

**PIC REPORT ON OPERATIONAL MATTERS FOR BOARD DECISION**

**PURPOSE:**

1. This attachment contains the Report of the Portfolio and Implementation Committee (PIC) on Operational Matters for Board Decision. The report was submitted to the Board for electronic decision on 21 October 2011.

## OPERATIONAL ISSUES FOR BOARD DECISION

### PURPOSE:

This report presents the recommendations of the Portfolio and Implementation Committee (PIC) on time-sensitive operational issues that require Board decision: (i) revised upper ceiling amounts for three Round 10 proposals, (ii) extension of signing deadline for Round 10 proposals, (iii) approach for mid-term review of Rolling Continuation Channel grants, and (iv) start and end dates of Cote d'Ivoire Round 9 HIV grant. Additionally, the PIC recommends that the Secretariat be granted the authority to set grant start dates in exceptional circumstances, such as in Cote d'Ivoire.

Five decision points are recommended for Board approval:

- B24/EDP/3: “Amended Upper Ceiling Amounts for Bangladesh, Mongolia and Swaziland Round 10 TB Proposals”
- B24/EDP/4: “Extension of deadline for Round 10 Grant Signatures”
- B24/EDP/5: “Procedure for Rolling Continuation Channel Mid-Term Performance Reviews and Extensions”
- B24/EDP/6: “Setting the Grant Start Date for Cote d'Ivoire HIV Proposal CIV-910-G13-H”
- B24/EDP/7: Delegation of Authority to set Grant Start Dates in Exceptional Circumstances”

## **1. BACKGROUND**

1.1 At the 5<sup>th</sup> Portfolio and Implementation Committee (PIC) Meeting on 29-30 September 2011, the Secretariat presented to the PIC four operational issues which require Board decision:

- i. Amendment to the Board-approved upper ceiling amounts for three Round 10 consolidated disease proposals;
- ii. Extension of signing deadline for Round 10 grants;
- iii. Approach for the mid-term review of grants under the Rolling Continuation Channel (RCC); and
- iv. Start and end dates for Round 9 Cote D'Ivoire HIV grant.

1.2 In between sessions of the Board, the Secretariat submits recommended courses of action to the Board for electronic decision. However, given that the timing of the Committee meetings coincided with the need for Board decision, and since the issues relate to the portfolio, these four matters were submitted to the PIC for discussion and recommendation to the Board.

1.3 The following sections of this report summarize the PIC discussions and recommendations and contain five decision points for Board approval.

## **2. AMENDED UPPER CEILING AMOUNTS FOR THREE ROUND 10 CONSOLIDATED PROPOSALS**

2.1 In Round 10, applicants were given the opportunity to transition to Single Stream of Funding (SSF) per Principal Recipient per disease on a voluntary basis. Applicants transitioning to SSFs through their Round 10 proposal were required to submit a consolidated funding request that takes into account the already approved and committed funds under existing grants for the same component, in addition to the amount of new funding requested in Round 10.

2.2 Of the 135 Round 10 proposals approved for funding by the Board at its Twenty-Second Meeting<sup>1</sup>, eight countries voluntarily elected to transition to SSFs through consolidated proposals. For three consolidated proposals (Bangladesh, Mongolia and Swaziland consolidated TB proposals), the Board-approved two-year and five-year upper ceiling amounts need to be adjusted for the following reasons:

- i. the calculations did not reflect the increase in current ceilings on additional commitments for Round 8, Round 9 and the First Learning Wave of National Strategy Application proposals<sup>2</sup> as these were also decided by the Board at the same meeting as the Round 10 proposals; and
- ii. the yearly breakdown of the funding (approved and committed) from existing grants for the periods that are overlapping with the Round 10 proposal term were not accurately mapped in two of the three cases.

The combination of these two issues resulted in the underestimation of the incremental funding needed for three consolidated proposals.

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<sup>1</sup> GF/B22/DP27: Approval of Round 10 Proposals

<sup>2</sup> GF/B22/DP25: Measures Associated with Funding Future Proposals

2.3 The table below summarizes the net financial impact of adjustments required.

Country/ Disease Component	Phase 1 Upper ceiling (2 years) (US\$)			Lifetime Upper ceiling (Up to 5 years) (US\$)		
	Approved	Amended	Difference	Approved	Amended	Difference
Bangladesh/TB	11,677,496	16,363,126	4,685,630	98,543,757	105,724,068	7,180,311
Mongolia/TB, including cross- cutting HSS	3,696,354	5,763,691	2,067,337	9,052,049	9,124,194	72,145
Swaziland/TB	11,202,195	12,864,643	1,662,448	39,004,228	39,709,609	705,381

2.4 The Secretariat confirmed that specific safeguards have been introduced in the Round 11 application materials to avoid miscalculations in the future.

2.5 The PIC recommends the following decision point for Board approval:

***B24/EDP/3: Amended Upper Ceiling Amounts for Bangladesh, Mongolia and Swaziland Round 10 TB proposals***

***The Board decides to amend the upper ceiling amounts for three Round 10 consolidated proposals listed below:***

Country/ Disease Component	<u>Amended</u> Phase 1 Upper ceiling (2 years)(US\$)	<u>Amended</u> Lifetime Upper ceiling (Up to 5 Years) (US\$)
Bangladesh/TB	16,363,126	105,724,068
Mongolia/TB, including cross-cutting HSS	5,763,691	9,124,194
Swaziland/TB	12,864,643	39,709,609

***The Board approves the amended upper ceiling amounts specified above for the initial two years.***

***This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.***

### **3. EXTENSION OF SIGNING DEADLINE FOR ROUND 10 GRANTS**

3.1 At its Eighth Meeting, the Board approved the following policy on timeframes for grant agreements:

"If a grant agreement has not been signed 12 months after Board approval, the proposal should no longer be considered approved unless the Board decides to allow a further exceptional time extension based on information received from the Secretariat and CCMs. This time extension will be limited to a maximum of 3 months. The Board decides that this policy should apply for Round 3 and subsequent Rounds."

3.2 On 15 December 2010 at its Twenty-Second Board Meeting, the Board approved 135 Round 10 proposals that were recommended by the Technical Review Panel (TRP) for Global Fund financing. Therefore, on 15 December 2011, any<sup>3</sup> of the Round 10 proposals for which a Grant Agreement has not been signed and for which there is not a Board-approved extended deadline will no longer be considered approved.

3.3 The Secretariat is working closely with nominated PRs and Local Fund Agents to sign approved Round 10 proposals into grants within the 12-month deadline. In line with the current emphasis on risk management, this work is proceeding with closer scrutiny and attention to quality to ensure that grants are implementable and PRs are able to deliver planned services. In this context, the Secretariat anticipates that some Round 10 proposals will not meet the signing deadline and will need an extension so that identified risks and capacity gaps are mitigated and the grants' readiness for implementation is improved. At the writing of this paper, two months remain until the grant signature deadline. While the Secretariat is able to provide a preliminary list of grants that may not be signed, this list cannot be finalized at this time. Consequently, the Secretariat requested Board-approved delegated authority for a three month extension for the grant signature deadline of all Round 10 grants.

3.4 The PIC discussed that grant signing is an operational matter which is in the remit of the Secretariat and agreed to recommend Board delegated authority for the Secretariat on this issue. The Secretariat committed to apply the delegated authority judiciously and on an exceptional basis only for strongly justified cases. The Secretariat will also report to the Board or its relevant Committee the grants for which extension have been granted and communicate to countries the implications of non-signature within the extended signing deadline. The following are illustrations of strong justification as a basis for providing the extension:

- i. force majeure events or other exceptional circumstances that fall entirely outside the control of the Secretariat, the CCM and the PRs [for example, legislative measures that hinder the effective implementation of the program];
- ii. when the PR nominated by the CCM does not have adequate capacity to manage both fiduciary and programmatic risks under the program and additional time is required either to replace the nominated PR or to introduce additional capacity- building measures; or
- iii. situations in which the Office of the Inspector General has, during the course of an audit or investigation, but before it has made a formal determination of fraud or other misuse of funds, identified specific risks that require additional risk mitigation measures to safeguard the use of Global Fund resources.

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<sup>3</sup> Except for consolidated disease proposals which will align with national cycles for which an extension of up to six months is already allowed. (GF/B20/DP31: Architecture Review – Transition Provisions).

3.5 The PIC submits the decision point below for Board approval.

**B24/EDP/4: Extension of Deadline for Round 10 Grant Signatures**

***The Board refers to the following Decision establishing a ‘Policy on Timeframes for Grant Agreements’ approved at its Eighth Board meeting:***

***"If a grant agreement has not been signed 12 months after Board approval, the proposal should no longer be considered approved unless the Board decides to allow a further exceptional time extension based on information received from the Secretariat and CCMs. This time extension will be limited to a maximum of 3 months.***

***The Board decides that this policy should apply for Round 3 and subsequent Rounds."***

***The Board delegates to the Secretariat the authority to allow extensions of up to three months to the signing timeframe for Round 10 proposals on an exceptional basis and only in situations in which there is a strong justification for granting an extension.***

***By 30 April 2012, the Secretariat will provide a report to the Board or its relevant Committee identifying those Round 10 proposals that were granted extensions to the signing deadline, together with the justification for these extensions.***

***This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.***

#### **4. MID-TERM REVIEW OF RCC GRANTS**

4.1 At the Fourteenth Board Meeting in November 2006, the Global Fund established a new funding channel, the "Rolling Continuation Channel" ("RCC") for well-performing grants. CCMs could submit proposals under the RCC covering a maximum term of six years, in two phases of three years each. The second phase is subject to the approval of the Board based on a mid-term performance review ("RCC Phase 2") approach which was supposed to be presented to the Board for approval (GF/B14/DP9).

4.2 With the emphasis on transition of the portfolio to single streams of funding and the introduction of the periodic review procedures for the new architecture, no separate mid-term performance review procedures for RCC Phase 2 grants were developed and submitted to the Board. To date, 15 RCC grants have been processed for mid-term review on the basis of the standard Phase 2 process. However, there is a need to clearly establish timelines and the circumstances under which extensions may be granted to RCC grants.

4.3 To respond to the previous Board decision and introduce clarity to the RCC mid-term review procedures, the Secretariat presented the following approach:

- i. RCC mid-term review will be undertaken following the Phase 2 Decision Making Policy with the timelines adjusted to follow the timelines for the periodic review of single streams of funding (SSF) under the Periodic Review and Commitments Policy. The adjustment is required since RCC grants have 3 year implementation periods similar to SSFs.
- ii. Two types of extensions will be provided to RCC Phase 1 which are also available to Rounds-based grants and SSFs. These are (a) extensions for "exceptional circumstances"; and (b) extensions to align the RCC with the host country's reporting cycle and/or consolidate the RCC into SSF. These extensions are part of

the three year RCC Phase 2, do not change the due dates for delivery of any request for subsequent funding, and do not extend the overall end date of the Board-approved proposal.

4.4 The PIC endorsed the proposed approach and the decision point below for Board approval. The decision point introduces amendments to the Phase 2 Decision Making Policies and Procedures to cover the timelines for RCC grants (see Annex 1 for the Revised Phase 2 Decision Making Policies and Procedures) and specifies the two types of extensions for RCC grants as indicated above.

***B24/EDP/5: Procedure for Rolling Continuation Channel Mid-Term Performance Reviews and Extensions***

***The Board decides that for all Rolling Continuation Channel grants which are not consolidated into Single Streams of Funding (“RCC Grants”),***

- i. the Phase 2 Decision Making Policies and Procedures (GF/B16/DP16, Document GF/B16/7 Revision 1, Attachment 1, Section 3) (“PDMPP”) shall be applied to RCC Grants, subject to the following:***
  - a. Paragraph 5 of the PDMPP shall be amended to read as follows: “The Phase 2 decisions will typically be taken on the basis of the reported results of a program as of the end of the 18<sup>th</sup> month of implementation, or the 24<sup>th</sup> month in the case of Rolling Continuation Channel (“RCC”) programs, and the Secretariat’s recommendations that are made up to 23 months, or 30 months in the case of RCCs programs, after the Program Starting Date/Phase 1 Starting Date/ RCC I Starting Date (exceptions could include for situations of force majeure). The decision may be taken earlier in cases of (i) accelerated implementation; or (ii) severe exchange rate fluctuations.”; and***
  - b. The provisions of the PDMPP relating to extensions shall not apply to RCC Grants.***
- ii. the “Exceptional Extensions” section under paragraph 17 of the Periodic Reviews and Commitments Policy (Annex 2a, version 2, to GF/B20/4 “Report of the Policy and Strategy Committee” and approved under GF/B20/DP31) shall be applied to RCC Grants.***
- iii. the Secretariat may extend the term of Phase 1 of an RCC Grant by up to six months to allow for flexibility in aligning the grant with in-country cycles and/or to facilitate the transition of the grant to a single stream of funding agreement. Any such extension will not alter the overall end date of the Board-approved proposal.***

***This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.***

## **5. COTE D’IVOIRE ROUND 9 HIV GRANT**

5.1 The Côte d’Ivoire Round 9 HIV grant (CIV-910-G13-H) was approved by the Board at its Twentieth Board Meeting on 11 November 2009 and was signed on 9 November 2010.

5.2 Following an election held in November 2010, Côte d’Ivoire experienced a period of severe political and social upheaval as two candidates entered a struggle for the country’s presidency. In February 2011, the crisis evolved into a violent conflict with local banks

discontinuing their operations thus restricting financial transactions in country. The Secretariat decided to withhold all disbursements to Côte d'Ivoire in light of the significant risks posed by the situation. When the crisis officially came to an end in April 2011, security conditions on the ground remained tense and violent episodes continued and preliminary activities towards fulfilment of conditions and preparation for full program implementation could only slowly commence.

5.3 As a direct consequence, no disbursement has been made and the grant lost 11 months of program implementation. Therefore, in order to give the PR a full 5 year implementation period and enable it to carry out programmatic activities and reach agreed targets, the Secretariat requested to set the start and end dates of the grant to compensate for the lost time.

5.4 The PIC agreed with the recommendation as the reason for delayed grant implementation was out of the control of the PR and the Secretariat. The PIC further discussed that this is another operational matter which should not require Board approval and that similar cases in the future should be decided by the Secretariat. It was agreed to request delegated authority for the Secretariat on this issue. Below are the two decision points for Board approval.

***B24/EDP/6 : Setting the Grant Start Date for Grant CIV-910-G13-H***

***The Board sets the Phase 1 Start Date for the Côte d'Ivoire HIV Grant CIV-910-G13-H at 1 October 2011 and decides that the program implementation period runs for five years from that time, subject to the Board's approval of Phase 2 funding and the terms and conditions of the grant agreement. The End Date for the program is 30 September 2016.***

***This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.***

***B24/EDP/7: Delegation of Authority to set Start Dates in Exceptional Circumstances***

***The Board recognizes that Decision Point GF/B19/DP19 entitled "Flexibilities to Set Grant Start Dates" delegates to the Secretariat the authority to set the Start Date for grant agreements up to 18 months after Board approval of a proposal to allow for alignment and harmonization.***

***The Board extends that delegated authority by further authorising the Secretariat to delay a Start Date to allow for exceptional circumstances. The following events are indicative of the standard required to justify 'exceptional circumstances': natural disasters, sudden outbreaks of disease, sudden or unforeseen outbreaks of civil or political unrest that would severely hinder programmatic start up activities.***

***This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.***

<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 deliberations.</p>
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**Phase 2 Decision-Making Policies and Procedures**

**N.B: [Deletions in strikethrough, new elements in underline]**

1. The Board makes funding decisions for Phase 2 renewals based on its review of Secretariat or Technical Review Panel (TRP) recommendations, according to procedures agreed by the Board.
2. For each grant, the Secretariat or the TRP shall provide recommendations for: (a) commitment of additional resources (a “Go”), (b) commitment of additional resources provided certain conditions are met (a “Conditional Go”); or (c) discontinuation of funding (a “No Go”). If the CCM has requested material re-programming of a grant for Phase 2 or if the Secretariat determines that the CCM request would constitute a material reprogramming of the original proposal submitted by the CCM (a “Revised Request”), the Secretariat shall refer the matter to the TRP which will then make a funding recommendation to the Board.
3. The Secretariat or TRP will normally present the Board with its recommendations on the first of every month (notice to Board constituencies of a recommendation shall be effective upon the posting of the recommendation on the Global Fund website; the Secretariat will inform Board constituencies via e-mail when recommendations have been posted). The Board will vote by email on each recommendation on a no-objection basis. Board members shall send any objections to a recommendation no later than ten days after receipt of the recommendation from the Secretariat.
4. A Board decision in favor of a Secretariat or TRP recommendation either:
  - commits additional resources in the amount proposed in the recommendation (in the case of recommendations of “Go,” and “Conditional Go,”); or
  - does not commit any additional resources (in the case of recommendations of “No Go”), thereby discontinuing the proposal after Phase 1.
5. ~~The Phase 2 decisions will typically be taken on the basis of the reported results of a program as of the end of the 18<sup>th</sup> month of implementation and the Secretariat's recommendations that are made up to 23 months after the Program Starting Date/Phase 1 Starting Date (exceptions could include for situations of force majeure). The decision may be taken earlier in cases of (i) accelerated implementation; or (ii) severe exchange rate fluctuations.~~  
The Phase 2 decisions will typically be taken on the basis of the reported results of a program as of the end of the 18<sup>th</sup> month of implementation, or the 24<sup>th</sup> month in the case of Rolling Continuation Channel (“RCC”) programs, and the Secretariat's recommendations that are made up to 23 months, or 30 months in the case of RCCs programs, after the Program Starting Date/Phase 1 Starting Date/ RCC I Starting Date (exceptions could include for situations of force majeure). The decision may be taken earlier in cases of (i) accelerated implementation; or (ii) severe exchange rate fluctuations.
6. In order to allow CCMs to report results achieved by the Principal Recipient during the first 18 months of implementation of the program, yet to continue to implement programs without interruption while; (i) the Board makes its decision on continued funding of the program; and (ii) the extension of the Grant Agreement is negotiated, the Board authorizes the Secretariat to: (a) extend the term of Phase 1 Grant Agreements by up to three months without extending the overall proposal term; and (b)

provide additional funding for grants, if necessary, of an amount up to the amount requested by the Country Coordinating Mechanism in the Request for Continued Funding for the first three months of the third year of Program. If the Secretariat provides such additional funding to grants that the Secretariat has rated “B2” or “C” in the Principal Recipient’s most recent disbursement request, the Secretariat shall notify the Board of the amount provided and give an appropriate explanation of the circumstances, at the time that the Secretariat provides its subsequent Phase 2 funding recommendations. This funding amount will be part of, and not in addition to, the maximum amount available for Phase 2 for each grant.

7. In exceptional circumstances, the Secretariat may need to take more than 23 months to provide a Phase 2 recommendation to the Board. In such situations, the Secretariat may extend the term of Phase 1 grant agreements by up to three months in addition to any extension provided under paragraph 6 above, although no additional funding may be committed for these additional three months. The Secretariat shall inform the Board immediately upon taking action under this decision.

8. If the Secretariat is considering issuing a “No Go” recommendation, it shall give notice of that intention and the reasons for it to the relevant CCM and allow that CCM four weeks to comment on the information submitted to it by the Secretariat. The Secretariat shall review and consider the information provided by the CCM, and then make its recommendation to the Board. The information provided by the CCM shall be made available to the Board.

9. If the Board does not decide in favor of a Secretariat or TRP recommendation of “Go” or “Conditional Go” the Secretariat or TRP shall reassess its recommendation. To facilitate the reassessment process, those Board constituencies object to a Secretariat or TRP recommendation shall provide a written explanation that is made available to all Board members and the Secretariat. The Secretariat or TRP will review its recommendation in light of such explanations and will then present a second recommendation on the first day of the subsequent month (unless time-constraints make it necessary to wait to the month thereafter). The Secretariat shall then request the Board to vote on the second Secretariat or TRP recommendation, using the procedures described above. In the event that the Board rejects a second recommendation of “Go” or “Conditional Go”, the matter will be referred to the next Board meeting.

10. If the Board does not decide in favor of a “No Go” recommendation from the Secretariat, the Secretariat shall reassess its recommendation. To facilitate the reassessment process, those Board constituencies that object to such recommendation shall provide a written explanation that is made available to all Board members and the Secretariat. The Secretariat will review its recommendation in light of such explanations and will either: (i) present a revised recommendation of “Go” or “Conditional Go” and then request that the Board vote on the revised recommendation (or in the case of a Revised Request submit to the TRP), using the procedures described above; or (ii) if the Secretariat wishes to maintain its recommendation for a “No Go”, it shall 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.

11. If the Board does not decide in favor of a “No Go” recommendation from the TRP, the TRP shall reassess its recommendation. To facilitate the reassessment process, those Board constituencies that object to such recommendation shall provide a written explanation that is made available to all Board members and the TRP. The TRP will review its recommendation in light of such explanations and will either: (i) present a revised recommendation of “Go” or “Conditional Go” and then request that the Board

vote on the revised recommendation, using the procedures described above; 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.

12. 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 PC. 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 PC;
- Panel members (Senior members and contracted analysts) will be remunerated; and
- The Secretariat will facilitate the process.

13. The Independent 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 Panel shall report to the Board no later than six weeks after receipt of the relevant information from the Secretariat.

14. 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.

15. In circumstances in which insufficient resources remain in Phase 1 to cover financing needs of any grant that (a) the Secretariat has referred to the TRP as a “Revised Go” or (b) the Secretariat has recommended as a “No Go”, until a Board decision in the Phase 2 procedure can be made (and, in the case of a grant that is approved for continued funding, the extension of the Grant Agreement is signed), the Board authorizes the Secretariat to extend the terms of the grants by up to six months, and to provide bridge funding for such grants as appropriate. The Board authorizes the Secretariat to commit up to a maximum of one-half of the first year budget contained in the Request for Continued Funding in question for these purposes, which would be financed by utilizing the Phase 2 renewal funding of the proposal. The actual amount committed by the Secretariat would be based primarily on the performance and disbursement patterns in Phase 1. If the Secretariat provides such additional funding

to grants that the Secretariat has rated “B2” or “C” in the Principal Recipient’s most recent disbursement request, the Secretariat shall notify the Board of the amount provided and give an appropriate explanation of the circumstances, at the time that the Secretariat provides its subsequent Phase 2 funding recommendations.

16. In the event that the Secretariat decides to extend the term of the Phase 1 Grant Agreement and provide funding under both paragraphs 6 and 15 of this policy, such extensions and funding shall not, in total, exceed six months and one half of the amount of the first year budget contained in the Request for Continued Funding respectively.

17. For proposals for which the Board commits Phase 2 funds, a sufficient amount of assets to cover the full costs of the extension of the Grant Agreement must be deposited with the Trustee or readily available on demand prior to the Secretariat extending a Grant Agreement.

18. The Technical Reference Group (TERG) will regularly review and report on the soundness of the Phase 2 review and decision process to the Board through the Portfolio Committee.

19. As an exception to paragraph 5 of this policy, provided that the Secretariat determines that each of the conditions described in paragraphs a. to d. below are satisfied, Phase 2 decisions may be taken on the basis of (i) reported results of a program as of the end of any month from the 12<sup>th</sup> month of implementation to the 21<sup>st</sup> month of implementation and (ii) Phase 2 recommendations that are made up to 27 months after the Program Starting Date/Phase 1 Starting Date. The conditions for application of this exception are as follows:

- a. The CCM must provide a written request to the Secretariat for a modification to the scheduled timeframe for the Phase 2 review of the relevant grant, including an explanation of the level and type of information it intends to provide through the harmonized reporting in support of its Request for Continued Funding; and
- b. Funding through the relevant grant is contributed through a national and/or multi-donor funded program and the reporting schedule for the program is fixed and cannot easily be synchronized with the normal Phase 2 review process timeframe (either because the reporting schedule is the national reporting schedule or because donors (and others) contributing to the program have committed to a harmonized reporting schedule); and
- c. The program reporting framework must:
  - i. Provide a financial and programmatic report that covers at least 12 months of the Phase 1 period of the relevant grant; and
  - ii. Make such a report available to the Secretariat no later than 3 months after the end of the period covered by the report; and
  - iii. Provide financial and programmatic information in form and substance sufficient (as determined by the Secretariat) to make an informed assessment of performance and a well-founded recommendation to the Board.; and
- d. If the Phase 2 reporting timeframe for the relevant grant is not modified as requested by the CCM, the CCM and Principal Recipient will need to meet separate and specific reporting timelines to comply with the Global Fund Phase 2 reporting timeframe.

The Secretariat may reject a CCM's request to modify the Phase 2 timeframe if it determines that any of the conditions in paragraphs a. to d. above are not met to its satisfaction or it may grant the CCM's request subject to submission of additional information.

In some cases, in order to allow a CCM's request for flexibility in timing while ensuring that program implementation continues without interruption while (i) the Board makes its decision on continued funding of the program; and (ii) the extension of the Grant Agreement is negotiated, the Board authorizes the Secretariat to: (a) extend the term of the Phase 1 Grant Agreement by up to four months in addition to any extension provided under paragraph 6 above; and (b) if necessary, provide additional funding for the grant based on planned activities of the national/multi-donor program for year 3 of implementation up to the amount necessary to cover the extension period. The Secretariat will periodically report to the Portfolio Committee any additional funding it approves under this paragraph 19. Any extension to Phase 1 will not extend the overall term of the Proposal and any additional funding approved will be part of, and not in addition to, the maximum amount available for Phase 2 of the relevant grant.