



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twentieth Board Meeting  
Addis Ababa, Ethiopia 9-11 November 2009

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GF/B20/4  
Decision

## REPORT OF THE POLICY AND STRATEGY COMMITTEE

### OUTLINE:

This report summarizes the deliberations of the Policy and Strategy Committee (PSC) at its 12<sup>th</sup> Meeting on 23-25 September 2009 and in a subsequent phone conference on 14 October 2009. It includes the decision points the PSC recommends to the Board for approval at its Twentieth Meeting.

## PART 1 : INTRODUCTION

1.1 The Policy and Strategy Committee (PSC) met in Geneva on 23-25 September 2009 for its 12<sup>th</sup> meeting. The Chair was Ambassador Lennarth Hjelmåker (Point 7); the Vice-Chair was Dr. Paulo Teixeira (Latin America and the Caribbean).

1.2 This report contains the following topics:

**i. Items for Board decision:**

- Architecture Review (Part 2)
- Developing a Common Platform for Joint Funding and Programming of Health Systems Strengthening (HSS) with the World Bank and the GAVI Alliance (Part 3)
- Technical Evaluation Reference Group (TERG) Replenishment (Part 4)
- Privileges and Immunities (Part 5)
- Partnership Strategy (Part 6)
- Memorandum of Understanding with Roll Back Malaria Partnership (MoU with RBM) (Part 7)
- Translation and Interpretation for Governance Processes (Part 8)
- Engaging Implementing Board Constituencies in Governance Processes (Part 9)
- Partners Constituency Committee Membership (Part 10)

**ii. Items for information: (Part 11)**

- Key Performance Indicators
- Five-Year Evaluation Related Activities:
  - Management Response to Five-Year Evaluation
  - Technical Evaluation Reference Group (TERG) Activity Update (including TERG Self-Assessment)
  - Five-Year Evaluation Ad-Hoc Committee
- UN Observer Status
- Working Group on Managing the Tension between Demand and Supply in a Resource-Constrained Environment

1.3 Guidance on the location of further information is provided in Annex 1 to this report.

## PART 2: ARCHITECTURE REVIEW

### Decision

2.1 Following the decision taken at the Eighteenth Board Meeting on the Architecture Review<sup>1</sup> the Secretariat undertook in-depth design, analysis, consultation and policy review to propose a new funding architecture for the Global Fund. The Secretariat updated the PSC on progress on this work at its 11<sup>th</sup> PSC Meeting<sup>2</sup>. At the 12<sup>th</sup> PSC meeting it presented the Board decisions necessary for the transition to and implementation of the new architecture.<sup>3</sup>

2.2 In its discussion the PSC expressed broad support for what the proposed new architecture aims to accomplish, particularly simplification of the Global Fund business model, accelerating access to funding alignment, harmonization and a program-based funding approach. To this end

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<sup>1</sup> "Global Fund Architecture" (GF/B18/DP19)

<sup>2</sup> "Architecture Review - Progress Update" (GF/PSC11/02)

<sup>3</sup> PSC members and their constituencies were also given a full day briefing prior to the PSC meeting to facilitate a complete understanding of the proposed new architecture.

there was continued support for the principle of a single stream of funding per Principal Recipient (PR) per disease. The PSC Chair noted that the proposed new architecture will be able to accommodate grants derived from National Strategy Applications (NSAs) and a further developed financing mechanism for HSS, as well as measures proposed by the Working Group on Managing the Tension between Demand and Supply in a Resource-Constrained Environment.

2.3 A number of areas were identified by the PSC as requiring additional work to further clarify the proposed model. Some PSC members also emphasised in particular the need for addressing issues related to Country Co-ordinating Mechanisms (CCMs), monitoring and evaluation (M&E) and technical assistance (TA) in further developing the architecture. The PSC Chair noted that these matters are outside the primary focus of the work presented to the PSC but re-iterated that they are linked to the architecture reform and crucial for its success. The Secretariat informed the PSC of ongoing parallel work on these issues. The PSC also stressed the importance of engaging partners throughout the transition to the new architecture, and requested the Secretariat to consult with technical partners and donors on relevant processes, including the development of the new application system and the aligning of grants to country program cycles.

2.4 A small balanced working group of the PSC, lead by Mr. Simon Bland of the United Kingdom and Australia Constituency, was established to resolve the open issues. The working group built further consensus around the architecture package in general and the open issues in particular. The PSC is still refining the proposed policies to reach consensus on:

- i. Scaling-up; and
- ii. The timing for the discontinuation of the Rolling Continuation Channel (RCC)

The PSC decided that these two outstanding issues require further discussion in the run-up to the Board. The PSC therefore recommends the following decision point to the Board for approval, with the two elements where discussions are still ongoing indicated as options in square brackets.

***Decision Point 1: Architecture Board Decision - Transition Provisions (and Periodic Review and Commitments Policy)***

See GF/B20/4 Annex 2 and Annex 2a.

*Please note that to avoid duplication and confusion the amended Comprehensive Funding Policy, referenced in the above decision point, is contained within GF/B20/12 "Report of the Working Group on Managing the Tension between Demand and Supply in Resource-Constrained Environment", Annex 5.*

**PART 3: DEVELOPING A COMMON PLATFORM FOR JOINT FUNDING AND PROGRAMMING OF HSS WITH THE WORLD BANK AND THE GAVI ALLIANCE** **Decision**

3.1 In March 2009 the chief executives of the Global Fund and the GAVI Alliance informed the High Level Task Force on Innovative Financing for Health Systems of their intention to begin jointly programming resources towards HSS. At the 12<sup>th</sup> PSC meeting the Secretariat provided an update on the inter-agency discussions that took place between April and September 2009 and presented options for a common platform for joint funding and programming of HSS.<sup>4</sup>

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<sup>4</sup> "Developing a Platform for Joint Funding and Programming of Health Systems Strengthening with the World Bank and the GAVI Alliance" (GF/PSC12/04)

3.2 The PSC acknowledged the importance of HSS and welcomed the opportunity for greater harmonization and cooperation to improve outcomes whilst emphasizing that issues relating to design and compatibility of HSS with the Global Fund's new architecture will have to be addressed in detail. In discussing this issue PSC members stressed the need to be clear about the relationship between HSS funding, HIV, tuberculosis, malaria and immunization. The PSC also noted the importance of collaboration with all relevant partners, given their specific roles and mandates, in particular with WHO. Finally the PSC noted that this initiative would require an incremental approach, with an initial pilot phase, based on but not limited to the two options presented:

- i. a single HSS funding application; and
- ii. funding on the basis of jointly assessed national health strategies.

3.3 The PSC stressed that the next phase of the work with the three agencies should be inclusive and consultative, engaging bilateral, multilateral and civil society partners, include country consultations and ensure close involvement of the PSC. The PSC also stressed that the work should continue to strive to improve aid effectiveness in line with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

3.4 In emphasizing its desire to move forward promptly on this critical issue PSC recommends the following decision point to the Board for approval:

***Decision Point 2: Joint Funding and Programming of Health Systems Strengthening with GAVI and the World Bank***

*The Board acknowledges the collaborative efforts undertaken by the Global Fund with the World Bank and GAVI Alliance, with technical support and facilitation from the WHO, to develop a proposal for a common platform for joint HSS funding and programming to respond to country needs and to accelerate achievements in the fight against the three diseases and improve immunization coverage.*

*The Board requests the Secretariat, in close consultation with the Policy and Strategy Committee, to continue collaboration with the partner agencies to elaborate in an inclusive manner, the necessary design, policy and implementation features for joint HSS funding and programming based on but not limited to the proposed Option 1 (Single HSS Funding Application) and Option 2 (Funding on the Basis of Jointly Assessed National Health Strategies) described in the Policy and Strategy Committee's Report to the Board (GF/B20/4).*

*The Board asks the Secretariat to collaborate with the Policy and Strategy Committee to establish implications for current Global Fund policies and how these options and potentially others could be piloted in the overall context of the new grant architecture. The Board requests the Policy and Strategy Committee to recommend to the Board, for consideration at its Twenty First Meeting, a plan and policies for bringing into operation a joint HSS funding and programming procedure.*

***This decision does not have material budgetary implications.***

## PART 4: TERG REPLENISHMENT

## Decision

4.1 The Technical Evaluation Reference Group consists of 9 appointed members and 4 ex-officio members. Six TERG members appointed in 2004 have now served full terms and are eligible to rotate off the TERG. A call for nominations was sent to both PSC and Board members which yielded a pool of 22 nominated qualified candidates. The external consultancy company HLSP was contracted for initial screening and ranking of these nominees according to their technical expertise, based on criteria outlined in TERG Terms of Reference.

4.2 The TERG Selection Committee considered these candidates and proposed six new TERG members to the PSC for a two-year term on the TERG. The Ad Hoc Committee on the Five-Year Evaluation is tasked to "further define the role of the TERG in relation to independent evaluations, the resources required and Board oversight of the process".<sup>5</sup> Therefore, this appointment is being recommended for a two-year duration, subject to the review of the TERG Terms of Reference being carried out by the Ad Hoc Committee.

4.3 The PSC supported the TERG Selection Committee's proposal and therefore recommends the following decision point to the Board for approval:

### Decision Point 3: TERG Replenishment

*The Board requests the Executive Director to invite Dr Dorothy Kinde-Gazard, Dr Stein-Erik Kruse, Dr Vasanthapuram Kumaraswami, Dr Ruth Levine, Dr Maria Ines Nemes and Dr Wim Van Damme to become members of the Technical Evaluation Reference Group (TERG) for a period of two years, subject to the revision of the TERG Terms of Reference.*

*This decision does not have material budgetary implications.*

## PART 5: PRIVILEGES AND IMMUNITIES (P&Is)

## Decision

5.1 Since the recent termination of the Administrative Services Agreement (ASA) with WHO, the Global Fund and its staff no longer have P&Is outside of the United States and Switzerland. It is important that States accord the Global Fund such P&Is as these are required for the protection of its assets, staff, data and effective operation.

5.2 The PSC was presented with a draft Agreement (Attachment 1) on P&Is developed by an Advisory Group (of PSC member-recommended) legal experts, set up to advise the Secretariat on this issue.<sup>6</sup> The Advisory Group recommended that States consider granting P&Is to the Global Fund by applying domestic legislation that accords such P&Is (where the country's legal framework allows for it), and / or by signing on to a multinational agreement giving the necessary protection. During the debate it was noted by some PSC members that their constituency may need to include reservations to certain paragraphs of the Agreement when national laws prevent them from signing.

### Decision Point 4: Global Fund Privileges and Immunities

*The Board recognizes the importance of States granting to the Global Fund such privileges and immunities as necessary for the effective exercise of its functions and efficient use of its*

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<sup>5</sup> GF/B19/DP29

<sup>6</sup> "Privileges and Immunities: Recommendation of the Advisory Group on Expanding Global Fund Privileges and Immunities" (GF/PSC12/12)

resources. The Board recommends that States consider granting privileges and immunities to the Global Fund by:

- (i) *applying domestic legislation that specifically confers on the Global Fund status, capacities, privileges and immunities equivalent to those enjoyed by international organizations within their respective legal systems, and/or*
- (ii) *adhering to the Agreement on Privileges and Immunities of the Global Fund to Fight AIDS, Tuberculosis, and Malaria set out in Attachment 1 of the Policy and Strategy Committee's Report to the Board (GF/B20/4), pursuant to Article 8 of that Agreement;*

*and requests the Secretariat to report back to the Board periodically on what measures states have taken in response to this decision.*

*This decision does not have material budgetary implications.*

## PART 6: PARTNERSHIP STRATEGY

## Decision

6.1 The Five-Year Evaluation recommended the Secretariat develop a Partnership Strategy that outlines roles and responsibilities of partners and a way forward for strengthening the Global Fund partnership. At its 11<sup>th</sup> meeting the PSC reviewed the Framework for the Partnership Strategy and after an extensive consultation process with global, regional and country partners a final Partnership Strategy was presented to the PSC at its 12<sup>th</sup> meeting.<sup>7</sup>

6.2 The PSC welcomed the Strategy and highlighted its importance in ensuring the Global Fund partnership model is fully realized. Members also suggested a number of areas where the Strategy could be strengthened, including giving greater emphasis to the need for the Global Fund to move from a stand-alone entity to a broader partnership, in support of countries in need. A number of changes have therefore been incorporated into the final version of the Strategy (GF-B20-4 Attachment 2). Members also offered inputs to the operational plan that will be developed to guide implementation of the Strategy.

6.3 The PSC recommends the following decision point to the Board for approval:

### *Decision Point 5: Global Fund Partnership Strategy*

*The Board approves "The Global Fund Partnership Strategy" (GF/B20/4 - Attachment 2) and requests the Secretariat to report on progress of implementation of the strategy to the Policy and Strategy Committee at its next meeting.*

*This decision does not have material budgetary implications.*

## PART 7: MoU WITH RBM

## Decision

7.1 To continue its work towards strengthening the collaboration between the Global Fund and its partners, the Secretariat has developed a new MoU between the Global Fund and RBM (GF-B20-4 Attachment 3), which provides a framework for collaboration in support of national and international responses to malaria control. This MoU will replace that which was previously approved by the Board at its 9<sup>th</sup> Meeting.<sup>8</sup>

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<sup>7</sup> "Partnership Strategy" (GF/PSC12/05)

<sup>8</sup> "MoU with Roll Back Malaria Partnership (RBM)" (GF/PSC12/06)

7.2 In the discussion, the PSC expressed its appreciation for the Secretariat's intent to develop an operational plan for roll-out of the MoU. PSC members highlighted a number of areas to be included within this operational plan.

7.3 The PSC recommends the following decision point to the Board for approval:

**Decision Point 6: Memorandum of Understanding with the Roll Back Malaria Partnership**

*The Board notes the Secretariat's continued focus on strengthening the Global Fund's relationship with its key partners in the fight against the three diseases. In this context, the Board expresses its satisfaction with and endorsement for the principles of the revised memorandum of understanding with the Roll Back Malaria Partnership (the "RBM MoU") set out in Attachment 3 of the Policy and Strategy Committee's Report to the Board (GF/B20/4), and requests the Executive Director to finalize and sign the RBM MoU.*

**This decision does not have material budgetary implications.**

**PART 8: TRANSLATION AND INTERPRETATION FOR GOVERNANCE PROCESSES**

**Decision**

8.1 At its 11<sup>th</sup> meeting the PSC considered the use of different languages within the Global Fund governance and oversight structure. In its discussion, the PSC recognized the need to remove barriers and to create a level playing field for effective participation by all partners in Global Fund governance processes; emphasized the necessity of combining guiding principles with a pragmatic approach and operational realities; and recognized the need to address this issue incrementally, giving priority to the committee level. Based on the areas that had previously been identified as particularly important the PSC, at its 12<sup>th</sup> meeting, was presented with costed proposals for the following areas:<sup>9</sup>

- i. Translation of executive summaries of committee papers into supplementary languages including decision points and any relevant annex(es);
- ii. Translation of a limited number of committee papers into supplementary languages;
- iii. Interpretation of committee meetings into supplementary languages; and
- iv. Interpretation of Board pre-meetings into supplementary languages.

8.2 The PSC agreed that all these measures were useful tools for increasing effective participation in the Global Fund governance processes and should be introduced incrementally. The PSC therefore proposed they should be implemented for up to two languages (French and Spanish) based on a proactive needs assessment of Board/Committee members, with, where necessary, discretion on implementation residing with the Board/Committee Chair and Vice-Chair as outlined in Attachment 3.

8.3 The PSC recommends the following decision point to the Board for approval:

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<sup>9</sup> "Translation and Interpretation for Global Fund Governance Processes" (GF/PSC12/10)

### Decision Point 7: Translation and Interpretation for Governance Processes

*The Board stresses the need to ensure that Global Fund governance processes reflect the multi-lingual nature of both the organization and of its Board constituencies. To ensure these processes remain open and transparent to all constituencies it decides to adopt the measures outlined in GF/B20/4 Attachment 4, in an incremental manner, limited initially to two languages in addition to English.*

*The Board wishes to emphasize that in implementing this decision a pragmatic approach should be taken, with the provision of any increased interpretation and translation at the Board and committee level being based on a proactive needs assessment of Board and committee members, carried out by the respective Chair and Vice-Chair, prior to committee / Board meetings.*

*The budgetary implications of this decision point in 2010 amount to US\$ 235,704. The Secretariat will endeavor to absorb the incremental costs in 2010 by making commensurate savings within the approved budget.*

## PART 9: ENGAGING IMPLEMENTING BOARD CONSTITUENCIES IN GOVERNANCE PROCESSES

### Decision

9.1 The engagement by all sectors of the partnership is essential for the multi-stakeholder model of the Global Fund Board to function effectively. However, constituencies of the implementing voting group face particular challenges to engage at the Board and committee level, due not least to their complexity in terms of size, physical distance between constituency members, and language diversity. To effectively manage communication and decision-making within these complex constituencies requires financial and human resources at a scale that often is not readily available to the constituency representatives.

9.2 The PSC considered this issue at its 11<sup>th</sup> meeting and acknowledged that further targeted material support is required. At its 12<sup>th</sup> meeting, the PSC stressed that information flows on substantive matters between the Secretariat and the Board delegations should be further improved.<sup>10</sup> It also considered a number of options for the form additional financial support could take. In discussion PSC members highlighted a general need for better coordination between the Global Fund Secretariat, implementing countries, other international organizations (in particular those with country offices, such as UNAIDS, WHO) and regional organizations<sup>11</sup>. The PSC stressed that as different constituencies face different constraints, material support should be made available on a case-by-case basis depending on the needs of specific constituencies. The PSC agreed that an annual budget of US\$ 800,000 should be made available starting in 2010 to provide support to implementing constituencies, to be disbursed based on funding requests from constituencies. A new *Board Constituency Funding Policy* (Annex 3), developed based on the PSC's request at its 12<sup>th</sup> meeting, will guide funding applications and decisions.

9.3 The PSC recommends the following decision point to the Board for approval:

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<sup>10</sup> "More Effectively Engaging Implementing Board Constituencies in Global Fund Governance Processes" (GF/PSC12/11)

<sup>11</sup> A newly established team at the Global Fund Secretariat the "Regional Organizations and Public Sector Partnerships Team" is responsible for carrying forward this work.

**Decision Point 8: Engagement of Implementing Board Constituencies in Governance Processes**

*The Global Fund's constituency based governance model is core to the organization's identity as a public private partnership. The Board reiterates its support for this model and stresses that its effective functioning requires active and informed engagement by all constituencies.*

*To further facilitate the engagement of the Board constituencies of the implementing voting group in the Global Fund's governance processes, the Board decides to make available, on an annual basis, funds to these constituencies for communication, meeting, travel and staff costs incurred for intra-constituency functions, as specified in the Board Constituency Funding Policy (GF/B20/4 Annex 3).*

*The Board decides that each implementing constituency application in accordance with paragraph 8 of GF/B20/4 Annex 3 should be limited to US\$ 80,000 for 2010. Exceptions to this ceiling may be permitted by the Secretariat within the overall funding ceiling approved by the Board.*

*The Board delegates oversight of the Board Constituency Funding Policy to the Policy and Strategy Committee and requests the Secretariat to provide this committee with periodic reports on its impact on constituency participation, particularly in view of possibilities for joint action with UNAIDS and other relevant partners in this area. The first such report to the PSC should be at its first meeting in 2011.*

**The budgetary implications of this decision point in 2010 amount to US\$ 800,000.**

**PART 10: PARTNERS CONSTITUENCY COMMITTEE MEMBERSHIP**

**Decision**

10.1 At the Nineteenth Board Meeting the Board decided to create one additional non-voting seat on the Board to represent the constituency of key partners (Partners Constituency) whose mission is directly related to the Global Fund and who were not at the time represented on the Board, with three initial members: Stop TB, Roll Back Malaria and UNITAID<sup>12</sup>. No decision was taken at the Nineteenth Board Meeting with regard to the committee membership of this constituency. The Partners Constituency has in the meantime requested membership of the PSC and PIC.

10.2 The PSC supports this request and recommends the following decision point to the Board for approval:

**Decision Point 9: Partners Constituency Committee Membership**

*The Board amends the Committee Rules and Procedures, Section C. paragraph 1 a. and b. as follows:*

**C. Size**

*Committees will be limited to a maximum membership as follows:*

- a. Policy and Strategy: 20 members (plus one representative of each of the World Bank, the World Health Organization, the Partners constituency and UNAIDS in a consultative, non-voting role)*
- b. Portfolio: 12 members (plus one representative of each of UNAIDS, the Partners constituency and the World Health Organization in a consultative, non-voting role).*

**This decision does not have material budgetary implications.**

<sup>12</sup> "Allocation of Non-Voting Board Seats" (GF/B19/DP11)

**Key Performance Indicators**

11.1 In accordance with the decision taken by the Board at its Sixteenth Meeting,<sup>13</sup> the PSC assessed the mid-year results achieved against the 2009 Key Performance Indicators (KPIs). It also discussed revisions to the KPI framework and indicators for 2010.<sup>14</sup>

11.2 The PSC acknowledged the successful performance of the Secretariat on the majority of indicators at mid-2009. While recognizing this overall performance, the PSC expressed concerns in the following areas and requested the Secretariat to focus on improving these KPIs during the second semester of 2009:

- i. speed of grant signing;
- ii. volume and speed of disbursements;
- iii. operating expenses (within the target which is considered to be very high); and
- iv. funding follows performance, particularly of disbursements.

The PSC also requested the Secretariat to conduct a detailed analysis of the issues of speed, quality and performance in disbursements.

11.3 With regards to the 2010 KPIs the PSC welcomed the proposed additions and modifications to the KPI framework which was approved at the 10th PSC meeting, and asked the Secretariat to report on:

- i. community systems strengthening as part of HSS;
- ii. dollars raised by private sector team as part of the private sector KPI; and
- iii. to provide breakdowns of individual Paris Declaration indicators.

11.4 The PSC also asked the Secretariat to alter the wording of the gender indicator to include "gender" (instead of "sex") and "population at risk" (instead of "risk group"), and to include transmission mode. Finally the PSC asked the Secretariat to work with partners to refine the final disease and HSS indicators with details provided in an annex to the KPI framework. These indicators may be adjusted as appropriate to national disease control strategies and refined by the sub-group as necessary.

11.5 The PSC approved the following decision point:

*PSC Decision Point: Key Performance Indicators: 2009 Mid-Year Results & Modifications for 2010*

*The Policy and Strategy Committee:*

1. *Takes note of the mid-year results for the 2009 Key Performance Indicators presented in GF/PSC12/09 (Revision 1) and recognizes its successful performance on the majority of indicators. The PSC requests the Secretariat to take strong actions to improve end of year performance related to (1) the time for grant signing and the volume and speed of disbursements; (2) operating expenses, which were within the target, but the target is considered to be very high; and (3) performance management, particularly of disbursements. The PSC*

<sup>13</sup> "Amendment of Assessment Process for Key Performance Indicators" (GF/B16/DP13)

<sup>14</sup> "Key Performance Indicators: Mid-year Report on Results for 2009 and Proposed Modifications for 2010" (GF/PSC12/09)

*requests a more detailed analysis of the issues of speed, quality and performance in disbursements.*

2. *Approves the proposed modifications to the KPI Framework for 2010 presented in Table 2 of GF/PSC12/09 (Revision 1), which include the revisions recommended by the PSC:*
  - *Reporting on community systems strengthening as part of HSS;*
  - *Reporting of dollars raised by private sector team as part of the private sector KPI;*
  - *Reporting on breakdowns of individual Paris Declaration indicators;*
  - *In the gender indicator, use of “gender” (instead of “sex”) and “population at risk” (instead of “risk group”) and include transmission mode.*

*The Indicators may be adjusted as appropriate to national disease control strategies and refined by the sub-group as necessary.*

3. *Requests the Secretariat with the PSC sub-group to consider further amendments to the KPI framework as follows:*
  - *Work with partners to refine the final disease and HSS indicators with details provided in an annex to future KPI reports;*
  - *Develop additional components for the Quality of Services and Value for Money KPIs (e.g. drug stock-out issues, PMTCT, MDR-TB);*
  - *Consider domestic spending on health towards the Abuja targets;*
  - *Consider opportunities to remove indicators as appropriate.*

*This decision does not have material budgetary implications.*

## **Management Response to Five-Year Evaluation**

11.6 At the Nineteenth Board Meeting the Secretariat was asked by the Board to report to the Twentieth Board Meeting, through the Policy and Strategy Committee, on the Secretariat's progress in responding to recommendations contained in the Study Area (SA) 1, SA2, SA3 and Synthesis Reports, as well as the TERG recommendations in relation to these reports.<sup>15</sup> At the 12<sup>th</sup> PSC meeting the Secretariat presented its response to the recommendations of the Five-Year Evaluation, including the recommendations of the TERG on the findings of the Evaluation.<sup>16</sup>

11.7 The PSC welcomed and commended the proactive and comprehensive response from the Secretariat on the Five-Year. The PSC noted that this response would constitute an important input for the PSC, Board and Ad Committee on the Follow-up to the Five-Year Evaluation. PSC members also noted that:

- i. the Five-Year Evaluation recommendation needs to be followed by a revised corporate strategy that communicates mission, values and principles;
- ii. improving country ownership through CCM functions will require multiple strategies;
- iii. the new Partnership Strategy should have operational plans and targets; and
- iv. the Working Group on Managing the Tensions Between Demand and Supply should consider the implications of changes in resource allocation for the Millennium Development Goals.

11.8 PSC members requested the Secretariat to:

- i. establish impact of efficiency savings on civil society;
- ii. track if resources follow need, and achieve impact;
- iii. develop a 'roadmap' that links the Five-Year Evaluation response to the KPIs;
- iv. give due consideration to HIV prevention in the management response;

<sup>15</sup> "Follow-up on Five-Year Evaluation" (GF/B19/DP19)

<sup>16</sup> "Management Response to the Five-Year Evaluation" (GF/PSC12/07)

- v. hold multi-country workshops to enhance country analytic capacities; and
- vi. clarify Secretariat initiatives to strengthen country monitoring and evaluation systems.

### **TERG Activity Update (including TERG Self-Assessment)**

11.9 The TERG Chair Professor Rolf Korte updated the PSC on TERG activities since May 2009 including:<sup>17</sup>

- i. The Five-Year Evaluation follow-up;
- ii. The Global Fund's evaluation agenda;
- iii. The AMFm Independent Evaluation; and
- iv. The TERG self assessment.

11.10 Further information on the TERG self-assessment may be found in the TERG Report to the Twentieth Board Meeting (GF/B20/17).

11.11 Following the presentation of the TERG Chair, PSC members:

- i. acknowledged the important contributions of TERG to the Global Fund;
- ii. emphasized the importance of the independent evaluation function and the need for continuous and periodic evaluation;
- iii. recognized that the Global Fund has evolved significantly since its inception and the TERG role in independent evaluations should be refined in light of current Global Fund needs and the TERG self-assessment report; and
- iv. reiterated the need to maintain the independence of the TERG function and the importance of close collaboration between the TERG and the Secretariat.

### **Five-Year Evaluation Ad Hoc Committee**

11.12 The Chair of the PSC briefed the PSC on the formation of a Five-Year Evaluation Ad Hoc Committee, constituted as a sub-committee of the PSC, tasked to:<sup>18</sup>

- i. follow-up on, and formulate the Board's responses to the Five-Year Evaluation recommendations; and
- ii. further define the role of the TERG in relation to independent evaluations, the resources required and Board oversight of the process.

11.13 The PSC Chair informed the committee on his decision regarding membership of the Five-Year Evaluation Ad Hoc Committee and that the committee would have its first meeting prior to the Twentieth Board Meeting to assess and plan its work.

11.14 The PSC stressed the urgent need for the sub-committee to prioritize its work in defining the future role of the TERG in relation to independent evaluations, given that six new international experts will shortly be invited to join the TERG.

### **UN Observer Status**

11.15 At its Eighteenth Meeting the Board approved a decision point asking the Global Fund, through its Executive Director, to take steps to pursue a decision by the 63<sup>rd</sup> UN General Assembly

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<sup>17</sup> "Technical Evaluation Reference Group (TERG) Assessment (GF/PSC12/08)

<sup>18</sup> "Follow-up on Five-Year Evaluation" (GF/B19/DP19)

to grant Observer Status to the Global Fund.<sup>19</sup> A follow-up decision at the Nineteenth Board Meeting reiterated the Board's endorsement of the intention to obtain Observer Status at the UN<sup>20</sup>.

11.16 The PSC was briefed on the significant progress made towards securing this status:

- i. Considerable advocacy had taken place around this issue;
- ii. Tanzania has agreed to present the Global Fund UN observer status request to the General Assembly and successfully filed the request for UN Observer status on the draft agenda of the 64<sup>th</sup> Session of the General Assembly;
- iii. Agenda was endorsed without opposition by the UN General Committee on 16 September 2009;
- iv. The Global Fund UN observer status request was referred for review to the 6th committee (legal committee);
- v. Informal consultations convened by Tanzania in early October 2009 in preparation for 6th committee meeting on 14 October 2009 to review the draft resolution and make a recommendation to the General Assembly; and
- vi. Final decision expected in late November/December 2009.

11.17 The PSC thanked the Secretariat for the progress in this area and stressed that Board Members should communicate with their respective capitals and their representations in New York to ensure support for the processes leading up to the UN 6th Committee Meeting.

#### **Working Group on Managing the Tension between Demand and Supply in a Resource-Constrained Environment**

11.18 At the Nineteenth Board Meeting the Board established this Working Group with the following objectives:

- i. provide recommendations for amendments of existing policies on prioritization of proposals in a resource-constrained environment;
- ii. provide recommendations, if possible, on future resource allocation policies, for appropriate Board committee follow up; and
- iii. present options for an increased and urgent resource mobilization effort.

11.19 The Co-Chair of the Working Group, Mr. Peter Van Rooijen, briefed the PSC and sought members' views on the measures the group had developed. Feedback from PSC members on this issue included:<sup>21</sup>

- i. appreciation for the open and inclusive process, and strong advice to invest in implementers' engagement;
- ii. great interest in and some concern on the proposed revised composite index;
- iii. suggestion to carefully review and design the process of establishing the 10% efficiency savings (based on experiences in Round 8) and an indication from some PSC members that, at country level, different parties had borne the costs of efficiency gains to a greater degree than others;
- iv. concern that opportunities for demand expression could be eliminated for almost two years;
- v. concern around the impact of ending the RCC before the architecture is operationalized;

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<sup>19</sup> "Relationship between the Global Fund and the United Nations" (GF/B18/DP15)

<sup>20</sup> "Relationship between the Global Fund and the United Nations" (GF/B19/DP4)

<sup>21</sup> "Progress Report of the Working Group on "Managing the Tension between Demand and Supply in a Resource-Constrained Environment" (July 2009), (GF/PSC12/03)

- vi. Interest in the concept of a mini Round 10 providing opportunities to stimulate progress in different areas (architecture transition, NSAs, etc); and
- vii. The desire for prioritisation in demand to be linked to adherence to the Abuja Commitment.

11.20 The Working Group Co-Chair thanked PSC members for their input, which would, along with feedback received from the FAC and PIC, be incorporated into the report of the Working Group to be presented to the Board at its Twentieth Meeting (GF/B20/12). The Working Group Co-Chair asked that any further issues for consideration by the group and potential inclusion in its report to the Board be submitted not later than 5 October 2009.

This document is part of an internal deliberative process of the Fund and as such cannot be made public. Please refer to the Global Fund's documents policy for further guidance.

## GUIDANCE ON LOCATION OF FURTHER INFORMATION

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

Where indicated by an asterisk [\*], documents are available on the PSC password-protected Committee Member Extranet site:

<http://extranet.theglobalfund.org/cme/default.aspx>

Item:	Location of further information:
Architecture Review	Architecture Review (GF/PSC12/02)* Architecture Review Progress Update (GF/PSC11/02)* Chairs summary slides 11th PSC Meeting pg. 44-45*
Developing a Common Platform for Joint Funding and Programming of HSS with the World Bank and GAVI	Developing a Common Platform for Joint Funding and Programming of Health Systems Strengthening with the World Bank and the GAVI Alliance (GF/PSC12/04)*
TERG Replenishment	Chair's summary slides 12th PSC Meeting*
Privileges and Immunities	Privileges and Immunities: Recommendation of the Advisory Group on Expanding Global Fund Privileges and Immunities (GF/PSC12/12)* Chairs summary slides for 11th PSC Meeting pg. 2-3* PSC Report to Board: GF-B19-4 part 9*
Partnership Strategy	Partnership Strategy (GF/PSC12/05)* Chairs summary slides for 11th PSC Meeting pg. 38-41* Report of PSC to Board (GF-B19-4 Part 9)* Framework for a Partnership Strategy (GF-PSC11-05)*
MoU with RBM	MoU with Roll Back Malaria Partnership (GF/PSC12/06)*
Translation and Interpretation for Governance Processes	Translation and Interpretation for Global Fund Governance Processes (GF/PSC12/10)* Chairs summary slides 11th PSC meeting pg. 9-12* Follow-up to Chairs and Vice-Chairs Retreat (GF-PSC11-10) Governance Issues, Part 5*
Engaging Implementing Board Constituencies in Governance Processes	More Effectively Engaging Implementing Board Constituencies in Global Fund Governance Processes (GF/PSC12/11)* Chairs summary slides 11th PSC Meeting pg. 32* PSC Report to Board (GF-B19-4 part 9)* Follow-up to Chairs and Vice-Chairs Retreat (GF-PSC11-10 Part 5)* Translation and Interpretation for GF Governance Processes (GF-PSC11-11)*

Item:	Location of further information:
Partners Constituency Committee Membership	Decision Point 19th Board Meeting: Allocation of Non-Voting Board Seats (GF/B19/DP11)*. Chairs summary slides 12th PSC Meeting *
Key Performance Indicators	Key Performance Indicators Mid-year report on Results for 2009 and Proposed Modifications for 2010 (GF/PSC12/09)*
Management Response to Five-Year Evaluation	Management Response to Five-Year Evaluation (GF/PSC12/07)* GF/B16/4, GF/B18/11, GF/B19/10 (Board website) Website on the Five Year Evaluation at <a href="http://www.theglobalfund.org/en/terg/evaluations/5year/">http://www.theglobalfund.org/en/terg/evaluations/5year/</a>
Technical Evaluation Reference Group (TERG): A self-assessment	Technical Evaluation Reference Group (TERG) Assessment (GF/PSC12/08)* / GF/B20/17
5YE Ad Hoc Committee Discussion on TERG Matters, including TERG Role in Relation to Independent Evaluations	Chair's summary slides 12th PSC Meeting* Decision Point 19th Board Meeting: Follow-up to the Five Year Evaluation (GF/B20/DP29)
Global Fund/UN Relationship	Chair's summary slides for 11th PSC Meeting pg. 55 Report of PSC to Board (GF-B19-4 part 3)* Decision Point 16th Board Meeting: Transition from Administrative Services Arrangement (GF/B16/DP21) Decision Point 18th Board Meeting: Relationship between the Global Fund and the United Nations (GF/B18/DP15)
Managing the Tension between Demand and Supply in a Resource-Constrained Environment	Progress Report of the Working Group on Managing the Tension between Demand and Supply in a Resource-Constrained Environment (GF/PSC12/03)* Decision Point 19th Board Meeting: Managing the tension between supply and demand (GF/B19/DP26)

## DECISION POINT 1: TRANSITION PROVISIONS

*The Board refers to its decision made at the Eighteenth Board Meeting on the Global Fund Architecture (GF/B18/DP19) and recognizes that:*

- (i) the Global Fund was established to provide significant additional financing to fight AIDS, tuberculosis and malaria;*
- (ii) over time, with the increase in its funding to countries and the resulting multiplicity of funding streams from the Global Fund to Principal Recipients ("PRs"), the funding architecture has become complex;*
- (iii) the funding architecture of the Global Fund requires simplification; and*
- (iv) the Board has already endorsed the Single Stream of Funding per PR per disease as the foundation for a new funding architecture.*

*Therefore, in order to simplify Global Fund support to current and future implementers of national disease-fighting and health systems strengthening programs, the Board decides as follows:*

*1. The Secretariat shall, at the appropriate time as determined by the Secretariat in collaboration with CCMs:*

- a. consolidate approved grants to one PR supporting a program to fight one of HIV/AIDS, tuberculosis or malaria (which may include any health systems strengthening elements) into one grant agreement (a "Single Stream Agreement") with an initial commitment period of up to three years, by, as appropriate, combining budgets, workplans and targets; and*
- b. align the financial commitment periods for each of the Grant Agreements with different PRs for a particular disease in a country by adjusting the durations and commitment amounts (in accordance with paragraph 2 below).*

*2. In order to facilitate the activities described in paragraph 1 above, the Board delegates to the Secretariat the authority to:*

- a. make reasonable adjustments to:*
  - (i) the duration of the funding commitment period for the resulting Single Stream Agreement (including both extensions and truncations);*
  - (ii) the implementation activities contained in the proposals; and*
  - (iii) the time periods for reaching performance targets contained in proposals; and*
- b. commit additional funding to the Single Stream Agreement the equivalent of 12 months of grant funds requested in an approved proposal (including a National*

*Strategy Application ("NSA")), but as yet uncommitted (from Phase 2 Renewals or RCC II Renewals) [which shall be committed by the Secretariat in accordance with paragraph 3c of the Comprehensive Funding Policy, as presented in Annex 5 to GF/B20/12 Report of the Working Group on Managing the Tension Between Demand and Supply in a Resource-Constrained Environment.]*

3. *Consolidation of existing grants and alignment of commitment periods of all grants that support a disease program will enable the Secretariat to make recommendations for additional financial commitments under the Periodic Reviews and Commitments Policy attached as Annex 2a to GF/B20/4 "Report of the Policy and Strategy Committee", which will be operational not earlier than 1 January 2011.*

4. *Commencing with Round 10:*

- a. *all proposals submitted to the Global Fund shall require the applicant to present a consolidated request for funding incorporating current Global Fund support to the country for the disease, including health system strengthening support. The consolidated proposal shall identify previously committed and approved funds included within the consolidated request.*
- b. *following the approval of a new proposal by the Board, any incremental grant funds for an existing PR shall be included in the PR's existing Single Stream Agreement for that disease<sup>22</sup>, rather than resulting in a new separate Grant Agreement; and*
- c. *the Secretariat shall present to the Board for approval, with respect to the proposals recommended for funding by the Technical Review Panel, the amount of the additional financial commitment covering the time remaining in the single stream's then-current commitment period. The revised Comprehensive Funding Policy, as presented in Annex 5 to GF/B20/12 "Report of the Working Group on Managing the Tension between Demand and Supply in a Resource-Constrained Environment" shall be applicable to such approvals. All continuing financial commitments to a country's disease-fighting program shall be made in compliance with the Periodic Reviews and Commitments Policy attached as Annex 2a to GF/B20/4 "Report of the Policy and Strategy Committee".*

5. *The Rolling Continuation Channel (RCC) procedure for grant application will be discontinued [immediately OR as of the launch of Round 10 which is anticipated to occur on X date]. The Board requests the Secretariat to continue to process all RCC proposals that will be submitted in accordance with existing RCC policies contained in GF/B14/DP9 (Establishment of a Rolling Continuation Channel); GF/B14/DP10 (Technical Reviews for the Rolling Continuation Channel); GF/B15/DP18 (Duration of Grants Eligible for the Rolling Continuation Channel); GF/B15/DP 19 (Board Decision-Making Procedure for the Rolling Continuation Channel); and GF/B16/DP7 (Revision of the Rolling Continuation Channel for Strongly-performing Grants).*

6. *During the period in which the grant portfolio is transitioning to single streams of funding using the methods described in paragraph 1, all funding commitments for grants*

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<sup>22</sup> If a Single Stream Agreement does not yet exist, the R10 grant negotiation process will result in a Single Stream Agreement.

under the RCC and the Rounds-based Channel (Phase 2 Renewals, RCC proposals and RCC Renewals) and NSA grants, other than incremental requests for funding included in new proposals, shall be considered as "Additional Commitments" in paragraph 9 of the Comprehensive Funding Policy.

7. As soon as all of the grants for a particular disease in a country have the characteristics described in paragraph 1 above, the extensions to grant terms available under the Phase 2 Decision-Making Policies and Procedures (GF/B14/8, Annex 3b revision 2, as amended by GF/B15/DP48) and Decision GF/B14/DP27 will no longer be available for the grants for that disease in that country and paragraph 17 of the Periodic Reviews and Commitments Policy attached as Annex 2a to GF/B20/4 "Report of the Policy and Strategy Committee", will apply.

8. In order to facilitate the implementation of this decision, if a CCM elects to consolidate an approved Round 8, Round 9 and/or NSA grant with other existing grants for the same PR:

- a. as an exception to point 2 of the decision made at the 8<sup>th</sup> Board meeting entitled "Timeframes for Grant Agreements", a Single Stream Agreement must be signed not later than 18 months after Board approval of the funding of the proposal, failing which the Board's approval is no longer valid; and
- b. as an exception to Decision GF/B19/DP19 entitled "Flexibilities to Set Grant Start Dates", the Secretariat may set the start date for the commitment in the Single Stream Grant Agreement up to 24 months after Board approval.

The Board notes that the exceptions in paragraph a and b shall only be available if requested by a CCM in order to give CCMs and PRs the time necessary to consolidate grants and set start dates for alignment purposes.

9. The Board recognizes that the new grant architecture has the potential to further empower CCMs in their essential roles of developing programs and funding requests, selecting Principal Recipients, and in overseeing implementation of programs funded by the Global Fund. The Board further recognizes that the Portfolio and Implementation Committee (PIC) is currently overseeing a number of CCM strengthening initiatives being implemented by the Secretariat in time for the second Board meeting in 2010.

10. The Board requests the Secretariat to revise the Terms of Reference of the Technical Review Panel prior to the launching of the next round of proposals in order to give effect to this decision.

11. This decision revokes and replaces the Board's previous decisions on Rollout of Grant Consolidation (GF/B16/DP9).

The budgetary implications of this decision point in 2010 amount to US\$ 306,000.

## PERIODIC REVIEWS AND COMMITMENTS POLICY

1. The Secretariat shall conduct a review of all of the Global Fund grants that support a country's national disease-fighting program and/or health system's strengthening once every three years. Following such review, the Secretariat (or Technical Review Panel ("TRP"), as described in paragraphs 3-5 below) shall provide a recommendation to the Board on making a commitment of additional funding (an "Additional Commitment") for the next Commitment Period. The Commitment Period is defined as either: (i) the subsequent period of three years; or, (ii) if less than three years of planned implementation time is available under the proposal upon which the Request for Additional Commitment is based, the remaining implementation time available.

### Request for Additional Commitment

2. For each disease and/or for health system strengthening in the country, by not later than 27 months after the starting date of the current Commitment Period, the Country Coordinating Mechanism ("CCM") shall deliver to the Secretariat a Request for Additional Commitment comprised of the following:

(i) a report of the results (as at 24 months following the starting date of the current Commitment Period) against each of the performance targets included in each of the current grant agreements with Principal Recipients ("PRs") in the country implementing programs for that disease and/or health systems strengthening;

(ii) the latest available assessment of outcome and impact against the goals and objectives of the existing grant agreement(s) drawing, to the extent possible, on existing country evaluations; and

(iii) a proposal for an Additional Commitment for the next Commitment Period, based on the remaining funding amounts requested in the most recently approved proposal for that disease/health systems strengthening. The request shall be divided between each of the proposed PRs that will implement the program in the next Commitment Period.

### Procedure for Additional Commitment Recommendation

3. By not later than 30 months after the starting Date of the current Commitment Period, the Secretariat shall present to the Board by email a recommendation for the Additional Commitment. The recommendation shall be based on the Request for Additional Commitment submitted by the CCM and shall specify: (a) the rating of the performance of each PR that is implementing the program in the current Commitment Period; and (b) the recommendation category and funding amount for the Additional Commitment for each PR proposed by the CCM for the next Commitment Period.

4. The rating for a PR's performance shall be one of the following:

A	Meeting or exceeding expectations
B1	Adequate
B2	Inadequate but potential demonstrated
C	Unacceptable

5. The recommendation category shall be one of the following:

Go - Scale-up	Additional Commitment for the next Commitment Period, including additional funds for scale up due to Strong Performance (as defined in paragraph 9 below.)
Go - Continue	Additional Commitment for the next Commitment Period
Conditional Go	Additional Commitment for the next Commitment Period conditional on fulfillment of stated conditions
No Go	No Additional Commitment and discontinuation of funding.

6. If the CCM has requested material re-programming of the interventions as originally described in the approved proposal on which the Request for Additional Commitment was based, or if the Secretariat determines that the Request for Additional Commitment would constitute a material reprogramming of the approved proposal(s) (a "Revised Request"), the Secretariat shall refer the matter to the Technical Review Panel which will make a recommendation to the Board on the same basis as described in paragraphs 3-5 above.

7. If the Secretariat:

(a) is considering issuing a "No Go" recommendation, or

(b) considers that the proposed implementation arrangements, including allocation of funding between the Principal Recipients should be reconsidered by the CCM,

it shall advise the relevant CCM and allow the CCM four weeks to comment or revise and resubmit its Request for Additional Commitment. The Secretariat shall review and consider the information provided by the CCM, and then make its recommendation to the Board.

#### "Go Scale-Up" Recommendations

8. In situations where a grant has demonstrated Strong Performance (as defined in paragraph 9 below), the CCM may include in its Request for Additional Commitment a request for supplementary funds ("Scale-Up Funds") for such grant, calculated as [20 per cent of the amount of grant funds allocated to the grant in the current Commitment Period (prorated if the next Commitment Period is less than three years)]. The CCM should also include in its Request for Additional Commitment a plan for using such supplementary funding which shall be limited to

scaling-up output targets of existing service delivery activities implemented by the particular PR for the grant in the current Commitment Period.

9. "Strong Performance" is defined as the Secretariat having assigned to the grant performance ratings of "A" in each of its reviews of the grant's progress updates over the 12 months prior to the date of the invitation by the Secretariat to the CCM to submit a Request for Additional Commitment. (The Secretariat will indicate to the CCM whether it is eligible to request Scale-Up Funds).

#### Procedure for Board Decision on Recommendations of "Go - Scale-up", "Go - Continue" and "Conditional Go"

10. The Secretariat shall present to the Board its recommendations (or the TRP's recommendations) by email once a month. The Board will vote by email on each recommendation on a no-objection basis in accordance with the Board Operating Procedures. Board members shall send any objections to a recommendation no later than ten days after receipt of the recommendation from the Secretariat.

11. If any Board constituency objects to a recommendation of "Go - Scale-up", "Go - Continue" or "Conditional Go" it shall provide its reasons in the objection form which will be shared with the Secretariat and all Board members. If the requisite number of Board constituencies object to such a recommendation, as set out in the Board Operating Procedures, the Secretariat or TRP shall reassess its recommendation in light of Board constituency objections and will then present a second recommendation as soon as possible. The Secretariat shall then request the Board to vote on the second recommendation, using the procedures described in paragraph 10 above. In the event that the Board rejects a second recommendation of "Go - Scale Up" or "Go --Continue" or "Conditional Go", the matter will be referred to the next Board meeting.

#### Procedure for Board Decision on Recommendations of "No Go"

12. If any Board constituency objects to a recommendation of "No Go" from the Secretariat, the constituency shall provide its reasons in the objection form which will be shared with the Secretariat and all Board members. If the requisite number of Board constituencies object to such a recommendation, as set out in the Board Operating Procedures, the Secretariat shall reassess its recommendation in light of Board constituency objections and will then: (i) present a second recommendation of "Go" or "Conditional Go" in the subsequent wave of recommendations; or (ii) if appropriate, in light of the Board's objections, refer the matter to the TRP as a "Revised Request" (as described in paragraph 6); or (iii) if the Secretariat wishes to maintain its recommendation for a "No Go", refer the matter to an Independent Review Panel, which shall assess the specific areas where the Board and the Secretariat differ on their assessment of the grant and report its conclusions to the Board.

13. If any Board constituency objects to a recommendation of "No Go" from the TRP, the constituency shall provide its reasons in the objection form which will be shared with the Secretariat and all Board members. If the requisite number of Board constituencies object to such

a recommendation, as set out in the Board Operating Procedures, the TRP shall reassess its recommendation in light of Board constituency objections and will then: (i) present a second recommendation of "Go" or "Conditional Go" in the subsequent wave of recommendations; or (ii) if the TRP wishes to maintain its recommendation for a "No Go", the matter will be referred to the next Board meeting for final decision.

14. The composition of the Independent Review Panel will be based on the following principles:
  - Size: Two senior members supported by 1-2 contracted analysts, as appropriate;
  - Independence: Potential conflict of interest should be taken into consideration in selecting these members;
  - Profile of Senior Members: The team of senior members should have a solid understanding of country processes;
  - Profile of Analysts: Analysts should have the capability to fully understand GF principles and procedures;
  - Identification of Candidates: Pool of pre-qualified candidates for Senior Members and Analysts is identified through partners, including WHO, UNAIDS and the World Bank. A list of these candidates is compiled by the Secretariat and each candidate submits a CV to the file for review. A proposed "reserve list" will be compiled based on this selection process;
  - Selection of Panel: The list of tentative candidates will be submitted to the Chair and Vice-Chair of the Board and the Chair and Vice-Chair of the PIC. The selection of the Senior Members and Analysts of the independent panel shall be carried out by the Chair and Vice-Chair of the Board in consultation with the Chair and Vice-Chair of the PIC;
  - Panel members (Senior members and contracted analysts) will be remunerated; and
  - The Secretariat will facilitate the process.
  
15. The Independent Review Panel's scope of work will be based on the following principles:
  - The objective of the external assessment will be to submit conclusions to the Board based on all information put forth by the CCM, PR, Secretariat and Board constituencies;
  - The analysis shall include a chronology of information provided, a typology of the content and an analysis of the source and flow of information;
  - The assessment shall take into consideration the different arguments analyzing how they refer to each other, highlighting areas of agreement and disagreement, and defining the areas which have not been previously addressed by the parties involved; and
  - The Independent Review Panel shall report to the Board no later than six weeks after receipt of the relevant information from the Secretariat.
  
16. Following presentation of conclusions by the Independent Review Panel, the final decision on making a funding commitment will be made at the next Board meeting.

#### Exceptional Extensions

17. In certain circumstances, a Board decision on the Secretariat's recommendation may not be possible prior to 32 months after the starting date of the current Commitment Period. These situations may include the following:

(a) the delayed delivery by the CCM of the Request for Additional Commitment due to: (i) the unavailability of national program information based on the country's annual schedule for producing such information; or (ii) other exceptional circumstances beyond the control of the CCM and/or one or all of the PRs; or

(b) delays in the process due to: (i) the procedure described in paragraph 6 and 7 above; or (ii) Board objections to recommendations which require a second vote or referral to the Independent Review Panel.

In such situations, the Secretariat may extend the Commitment Period for each of the grant agreements subject to the review by up to six months (an "Exceptional Extension"), and commit additional funding for each of the grant agreements, based on the budgeted amount for months 30 to 36 of the current Commitment Period. The Secretariat shall inform the Board upon providing such Exceptional Extension and the amount committed. Such an Exceptional Extension is temporary and (a) is included in the total three year duration of the subsequent Commitment Period; and (b) does not change the due dates for delivery of the subsequent Request for Additional Commitment.

## BOARD CONSTITUENCY FUNDING POLICY (NOVEMBER 2009)

### Overview

1. The engagement by all sectors of the partnership is essential for the multi-stakeholder model of the Global Fund Board to function effectively. The Global Fund Board recognizes that constituencies of the implementing voting group<sup>23</sup> (“implementing constituencies”) face particular challenges to engage at the Board and committee level, due not least to their complexity in terms of size, physical distance between constituency members, and language diversity. To effectively manage communication and decision-making within these complex constituencies requires financial and human resources at a scale that often is not readily available to the constituency representatives.
2. The Global Fund has previously established mechanisms to provide funding in support of the active engagement of implementing constituencies in Global Fund governance, i.e. financial and administrative support for conference calls and/or meeting space immediately prior to Board meetings; travel and subsistence cost of three members of constituency delegations to Board meetings; and travel and subsistence cost of constituency delegates to committee meetings.<sup>24</sup>
3. This policy further expands support to implementing constituencies to facilitate their meaningful and informed participation in Global Fund governance processes.
4. It is intended that this policy will be implemented in close collaboration with other partners.
5. The activities for which funding is requested will be implemented by the constituencies themselves.
6. The Board Constituency Funding Policy will be administered by the Secretariat under the oversight of the Policy and Strategy Committee.
7. Funding will be made available annually starting in 2010.

### Eligible costs

8. Eligible costs to be considered on a case-by-case basis, dependant on the specific needs of each implementing constituency, include the following:
  - i. **Communication and information dissemination** (e.g. Board Member, Alternate and Focal Point communication with constituency members; constituency conference calls; establishing and updating a website or newsletter; translation of key information).

<sup>23</sup> <sup>23</sup> The implementing voting group comprises seven regional government constituencies and three civil society constituencies, as set out in the By-laws.

<sup>24</sup> See Board Operating Procedures, Article 28. “Certain Expense Reimbursements. The Global Fund will pay and provide for the costs of attendance at Board meetings for three members from each developing country and NGO constituency. The Global Fund will pay and provide for the costs of attendance at committee meetings for one committee member from each developing country and NGO constituency serving on the committee.”

- ii. **Organization and facilitation of pre-Board and pre-Committee consultation meetings.** This includes cost for venue and hospitality, participant travel, interpretation and documentation.
- iii. **Support for salaries or fees for Constituency Focal Point or administrative assistance to the Constituency Focal point.** Constituency funding shall not be used towards remuneration of the Board Member or Alternate Board Member.
- iv. **Office expenses of the Constituency Focal Point,** including equipment and supplies, excluding vehicles.
- v. **Cost of participation of delegation members at Board meetings additional to those provided for in the Board Operating Procedures.** Additional delegation members should come from countries (for implementing government constituencies) or organizations (for civil society constituencies) other than those for whom funding is made available under the Board Operating Procedures.

## **Procedures for funding requests**

9. In principle, one funding request per constituency should be submitted to the Secretariat annually, signed by the Board Member, Alternate and one additional constituency member from a country (for government constituencies) or organization (for civil society constituencies) other than that of the Board Member or Alternate.

10. Funds will be transferred under a written agreement to one recipient institution per constituency. The written agreement will generally be with the institution with which the Board Member or Constituency Focal Point are associated.

11. In administering a request for constituency funding, the Global Fund Secretariat will take into consideration whether the costs to be supported are consistent with national salary scales and local operating costs.

12. Constituencies may apply for funding for costs as described in paragraph 8 above, with the annual funding enveloped being divided equally between constituencies. Exceptions to this may be permitted by the Secretariat within the overall funding ceiling approved by the Board.

13. The amount of funding requested should be reasonable to cover eligible costs during the calendar year.

14. The funding request must be accompanied by supporting documentation, including a detailed budget outlining the costs to be supported.

## **Implementation, Reporting and Oversight**

15. The Global Fund Secretariat and the constituency will consult to identify a suitable funding flow arrangement that is accountable, transparent and verifiable. The Secretariat may use the services of the Local Fund Agent in the country where the recipient institution is based for support in verifying its ability to manage the funds.

16. Constituencies must commit to use the funding provided under this policy solely for the purposes described in the funding request and in accordance with the approved budget and the

terms and conditions of the written agreement. Material changes to the budget will require Global Fund approval.

17. In cases where the Board member or Constituency Focal Point are associated with an institution that is not an incorporated body or separate legal entity, the constituency should nominate another entity to provide the commitment referred to in paragraph 15 above, and to be accountable for the use of the constituency funding and the management of the funds. The Board Member or Constituency Focal Point must sign the written agreement.

18. Disbursement and activity reports of constituency funding must be provided to the Global Fund on a periodic basis as documented in the written agreement.