



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Nineteenth Board Meeting  
Geneva, 5 - 6 May 2009

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GF/B19/5  
Revision 1  
Decision

## REPORT OF THE PORTFOLIO COMMITTEE

### OUTLINE:

1. This report summarizes the deliberations of the Portfolio Committee (PC) at its meeting on 12-13 March, and its recommendations to the Nineteenth Board Meeting. Revision 1 of this report provides a summary of the Portfolio Committee's Sub-working Group on TRP Partial Replenishment and Round 9 TRP Membership (Attachment 2). The main PC Report and Attachment 1 to this report remain unchanged.

## PART 1: INTRODUCTION

1.1 The Portfolio Committee (PC) met in Geneva from 12-13 September 2008. Ms. K. Sujatha Rao and Dr. Joseph André Tiendrebeogo served as Chair and Vice-Chair respectively.

1.2 This report contains the following sections:

- Part 2: Country Coordinating Mechanism (CCM) Matters
- Part 3: Income Level Eligibility Matters
- Part 4: Technical Review Panel (TRP) Matters
- Part 5: Quality Assurance and Procurement Matters
- Part 6: Grant Start Dates
- Part 7: Information Items

## PART 2: COUNTRY COORDINATING MECHANISM (CCM) MATTERS

### Decision

2.1 At its Sixteenth Meeting, the Board approved a new CCM funding model<sup>1</sup> which allowed funding of up to US\$ 43,000 per CCM, per year for CCM. Recognizing the limits of this funding model, the Board also requested the PC to work with the Secretariat to “identify future alternative models of CCM funding”.

2.2 In preparing its inputs for the PC<sup>2</sup>, the Secretariat analyzed past trends in CCM funding, held consultations with CCM members, reviewed findings of the Five Year Evaluation and the “CCM Case Studies”<sup>3</sup> and drew on lessons learned from screening CCM applications during the last three Calls for Proposals.

2.3 The Secretariat concluded that CCMs do not have adequate financial resources to devote to the growing range of demands and Board-approved requirements to fulfill their role as a multi-stakeholder platform from which requests for Global Fund financing originate. More specifically, it was found that CCMs do not have adequate financial resources to address three specific areas of CCM functioning: i) carrying out grant oversight, ii) meaningfully engaging civil society and private sector, and iii) working towards better harmonization and alignment with national bodies. Additionally, the “one size fits all” approach to CCM funding does not allow flexibility to address varying country contexts - or regional ones, where regional CCMs are concerned. The proposed funding model is therefore designed to address these constraints.

2.4 The proposal discussed by the PC is based on a two-track model:

- i. Track One (“Flexible Funding”) enables CCMs to access amounts greater than US\$ 50,000 annually to finance core CCM functions, in addition to administrative and logistic expenses. Applying for funds under this track requires CCMs to develop annual strategic objectives with work plans and related performance targets. Continued funding will be linked to achievement of targets and objectives drawn from a CCM performance framework that will be developed for the new policy. CCM

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<sup>1</sup> GF/B16/DP19: “Guidelines on the Purpose, Structure, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility”.

<sup>2</sup> GF/PC11/03: “Alternative Models of Funding CCMs”.

<sup>3</sup> “Country Coordinating Mechanisms Thematic Reports,” The Global Fund Implementer Series, The Global Fund to fight AIDS, Tuberculosis and Malaria, 2008. Available at: <http://www.theglobalfund.org/en/ccm>

- performance will be monitored through a transparent reporting mechanism and verified by LFAs where necessary.
- ii. Track Two (“CCM Funding Light”) enables CCMs to receive limited funding of no more than US\$ 50,000 for administrative and logistic expenses based on the existing funding model<sup>4</sup>. Track Two is designed for CCMs that do not (yet) have the capacity to implement Track One and/or wish to maintain access to amounts smaller than US\$ 50,000 without the associated reporting requirements of Track One. CCMs applying for Track Two will be required to complete a “CCM Self-Assessment” using (a yet to be developed) tool.

2.5 The PC expressed unanimous support for the two-track funding model presented. The following features were particularly praised as strong improvements:

- i. Linking funding with performance and recognizing that CCMs should define their own needs rather than tailoring their request to maximum funding ceilings set by the Global Fund;
- ii. Lifting the maximum funding ceiling, while maintaining lighter processes for amounts under US\$ 50,000 under “Track Two”; and
- iii. Allowing CCMs to have the resources needed to engage civil society and private sector actors in a meaningful way.

2.6 The PC also noted that a number of issues should be taken into consideration as the Secretariat further develops the two-track funding model:

- i. Funding for CCMs must be closely linked to the role of CCMs; there may be a need to revisit the CCM Guidelines<sup>5</sup> so that funding and CCMs functions can be closely aligned;
- ii. Strengthening civil society and private sector engagement must continue to be a priority for CCMs;
- iii. CCMs must continue to be encouraged to harmonize and align with national entities; and
- iv. CCM financial support by bi- and multi-lateral partners should continue to be promoted, so that CCMs do not become entities financed uniquely by the Global Fund.

2.7 The PC agreed that prior to moving further ahead in operationalizing the two-track CCM funding model, the Board should be given an opportunity to endorse a high-level, principles-based decision point that puts forth the idea of a performance framework for CCMs, and outlines the envisioned parameters for CCM funding by the Global Fund.

2.8 The PC further agreed that the Board should be aware of the financial implications of the proposed new funding model in 2010 and beyond. The 2009 Board-approved CCM budget is approximately US\$ 6 million. Under the new funding model, the Secretariat estimates that the CCM budget would need to increase by approximately 33 percent in 2010 (to US\$ 8 million). Depending on the uptake from CCMs of the expanded funding model and based on current “best estimates”, the CCM budget might require as much as an additional US\$4 million in 2011 (up to a maximum of US\$ 12 million). The annual budget for CCM funding under the new model will be subject to approval by the Board as part of the regular budgetary process under the

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<sup>4</sup> GF/B16/DP19. “CCM Guidelines on the Purpose, Function, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility”.

<sup>5</sup> *Ibid.*

oversight of the Finance and Audit Committee (FAC). Accordingly, the 2010 CCM budget will be reviewed by the FAC at its meeting in September 2009 and presented for approval to the Board at the Twentieth Board Meeting (November 2009). CCMs will be required to respect the principle that Global Fund funding of their activities is additional to other funding.

2.9 Based on the Board's decision at this meeting, the Secretariat will proceed to further develop the funding model and propose any necessary changes to the CCM Guidelines to ensure clear linkages between funding and CCM functions. The PC requested the Secretariat to strengthen its proposal as presented to the PC at its 11<sup>th</sup> Meeting and re-submit its analysis and proposals in time for its 12<sup>th</sup> Meeting in September 2009 as a "package" based on Board-endorsed principles as described in the proposed decision point below. This "package" should include the funding policy and any proposal to amend the CCM Guidelines. The PC is also recommending that the Board delegate authority to the PC to approve the CCM funding model. In reviewing and approving the CCM funding model, the PC will consult as appropriate with the FAC.

***Decision Point 1: Country Coordinating Mechanisms (CCM) Funding Policy***

*The Board agrees that funding for Country Coordinating Mechanisms (CCMs) should be linked to their core functions as defined in the Global Fund Framework Document and further elaborated in the CCM Guidelines<sup>6</sup>. The Board recognizes that the role of CCMs has expanded as Global Fund financing for programmes to fight AIDS, tuberculosis and malaria have increased.*

*To reduce financial constraints that hinder CCMs from fulfilling their responsibilities, the Board adopts in principle a new funding model for CCMs which allows for increased budget amounts and flexible funding modalities on the basis of the following key objectives:*

- i. Meaningful civil society and private sector participation;*
- ii. Enhanced CCM capacity for program oversight;*
- iii. Improved incentives to harmonize and align with national structures;*
- iv. Introduction of performance-based funding for CCMs;*
- v. Improved measurability and transparency of CCM performance;*
- vi. Enhanced country ownership; and*
- vii. Encouraging continued multi-stakeholder donor support to CCMs.*

*The Board delegates authority to the Portfolio Committee (PC) to approve at its 12<sup>th</sup> Meeting (September 2009) a revised policy for funding for CCMs based upon:*

- i. Linking funding to function;*
- ii. Accountability through a robust performance framework;*
- iii. Strategic objectives and performance targets expressed in workplans and budgets;*
- iv. Different country contexts and needs;*
- v. Incorporating CCM best practices; and*
- vi. Rigorous oversight mechanisms including Local Fund Agent (LFA) verification as appropriate.*

*The current funding model (GF/B16/DP19) continues to apply until PC approval of the fully defined revised policy, which is expected to take effect in January 2010.*

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<sup>6</sup> GF/B16/DP19: "CCM Guidelines on the Purpose, Function, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility".

*The annual budget for CCM funding will be subject to approval by the Board as part of the regular budgetary process under the oversight of the Finance and Audit Committee (FAC). The financial implications of the proposed CCM funding model are estimated to be approximately US\$ 8 million in 2010 and US\$ 12 million in 2011.*

*The Board also requests the Secretariat to conduct a review of the CCM Guidelines to clarify the role of CCMs [and, as appropriate, to recommend amendments to the CCM Guidelines] in time for the Twentieth Board Meeting (November 2009). The review should take into consideration the recommendations of the Five Year Evaluation, lessons learned and best practice as identified in various CCM studies.*

*In developing the revised funding policy and reviewing the CCM Guidelines the Secretariat shall engage in a broad consultative process.*

*The budgetary implications of this decision are estimated at approximately US\$ 250,000 in 2009 for consultations, meetings and professional fees. The Secretariat will endeavor to absorb the incremental costs in 2009 by making commensurate savings within the already approved budget.*

### PART 3: INCOME LEVEL ELIGIBILITY<sup>7</sup>

### Decision

#### Timing for Establishing Income Level Eligibility for Rounds and Rolling Continuation Channel Applications for Funding

3.1 Compiling a list of countries eligible to apply for Global Fund financing is currently linked to the launch of a Call for Proposals under the Rounds-Based Channel (RBC). However, Calls for Proposals have not been launched at regular intervals. Moreover, income level eligibility is relevant not only to applications under RBC and the Rolling Continuation Channel (RCC). In order to bring predictability and consistency to the timing for making income level eligibility determinations, and delinking this exercise from Calls for Proposals, the Secretariat proposed<sup>8</sup> that starting in 2009, eligibility determinations be moved to an annual calendar cycle. The proposal is designed to enter into effect retroactively as of 1 January 2009 and will impact the eligibility list for Round 10, any other funding opportunities in 2009 as decided by the Board as well all eligibility determinations for funding under the RCC in 2009. This proposal will not impact the list of countries eligible to apply under Round 9 because the Round 9 eligibility list was communicated to countries in October 2008.

3.2 The PC endorsed the Secretariat's proposal and is recommending the following decision point to the Board:

#### Decision Point 2: Timing for the Determination of Income Level Eligibility

*The Board decides to change the timing of the determination of the income level eligibility for funding from the Global Fund by amending paragraph 4 of Part 3 of the document entitled "Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund" (GF/B16/07, Revision 1, Attachment 1) as follows:*

<sup>7</sup> The Board approved the "Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund" at its Eighteenth Meeting in 2007 (GF/B16/DP18). All changes to these criteria refer to this decision point.

<sup>8</sup> GF/PC11/05: "Income Level Eligibility".

4. The Secretariat will make income level eligibility determinations on an annual basis ~~at the time of the Call for Proposals under the Rounds-Based Channel~~ following the release of the World Bank Country Income Classifications in July of each year (or following the month of publication if different from July), to be reviewed by the Portfolio Committee at its next meeting. These income level eligibility determinations will be effective for all calls for applications to the Global Fund under all funding channels from 1 January to 31 December for the following calendar year.

This decision does not have material budgetary implications.

#### Applicability of One-Year Grace Period for Countries Moving from Upper-Middle Income to High Income Classification

3.3 The current policy for Income Level and Cost-Sharing Eligibility Criteria<sup>9</sup> states that “in cases where a country moves up from one income category to the next, a one-year grace period will apply, meaning that for the purposes of the next Call for Proposals, the determination of income level eligibility will be based on the earlier income level classification”. The policy also states that proposals from ‘high-income’ countries are not eligible for funding from the Global Fund. The current policy is therefore not clear about whether the one-year grace period should apply to countries moving from ‘upper-middle income’ to ‘high income’ classification category.

3.4 The PC discussed this issue and agreed that the grace period should not apply to countries moving up to the “high-income” category. The PC requested that in future discussions on eligibility, any loophole that would allow “high-income” countries to apply for funding be “closed”.

3.5 The PC recommends the following decision point to the Board:

#### Decision Point 3: One-Year Grace Period

*The Board decides that the one year “grace period” applicable for income level eligibility determinations for Global Fund funding where a country moves up from one income category to the next does not apply in the case that a country moves from “upper-middle income” to “high income”. Therefore, the Board decides to amend Part 3 of the document entitled “Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund” (GF/B16/7, Revision 1, Attachment 1) by adding the following paragraph:*

*“In line with the general principle that high income countries are not eligible for Global Fund funding, the one-year grace period only applies to countries moving from the “low-income” category to the “lower-middle income” category and for countries moving from the “lower-middle income” category to the “upper-middle income” category. Those countries moving from “upper-middle income” to “high-income” are not eligible for funding.”*

*This decision does not have material budgetary implications.*

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<sup>9</sup>GF/B16/DP18: “Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund”.

## Defining High Disease Burden for Global Fund Financing of Tuberculosis in Upper-Middle Income Countries

3.6 The current Income Level and Cost-sharing Eligibility Criteria<sup>10</sup> define “high disease burden” for TB as:

- i. any country that is on the WHO list of the high tuberculosis burden countries,<sup>11</sup> or
- ii. [on] the WHO list of countries that account for 95<sup>12</sup> percent of all new TB cases attributable to HIV/AIDS.

3.7 Since approval of this policy by the Board in 2007, there has been increasing awareness of the burden of multi-drug resistant TB (MDR-TB). In an independent proposal to the PC<sup>13</sup>, WHO recommended that the definition of high disease burden for tuberculosis also include countries estimated to have a severe MDR-TB burden as defined by the WHO list of high burden MDR-TB priority countries.

3.8 The PC debated the merits of this proposal. All PC members agreed to the critical importance of the burden of MDR-TB and the need to update the definition of high-disease burden for the purposes of income level eligibility criteria. The recommendation from WHO would make four additional countries eligible for funding. Three of these countries are not on the Organization of Economic Cooperation and Development – Development Assistance Committee List (OECD-DAC) list of recipients. Therefore, in order to bring consistency across the three diseases and as a matter of principle, a number of members firmly stated that inclusion on the OECD-DAC List as a condition for upper-middle income countries to be eligible for funding for HIV/AIDS should *also* apply as a condition for funding TB and Malaria in upper-middle income countries. While this would bring consistency to the OECD-DAC criteria for all three diseases, it would have an impact on present and future countries eligible for TB funding. The PC decided to postpone the decision on the WHO proposal as well as the proposal to introduce the OECD-DAC criteria to TB (and Malaria) pending a full review of income level eligibility criteria planned to begin in mid-2009. The outcome of this review will be presented to the PC and eventually to the Board in November 2010 as requested by its decision in 2007<sup>14</sup>.

3.9 In addition, WHO noted an error in point 3.6 ii above: the correct percentage of countries that account for new TB cases should be “97 percent” (not 95 percent). Indeed, during the past two years, and aware of this error, WHO has formally provided disease burden criteria based on the list of priority TB/HIV countries (currently 41 countries) that account for 97 percent (not 95 percent ) of the estimated global number of HIV-positive TB cases<sup>15</sup>.

3.10 To correct this error, the PC recommends the following decision point to the Board:

### ***Decision Point 4: Correction to Definition of High Disease Burden for Global Fund Financing of Tuberculosis in Upper-Middle Income Countries***

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<sup>10</sup> *Ibid.*

<sup>11</sup> Together accounting for 80% of the global TB burden.

<sup>12</sup> Subsequent to the 11<sup>th</sup> PC Meeting, it was noted that this percentage is an error. A correction is proposed in Decision Point 4.

<sup>13</sup> GF/PC11/05, Annex 3.

<sup>14</sup> GF/B16/DP18: “Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund”.

<sup>15</sup> Ref: [http://www.who.int/tb/publications/global\\_report/2008/pdf/fullreport.pdf](http://www.who.int/tb/publications/global_report/2008/pdf/fullreport.pdf), page 188.

*The Board decides to correct an error in the definition of high disease burden for Global Fund financing of tuberculosis in Upper-Middle Income Countries by amending paragraph 2 of Part 3 of the document entitled "Income Level and Cost Sharing Eligibility Criteria for Proposals for Funding from the Global Fund" (GF/B16/7, Revision 1, Attachment 1) as follows:*

*"The country in which the proposal activities are targeted is included on the WHO list of high-burden countries or on the WHO list of countries that account for ~~95~~ 97 percent of all new cases attributable to HIV/AIDS."*

*This decision does not have material budgetary implications.*

3.11 The document entitled "Income Level and Cost-Sharing Eligibility Criteria for Proposals for Funding" with the amendments proposed by the above three decision points is set out in Attachment 1 to this report.

#### PART 4: TECHNICAL REVIEW PANEL (TRP) MATTERS

#### Decision

##### Partial Replenishment of the TRP Support Group

4.1 The TRP Support Group is the pool of experts called upon to fill TRP member vacancies. The last replenishment of this Support Group (a process that typically occurs every two years) took place in early 2006. There are now 33 members remaining in this pool from the original group of approximately 70 members approved by the Board in April 2006. Due to various policy and strategic initiatives currently underway this year, including the architecture review, National Strategy Applications and the AMFm pilot, the PC agreed at its 10<sup>th</sup> Meeting that the full replenishment of the TRP be deferred so that changes in the structure and/or role of the TRP that result from these architectural revisions may be incorporated into the profile and Terms of Reference of the TRP.

4.2 At its 11<sup>th</sup> Meeting, the PC was briefed on the process that the Secretariat will follow in conducting a partial replenishment of the TRP Support Group. As is customary, it was agreed that a Sub Working Group (SWG) of the PC will meet on the margins of the Nineteenth Board Meeting to consider the candidates for the Support Group. The SWG will be chaired by the Chair and Vice-Chair of the PC and include the representatives from the UK/Australia and Developing Country NGO Delegations as well as the Chair and Vice-Chair of the Technical Review Panel. WHO, UNAIDS and the World Bank will participate in the SWG in an advisory capacity. A decision point will be submitted to the Board via email. This will allow TRP vacancies to be filled from a newly replenished TRP Support Group.

4.3 The PC emphasized the importance of expertise on gender and sexual minorities issues on the TRP and requested that the Secretariat take this into consideration in this exercise.

##### Recommendations Emerging from the Round 8 TRP Report

4.4 The Secretariat provided an overview of the recommendations from the Round 8 TRP Report. The PC requested a more comprehensive report in time for its 12<sup>th</sup> Meeting on how these recommendations will be addressed by the Secretariat in advance of a future round of funding.

## Additions to TRP Membership

4.5 The PC endorsed the TRP's request to add an additional Vice-Chair to the TRP leadership. It also agreed to give flexibility to the TRP leadership to increase the number of members from 35 *up to* a maximum of 40. This will give the TRP flexibility to adjust the size of review groups to meet the increasing workload demands on the TRP.

4.6 It was noted that the revised TORs of the TRP include changes approved at the Eighteenth Board Meeting. These are highlighted in GF/B19/5, Attachment 1.

### Decision Point 5: Additions to Technical Review Panel (TRP) Leadership and Membership

*The Board decides to amend the Terms of Reference of the Technical Review Panel (TRP) to add a second Vice-Chair and to increase the overall maximum number of Permanent TRP members from 35 to 40 persons. The revised Terms of Reference are set forth in Attachment 1 of the Report of the Portfolio Committee (GF/B19/5).*

*This decision does not have material budgetary implications.*

## PART 5: QUALITY ASSURANCE AND PROCUREMENT MATTERS

### Decision

5.1 The Secretariat provided a series of updates on various quality assurance and procurement initiatives<sup>16</sup>.

### Voluntary Pooled Procurement

5.2 The Voluntary Pooled Procurement services (VPP)<sup>17</sup> initiative is likely to be ready operational by the Nineteenth Board Meeting. The VPP establishes a pooled purchasing mechanism, as well as a facility for accessing procurement capacity-building services and supply chain management assistance. An initial list of 10-15 Principal Recipients have expressed their intent to procure through VPP. Lessons learned and case scenarios on the first year roll-out and the opt-in process will be presented to the PC at its first meeting in 2010.

### Price and Quality Reporting System

5.3 Also as follow-up to the Board's decision<sup>18</sup>, the Price & Quality Reporting (PQR) system has now replaced the Price Reporting Mechanism (PRM). The PQR will i) track procurement price and quality information for key health products purchased with Global Fund resources, ii) inform implementers on market conditions and iii) make publicly available the price and quality information captured in the PQR to inform procurement decisions by countries. LFAs will continue to systematically verify data entered by the PRs through the PQR system for completeness and accuracy.

### Implementation of the Quality Assurance Policy for Pharmaceutical Products

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<sup>16</sup> GF/PC11/06: "Procurement and Quality Assurance Matters".

<sup>17</sup> GF/B15/DP15: "Market Dynamics and Voluntary Pooled Procurement".

<sup>18</sup> *Ibid.*

5.4 As planned, the Secretariat is ready to launch implementation of the Quality Assurance Policy for Pharmaceutical Products<sup>19</sup> (“QA Policy”) on 1 July 2009. The PC discussed the implications of implementation with special focus on the establishment of an Expert Review Panel (ERP) which will be hosted by the Department of Essential Medicines and Pharmaceutical Policies of the WHO. The ERP will be an independent technical body established to review the potential risks/benefits associated with the use of Finished Pharmaceutical Products (FPPs) that are not yet WHO-prequalified or authorized by a Stringent Regulatory Authority (SRA). The review will be based on a product dossier submitted by manufacturers. The ERP will make recommendations to the Global Fund on whether to allow grant funds to be used to procure such FPPs.

5.5 The PC provided a range of comments on the ERP TORs (see Attachment 1 of this report). It also requested that the Secretariat develop performance indicators for the ERP to ensure that the timeliness of its reviews and performance allows for ERP recommendations to be given in a timely and high quality manner.

#### **Review of Quality Assurance Standards and Practices Diagnostic Products**

5.6 As follow-up to the Board’s request, the Secretariat provided the PC with a scope of work for the review of current quality assurance standards and practices for the procurement of diagnostic products<sup>20</sup>. The Review will culminate with recommendations on the feasibility of establishing a quality assurance policy specifically for such products purchased with Global Fund financing.

5.7 The PC endorsed the approach to the review. It requested that the perspective of implementing countries be incorporated to ensure that any proposed QA policy specifically for such products be reasonably applied in developing country contexts. The PC also reiterated the importance of the inclusion of the WHO in the review.

#### **Review of Quality Assurance Standards of Pharmaceutical Products other than Antiretroviral (ARVs), Antimalarial and Anti-TB Medicines (“non-ATMs”)**

5.8 The Technical Advisory Group (TAG) that contributed to the review of the QA Policy for Pharmaceutical Products recommended to the Global Fund that “the application of uniform quality assurance standards for Finished Pharmaceutical Products (FPPs) purchased with grant funds [should be] phased in”. At its 10<sup>th</sup> Meeting, the PC endorsed this recommendation and requested the Secretariat to propose a methodology to assess the status of quality assurance for non-ATMs procured with Global Fund resources.

5.9 At its 11<sup>th</sup> Meeting, the PC endorsed the approach proposed by the Secretariat with the following recommendations:

- i. The study should take into account issues of cost in developing country contexts;
- ii. Additional information should be provided about the list and types of products that will be affected by such a policy if it were introduced by the Global Fund;
- iii. The impact on market dynamics should be taken into consideration; and
- iv. WHO should be engaged in the study.

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<sup>19</sup> GF/B18/DP11: “Quality Assurance Policy for Pharmaceutical Products”.

<sup>20</sup> *Ibid.*

5.10 The PC recommends the following decision point to the Board:

**Decision Point 6: Quality Assurance Review of the Status of Pharmaceutical Products Other than anti-Retroviral, anti-Malaria and anti-Tuberculosis Medicines**

*The Board requests the Portfolio Committee (PC) to oversee the Secretariat's study of the quality assurance status of pharmaceutical products other than anti-retroviral, anti-malaria and anti-tuberculosis medicines. The Secretariat shall present the findings of the first phase of the study to the PC at its 12<sup>th</sup> Meeting in September 2009. Based on these findings, the PC may permit the Secretariat to undertake the later stages of the study to explore the possibility of establishing a quality assurance policy for these products. The Board requests the PC to update the Board on the progress of the study at the Board's first meeting in 2010.*

**The budgetary implications of this decision are estimated at approximately US\$ 250,000 in 2009 for consultations, meetings and professional fees. The Secretariat will endeavor to absorb the incremental costs in 2009 by making commensurate savings within the already approved budget.**

**Establishment of a Sub Working Group on Procurement and QA Matters**

5.11 In view of the range of ongoing reviews and establishment of the ERP as described above, the PC requests that a Sub Working Group on Procurement and Quality Assurance Matters be established to provide inputs and review progress on these work-streams until the 12<sup>th</sup> PC Meeting. The membership of this group will be determined in due course.

**PART 6: GRANT START DATES**

**Decision**

6.1 The Secretariat recommended, and the PC agreed, that there should be flexibility in setting grant start dates for the purposes of alignment and harmonization<sup>21</sup>. This flexibility is recommended for up to 18 months after Board approval<sup>22</sup>. This approach to setting grant start dates will not impact the deadline for grant signature, which is set at 12 months after Board approval of TRP-recommended proposals.

6.2 While the PC welcomed this flexibility, it noted that in some cases, this may lead to nearly 24 months between the time a CCM begins to write a proposal for funding and when a first disbursement reaches a country. Concerns were also voiced about the impact this may have on the balance in the Trustee Account and the PC encouraged the Finance and Audit Committee (FAC) to revisit the Comprehensive Funding Policy. The PC also recommended additional flexibilities, including for the Phase 2 grant renewal process, as financing by the Global Fund is becoming rather rigid. It was noted that the Policy and Strategy Committee (PSC) is addressing this issue through the architecture review.

**Decision Point 7: Flexibilities to Set Grant Start Dates**

*The Board delegates to the Secretariat the authority to set the starting date for Grant Agreements up to 18 months after Board approval of a proposal to align with national*

<sup>21</sup> GF/PC11/07: "Flexibilities to Set Grant Start Dates".

<sup>22</sup> To date, such flexibilities are allowable for grant consolidation only.

*fiscal and programmatic cycles and support harmonization with existing Global Fund grants and other donor-funded programs. The starting date shall continue to be based on the timing of receipt by the Principal Recipient of the first disbursement of grant funds under a Grant Agreement.*

*This decision does not have material budgetary implications.*

## **PART 7: INFORMATION ITEMS**

### **Pre-Allocation of Funds Prior to Grant Signature<sup>23</sup>**

7.1 The Secretariat informed and requested the input of the PC of its intent to translate into operational policy the practice of pre-allocating grant funds to Principal Recipients (PRs) prior to grant signature. Because of its business model, financial resources are not made available to PRs by the Global Fund during the grant negotiation process. Funding begins only when a grant is signed. The Secretariat believes that a small financial support during the grant negotiation process may address some bottlenecks in grant negotiations and facilitate the PR's readiness to launch program delivery at grant start date. The proposed approach is for the Global Fund to pre-approve PR costs associated with meeting pre-requisites for signing grant agreements and starting implementation. PRs may then be reimbursed from Board-approved grant funds after the grant agreement is signed (the PRs bear the risk if the grant agreement is not signed for any reason).

7.2 The objective of this pre-allocation is to expedite grant negotiations and signature. The measure is expected to be of most assistance to new PRs, especially under the dual-track financing policy.

### **Committee Restructuring**

7.3 The PC discussed the proposal of the Chair and Vice-Chair of the Board. The PC's inputs were shared with the Chair of the PSC who, in turn, conveyed them to Committee members during their deliberations on the matter.

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<sup>23</sup> GF/PC11/08: "Pre-Allocation of Grant Funds to Principal Recipients Prior to Grant Agreement Signature".

## GUIDANCE ON LOCATION OF FURTHER INFORMATION

The below table indicates where further information on items dealt with in this report can be found:

Where indicated documents are available on the PC password-protected website:

<http://www.theglobalfund.org/protected/committees/pc>

Item:	Further information available:
1. Part 2	GF/PC11/03: Country Coordinating Mechanism(CCM) Funding
2. Part 3	GF/PC11/05: Income Level Eligibility
3. Part 4	GF/PC11/04: Technical Review Panel (TRP) Matters
4. Part 5	GF/PC11/06: Quality Assurance and Procurement Matters
5. Part 6	GF/PC11/07: Grant Start Dates
6. Part 7	GF/PC11/08: Pre-Allocation of Funds Prior to Grant Signature