotiation and language skills and the absence of transparent procedures for constituency selection of CCM representatives. Participation is further constrained by lack of resources for travel to CCM meetings and for constituency consultation.

- 2.3 The preparation of proposals is often too rushed to allow meaningful participation. Systems are not yet established in most CCMs for a participative approach to overseeing implementation.
- 2.4 Very few countries have procedures in place for the systematic reception, review and incorporation of a broad range of proposals from different stakeholders into a coordinated national submission.

### 3. Recommendations to strengthen meaningful participation

The Board is requested to approve the inclusion of the following requirements and recommendations to its current guidelines to ensure meaningful participation in particular that of representatives of civil society, including people living with the diseases in CCMs:

- 3.1 The inclusion as **Requirements** in CCM Guidelines, Part 3: Roles and Responsibilities:

*CCM members representing the non-government sectors to be selected/elected by their own sector(s) based on a documented, transparent process, developed within each sector.*

- 3.2 The inclusion in CCM Guidelines, Part 6, "Operationalization of CCM Principles:

*Individual CCM members are free to communicate their views on design or implementation issues with other CCM colleagues or with the Secretariat, on a confidential basis if necessary, to register problems and complaints, and identify weaknesses in CCM functioning as described in the principles of the Fund. While respecting confidentiality where confidentiality has been requested, portfolio managers would have the right to inform themselves on the issue through queries to other CCM members, and if necessary tasking the LFA to determine the accuracy of the complaint.]*

(GPC discussed this issue briefly in its meeting and did not take a formal vote on proposing a recommendation, but it is forwarded for the Board's consideration at the request of several members of the Committee.)

- 3.3 The inclusion as **Requirements** in Guidelines for Proposals, under (A) Proposal development process:

- i. CCMs are required to put in place a transparent, documented mechanism to facilitate the provision of input of all stakeholders, both members and non-members, in the proposal development process.*
- ii. CCMs required to have in place a fair, transparent, documented process for reviewing all qualitatively sound submissions they receive for integration into the Coordinated Country Proposal.*

- 3.4 The inclusion as **Recommendations** in:

In CCM Guidelines, Part 3: Roles and Responsibilities:

- i. The government representatives on the CCM should be mandated by, represent the views of and report back to, the senior leadership of the government;*

Guidelines for Proposal under 1V. Criteria for Proposal Review:

- ii. Strengthen and reflect high-level political involvement and commitment as demonstrated through their support for a well-working and inclusive CCM*

## **Part 5: Governance and Functioning of CCM**

### **1. Summary of related guidelines**

- A CCM should determine the details of its functioning, including organizational structure, election procedures, frequency of meetings, terms of reference, etc.
- Each CCM should elect a Chair and a Vice Chair representing different constituencies in accordance with the election procedures determined by its members.
- Select one or more appropriate organization(s) to act as the Principal Recipient(s) (PR) for the Global Fund grant.
- PRs are obliged to keep the CCM continuously informed about proposal implementation progress
- Monitor & evaluate the implementation of approved programs, including of the Principal Recipient in implementing a program, and submit a request for continued funding prior to the end of the two years of initially approved financing from the Global Fund.
- Through Grant Agreement with the Global Fund, Principal Recipients are obliged to keep the CCM continuously informed about proposal implementation progress

### **2. Summary of Key findings**

2.1 Most CCM Chairs and in some countries the Vice Chairs are from the Ministry of Health. Reports show that only few CCMs have in place mechanisms for selecting/electing officers or for rotation, though stakeholders are recommending that they be established.

2.2 An increasing number of CCMs are developing terms of reference and rules of procedure and when implemented, they have been found to support participatory processes and transparency. Some CCMs have found that setting up thematic working groups or committees for specific tasks such as proposal preparation contribute to more effective CCM functioning. Despite this, for most CCMs, managing a group of 30-40 members is a challenge.

2.3 CCM secretariats vary widely in form and capacity but in general they appear to facilitate communication with members. Though bi/multilateral support has been forthcoming most of the CCM secretariats are subject to ad-hoc funding and continue to be too under-resourced to ensure their effectiveness and sustainability.

2.4 Case studies indicate that the CCMs are not often fully involved in the selection of the Principal Recipient. The studies did not produce evidence of CCMs having worked out how to oversee implementation. Only two studies indicated PRs

reporting to CCMs as they are required to do. Lines of accountability are unclear, with the PRs legally accountable to the Fund but not to (or through) the CCM, though the Grant Agreement stipulates that PRs must submit their periodic report to the CCM. This will become increasingly an issue as implementation of Fund grants expands.

### 3. Recommendations related to strengthening CCM governance

The Board is requested to approve the inclusion of the following requirements and recommendations to its current guidelines to strengthen CCM governance towards equal and meaningful participation of all CCM members and to enable them to carry out their responsibilities:

3.1 The inclusion as **Requirement** in CCM Guidelines, Part 4: Structure:

*CCMs are required to elect a Chair and Vice Chair from a different sector.*

3.2 The inclusion as **Requirement** in CCM guidelines, Part 6: Operationalization of CCM Principles:

*CCMs are required to put in place a transparent, documented mechanism to facilitate the participation of all stakeholders, both members and non-members, in the grant implementation.*

3.3 The inclusion as **Recommendation** in CCM guidelines, Part 4: Structure

*The CCM Chair and Vice Chair should be from domestic entities.*

3.4 *The Board is requested to consider the following options to ensure access to resources on a sustainable basis to support CCM functioning and member participation in CCM processes:*

*Option 1: Recommend that grantees be allowed to use up to \$150,000 per grant agreement for CCM Secretariat functioning*

*Option 2: Request MEFA to assess if the GF Secretariat can establish a discretionary budget, for allocation of specified, limited funds on request to support CCM operations.*

*Budgetary implications of this recommendation:*

*This recommendation would have budgetary implications for the secretariat in the amount that MEFA would recommend to be set aside as a discretionary budget.*

## Part 6: Conflict of Interest between Chair of CCMs and Principal Recipients

### 1. Current guidance addressing Conflict of Interest

Article 27 (b) Conflicts of Interest; Anti-Corruption in the Grant Agreement addresses conflicts of interest that arise based on the interest of an individual serving on the CCM, PR, LFA, or the Fund, and his or her duties. However, it does not specifically address inherent institutional conflicts between the CCM and the PR, and does not provide mandatory remedies when a conflict exists, other than self reporting by the PR to the Fund.

## 2. Summary of key findings

2.1 The report “*Country Coordinating Mechanisms (CCMs): Analysis of CCM composition for Round 3*” showed that, among the 47 CCM members from Ministries of Health who were proposed as PRs in third-round proposals, 28 of them (60%) served as chairs of the CCM in their country. Based on this, the Board, at the Sixth Board meeting requested GPC to examine the possible conflicts of interest between the Chairs of CCMs and the Principal Recipients, particularly in the process of selecting Principal Recipients.

2.2 The CCM case studies also revealed major concerns where the CCM Chair is also the PR. In this case, a conflict of interest may be seen to exist with respect to at least two primary CCM functions: (1) oversight of programmatic implementation and (2) nomination of the PR. These issues are particularly acute when the chair of the CCM is the highest ranking official of the Principal Recipient, as is the case in a number of grants where a Minister of Health serves in this role.

2.3 In terms of managing the conflicts, some interviewees thought that members could reduce conflict of interest by excluding themselves from deliberations on decision in which they had a conflict. Several CCM members have resigned from their positions in response to such a conflict of interest. Of the countries studied, Cambodia appears to be taking the most active line on conflicts of interest. Having recognised the inherent conflict where the CCM chair is the PR, the CCM has drafted a conflict of interest policy that addresses this conflict and is considering the establishment of a sub-committee on organisational development to deal with issues including conflicts of interest.

2.4 Certain structural aspects of the Fund-CCM-PR relationship affect the scope of options available to address this issue:

- CCMs are generally not organized as legal entities, and the Fund has no “legal” relationship through which it could impose binding conditions on their structure or composition (though, in the absence of such relationship, the Fund could choose to reject proposals from CCM’s that refuse to meet certain requirements);
- The Fund does have a legal relationship with PRs through which it may impose conditions (the Grant Agreement), but this vehicle cannot be used to address issues arising in connection with the initial selection of a PR, as a Grant Agreement is not yet in place at that stage.

## 3. Recommendations related to minimizing Conflict of Interest

The Board is requested to approve the inclusion of the following recommendations to the Guidelines on the Purpose, Structure and Composition of CCMs to address the two primary areas of Conflicts of Interest:

3.1 *It is strongly recommended that PRs and Chairs or Vice Chairs of CCMs should not be the same entity.*

- 3.2. *When the PRs and Chair or Vice Chairs of the CCM are the same entity, the CCM should have a written plan in place to mitigate against this inherent conflict of interest that is documented and made public to ensure the highest levels of transparency and integrity. This plan should include, at a minimum, that the PR, or prospective PR, shall recuse itself from participation at the CCM and shall not be present during deliberations or decisions related to the CCM's monitoring and oversight of the PR, such as decisions:*
- a. regarding the selection of the PR;*
  - b. regarding PR renewal for Phase 2;*
  - c. related to a substantial reprogramming of grant funds;*
  - d. that have a financial impact on the PR, such as contracts with other entities, including sub-recipients.*

## **Part 7: Technical Support Needs of CCMs**

### **1. Summary of related guidelines**

The Secretariat will disseminate information on resources available from different sources to improve the functioning of CCMs, including financial support and technical assistance.

### **2. Summary of key findings**

2.1 Through case studies and regional meetings, stakeholders have cited the following priority areas requiring technical support: communication with members' constituencies; strengthening CCM secretariat; CCM governance; capacity building for CCM members, PRs and SRs, especially NGOs, CBOs and people living with the diseases that are likely to be SRs. Other areas included team-building for CCMs, resolving language problems, and help with ongoing expenses such as travel to meetings.

2.2 The technical support needs are likely to increase as implementation accelerates. CCMs acknowledged the support they receive from multilateral and bilateral partners; however, currently they acquire that support in uncoordinated and unsustainable ways, and many are unaware of all the sources of support that are available. The Fund, based on lessons learned, now allows a limited percentage of grant funds to be used for technical support. Sharing of early experience and lessons learned could also be used as a basis to facilitate together with partners a coordinated and sustainable access to technical support for CCMs and implementers.

### **3 Recommendations related to technical assistance**

The Board is requested to approve the inclusion of the following to improve the functioning of CCMs and technical capacity of PRs/SRs.

- 3.1 The inclusion as a **Recommendation** in Guidelines for Proposal, V. Proposal Development, B. Component description, Implementation arrangements:

*All proposals should include a plan for obtaining technical assistance as needed to strengthen CCM functioning and for capacity building in fulfilling its responsibilities for oversight of program implementation and for Principal Recipient/Sub-Recipient capacity building in fulfilling their responsibilities for proposal implementation and in Monitoring and Evaluation.*

- 3.2 The inclusion as a **Recommendation** in CCM Guidelines, Part 6: Operationalization of CCM Principles:

*The CCM should facilitate the development of a single national technical assistance framework for Global Fund related processes and activities.*

- 3.3 The GPC recommends that the Board delegate, to a committee, the authority to develop a process to facilitate the provision of technical assistance to CCMs for presentation and approval at the Ninth Board meeting.

## **Part 8: Global Fund Guidelines and Procedures**

### **1. Summary of key findings**

A number of issues relating to the Guidelines and procedures were identified in the case studies and at regional meetings. They related to: lack of clarity leading to difficulties in understanding and interpreting the Guidelines; their non-availability in local languages and their general lack of accessibility. Not all stakeholders have seen the guidelines. Several CCMs welcomed the room for flexibility in the current guidelines, while others wanted more specificity. Some CCM members reported frustration with the complex and changing grant-application procedures. The proposal guidelines and forms were the subject of much frustration and criticism.

### **2. Recommendations proposed for consideration by the Board to provide clarity and better understanding of guidelines**

Based on the outcome of the decisions taken on the recommendations proposed, the GPC has requested the Secretariat to consider the following options related to the Guidelines:

- i. Review and revise where necessary the CCM guidelines to assist CCMs to better understand their roles and responsibilities differentiating clearly between recommendations and requirements;
- ii. Provide clarity of roles and responsibilities in a practical user friendly tool;
- iii. Review and revise the *Criteria for proposal review* in Guidelines for Proposals clearly differentiating between guidance for programming and criteria for proposal review.

## **Part 9: Implementation and process for assessing compliance of requirements and recommendations**

9.1 GPC recommends that the proposed requirement should take effect for 5th Call for Proposals and for Phase Two Grant Renewals starting in January 1, 2005. The Secretariat will provide guidance to CCMs on all requirements and recommendations no later than the announcement of Round 5.

9.2 Based on the outcome of the decisions, GPC proposes two options:

*Option 1: The Board mandates MEFA to provide guidance on priority areas and minimal standards for CCM monitoring including development of indicators to facilitate the assessment of compliance of the requirements and recommendations related to CCMs.*

*Option 2: The Board requests GPC to continue with this function, and mandates GPC to provide guidance on priority areas and minimal standards for CCM governance and functioning, including advice on how to facilitate and document compliance with the requirements and CCM consideration of the recommendations.*

## List of Documentation

List of case studies and surveys used as basis for the analysis of the CCM experience:

1. The CCM case studies conducted in the following countries between November 2003 and April 2004:
  - Africa:**
    - In partnership with GTZ: **Ghana, Kenya, Rwanda**
    - In partnership with Italian bilateral Cooperation: **Burkina Faso, Regional CCM (Southern Africa), Swaziland**
    - In partnership with French Ministry of Foreign Affairs: **Benin, Cameroon, Senegal**
    - In partnership with French Ministry of Health: **Morocco**
  - Asia:**
    - In partnership with GTZ: **Cambodia, Indonesia, India, Pakistan**
    - In partnership with French Ministry of Foreign Affairs: **Vietnam**
  - Eastern Europe:**
    - In partnership with GTZ: **Armenia, Ukraine**
  - Latin America:**
    - In partnership with GTZ: **Peru, Honduras**
  
2. Surveys and studies carried out during 2002 and 2003:
  - Analysis of Round 2 Proposals with a view to tracing private sector involvement, (ILO).
  - The degree to which faith-based organisations (FBO) have been integrated into the work of the Global Fund: two surveys, April 2002 and January 2003 (Christian Connections for International Health)
  - NGO Global Fund Survey, October 2002 (carried out by the International Council of AIDS Service Organisations)
  - NGO Participation in the Global Fund, October 2002 (International HIV/AIDS Alliance)
  - CCMs and the Broader Country Level Coordination Context, January 2003 (UNAIDS)
  - A 15 Country Study of the Involvement of People Living with HIV/AIDS in the CCMs, September 2003 -January 2004 (GNP+)
  - Tracking the Global Fund in Four Countries, August 2003-August 2004 (LSHTM)

The synthesis also draws on information received from Fund Portfolio Managers, analysis of proposals from Rounds 1-3, regional and other meetings with recipient countries and stakeholders.

**Provisional Glossary (to be further developed)**

**Public-private partnership:** is a partnership of a broad range of representatives from the government as well as the non-government sector which includes NGOs/Community based organizations, Faith-based organizations, people living with and/or affected by the diseases, academic sector, foundations as well as the private sector such as for profit companies/businesses. This partnership is characterized by shared ownership and joint decision-making by both private and public sectors for all Global Fund processes for example in proposal development, grant implementation.

**Meaningful participation:** This does not refer to only a seat at the table or physical presence. It stands for true and equal engagement of all members in all processes including decision making for action through in-depth consultation and dialogue leading to trust building with all members. Achieving meaningful participation may include establishing a code of conduct, or set of principles to interact in a manner that reflects mutual respect of all members, defines expectations and a shared commitment to transparent, constructive and shared solution-oriented dialogue.

**Civil society:** includes a wide array of non-governmental and not for profit organizations such as NGOs/community based organizations, Faith-based organizations, people living with and/or affected by the diseases, and the academic sector including research institutions. Basically, civil society includes all who have a presence in public life and come together to pursue interests they hold in common and to take collective action in the public arena such as advocate, provide information and services.

**Stakeholder(s):** refers to a person/people involved in a particular organization, project, system, etc., because they have invested money in it and/or have a special interest and work actively in the area. Stakeholders can be both from the government and non-government sectors as well as from the private sector.

**Public sector:** all publicly funded institutions operating in country, including government, the UN Agencies and other multilateral institutions, donor governments and other bilateral stakeholders.

**Attached as separate documents:**

**Annex 3:    b. CCMs Synthesis and Analysis of Findings**

**Annex 4:    a. Headquarters Agreement (French and English)  
              b. Note on Changes to Headquarters Agreement  
              c. Secretariat Paper on Headquarters Agreement**