

GLOBAL FUND STRATEGY 2012-2016

Purpose: This paper contains the strategy for the Global Fund for the period 2012-2016, which the Policy and Strategy Committee is recommending to the Board for approval. A decision point to this effect is included.

1. This document contains the **Global Fund Strategy 2012-2016**. It includes two components:
 - a. The **Strategy Framework** (GF/B25/7/a) – a two-page overview of the elements of the Strategy; and
 - b. The **Strategy Document** (GF/B25/7/b) – a full description of the background and elements of the Strategy.
2. The work on the Strategy was launched at the Board retreat in Sofia in December 2010. The Strategy was then developed through a collaborative effort between the Strategy Working Group of the Policy and Strategy Committee (PSC) and the Secretariat throughout the course of 2011. It builds strongly on a series of consultations held with a broad range of stakeholders, including representatives from implementing countries, partner organizations and the Technical Review Panel.
3. The PSC discussed the Strategy during its 16th meeting held on 24-26 October. It welcomed the quality of the work done and endorsed the Strategy Framework and the Strategy Document as providing a clear and inspiring roadmap for the Global Fund for the coming five years. The PSC recommends the following decision point to the Board for approval:

Decision point – *Global Fund Strategy 2012-2016*

The Board refers to its decision on the Global Fund Strategy 2012-2016 (GF/B23/DP16) and:

1. **Approves the Global Fund Strategy Framework 2012-2016 (GF/B25/7/a) (“the Framework”), endorses in principle the Strategic Actions articulated in the Strategy Document (GF/B25/7/b) and affirms its vision of a more vibrant and engaged institution working more closely with countries to achieve impact.**
2. **Requests the Secretariat and relevant Board committees to take the steps necessary to commence work to implement the strategy.**
3. **Requests the newly established Strategy, Investment and Impact Committee to:**
 - i. **oversee implementation;**
 - ii. **review any related changes in policy or operations that require Board discussion or approval (or refer to the Coordinating Group for attention by other committees); and**
 - iii. **provide the Board with a progress update on the implementation of the Strategic Actions at the Twenty-Seventh Board Meeting and regularly thereafter.**

The budgetary implications of this decision will be addressed together with those related to the Comprehensive Transformation Plan as part of the 2012 budgetary approval process.

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| <p>This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board meeting.</p> |
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The Global Fund Strategy Framework 2012-2016: “Investing for impact”

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|-----------------------------------|---|--|--|---|
| Vision | A world free of the burden of HIV/AIDS, tuberculosis and malaria with better health for all | | | |
| Mission | To attract, manage and disburse additional resources to make a sustainable and significant contribution in the fight against AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the MDGs | | | |
| Guiding principles | <ul style="list-style-type: none"> • Being a financing instrument • Additionality • Sustainability • Country ownership | <ul style="list-style-type: none"> • Multi-sectoral engagement • Partnership • Integrated, balanced approach • Promoting human right to health | <ul style="list-style-type: none"> • Performance-based funding • Good value for money • Effectiveness and efficiency • Transparency and accountability | |
| Goals | <p style="text-align: center;">10 million lives saved¹ over 2012-2016</p> <p style="text-align: center;">140-180 million new infections prevented over 2012-2016</p> | | | |
| | | Global plan | Global Fund leading targets for 2016 | Indicators for other selected services |
| Targets² (2016) | HIV / AIDS | UNAIDS 2011-2015 Strategy, 2011 Investment Framework, and UNGASS June 2011 Declaration | 7.3 million people alive on ARTs | <ul style="list-style-type: none"> • PMTCT: ARV prophylaxis and/or treatment • HIV testing and counseling • Prevention services for MARPs • Male circumcision |
| | TB | Global Plan to Stop TB 2011-2015 | 4.6 million DOTS treatments (annual) 21 million DOTS treatments over 2012-2016 | <ul style="list-style-type: none"> • HIV co-infected TB patients enrolled on ARTs • MDR-TB treatments |
| | Malaria | RBM Global Malaria Action Plan 2008 and May 2011 updated goals and targets | 90 million LLINs distributed (annual) 390 million LLINs distributed over 2012-2016 | <ul style="list-style-type: none"> • Houses sprayed with IRS • Diagnoses with RDTs • Courses of ACT administered to confirmed malaria cases |

1. Based on impact of provision of ART, DOTS and LLINs using methodology agreed with partners. 2. Targets refer to service levels to be achieved in low- and middle-income countries. Note: Goals and targets are based on results from Global Fund-supported programs which may also be funded by other sources; targets are dependent on resource levels

The Global Fund Strategy Framework 2012-2016: “Investing for impact”

| Strategic Objectives | | | |
|-------------------------------------|---|---|--|
| 1. Invest more strategically | | 2. Evolve the funding model | 3. Actively support grant implementation success |
| Strategic Actions | 1.1 Focus on the highest-impact countries, interventions and populations while keeping the Global Fund global | 2.1 Replace the rounds system with a more flexible and effective model <ul style="list-style-type: none"> • Iterative, dialogue-based application • Early preparation of implementation • More flexible, predictable funding opportunities 2.2 Facilitate the strategic refocusing of existing investments | 3.1 Actively manage grants based on impact, value for money and risk 3.2 Enhance the quality and efficiency of grant implementation 3.3 Make partnerships work to improve grant implementation |
| | 1.2 Fund based on quality national strategies and through national systems | | |
| | 1.3 Maximize the impact of Global Fund investments on strengthening health systems | | |
| | 1.4 Maximize the impact of Global Fund investments on improving the health of mothers and children | | |
| 4. Promote and protect human rights | 4.1 Ensure that the Global Fund does not support programs that infringe human rights | 5. Sustain the gains, mobilize resources | 5.1 Increase the sustainability of Global Fund-supported programs 5.2 Attract additional funding from current and new sources |
| | 4.2 Increase investments in programs that address human rights-related barriers to access | | |
| | 4.3 Integrate human rights considerations throughout the grant cycle | | |
| Strategic Enablers | Enhance partnerships to deliver results | | |
| | Transform to improve Global Fund governance, operations and fiduciary controls | | |

THE GLOBAL FUND STRATEGY 2012-2016: INVESTING FOR IMPACT

With the fight against the three pandemics at a crucial juncture in the lead-up to the 2015 Millennium Development Goals deadline, and now with a challenging financial context, the world faces a stark choice between losing momentum or maintaining and accelerating the progress made to date. The Global Fund, by virtue of its scale and track record, is an essential partner in this battle. The focus and priorities it decides to adopt for the next five years will make a fundamental difference.

In its 2012-2016 Strategy, the Global Fund commits to work with countries and partners, and transform itself, to sustain and accelerate the existing gains through substantial contributions to ambitious international goals. To achieve this, it will shift to a new model of “investing for impact”: it will invest strategically in areas with high potential for impact and strong value for money; it will provide its funding in more proactive, more flexible, more predictable and more effective ways; and it will become more engaged in supporting grant implementation success.

This Strategy will transform the Global Fund into a more effective and efficient funder, improving its attractiveness to donors as a vehicle in which to invest for impact.

EXECUTIVE SUMMARY: Investing for Impact – the Global Fund Strategy 2012-2016

1. The Global Fund Strategy 2012-2016 defines the organization’s aspirations and strategic actions for contributing to the collective fight against HIV/AIDS, tuberculosis and malaria. It defines how the Global Fund will aim to accelerate progress, build on past successes and investments, and evolve to address challenges and seize opportunities – how it will “invest for impact”.

2. The Strategy sets ambitious **goals**: to save 10 million lives and prevent 140-180 million new infections over 2012-2016. The goals are complemented by partner-aligned disease-specific **targets**.

3. The Strategy Framework (GF/B25/7/a) presents an overview of the Global Fund Strategy 2012-2016, which includes the following five **Strategic Objectives and their associated Strategic Actions** to achieve the goals and targets:

STRATEGIC OBJECTIVE 1 – INVEST MORE STRATEGICALLY

- 1.1 Focus on the highest-impact countries, interventions and populations while keeping the Global Fund global
- 1.2 Fund based on national strategies and through national systems
- 1.3 Maximize the impact of Global Fund investments on strengthening health systems
- 1.4 Maximize the impact of Global Fund investments on improving the health of mothers and children

STRATEGIC OBJECTIVE 2 – EVOLVE THE FUNDING MODEL

- 2.1 Replace the rounds system with a more flexible and effective model
- 2.2 Facilitate the strategic refocusing of existing investments

STRATEGIC OBJECTIVE 3 – ACTIVELY SUPPORT GRANT IMPLEMENTATION SUCCESS

- 3.1 Actively manage grants based on impact, value for money and risk
- 3.2 Enhance the quality and efficiency of grant implementation
- 3.3 Make partnerships work to improve grant implementation

STRATEGIC OBJECTIVE 4 – PROMOTE AND PROTECT HUMAN RIGHTS

- 4.1 Integrate human rights considerations throughout the grant cycle
- 4.2 Increase investments in programs that address human rights-related barriers to access
- 4.3 Ensure that the Global Fund does not support programs that infringe human rights

STRATEGIC OBJECTIVE 5 – SUSTAIN THE GAINS, MOBILIZE RESOURCES

- 5.1 Increase the sustainability of Global Fund-supported programs
- 5.2 Attract additional funding from current and new sources

4. In addition, two fundamental **enablers** are necessary for the Strategy to deliver results:

STRATEGIC ENABLER 1 – ENHANCE PARTNERSHIPS TO DELIVER RESULTS

STRATEGIC ENABLER 2 – TRANSFORM TO IMPROVE GLOBAL FUND GOVERNANCE, OPERATIONS AND FIDUCIARY CONTROLS

5. Following approval of the Strategy, the Secretariat will carry out planning for implementation – including it as appropriate in the broader Global Fund Consolidated Transformation Plan – and commence implementation, reporting periodically to the Board and seeking decisions from it as necessary.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board meeting.

A. BACKGROUND

1. The Global Fund was established nearly ten years ago, reflecting a shared global commitment to fighting three of the world's most deadly epidemics. It has since helped to fund a rapid scale-up in the prevention, treatment and care of HIV/AIDS, tuberculosis and malaria across more than 150 countries, approving US\$ 22.4 billion in grants by mid-2011 and contributing to millions of lives saved. This has resulted in the Global Fund becoming a leading funder of international health. Its investments have contributed to significant declines in deaths and infections from the three diseases. They have also helped bring about a strong link between funding and results, and a paradigm change in how communities are engaged in health planning and delivery.
2. Despite these successes, challenges to the current Global Fund model have become evident. Questions have emerged about how to increase impact, value for money and aid effectiveness, better manage risk, and reduce bureaucracy and delay, while retaining the core principles of the Global Fund.
3. The Global Fund is now evolving in an external environment of constrained funding accompanied by greater scrutiny of cost effectiveness and oversight. Resource mobilization has become more challenging. Implementing countries are worried about protecting the gains made and further scaling up programs to contain and reverse the devastating impact of the diseases.
4. At the same time, there is now a real opportunity to significantly alter the trajectory of the epidemics. Promising new technologies and interventions are emerging and increasing efforts are being directed towards strengthening health and community systems. With the 2015 deadline for the Millennium Development Goals (MDGs) a few years away, this opportunity must be seized.
5. The Strategy seeks to capitalize on the opportunity and provides clear strategic actions to meet defined targets, based upon global targets set by UNAIDS, the World Health Organization (WHO), and the Stop TB and Roll Back Malaria partnerships. It aims to reposition the Global Fund to strategically **invest for impact**, to accelerate the progress towards achieving the MDGs and thus to make an even greater contribution toward the vision of a world free of the burden of HIV/AIDS, tuberculosis and malaria with better health for all.
6. The Strategy has been developed with guidance from the PSC Strategy Working Group¹ appointed in May 2011 and by many staff from the Global Fund, led by Executive Director Michel Kazatchkine and by strategy leads Ruwan de Mel and David Salinas, supported by a team from the Boston Consulting Group. Its content was informed by an analysis of the current situation and disease trends (Document GF/B25/7 – Attachment 1), outputs from the Comprehensive Reform Working Group,² the experience of the Technical Review Panel (TRP) and the Secretariat, and especially from inputs gathered in consultations with a wide range of stakeholders (Document GF/B25/7 – Attachment 2).
7. The stakeholder consultations included a workshop with past and current TRP members, the 2011 Partnership Forum in São Paulo (with about 350 participants) and specially-convened meetings in Dakar, Bangkok, Johannesburg, Nairobi and Geneva. The meetings drew on the perspectives of implementers, civil society, the private sector, technical partners, affected populations, members of Country Coordinating Mechanisms (CCMs), Local Fund Agents (LFAs) and parliamentarians. Emerging ideas were tested at the consultations and refined accordingly.
8. The Strategy complements the Global Fund reform agenda that has been developed to

¹ Established by the Board, this group is co-chaired by Todd Summers and Suwit Wibulpolprasert. Members include Brian Brink, Lucica Ditiu, Anders Nordström, Winnie Roberts, Asia Russell and Jose Antonio Izazola Licea, with valuable assistance from Board Vice Chair Mphu Ramatlapeng, former Board Chair Martin Dinham, and Technical Review Panel Chair Shawn Baker.

² The Comprehensive Reform Working Group was initiated at the Twenty-Second Board Meeting in December 2010 in Sofia. Its recommendations were reported at the Twenty-Third Board Meeting in May 2011.

enhance the organization’s efficiency and effectiveness. The links between this Strategy and the recent recommendations of the High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms³ have also been taken into account as directed by the Board.

9. The Global Fund Strategy Framework (GF/B25/7/a) provides a comprehensive overview of the Strategy, including its aspirations – the mission, vision, goals and targets – (covered in Section B), the Strategic Objectives and their associated Strategic Actions (Section C), and the Strategic Enablers (Section D).

B. THE STRATEGY’S ASPIRATIONS

VISION

10. The Strategy aims to achieve progress toward the vision of *a world free of the burden of HIV/AIDS, tuberculosis and malaria with better health for all.*

MISSION

11. The Global Fund’s mission is *to attract, manage and disburse additional resources to make a sustainable and significant contribution in the fight against the three diseases in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals.*

GUIDING PRINCIPLES

12. The Strategy and its subsequent implementation will be guided by the following principles: *acting as financing instrument rather than an implementing entity, additionality, sustainability, country ownership, multi-sectoral engagement, partnership, pursuing a balanced and integrated approach in dealing with the three diseases, human rights, performance-based funding, value for money, transparency and accountability.*

GOALS AND TARGETS

13. For the first time, the Global Fund Strategy sets explicit health impact goals and targets. This reflects the ambitions of the Global Fund **to invest for impact.**

14. Goals and targets are expressed as the results of Global Fund-supported programs, to which the Global Fund contributes alongside domestic and other donor inputs. They are ambitious yet achievable given partner plans, past performance and the actions set out in the Strategy.

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|------------------------------------|---|
| Overall health impact goals | <ul style="list-style-type: none">• 10 million lives saved from 2012 to 2016 and 15 million lives saved since inception• 140-180 million new infections averted from 2012 to 2016 |
|------------------------------------|---|

15. The lives-saved goals are derived from “**leading targets**”, based on global targets set by partners in their strategies and global plans (WHO, UNAIDS, Stop TB Partnership and Roll Back Malaria) for specific services. These services were chosen on the basis that the Global Fund invests substantially in them and will continue to do so. Other services will also contribute to lives saved and their impact will be included in future revisions of the Strategy goals, and in the reporting of results achieved.

³ “Turning the Page from Emergency to Sustainability”, High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund, 2011.

16. The level of the leading targets has been set such that the Global Fund maintains its current share of contributions as applied to 2016 global targets. The following leading targets apply:

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|---------------------|---|
| HIV/AIDS | 7.3 million people alive on ARTs |
| Tuberculosis | 4.6 million DOTS treatments in 2016 21 million DOTS treatments over 2012-2016 (5-year total) |
| Malaria | 90 million LLINs distributed in 2016 390 million LLINs distributed over 2012-2016 (5-year total) |

17. In addition to the leading targets, indicators for **other selected services** will be monitored. These other selected services are currently underutilized and were chosen because of their integral role as part of the comprehensive response within each of the strategies against the diseases. This list is indicative rather than exhaustive, and signals the commitment to work with partners to deliver a coordinated set of interventions appropriate to the disease contexts.

| | |
|---------------------|--|
| HIV/AIDS | <ul style="list-style-type: none"> • PMTCT: HIV-infected pregnant women to receive ARV prophylaxis and/or treatment • HIV testing and counseling • Prevention intervention services delivered for most-at-risk-populations • Male circumcision |
| Tuberculosis | <ul style="list-style-type: none"> • HIV co-infected TB patients enrolled on ART • Treatments of multi-drug-resistant-TB |
| Malaria | <ul style="list-style-type: none"> • Houses sprayed through IRS • Parasitological diagnoses of suspected cases with RDTs • Courses of ACT administered to confirmed malaria cases |

18. Setting these goals and targets reaffirms the Global Fund’s commitment to align and coordinate with the disease-control priorities set by partners, building on evidence-based demand articulated by countries. It is expected that with the active investment approach and increased dialogue with partners and countries included in this Strategy, country demand for funding of these services will be expanded.

19. Central to achieving these goals and targets is securing the necessary resources, which will require extensive resource mobilisation efforts by the Board and the Secretariat and close coordination with key partners.

C. THE STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE 1 – INVEST MORE STRATEGICALLY

20. How the Global Fund and implementing countries choose to invest new and existing funds over the next five years will significantly determine the extent to which the Fund is able to meet its goals in fighting the three diseases while maintaining its global reach. To make the most of the funds and maximize impact and value for money, Global Fund resources must be invested more strategically. This will not only increase impact on HIV/AIDS, tuberculosis and malaria, but also on strengthening health and community systems, and on improving the health of mothers and children.

21. To achieve this, the Global Fund will:
- i. Focus on the highest-impact countries, interventions and populations while keeping the Global Fund global;
 - ii. Fund based on quality national strategies and through national systems;
 - iii. Maximize the impact of investments on strengthening health systems; and
 - iv. Maximize the impact of investments on improving the health of mothers and children.

Strategic Action 1.1 – Focus on the highest-impact countries, interventions and populations while keeping the Global Fund global

22. Until now, the Global Fund has maintained a relatively passive role in influencing investments and shaping demand. While generally ensuring that funding responded to country demand, this model has not always resulted in resources being directed towards the most affected countries and populations or the highest-impact interventions. The High- Level Panel stated that *“To be effective, the Global Fund should be more targeted... [It] must be much more assertive about where and how its money is deployed; it should take a more global look at the disease burden and better determine who needs the money most.”*

23. **Increase relative focus on the highest-impact countries, while keeping the Global Fund global.** To achieve this, introduce a differentiated investment approach whereby funding decisions are guided by considerations of potential for impact, including the global distribution of disease and key specifics of individual country situations (such as financing gap, income level, absorptive capacity, risk,⁴ relative importance of the Global Fund) for the relevant disease.

24. **Emphasize support for the highest-impact interventions and technologies suitable to the country situation.** Proactively engage in discussions with countries and partners to identify and, as relevant, fund the highest-impact interventions and technologies, as well as the operational research needed to bring them to scale rapidly and ensure they are consistent with the local context and priorities. In particular, actively seek opportunities to accelerate the uptake and scale-up of significantly-underutilized (possibly new) high-impact interventions or technologies, for example through reprogramming and renewal negotiations.

25. **Ensure appropriate targeting of most-at-risk populations.** Devise approaches to achieve systematic inclusion of most-at-risk populations and gender issues in proposals. Strengthen and build on existing Global Fund policies and mechanisms⁵ that seek to ensure better focus on gender and most-at-risk populations throughout the grant cycle. Refine elements of the current Targeted Pool concept and make explicit provision in the funding model for greater emphasis on community systems strengthening.

26. This more focused approach to investment will require that the Global Fund move further down the path of being a learning organization. Working with partners, it will continuously stay updated on the latest developments and evidence; help improve the identification, evaluation and dissemination of good program practices; and build the flexibility to adjust its investment approach as the knowledge base and disease situations evolve.

⁴ Risk will not necessarily affect the amount of funding but it will lead to the establishment of mitigation measures to safeguard investments.

⁵ Current such approaches include the Gender Equality Strategy, the Sexual Orientation and Gender Identity Strategy, participatory equity assessments.

Strategic Action 1.2 – Fund based on quality national strategies and through national systems

27. Alignment with national strategies and systems is a key principle of aid effectiveness,⁶ which contributes to enhanced country ownership, lower transaction costs, greater financial transparency, increased mobilization of multiple partners (including civil society) and sustainability – and ultimately better impact. The Global Fund has taken steps to base its funding on national strategies through the National Strategy Applications approach and the Health Systems Funding Platform pilot (jointly carried out with the GAVI Alliance, World Bank and WHO). Both have to date been limited in scale, and have garnered positive feedback.

28. Alignment of grant management arrangements to national systems, procedures and institutions is currently possible and encouraged, but in practice there is still significant use of parallel mechanisms.⁷ While this is sometimes necessary to manage risks, the Strategy consultations consistently underscored the need to do better on alignment to national strategies and systems.

29. **Base Global Fund support on quality national strategies.** Move rapidly towards systematically requiring applications based on national strategies (for initial funding, grant renewal and reprogramming).⁸ Strategies should preferably be ‘jointly-assessed’⁹ through a credible, independent, multi-stakeholder process using internationally-agreed standards. Remove obstacles to alignment, including by allowing countries to apply for funds at times consistent with their national cycles, and ensuring equity in funding duration between national strategy-based grants and others. Support national strategy strengthening over time via incentives or possibly direct support, and by advancing multi-partner efforts to roll out a robust approach to joint assessment of national strategies.

30. **Increase alignment with national systems¹⁰ and structures.**¹¹ Increase efforts to align grant management arrangements with country financial, procurement-and-supply, and monitoring-and-evaluation systems where these are sufficiently robust. Encourage the use of pre-existing national coordination bodies meeting CCM requirements to improve effective oversight of national strategy-based grants. Where compelling reasons exist to use parallel arrangements, establish capacity-building measures and plans with deadlines for eventual transitioning back to national systems or structures.

Strategic Action 1.3 – Maximize the impact of Global Fund investments on strengthening health systems

31. Health systems strengthening (HSS) is necessary to ensure the impact of core investments in HIV/AIDS, tuberculosis and malaria. Substantial proportions of Global Fund resources invested in disease control also contribute to strengthening national health systems. However, as with other areas of the portfolio, HSS investments could be more strategically focused: currently funding does not always flow to countries with the most critical HSS needs and HSS interventions included in proposals often overlook core strategic areas essential to the long-term good functioning and sustainability of the health system (such as governance, health financing, pharmaceutical and health product management).¹² Further, there is much scope to improve the alignment, harmonization and impact-tracking of HSS funding.

⁶ The “Paris Declaration on Aid Effectiveness” and the “Accra Agenda for Action”. OECD-DAC.

⁷ See “The Global Fund’s Aid Effectiveness Scorecard” –

<http://www.theglobalfund.org/en/performance/effectiveness/aideffectiveness/measuring/>

⁸ This refers to both national disease strategies and national health strategies as relevant.

⁹ See <http://www.theglobalfund.org/en/nsa/approach/>

¹⁰ The term “national systems” refers to all country systems, *including both government and non-government systems* (e.g., public health systems, NGO systems, private systems, community systems).

¹¹ This is consistent with recommendations from the Office of the Inspector General. “Report on Lessons Learned from the Office of the Inspector General’s Country Audits: 2010”, Audit Report No: GF-OIG-11-001, March 2011.

¹² Technical Review Panel Consultation on Global Fund Strategy 2012-2016, 6-7 June 2011, Switzerland

32. **Ensure strategic targeting of HSS investments towards most-in-need countries and high-impact HSS interventions.** Develop an effective, rational approach to focus HSS resources on most-in-need countries, and on interventions that address critical health systems bottlenecks or strategically contribute to the long-term sustainability of disease and other health programs.

33. **Enhance effectiveness of HSS investments through better alignment, harmonization, and tracking of HSS outcomes and impact.** Ensure alignment of HSS support with national health strategies and systems. Harmonize and coordinate support with other HSS donors and partners. Improve measurement of HSS impact by developing and implementing with partners approaches to better link it to health and systems outcomes.

Strategic Action 1.4 – Maximize the impact of Global Fund investments on improving the health of mothers and children

34. Through its investments in the three diseases and HSS, the Global Fund has had a substantial impact on Millennium Development Goals 4 ("reduce child mortality") and 5 ("improve maternal health"). Despite this, overall progress on these MDGs is lagging, especially in sub-Saharan Africa. Recently, two Board decisions encouraged countries to strengthen the Maternal Newborn and Child Health (MNCH) content of their proposals. However, more can be done to ensure they fully take advantage of Global Fund flexibilities to deliver better health outcomes for mothers and children.

35. In addition, a number of MNCH interventions not currently funded by the Global Fund are highly synergistic with current Global Fund-supported programs. A targeted initiative, focused on selected synergistic MNCH interventions in a limited number of high-burden countries where the Global Fund already has substantial investment could have a major impact on saving lives at a relatively modest incremental cost. This represents a very cost-effective outcome, reflecting the leveraging effect of building on the platform already established to deliver aligned services.

36. **Work more strategically with partners** to increase uptake of existing flexibilities to maximize MNCH outcomes. Focus intensive support on countries with a strong overlap between high burden of HIV/AIDS, tuberculosis or malaria, and high MNCH mortality. Actively explore opportunities for co-investment with MNCH donors to deliver better health outcomes for mothers and children.

37. **Following successful implementation of the reforms laid out in the Consolidated Transformation Plan, develop and present for Board consideration a proposal for a targeted MNCH initiative** that illustrates how, with additional donor assistance, existing investments in a limited number of countries can be leveraged to deliver substantial impact. Extend and deepen the existing analysis to validate the contention that selective investments in MNCH can yield significant benefits by building on existing Global Fund-supported platforms. In parallel, identify potential sources of funding for the initiative that would be truly additional, such as donors that have pledged resources for MDGs 4 and 5.

STRATEGIC OBJECTIVE 2 – EVOLVE THE FUNDING MODEL

38. The Global Fund's funding model has been refined over time and enabled the many successes achieved to date. Despite this, there remain significant opportunities to improve.

39. Limitations of the current funding model include:

- **Funding not always best-targeted towards impact:** While current funding responds to critical needs, decisions on funding are not currently informed by a global consideration of how money can best be invested. Within countries, investments could also be better targeted toward high-need, high-impact areas using proven interventions.
- **Adverse consequences of high failure rates:** Frequent proposal failures not only result in significant lost work for countries but, worse, funding is delayed and critical health needs remain unmet while applicants wait to submit a new proposal in the next funding round.
- **Lack of predictability for countries:** Countries lack predictability in terms of when they can apply to the Global Fund; indeed, the frequency of rounds has varied significantly (and overall decreased) in recent years. Countries also lack predictability of funding amounts and find it hard to determine how much to apply for.
- **Risk that a disproportionately large proposal depletes available resources** thereby impacting the ability to finance other applicants.
- **Misalignment of application rounds with country cycles:** Funding alignment with national strategies and systems is sub-optimal. The current model of rounds, compounded by their infrequent and unpredictable timing, imposes Global Fund application timelines on countries rather than allowing them to seek funding at a time aligned with their national planning cycles.
- **Shortcomings of the application and grant negotiation approach:** Proposal development and grant negotiation are currently separate, sequential stages often supported by different actors (with external consultants frequently writing proposals instead of implementers). This can lead to duplicate information requests and lack of coordination and technical coherence. Moreover, the overall process often takes too long.

40. With respect to existing funding, the refocusing during implementation of as-yet-unspent funds to maximize impact is not systematically encouraged and occurs much too rarely. Countries view the process as unappealing and cumbersome.

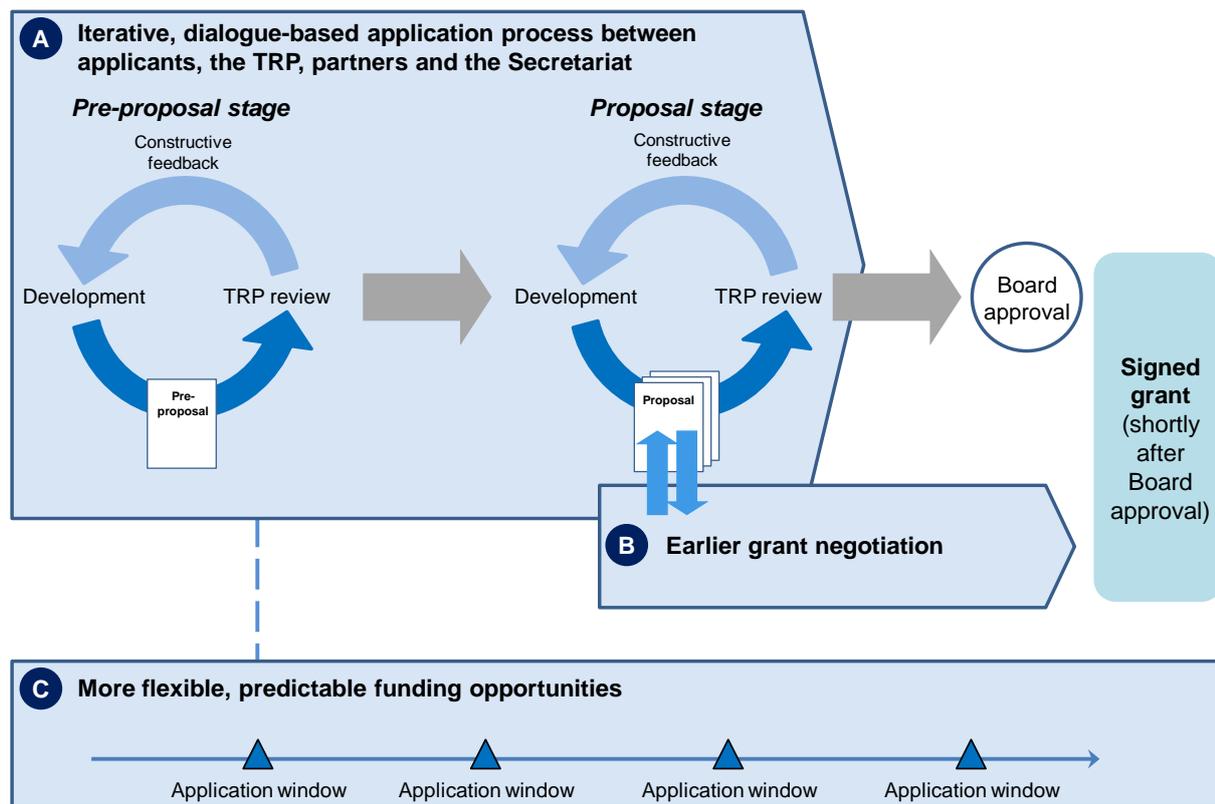
41. To respond to these issues a new funding model is necessary. This model, addressing both how new funding is provided and how existing funding can be refocused, needs to **(i) enable Global Fund resources to be invested more strategically** to maximize impact and improve alignment, **(ii) reduce transaction costs**, and **(iii) increase predictability** of both the timing and level of funding.

42. To achieve this, the Global Fund will introduce a new funding model that replaces the rounds system with a more flexible and effective model, and facilitates strategic refocusing of existing investments.

Strategic Action 2.1 – Replace the rounds system with a more flexible and effective model comprising the following three mutually-reinforcing elements (see Figure 1)

- **Element A: An iterative, dialogue-based application process**
- **Element B: Early preparation of implementation**
- **Element C: More flexible, predictable funding opportunities**

Figure 1: New funding model with three elements



43. These elements, which are consistent with the principles articulated by the High-Level Panel on instituting a new grant-approval process, are detailed below. They will function in concert with Strategic Action 1.2, whereby funding will be increasingly based on quality national strategies and be through national systems. To complement the new funding model, other changes to the Global Fund structure and architecture may be necessary in the future.

44. The combined action of Elements A, B and C of the new funding model will bring about significant change: **The Global Fund will improve the funding process to become more flexible, iterative and better-informed. The Secretariat will move from being passive to proactive, and get more engaged in a dialogue with countries and partners on ensuring funding maximizes impact, and value for money while identifying and mitigating risk. It will ensure that this process builds constructively towards application approval and implementation success while retaining independent technical review and performance-based funding. And it will make the timing and level of its funding more predictable for countries.**

45. **Element A – Iterative, dialogue-based application: Implement a two-stage application process that allows dialogue between applicants, the TRP, partners and the Secretariat to strengthen and better target proposals, and builds constructively towards proposal recommendation by the TRP.** Applicants, with partner support, will first submit a “pre-proposal” intended to demonstrate that fundamental features of the request are sound.¹³ Based on the pre-proposal, the TRP can then invite applicants to proceed to full proposal development. At either stage (pre-proposal or proposal review) the TRP can provide feedback and allow for a further “development and review” iteration until the required technical

¹³ For example that the proposed activities align with the country's context and national strategy, that they are effective and based on available evidence, and that the magnitude of the request is appropriate given the country's absorptive capacity, risk factors and needs.

standards are met. This process will apply to all applicants but it will also be flexible in terms of the degree of interaction and speed. An applicant with a robust, costed national strategy and a strong past performance record would proceed faster than an applicant with known implementation challenges, high-risk circumstances or a proposal that is more project-based.

46. This new approach will lead to higher proposal quality, better targeting, less lost effort, improved risk management, and more informed decision-making on proposals.¹⁴

47. To enable this approach, more frequent application and TRP review opportunities are needed so that applicants can resubmit quickly after responding to feedback. The current rounds model does not allow this; Element C below addresses it.

48. **Element B – Early preparation of implementation: Conduct discussions on implementation matters and commence grant negotiation in parallel with the proposal development stage.** The CCM, LFA, Principal Recipients (PRs), relevant partners and the Secretariat will discuss implementation matters in parallel with the development of the proposal, as soon as its key orientations are sufficiently clear. In this way, the proposal that is eventually recommended to the Board is substantially pre-negotiated, and thus ready to be signed shortly after approval.

49. This approach will provide better information for proposal development and TRP review. It will reduce the duplicate information requests and lack of coordination that arise from the current process, where proposal development and grant negotiation are separate, sequential steps supported by different actors. Most significantly, it will improve the link between proposal content, the grant agreement and implementation.

50. **Element C – More flexible, predictable funding opportunities: Replace the rounds system with a new approach that makes funds available with more timing flexibility and improved knowledge of potential funding levels.** The increased timing flexibility will enable the iterative application approach of Element A. The design of this new approach to funding opportunities will require detailed technical work following the approval of the Strategy 2012-2016 and subsequent discussion with the Board and relevant committees. This work will be guided by the following design principles – the specific model should:

- Support effective implementation of the iterative, dialogue-based application process;
- Reflect the Global Fund's commitment to remaining global, while at the same time allowing for emphasis on places and populations most in need;
- Provide greater predictability of funding without limiting well-founded country demand;
- Avoid any misinterpretation that funds are an entitlement; rather access to funds will remain subject to rigorous technical review on the basis of robust international standards;
- Be as simple as possible to communicate, while achieving the desired objectives; and
- Remain consistent with the Global Fund guiding principles, especially its demand for multi-stakeholder engagement, transparency, and commitment to comprehensive strategies.

Refocusing of existing investments

51. In addition to evolving the funding model in relation to how *new* funding is provided, this Strategy will introduce major changes to the way in which *existing* funding can be refocused.

52. 'Reprogramming' refers to the ability of countries to refocus funding from its initially-agreed use by proposing changes to the scope and scale of a proposal or grant. Funds as yet uncommitted or unused are often intended to support interventions that were proposed several years before (e.g., three or more years by the time of grant renewal) and these may no longer be appropriate to current circumstances. While small-scale reprogramming is relatively common, larger-scale, more strategic reprogramming is rare. The potential of such reprogramming to allow

¹⁴ Better taking into account the context of the proposal, e.g., risk, absorption capacity, past performance.

funding to be put to better use is considerable given the amount of funds at stake: renewals of existing grants alone will exceed US\$ 8 billion over the period 2011-2013.

Strategic Action 2.2 – Facilitate the strategic refocusing of existing investments

53. Reform the approach to reprogramming to eliminate current perceived disincentives, and simplify, speed up and add flexibility to the process. Apply the iterative, dialogue-based approach to reprogramming and incentivize reprogramming on the basis of a national strategy. Ensure, with the help of partners, that reprogramming discussions are well-informed by current protocols and approaches, evidence about the effectiveness of interventions and technologies, as well as robust knowledge of technical guidelines and epidemiology.

54. Implementation of the new reprogramming approach can and should proceed without delay. Particularly in a resource-constrained environment, strategic reprogramming of existing investments is an important and immediate tool to boost the impact and value for money of existing investments.

55. This approach will lead to a more strategically invested portfolio – by enabling countries to refocus grants to better target high-impact areas, respond to emerging evidence or changes in context or normative guidance, address implementation bottlenecks and scale up effective interventions and technologies.

STRATEGIC OBJECTIVE 3 – ACTIVELY SUPPORT GRANT IMPLEMENTATION SUCCESS

56. Achieving impact depends not only on investing strategically through an effective funding model, but also on ensuring the successful implementation of programs. Experience of the last ten years shows that countries have variable implementation ability and absorptive capacity and face challenges such as unmet technical assistance needs, insufficient human resources, high costs for health commodities, and procurement and supply chain bottlenecks. Through this Strategy, the Global Fund will increase its emphasis on actively supporting successful implementation of grants to achieve greater impact. Specifically, it will:

- i. Actively manage grants based on impact, value for money and risk;
- ii. Enhance the quality and efficiency of grant implementation; and
- iii. Make partnerships work to improve grant implementation.

Strategic Action 3.1 – Actively manage grants based on impact, value for money and risk

57. The management of Global Fund grants needs to account better for the different risks and opportunities across the portfolio. To address this, the Global Fund will shift to a more proactive and calibrated approach to grant management that aims to maximize impact and value for money, and mitigate risk. This will comprise the following three strategic actions:

58. Adopt a risk-differentiated approach to grant management. Consistent with the High-Level Panel recommendations, this includes using a formal country-risk matrix, applying differentiated safeguards to the different categories of countries, and intensifying focus on mitigating other identified risks (e.g., purchase of capital goods, cash payments, salary supplements and training expenses). The Secretariat's new framework for operational risk management will be integrated with this risk matrix and will enable oversight resources to be better matched to high-risk grants and countries.

59. Actively encourage reprogramming to enhance impact and value for money of existing grants and manage risk. Integrate regular, proactive discussions with countries and partners about possible reprogramming into the annual grant management cycle. Carry out reprogramming using the improved approach in Strategic Action 2.2.

60. **Enhance performance-based funding to increase emphasis on impact.** Use performance-based funding together with strategic investment in high-impact interventions as an approach to inform decisions for new funding, reprogramming and grant renewal. Engage with partners (such as GAVI, the World Bank, bilaterals) to share approaches. As part of this, systematically invest in high-quality data through baseline and progress surveys, data modeling, and require increased transparency of financial data. Coordinate more closely with countries and other donors to measure results more precisely, consistent with High-Level Panel recommendations, while avoiding overlapping or inconsistent demands on countries.

Strategic Action 3.2 – Enhance the quality and efficiency of grant implementation

61. Service quality and efficiency are key factors affecting impact, value for money and ultimately, grant implementation success. While the Global Fund encourages the consideration of these aspects in grant proposals, systematic reporting on the quality, sustainability and unit costs¹⁵ of services delivered is not currently feasible based on existing tools and data, and requires a longer-term approach. Another major area for efficiency is procurement of health commodities, which accounts for an estimated 37 percent of committed funds. While the Global Fund, aided by UNITAID¹⁶ and other partners, has made important achievements in driving change in global health commodity markets, to date, it has largely “remained a passive actor in the market”.¹⁷

62. **Improve focus on quality, consistency and sustainability of services delivered.** Through discussion with applicants and partners in the course of the iterative proposal development process, encourage inclusion in proposals of independent program evaluations that focus on the quality, consistency, impact and sustainability of services delivered. Incorporate quality-of-service assessments into value-for-money evaluations, without imposing parallel or unnecessary reporting demands on countries. Undertake more extensive evaluations of value for money, including sustainability assessments, to support decisions on continued investment and allocation by countries, the Global Fund and other donors.

63. **Exploit the Global Fund’s scale to more proactively secure optimal prices, quality, design and sustainable availability of health commodities.** Fully implement the Market Shaping Strategy approved at the Twenty-Third Board Meeting and continue the move towards limiting allowable payments for purchase of drugs or bednets to a differentiated reference price, as initiated in Round 10. Interventions to shape target markets will include strengthening Voluntary Pooled Procurement (VPP) overall, and more specifically with the aim to reduce the risk of stock-outs and enable VPP to shape markets; setting the VPP or a consortium of procurement agents as the required procurement channel for targeted products or for countries unable to effectively manage procurement; and creating a joint new product introduction program with UNITAID that better utilizes UNITAID's ability to shape markets and the Global Fund's ability to provide longer-term financing.

64. **Invest in robust national pharmaceutical and health product management (PHPM) systems to improve procurement outcomes and mitigate risk.** This includes utilizing the iterative, dialogue-based application approach to attain more systematic adherence to key PHPM standards and more systematic inclusion of PHPM-strengthening funding requests in proposals, particularly for countries identified as lacking adequate procurement-and-supply-chain-management and pharmacovigilance capacity.

¹⁵ The costs of service delivery vary widely according to country context, and cost-of-service measurements are particularly difficult to carry out in a reliable way on the basis of available grant data. More reliable data can be obtained through costing studies in countries, but these are both time-consuming and expensive.

¹⁶ UNITAID has worked to scale up treatment for multi-drug-resistant tuberculosis and increase the affordability of ACTs and second-line anti-tuberculosis drugs. The Global Fund and UNITAID have distinct yet complementary roles in improving procurement, pricing and availability of medicines and diagnostics.

¹⁷ “Market Dynamics Strategy” – Annex 1 of Document GF/B23/9 Revision 1, “Report of the Market Dynamics and Commodities Ad-Hoc Committee”

65. Work with partners to standardize and widen the availability of service delivery costs. As reliable approaches, metrics and data become available, implement systematic collection, monitoring and comparison of service-delivery unit costs, coupled with active grant management and reprogramming, to reduce waste.

Strategic Action 3.3 – Make partnerships work to improve grant implementation

66. The Global Fund was built as a partnership, and its ability to engage effective support of partners in a more systematic and proactive manner is critical to grant implementation success and thus the success of this Strategy. However it is widely acknowledged that partnerships at country, regional and global levels face substantial challenges, particularly in relation to lack of clarity around mutual accountability and meeting countries' needs for timely, high-quality technical support. This Strategy seeks to address these specific challenges and also recognizes partnerships as a cross-cutting strategic enabler as described in Section D.

67. Establish specific partnership arrangements in collaboration with CCMs, and country, regional and global partners. As part of these arrangements, clarify roles and responsibilities of the Global Fund and partners, and develop clear, outcome-specific frameworks for coordination, communication, collaboration and accountability. Individual partnership arrangements will respond to specific country needs, and could include:

- i. Programmatic and financial sustainability planning through coordinated interaction with relevant state and government bodies such as Ministries of Planning or Finance;
- ii. Support for the development of national strategy plans and applications;
- iii. Technical support during the iterative proposal development process; and
- iv. Resolution of implementation and communication obstacles related to Global Fund grants.

68. Encourage country-level partners to work with CCMs to develop sound national technical assistance plans either as the product of national strategy joint assessments or in preparation for submission of applications. Request submission of these plans alongside the pre-proposal and proposal. Actively encourage countries and partners to maximize the use of existing funding flexibilities to seek funds for technical assistance,¹⁸ for example by including unfunded components of technical assistance plans in proposals or requests for CCM funding.

69. Take advantage of private sector expertise to help improve grant implementation. Foster opportunities for expanded country-level collaboration with private sector partners, making use of world-class expertise in business processes to maximize implementation efficiency, value for money and impact. This could include, for example, support for improving supply-chain management, use of technologies like mobile phones, training, marketing or other advisory services. Actively encourage private sector partners to share their skills, capabilities, expertise, resources and networks to advance the fight against the diseases.¹⁹

STRATEGIC OBJECTIVE 4 – PROMOTE AND PROTECT HUMAN RIGHTS

70. The Global Fund has been a major vehicle for realizing access to lifesaving health services, including by many who face significant human rights challenges. Its Framework Document promotes a rights-based approach with an emphasis on strengthening the participation of affected communities in health governance and ensuring that interventions reach the most affected countries and communities. The “Gender Equality Strategy” and “Sexual Orientation and Gender Identity Strategy”, along with support for community systems strengthening are further contributions made by the Global Fund to advancing human rights in the context of the three

¹⁸ Evidence shows available grant funds for technical assistance and CCM strengthening are often underutilized.

¹⁹ An example showing the large potential of these partnerships is that of the Coca-Cola medical supply chain optimization initiative in Tanzania, which allows the government supply-chain agency to use Coca-Cola delivery maps and distribution expertise to create a new model for delivering ARVs, ACTs and other health products to the country's many (and often most remote) health facilities.

diseases.

71. Evidence shows that human rights approaches increase the effectiveness, efficiency and sustainability of HIV/AIDS, tuberculosis and malaria programming^{20,21}. Yet in many countries, poor and inequitable targeting of interventions, discriminatory social and legal environments, unsupportive policy settings, and sometimes severe and persistent human rights violations continue to undermine programs and reduce impact. There is a broad consensus that the Global Fund can and should do more to explicitly promote rights-based approaches and proactively leverage its financing to advance human rights objectives in the context of the three diseases. This is consistent with views of the TRP which in its review of Round 10 proposals, said that it was “concerned with the limited inclusion in proposals of existing human rights instruments and measures to address stigma and discrimination.” At the same time, there has been concern that the Global Fund not lose its focus on health; rather its efforts to address human rights challenges should come from evidence that they impede efforts to improve health and fight deadly epidemics.

72. A greater focus on human rights is also consistent with partners’ current strategies and priorities, including the UNAIDS Strategy 2011-2015, the WHO Global Health Sector Strategy on HIV/AIDS 2011-15 and the Stop TB Partnership Global Plan to Stop TB. The UNAIDS Investment Framework also recognizes that funding so-called “critical enablers” – including human rights programs – is crucial to the success of key health interventions.²²

Strategic Action 4.1 – Ensure that the Global Fund does not support programs that infringe human rights

73. **Ensure that the Global Fund does not support programs or approaches that violate human rights, applying the principle of “due diligence”.** Work with partners to ensure there are suitable mechanisms in place to permit and encourage stakeholders to report any suspected violation of human rights in Global Fund-supported programs and define consequences for programs if such reports are substantiated. Work with partners to identify risks, including through the iterative, dialogue-based application approach, and proactively and systematically respond to human rights violations.

Strategic Action 4.2 – Integrate human rights considerations throughout the grant cycle

74. **Ensure that human rights principles – including non-discrimination, gender equality, participation, transparency and accountability – are integrated in all aspects of the Global Fund’s work.**²³ Define roles, responsibilities and capacity needs of all Global Fund structures and country-level stakeholders to operationalize these principles. Tailor existing policies and specific key performance indicators to ensure that human rights principles are promoted, communicated and upheld within the context of the three diseases.

Strategic Action 4.3 – Increase investment in programs that address rights-related barriers to access (including those relating to gender inequality)

75. **Encourage and support countries to increase programming that, based on evidence or lessons learned, will improve access to health services for affected communities and that create an enabling social and policy environment.** These

²⁰ UNAIDS. "Ensuring Non-discrimination on Responses to HIV", 2010.

²¹ WHO. "Implementing the WHO Policy on TB Infection Control in Health-Care Facilities, Congregate Settings and Households", 2010.

²² “Towards an improved investment approach for an effective response to HIV/AIDS.” Schwartländer, B. et al. *Lancet* 2011; 377:2031-41

²³ “Human Rights and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Meeting Report. March 3-4 2011.” Open Society Foundations. This report provides useful information for the implementation of this Strategic Action.

programs can be rolled out for any highly-affected group including women, young people, migrants, prisoners or most-at-risk populations. In the context of HIV, promote uptake of program areas identified by UNAIDS as critical enablers, many of which are also appropriate in the context of tuberculosis and malaria. Consideration could be given to providing incentives for countries to include rights-based programs that address barriers to access, and to a mechanism that would make funding directly available to civil society for advocacy and implementation of such programs.

STRATEGIC OBJECTIVE 5 – SUSTAIN THE GAINS, MOBILIZE RESOURCES

76. The Global Fund was founded in a time of emergency to respond to the epidemics and build on the momentum created by the MDGs. Significant gains have since been made through programs supported by the Global Fund. However, these gains are just a start; with considerable work still needed to attain the MDGs, they provide a base for further scale-up to reach more people in need and deliver greater impact. Sustaining and expanding the gains, and achieving the ambitious goals and targets of this Strategy, will require increased efforts to mobilize resources from both domestic and international sources. A failure to secure the necessary resources would result in an opportunity lost and the risk of unravelling the progress made to date.

Strategic Action 5.1 – Increase sustainability of Global Fund-supported programs

77. Financial and institutional sustainability is required to ensure that the progress made by the countries, the partners, and the Global Fund will continue well past the duration of this Strategy. In particular, implementing country governments must fulfill their obligations, such as the Abuja Declaration, and sustain and grow contributions to the national response. A founding principle of the Global Fund is that its funding should be additional to domestic funding.²⁴ Because this has proved difficult to enforce, counterpart financing rules were strengthened in 2011 to mitigate against the risk of declining domestic contributions. Strategy consultations with implementing countries highlighted that funding decisions are often outside the remit of CCMs and health ministries, and that the Global Fund can and should help obtain funding commitments from government leaders with highest-level budgetary authority.

78. **Actively engage political leadership in high-level dialogue to catalyze greater government commitment.** Together with partners, take advantage of the Global Fund's influence to conduct discussions with country leadership. Target key decision-makers beyond the Ministry of Health, such as the Ministry of Finance, parliamentarians and other political leaders, who are influential in allocating funding to the health sector and disease programs. Use these discussions to address financial contribution, as well as social policy issues such as protecting human rights and tackling gender disparities.

79. **Ensure increased domestic investments in HIV, tuberculosis and malaria programs.** As part of this, monitor the implementation of new counterpart financing policies and adapt the model as needed. To the maximum extent possible, require that national strategies include sustainability plans that identify how domestic sources will assume a greater share of program costs over time. This will be particularly relevant for countries moving to higher income levels.

Strategic Action 5.2 – Attract additional funding from current and new sources

80. Resource mobilization efforts must be energized and broadened to maintain and accelerate the gains. Current government donors contribute around 95 percent of the funding base and in spite of the present period of austerity on the part of several major donors, this sector must remain a key focus of resource mobilization efforts.

²⁴ The Framework Document of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

81. But reliance on traditional sources will not in itself be sufficient to achieve funding targets. Efforts must also expand aggressively to encompass new donors and funding mechanisms. Emerging economies afford new opportunities for raising resources from both public and private sectors, and at a minimum reduce their demand for funding from the Global Fund. Of particular significance are rapidly-industrializing middle-income countries and newly-industrialized or resource-rich economies.

82. Innovative funding mechanisms must also be more fully explored. Efforts to date have demonstrated the strong potential of innovative mechanisms such as Debt2Health, which focuses on governmental sources, and corporate partnerships – for example Chevron Corporation, regional approaches such as Gift From Africa, and consumer marketing initiatives like (PRODUCT)^{RED}.

83. **Ensure the continued support of the Global Fund’s current major donors.** Re-establish confidence in the Global Fund’s role as the investment vehicle of choice in the fight against the three diseases and toward the achievement of the MDGs. Fully implement operational reforms, including those proposed by the High-Level Panel. Convey and demonstrate over time how transforming the Global Fund’s funding model according to this Strategy – from its current more passive approach to a more active, “investing-for-impact” model – delivers better value for money and increases the impact of donor investments.

84. **Broaden the donor base.** Apply renewed focus in resource mobilisation on rapidly-industrializing middle-income countries and newly-industrialized or resource-rich economies. As required, consider adapting the Global Fund’s funding policies and governance to provide an attractive offering to non-DAC public and private donors.

85. **Innovate to diversify the funding base.** Build on the organization’s successes in innovative financing by, among others, expanding Debt2Health through the development of new agreements with existing creditors and attracting new creditors, and seeking to build new corporate and consumer marketing partnerships to maximize value of these valuable business relationships.

86. **Enhance the Global Fund’s capacity to reach its resource mobilization goals.** Capitalize on the enormous support for the Global Fund’s work across all sectors and put renewed emphasis on advocacy, communication and the new Strategy to best leverage the potential of the many partnerships formed in support of the Global Fund’s critical mission. Continue to demonstrate to donors that the Global Fund is a more effective and efficient vehicle for their resources, and is critical in the global effort to change the trajectory of the diseases and achieve the MDGs.

D. THE STRATEGIC ENABLERS

For the Strategy to be successful, both partnerships and the Global Fund itself must function effectively. These fundamental elements are referred to as “strategic enablers”.

STRATEGIC ENABLER 1 – ENHANCE PARTNERSHIPS TO DELIVER RESULTS

87. Partnerships are a core element and key principle of the Global Fund model. Because the Global Fund is a financial institution without a country presence, the success of the programs it supports depends critically on effective engagement by partners to assist countries in securing funding and conducting effective implementation. In addition, partnership – at global, regional and local levels – is essential to many other areas, including oversight and risk management, aid effectiveness, good governance and resource mobilization.

88. Key partners include implementing governments, parliamentarians, international development partners working on the three diseases and in the broader health and development

arena (such as UN agencies, bilateral donors and UNITAID), civil society,²⁵ the private sector, and communities living with or affected by the diseases. The partnership is based on a collective responsibility for improving health outcomes and its success will ultimately be measured by progress achieved towards the MDGs.

89. The Global Fund adopted a Partnership Strategy in 2009 that provides the framework for partner engagement at global, regional and country levels. Considerable effort has been invested in strengthening partnerships over time and there are many examples of effective and strong collaboration. At the same time, challenges affecting the partnership model are widely recognized and still remain to be addressed. In particular, the recent Board-adopted Comprehensive Reform Working Group recommendations²⁶ highlight the need for both improved partner accountability mechanisms and an improved approach to funding technical assistance.

90. Partnerships are a key enabler of the Global Fund Strategy 2012-2016, because enhancing partnership effectiveness is essential for this Strategy to deliver results. This will require addressing existing challenges such as improving provision of technical assistance and clarifying accountability. In addition, partners will be critical in supporting the new strategic objectives and the evolution in the Global Fund's model and processes that arise from this Strategy. In particular partners will play a key role in informing strategic investment and supporting the new iterative, dialogue-based approach to proposal development, grant renewal and proactive reprogramming.²⁷ The United Nations partners, especially WHO and UNAIDS, have a special role in this regard in providing the necessary norms, standards and evidence to enable more strategic investment. Partners will continue to support and accelerate grant implementation, but in enhanced and sometimes new ways. Their coordinated, focused action will contribute to increasing the impact on the health of mothers and children, and they will support a more active approach to promoting and protecting human rights. The implementation of these actions will require significant coordination and communication efforts and the full commitment of all partners and Global Fund stakeholders.

STRATEGIC ENABLER 2 – TRANSFORM TO IMPROVE GLOBAL FUND GOVERNANCE, OPERATIONS AND FIDUCIARY CONTROLS

91. Successful implementation of this Strategy depends upon, and must be coordinated with, efforts being undertaken to improve Global Fund governance, operations and fiduciary controls. Several reviews have identified areas for improvement and offer concrete recommendations. These include the Agenda for a More Efficient and Effective Global Fund, the work of Comprehensive Reform Working Group and the Final Report of the High-Level Panel.

92. The Board has adopted many of the resulting recommendations and has called for a Consolidated Transformation Plan to deliver the changes required rationally and efficiently. Some of the recommendations directly relate to the Strategy (such as the High-Level Panel's recommendation to institute a new grant approval process), while others indirectly influence the Strategy but are of a more immediate nature. The critical challenge ahead is to deliver these changes in a timely and coordinated way.

93. The Global Fund governance structure was recently reviewed by the Board leadership and the High-Level Panel, and decisions to restructure have been adopted by the Board. It agreed to reduce its four standing committees to three and refocus their mandates. The Board and its new committees will play a decisive role in overseeing the implementation of this Strategy.

²⁵ Including faith-based organizations, community-based organizations, international and local non-governmental organizations

²⁶ Decision GF/B23/DP10 – “Plan for Comprehensive Reform: Partnerships”

²⁷ This is fully consistent with a recently-published "investment framework for HIV/AIDS" that describes an investment approach that can also be applied to tuberculosis and malaria. “Towards an improved investment approach for an effective response to HIV/AIDS”, *Lancet*, op. cit.

94. Further, given the intensive, fundamental changes to the Global Fund's operations that will be required to implement both the transformation agenda and this Strategy, improving the operational efficiency and management of the Secretariat is of utmost importance. Recommendations from the internal Secretariat review, the High-Level Panel and the Comprehensive Reform Working Group seek to address this, particularly by shifting more people toward grant management, increasing the authority of those that manage grants, reinforcing the senior management team and better making use of the expertise of Local Fund Agents. Realizing these operational enhancements and the associated training of and support for front-line staff will be absolutely critical to enable the new proactive approach to "investing for impact".

95. The High-Level Panel and the Comprehensive Reform Working Group have recommended strengthening fiduciary controls. These initiatives will ensure that strong risk management procedures are enacted at every step of the grant cycle. Improving the Global Fund's fiduciary controls will greatly contribute to safeguarding investments and maintaining donor confidence, especially in an environment of limited resources. At the same time, the Global Fund must shun a culture of risk avoidance. It must heed the advice of the High-Level Panel that "The aim should be to forge mutual agreement on the best approach to addressing risk, and thus strengthening the country's response to the three diseases".

E. STRATEGY IMPLEMENTATION

96. Following approval of the Strategy at the Twenty Fifth Board Meeting, the Secretariat will commence planning for its implementation, engaging with partners as necessary. Where there is overlap or a strong link with the High-Level Panel and other reform initiatives, the work to implement the Strategy will be incorporated into the broader Consolidated Transformation Plan.

97. Implementation of some strategic actions could begin rapidly. This includes the transition to an improved, more proactive reprogramming approach. The Global Fund can also start moving toward the proactive, iterative engagement model that underpins many strategic actions. Other areas – such as elements of the funding model – will require further planning or design work before they are ready for implementation. Focused technical consultations may be needed in some cases to benefit from TRP, partner and country stakeholder input and so ensure a robust, appropriate elaboration of policies and operational features. As these are developed, it will be essential to maintain consistency with the intended objectives, coherence across the implementation workstreams and respect of the Global Fund's founding principles.

98. The Secretariat will update the Board and relevant committees periodically and revert with key decisions as needed in light of the Board's broader intention to shift more operational decisions to the Secretariat and reserve for itself the Global Fund's fiduciary, major policy, risk management and strategy issues. The Global Fund Key Performance Indicators and its Monitoring and Evaluation Strategy will need to be revised to account for the new Strategy. This will enable to Board to track implementation progress and eventually the effects of Strategy.

99. The Strategy will bring about bold changes as it re-positions the Global Fund to achieve even greater impact in the next five years and ensure long-term sustainability. Effective implementation will be critical to delivering the promised changes and to changing the lives of many more millions of people across the world.

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 Governance Extranet:
<https://extranet.theglobalfund.org/cme/default.aspx>

| Item: | Further information available: |
|--------------------------------------|---|
| GF/B25/7 Attachment 1 | Review of HIV/AIDS, Tuberculosis and Malaria Landscape for the Global Fund Strategy 2012-2016 |
| GF/B25/7 Attachment 2, Revision 1 | Summary Report from the Consultations on the Global Fund Strategy 2012-2016 |
| GF/B25/7 Attachment 3, Revision 1 | Background Information on the Goals and Targets for the Global Fund Strategy 2012-2016 |