



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Thirteenth Board Meeting
Geneva, 27 - 28 April 2006**

GF/B13/7

REPORT OF THE POLICY AND STRATEGY COMMITTEE

Outline: This report covers the 13-14 March 2006 deliberations and recommendations of the Policy and Strategy Committee (PSC). Discussions focused on the Global Fund strategy development, the TERG update and the Partnership Forum update.

Summary of Decision Points:

1. Progress on Strategy Development

The full decision point is available on p. 4.

2. Facilitating Centralized Procurement

The full decision point is available on p. 6.

3. Earlier initiation of TRP Clarifications and LFA Assessments

The full decision point is available on p. 6.

4. Revision to the Current (Temporary) Continuity of Services Policy

The full decision point is available on p. 8.

Part 1: Introduction

1. The Policy and Strategy Committee (PSC) met in Geneva on 13-14 March 2006 for its fourth meeting. The Chair and Vice-Chair were Dr William Steiger (U.S.) and Mr Jairo Pedraza (Developed Country NGOs), respectively. The agenda for the meeting and the list of participants are included as Annexes 1 and 2.

Part 2: Global Fund Strategy Development

Review of context, objectives and timeline of the strategy development effort

1. In endorsing the Corporate Key Performance Indicators at its 9th Board meeting, the Global Fund Board recommended that a strategy be developed to provide a forward direction for the Global Fund. The Global Fund is now engaged in its first strategy development process.

2. The strategy development effort is a Board-driven process, and the PSC has the responsibility for leading the work, as reflected in its Terms of Reference.

3. The strategy development effort is comprised of different stages.¹ The current stage is issue option development.

Overall structure of the stage of issue-option development

4. For the purposes of developing issue options, the strategic issues in the edifice framework² have been grouped into three batches, which the PSC will treat sequentially over time as described below. The reasons for this time sequencing are the following:

- a. to reflect the logical hierarchy of issues (from top to bottom in the edifice framework of strategic issues), which suggests the committee needs to consider certain issues before others;
- b. to cater for their differing levels of urgency;
- c. to ensure that the appropriate amount of time is available for each issue to complete the necessary background work that will enable robust committee and Board discussions (acknowledging, in particular, that some issues require a longer lead time than others).

5. As such, the issues in the roof of the edifice were the first that the committee addressed, alongside two additional issues identified by PSC and Board Members at the Twelfth Board Meeting as especially urgent. Together these form Batch 1. The PSC discussed strategic options for these four issues at its meeting on 13-14 March. The issues in Batch 1 are the following:

- a. Global Fund strategic positioning;
- b. Global Fund size;
- c. Optimizing grant performance;³ and
- d. Beyond Phase 2.⁴

¹ More details on the context and structure of the strategy development effort can be found in document GF-B12-5.

² More details on the "edifice" framework of strategic issues can be found in document GF-B12-5.

³ This issue was originally entitled "ensuring grant performance." However, to better reflect the Global Fund's function as a financing mechanism and the country-driven nature of grant performance the name has been revised to "optimizing grant performance" to ensure the appropriate focus on how the Global Fund can strategically help enable better country-level grant performance.

⁴ This issue is part of the larger strategic issue of "optimizing the Global Fund financing model and architecture".

6. The Secretariat will present options for the Batch 2 issues for discussion at the 5th PSC meeting, scheduled for 6-7 July 2006. The issues in Batch 2 are the following:
 - a. leveraging civil society and the private sector at the global/institutional level;
 - b. alignment and harmonization;⁵
 - c. health systems strengthening;⁶ and
 - d. optimizing Global Fund resource mobilization.

7. The Secretariat will present options for the Batch 3 issues for discussion at the 6th PSC meeting, scheduled for 12-13 September 2006. The issues in Batch 3 will be the following:
 - a. funding the right things;⁷
 - b. influencing market dynamics;
 - c. Global Fund business model and structure; and
 - d. measuring impact and ensuring accountability.

A. Objectives and Overall Approach to Developing Options

8. The objectives of the option development stage are the following:
 - a. to develop a range of robust options for each strategic issue that address the key strategic questions determined by the PSC and approved by the Board;
 - b. to present the assumptions and implications associated with each option, to enable a productive discussion of these options by the PSC and Board.

9. To fulfill these objectives, the Secretariat employed a number of resources:
 - a. Secretariat workgroups focused on the different strategic issues were assembled that were composed of a diverse cross-section of Secretariat staff, covering all business units (including all geographic clusters in Operations) and different experience and tenure levels. The purpose of these workgroups was for the option development process to draw on the experience and expertise of the Secretariat, particularly for designing, ensuring the feasibility of, and assessing the assumptions and implications of the potential options.
 - b. Research and analysis was conducted as required, building on the work done for the situational assessments. This includes – but is not limited to – consideration and incorporation of the latest relevant reports and evaluations, and supplemental data collection and analysis.
 - c. External support was used for a few of the strategic issues for which there was a need to supplement internal Secretariat expertise and capacity. External consultants worked under close guidance of the Secretariat and contributed background analysis and factual input for consideration by the workgroups.⁸
 - d. The Secretariat's strategy team, working under the guidance of the PSC focal point, and in close collaboration with the Executive Management Team of the Secretariat, played the lead role in framing the work, guiding the strategic reflection, soliciting and managing internal and external contributions, conducting select analyses, and developing the options papers.

⁵ This issue forms one of the other parts of the "optimizing the Global Fund financing model and architecture" issue. The committee decided that it will discuss the relevant recommendations from the recently-concluded Global Fund/World Bank comparative advantages study (along with other key inputs) as part of the consideration of strategic options for this issue.

⁶ This issue forms one of the other parts of the "optimizing the Global Fund financing model and architecture" issue. The committee decided that it will discuss the relevant recommendations from the recently-concluded Global Fund/World Bank comparative advantages study (along with other key inputs) as part of the consideration of strategic options for this issue.

⁷ This issue was originally proposed for Batch 2, but the TERG has indicated a desire and ability to conduct a baseline evaluation of the Global Fund's portfolio, which will be an important input in informing the development of options. The evaluation will not be ready in time for this issue's inclusion in Batch 2, so the PSC will treat it in Batch 3, to allow consideration of the evaluation.

⁸ The consultants were Steve Radelet and Celina Schocken (for the issues of strategic positioning and size) and Andrew Rogerson (for the topic of Beyond Phase 2). The Secretariat did not use a consultant for the issue of grant performance.

10. For each strategic issue, the Secretariat presented for PSC discussion an options paper that described a spectrum of options and their associated assumptions and implications. These papers – which incorporate a few revisions (as indicated) based on the PSC’s input or requests for additional clarification – are available as Attachments 1 to 4 of this document.

11. In accordance with the Board-approved guidelines for option development, all options focus on the elements that require PSC and Board decision-making in the context of the strategy. Each option is designed to be as robust as possible, to address in various ways the strategic tensions and challenges underlying the current situation.

B. PSC recommendations on strategic options

12. At its meeting in March, the PSC discussed the options proposed for each of the strategic issues in Batch 1.

- a. The PSC noted that there were connections between pairs of issues, and thus discussed them in the following order:
 - i. On March 13: Optimizing Grant Performance and Strategic Positioning;
 - ii. On March 14: Beyond Phase 2 and Global Fund size.
- b. Where possible, the committee aimed to arrive at recommendations on specific options, and to provide guidance on next steps.
 - iii. Some delegates commented that, with the multiple interrelationships between issues, it would be difficult for them to make final recommendations until the committee had considered the “package” of all the strategic issues together.
 - iv. The Chair recognized this, but stressed the need to begin setting a clear direction in the development of the strategy.
 - v. The Chair also highlighted the fact that, given the strategic nature of the discussions, the PSC would have to make recommendations in principle while understanding that specific details will be worked out in subsequent policy discussions.
- c. Annex 3 summarizes at a high level the agreed outcomes from the PSC meeting.
- d. The sections below provide more detailed information on the deliberations of the committee and the outcomes achieved.

Decision Point 1: Progress on Strategy Development

The Board acknowledges the progress made on developing options for the strategic issues in Batch 1 as outlined in the Report of the Policy and Strategy Committee (GF/B13/7). In particular, the Board notes the agreed outcomes of the Policy and Strategy Committee set out in Annex 3 to the Report of the Policy and Strategy Committee (GF/B13/7).

In addition, the Board requests that the development of options continue, and that the Policy and Strategy Committee present to the Board the work on option development for Batches 2 and 3, as well as a draft strategy document, at the 14th Board meeting.

a. Strategic positioning

13. The committee discussed two potential models for the strategic positioning of the Global Fund – “strictly financing” and “financing plus,” described in Attachment 1 to this document.

14. PSC members generally expressed positive feelings toward the idea that the Global Fund should play select and strategic roles beyond that of “strictly financing,” at least on a temporary basis. In particular, there was general consensus on the PSC that the Global Fund should explore a more active role in influencing market dynamics, and in enabling more effective procurement for grants, but the committee did not reach an agreement on the Global Fund’s role in other areas, and did not generate an exhaustive list of other areas.

15. Many PSC members indicated that determining the specific role of the Global Fund in each area should occur within the context of making decisions on the rest of the options the committee will consider over the next six months. Therefore, the issue of strategic positioning will be periodically revisited from that perspective over the course of strategy development.

b. Global Fund size

16. The committee discussed the issues and scenarios laid out in the options paper on this topic, which is Attachment 2 to this document.

17. The PSC expressed general support for determining a target size or range for the Global Fund for 2010. Concerning the three options laid out in the paper (described in detail in Attachment 2), there was general consensus amongst PSC members that Option A (target annual income range of US\$ 1.5-3.5 billion in 2010) was not appealing. Some members expressed support for Option B (target annual income range of US\$ 4-6 billion in 2010) and others for Option C (target annual income range of US\$ 8-11 billion in 2010). Some delegates suggested that the Board should consider two different target sizes or ranges: one for advocacy and aspirational purposes, and another for business-planning purposes. Several members noted the importance of determining the Global Fund’s target size or range based on global resource needs for AIDS, tuberculosis and malaria. Some members noted the relationship between the Global Fund’s target size or range and its comparative advantages within the larger context of other global actors.

18. It was agreed that the PSC will keep the issue of Global Fund size open, and will periodically revisit it over the course of the strategy-development process.

c. Optimizing grant performance

19. For the issue of “optimizing grant performance,” the PSC discussed nine discrete measures to address different facets of the issue, all described in the options paper for this topic, which is Attachment 3 to this document.

20. The committee strongly supported two of the measures, and asked the Secretariat to move forward on them, as the Secretariat can undertake both within the current Global Fund policy framework without the need for any further decision from the Board. They are the following:

- a. Measure 5A, to further encourage the direct transfer of funds for procurement from the Trustee account to procurement agents or suppliers on behalf of funded grants; and
- b. Measure 8, for the Global Fund to take active steps to encourage greater transparency in the market for technical assistance (TA) and management assistance (MA).

21. The committee expressed positive sentiments for two of the other measures, but asked the Secretariat to further refine them, based on specific feedback from the PSC. The revised version of these measures appears in Attachment 3 (explicitly marked as revised). The PSC has proposed that the Board hold an informal discussion on these ideas at the Board consultation before the Thirteenth Board Meeting and, if the Board feels ready, to make decisions in principle on them at the Board meeting which request the appropriate committee(s) to develop the options further and present them for final Board approval at a later time. Draft decisions points related to these measures are included in this document to that effect. The two measures are the following:
- a. Measure 4, to enable the Technical Review Panel (TRP) clarifications and Local Fund Agent (LFA) assessments to start immediately for at least a subset of proposals after the TRP recommends a list of proposals for Board approval; and
 - b. Measure 5B, for the Global Fund to facilitate the provision of centralized procurement.
22. The committee asked the Secretariat to pursue work on another two of the measures based on their input, as a number of members felt these measures addressed important issues but required some refinement of their design. The PSC thus requested the Secretariat to present modified versions of these options at the July 2006 PSC meeting for further discussion. These are the following:
- a. Measure 2, originally proposed as a requirement for applicants to undertake procurement and supply-management (PSM) planning as they prepare their proposals for submission; and
 - b. Measure 3, initially presented as an allowance for a pre-implementation period for low-capacity Principal Recipients (PRs), after Board approval but before the “clock” starts on the first part of the lifespan of grants, with funding advanced from the Board-approved budgets for grants.
23. The PSC decided to re-examine three measures at its July 2006 meeting, since it held limited discussion or did not reach agreement on them. These are the following:
- a. Measure 1, to establish a fixed deadline for submitting proposals;
 - b. Measure 6, for the Global Fund to enter into headquarters-level commitments with key global partners; and
 - c. Measure 7, to work with partners to place country-level Global Fund liaisons in countries.
24. The PSC generally agreed to reject one measure:
- a. Measure 9, to require the earmarking of a minimum amount from all grants to fund TA and MA. However, the PSC was willing to consider alternate measures (including alternate strategic options) that might have the effect of encouraging use of TA/MA by grant recipients.

Decision Point 2: Facilitating Centralized Procurement

The Board endorses, in principle, the recommendation of the Policy and Strategy Committee (PSC), as part of the strategic issue of “Optimizing Grant Performance”, that the Global Fund facilitate the provision of centralized procurement for recipients of grants subject to the development and Board approval of a suitable feasibility and business plan. To that end, the Board requests that the Policy and Strategy Committee further explore possible strategic models for and implications of centralized procurement, and report to the Board on progress at the Fourteenth Board Meeting.

Decision Point 3: Earlier initiation of TRP Clarifications and LFA Assessments

The Board endorses the recommendation of the Policy and Strategy Committee (PSC), as part of the strategic issue of “Optimizing Grant Performance”, that the Technical Review Panel (TRP) clarification and Local Fund Agent (LFA) assessment processes begin prior to Board approval of the proposal submitted by the Country Coordinating Mechanism. The Board therefore requests the Portfolio Committee (PC) to recommend for approval to the Board specific conditions for the application of this decision in time for it to apply to the next round of proposals. These conditions shall include, but not be limited to, a statement to the CCM by the Secretariat that a TRP recommendation shall only result in the Global Fund awarding a grant if the recommendation is approved by the Board, which retains the sole authority to make such approvals.

d. Beyond Phase 2

Continuation of funding

25. The Committee then discussed the issue of continuation of funding under the topic of “Beyond Phase 2.” The PSC considered four schemes, as presented and described in detail in the options paper on “Beyond Phase 2,” reproduced in Attachment 4 to this document.

26. Schemes 0 and 1 met with little enthusiasm, and the committee agreed not to pursue them further. Most of the discussion focused on Schemes 2 (the “dual-channel, dual-track” scheme) and 3 (the “long-term, rolling funding” scheme).

27. The Committee discussed the component elements of these schemes, and reached general agreement on the following principles:

- a. follow-on proposals from CCMs whose grants have reached the end of their original funding periods should receive a different treatment from that given to new proposals;
- b. lighter transaction costs for proposal submission and review are desirable for some or all follow-on proposals;
- c. follow-on proposals should have, under clearly defined conditions, the ability to scale up and expand the activities undertaken in their first five years;
- d. the process for dealing with follow-on proposals should encourage, but not mandate, the submission of comprehensive, costed national plans, and encourage the consolidation of grants within the same disease component; and
- e. the Global Fund should encourage follow-on proposals to undertake sustainability planning.

28. Other component elements of the Schemes 2 and 3 met with mixed views, and the PSC decided to keep them open for further PSC discussion:

- a. a high relative funding priority for follow-on proposals;
- b. a rolling schedule for submitting and reviewing follow-on proposals; and
- c. a long-term “rolling funding” approach.

29. On the basis of the above, the committee asked the Secretariat to develop revised schemes for continuation of funding for “Beyond Phase 2” that incorporate the elements the committee had generally supported for its consideration at its fifth meeting in July 2006.

30. Recognizing that the overall strategy will not be in place before November 2006, and that the long-term measure regarding continuity of funding will likely not be operational until several months after that time, the committee asked the Secretariat to develop an interim, temporary continuation-of-funding measure to apply to the grants that will expire in this period.

31. The Secretariat is currently exploring and developing potential interim measures. Because work is still in progress, discussion of these measures is not ready for inclusion into the present document. The Secretariat will submit a separate document which lays out the potential measures to the PSC as soon as possible in advance of the Board meeting. The PSC proposes that it debate the potential interim measures at a special PSC discussion to be held, if possible, during the Board meeting, that it consult informally with constituencies, and that it thereafter develop a recommendation, which will be subsequently submitted to the Board for an electronic vote.

Termination of funding

32. The committee also discussed the facet of the “Beyond Phase 2” issue regarding termination of funding. Looking first at the current policy, PSC members recommended that the Board should modify the present formulation of the continuity-of-services policy to apply to funding for continuing “courses of treatment,” not for just “lifelong treatment” as the Global Fund’s policy currently states. The rationale was that, particularly for tuberculosis, interrupting treatment midcourse could put patients’ lives in jeopardy as well as potentially lead to public-health concerns such as drug resistance. A decision point to that effect appears in this document.

33. Considering potential future schemes, the PSC considered three options. (See Attachment 4 to this document.) Most members stated that Scheme A, in which the Global Fund would make no allowance for continuation of treatment, was not appealing. There were mixed views among committee members on Schemes B and C, which provide respectively for a qualified and a universal allowance for continuation of treatment upon the anticipated termination of a grant. The PSC requested that, for Scheme B, the Secretariat further specify potential parameters for a qualified allowance for the continuation of treatment. Attachment 4 to this document thus includes two explicit possible incarnations of Scheme B (B1 and B2). The PSC proposes that the Board informally discuss the revised range of schemes regarding the termination of funding at the Board consultation before the Thirteenth Board Meeting. This discussion will assist the PSC in bringing forward a specific recommendation to the Fourteenth Board Meeting.

Decision Point 4: Revision to the Current (Temporary) Continuity of Services Policy

The Board recognizes that the funding under the Continuity of Services Policy should apply to ongoing courses of treatment, whether the treatment is for a limited duration (such as tuberculosis) or is lifelong (such as anti-retroviral therapy).

To address this, the Board amends the decision at the Twelfth Board Meeting on Continuity of Services as set out in Annex 4 to the Report of the Policy and Strategy Committee (GF/B13/7).

Part 3: Update on the Technical Evaluation Reference Group (TERG)

34. The Chair of the TERG presented an update of the ongoing and planned evaluation work of the TERG, including the following:
- a. TERG recommendations on the completed evaluation of the Global Fund proposals process;⁹ and
 - b. overarching questions for the five-year evaluation, and their links to the strategy-development process.¹⁰

⁹ See Attachment 5 to this document for the executive summary of the final report on the Assessment of the Proposal Development and Review Process.

¹⁰ See Attachment 6 to this document for the draft summary report of the fourth TERG meeting.

35. At a high level, the committee agreed with the proposed evaluation questions. It welcomed the strong links between the five-year evaluation and the strategy development process, but requested further detail on the sub-questions. In this context, several PSC members expressed their hope that the TERG could complete the evaluation as quickly as possible.

36. A number of delegates expressed the need for further strengthening the links between the TERG and the PSC to ensure alignment on priorities. The Vice-Chair agreed he would relay the comments from the PSC to the TERG at its June meeting, and the Chair agreed the committee would discuss the work of the TERG, and PSC input on its priorities, in more detail at its fifth meeting in July.

Part 4: Update on the Partnership Forum

37. The Chair of the Steering Committee for the Partnership Forum presented an update on the planning for the event. The overall focus for the Partnership Forum will be on sharing the lessons of successful grants, discussing challenges to implementation, and providing input into strategy development. The Steering Committee is still debating the idea of holding a gala event on the first evening as a platform for mobilizing resources from nongovernmental sources. The list of participants – who represent Country Coordinating Mechanisms, government, civil society, the private sector, and the research community – is limited to 500, and plans call for the Global Fund to pay for approximately half of these participants to attend.

38. The Chair of the Steering Committee described the ongoing work to develop a set of evaluation criteria to demonstrate the added value of the Partnership Forum. Once the Steering Committee has determined a final set of criteria, it will share those criteria with the PSC.

39. Furthermore, the Chair of the Steering Committee explained that he and his colleagues had budgeted the event to cost US\$ 737,000 but indicated there is a current budget shortfall of US\$ 244,000. The Steering Committee is exploring alternate sources of funding, but is very concerned about not having sufficient funds to hold a meaningful event. The PSC agreed to present a short update to the Board on the progress of the Partnership Forum at the April Board meeting.

Agenda of the Fourth PSC Meeting on 13-14 March 2006

Date :	13-14 March 2005
Venue :	Douglas Room (1 st floor), Moevenpick Hotel, Geneva
Chair :	William Steiger, Board Member, USA
Vice-Chair :	Jairo Pedraza, Alternate Board Member, Developed NGOs
Focal Point :	Richard Feachem, Executive Director

Monday, 13 March

13:00– 13:15	Approval of Agenda
13:15 –13:45	<u>Strategic Option Development Process – Overview of Process and Progress Update</u>
13:45 – 16:00	<u>Optimizing Grant Performance - Presentation and Discussion of Options</u>
16:00 – 16:30	Break
16:30 – 18:45	<u>Global Fund Strategic Positioning - Presentation and Discussion of Options</u>
19:00 – 21:30	Working Dinner at the ZEPPLIN ROOM, MOEVENPICK HOTEL 20, route de Pré Bois - 1215 Genève, Tel. +41 (0)22 717 11 11

Tuesday, 14 March 2005

8:00 – 8:30	Coffee and Croissants
08:30 – 10:30	<u>Beyond Phase 2 - Presentation and Discussion of Options</u>
10:30 - 10:45	Break
10:45 – 12:30	<u>Global Fund Size - Presentation and Discussion of Options</u>
12:30 – 13:30	Working Lunch
13:30 – 14:30	<u>TERG Update</u> <ul style="list-style-type: none"> • Update on the Five-Year Evaluation - Ensuring links to strategy option development • Update on Proposals Process Study
14.30-15:45	<u>Looking ahead –</u> <ul style="list-style-type: none"> • End products for the April Board meeting • Managing linkages and ensuring consistency • “Batch 2” Strategic Areas • Global Fund-World Bank Study and link to “Batch 2”
15:45 – 16:00	Break
16:00- 16:30	<u>Partnership Forum update</u>
16:30 – 17:00	AOB and close of meeting

Annex 2

List of Participants at the Fourth PSC Meeting on 13-14 March 2006

	Constituency	PSC Member	Attendee
1	USA (Chair)	William Steiger	William Steiger
2	Developed Country NGO (Vice-Chair)	Jairo Pedraza	Jairo Pedraza
3	Canada - Germany, Switzerland	Montasser Kamal	Montasser Kamal
4	East and Southern Africa	Jose Viera Dias Van-Dumen	<i>Daisy Mafubelu</i>
5	Eastern Mediterranean Region	Noureddine Chaouki	Noureddine Chaouki
6	European Commission	Enrico Mollica	Enrico Mollica
7	France	Serge Tomasi	Serge Tomasi
8	Italy	Lucia Fiori	Lucia Fiori
9	Japan	Masaru Tsuji	Masaru Tsuji
10	Latin America & Caribbean	Paulo Meireles	Paulo Meireles
11	NGO Developed	Asia Russell	Asia Russell
12	NGO Developing	Elizabeth Mataka	Elizabeth Mataka
13	NGO Rep. Communities	Shaun Mellors	Shaun Mellors
14	Point Seven	Lennarth Hjelmåker	Lennarth Hjelmåker
15	Private Foundations	Todd Summers	Todd Summers
16	Private Sector	Brian Brink	Brian Brink
17	South East Asia	Prasanna. K. Hota	<i>Sujatha Rao</i>
18	UNAIDS	Michel Sidibe	<i>Ben Plumley</i>
19	United Kingdom - Australia	Carole Presern	Carole Presern
20	USA	Jimmy Kolker	Jimmy Kolker
21	Western Pacific Region	Ren Minghui	Ren Minghui
22	WHO	Anarfi Asamoah-Baah	Anarfi Asamoah-Baah
23	World Bank	Debrework Zewdie	Debrework Zewdie

	Global Fund Secretariat	Name	Function/ Subject Matter Specialist
24	Executive Director	Richard Feachem	PSC Focal Point
25	Advisor to the Executive Director	Christina Schrade	PSC Rapporteur
26	Manager, Business Strategy	David Salinas	Business Strategy
27	Strategy Officer	Lorraine Ward	Business Strategy
28	Director, Strategic Information and Evaluation	Bernhard Schwartlaender	TERG issues
29	Head, Board and Donor Relations	Dianne Stewart	Head, Board and Donor Relations
30	Legal Counsel	Bartolomeo Migone	Legal Counsel
31	Deputy Executive Director	Helen Evans	Observer

	Others	Name	Function/ Subject Matter Specialist
32	Invited Consultants/Advisors	Rolf Korte	Chair of TERG
33	Support to the PSC Chair	Maggie Wynne	Support to the PSC Chair
34	Representative of the Chair of the Board	Carl Browne	Observer

	Constituencies not attending	PSC Member	
	Eastern Europe	Dana Farcasanu	<i>(not attending)</i>
	West and Central Africa	Babatunde Osotimehin	<i>(not attending)</i>

Summary of Agreed Outcomes from the Fourth PSC Meeting on 13-14 March 2006

This annex summarizes, at a high level, the major agreed outcomes of the meeting. More detail on the specifics of the deliberations appears in the main body of this document (GF/B13/7), in the section entitled “PSC recommendations on strategic options.”

On the strategic issue of “*Global Fund Strategic Positioning*”, the PSC agreed to recommend the following:

- The Global Fund should explore a more active role in influencing market dynamics, and in enabling more effective procurement for grants;
- Determining the specific role of the Global Fund in other areas than the above two should occur within the context of making decisions on the strategic issue areas that the PSC will consider during the remainder of the strategy development effort; and
- The PSC will keep open the issue of strategic positioning, and revisit it periodically from that perspective during the course of the strategy development process.

On the strategic issue of “*Global Fund Size*”, the PSC agreed to recommend the following:

- The Global Fund set a target size(s) or target range(s) for 2010;
- The PSC should not pursue further Option A, as outlined in GF/B13/7-Attachment 2; and
- The PSC will revisit the issue of size during the year, in the context of the ongoing strategy development process.

On the strategic issue of “*Optimizing Grant Performance*”, the PSC agreed to recommend the following:

- The Secretariat should proceed with Measure 5A (further encouraging the direct transfer of funds for procurement from the Trustee account to procurement agents and suppliers), and Measure 8 (encouraging greater transparency in the market for technical assistance and management assistance [TA/MA]), as outlined in GF/B13/7 Attachment 3, both of which current Global Fund policy already allows;
- The PSC should not pursue further Measure 9 (setting an earmark for TA/MA in every grant), as outlined in GF/B13/7-Attachment 3; and
- The PSC should continue to consider the remaining measures under the issue of “Optimizing Grant Performance.”

On the strategic issue of “*Beyond Phase 2*”, the PSC agreed to recommend the following:

- The Board should amend the current temporary policy regarding continuity of services to cover continuing “courses of treatment,” not just “lifelong” treatment, as currently specified;
- The Global Fund should develop an interim measure to cover the continuation of funding, to be valid until such time as the Board puts into place a permanent scheme on continuation of funding;
- The PSC will discuss at its fifth meeting in July a new set of options for a more permanent scheme regarding the continuation of funding, revised to incorporate the Committee’s input;
- The PSC should continue its consideration of the remaining facets of the issue of “Beyond Phase 2.”

Proposed amendment to the decision at the Twelfth Board Meeting on Continuity of Services

The Board recognizes that in exceptional circumstances there may be a need to provide funding for the continuation of treatment in grants where funding ends (whether due to termination, a decision not to provide Phase 2 funding, or a grant reaching the end of its term). The Board recognizes that discussions on whether and how to provide continued funding for treatment will be part of the strategy process. To address exceptional cases that may arise before a comprehensive approach to the issue has been decided, however, the Board replaces the decision at the Ninth Board Meeting on continuity of services (GF/B10/2, Decision Points: Continuity of Services, Decision Point 1) with the following:

The Board adopts the following system for addressing continuity of services:

- i. A recipient (typically a CCM) whose funding has ended may submit an Extraordinary Request for Continued Funding for Treatment.
- ii. The Extraordinary Request will be limited to expenses directly related to the continuation of **courses of** treatment (including medicines [which, in the case of discontinuation of antiretroviral therapy, includes drugs for HIV-related opportunistic infections], diagnostics, and, as appropriate, costs for medical staff and other personnel directly involved in care of the patients on treatment) for those people already placed on **courses of** ~~life-long~~ treatment under the existing proposal at the time of the Extraordinary Request. **“Courses of treatment” includes treatment that is for a limited duration (such as for tuberculosis) or is lifelong (such as for antiretroviral therapy).**
- iii. The Extraordinary Request will be limited to the amount required to provide services directly related to the continuation of **courses of** treatment for up to two years (taking into account any amount which remains available under the existing grant).
- iv. The Extraordinary Request shall contain a description of the steps that are being taken to find sustainable sources of financing for the people on **courses of** treatment, and to ensure that **courses of** treatment **are** being delivered effectively. To be eligible for funding under this provision the CCM (or, in the case of non-CCM proposals, the grant applicant) shall demonstrate that it has used its best efforts to identify other sources of funding to provide continuity of services but has been unsuccessful.
- v. The Secretariat will review the Extraordinary Request, and will provide a funding recommendation to the Board for its approval. The Secretariat will address performance issues as appropriate, and shall make any adjustments to existing implementation arrangements necessary to ensure the effective use of grant funds.
- vi. Throughout the process, the Secretariat will actively engage with technical partners to identify mechanisms to ensure continuity of services.
- vii. In a resource-constrained environment, Extraordinary Requests for Continued Funding for Treatment shall be treated the same as Phase 2 renewals for the purpose of the decision on prioritization set out in GF/B9/2 page 9, Decision Point 2. This decision shall expire at the first Board meeting of 2007 unless renewed.