Thirty-Third Board Meeting
SIIC Report to the Board

GF/B33/19

For Board Information

PURPOSE: this report serves to inform the Board about the decisions taken by the Strategy, Investment and Impact Committee (the "SIIC" or "Committee"), in accordance with its Charter, since the Thirty-Second Global Fund Board Meeting in November 2014.

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The Global Fund

Introduction

1.   This report compiles decisions recommended to the Board by the Strategy, Investment and Impact Committee (SIIC), decisions taken by the committee under its delegated authority according to its Charter, and an overview of items discussed under the committee's oversight since the last Board Meeting.

2.   Since the Thirty-Second Board Meeting in November 2014, the SIIC held one in-person meeting, from 24-26 February 2015 at the Global Fund Secretariat offices in Geneva. David Stevenson and Anita Asiimwe serve as Chair and Vice-Chair of the committee, respectively. The Vice-Chair of the Audit and Ethics Committee (AEC) joined the meeting by telephone for the discussions around risk oversight, to facilitate committee collaboration on cross-cutting issues, while the Leadership of the Finance and Operational Performance Committee (FOPC) attended the full meeting to further facilitate Committee coordination around cross-cutting issues related to the oversight of market-dynamics matters as well as the financial, operational and strategic considerations related to the implementation of the funding model.

3.   In addition to the in-person meeting, a series of monthly calla were arranged to provide the Committee with the opportunity for regular discussion with the Secretariat on Strategy Development and planning for the Partnership Forums. The SIIC was also represented at meetings of the Technical Evaluation Reference Group (TERG) and discussions around market shaping and market dynamics by the designated Focal Points.

4.   For an exhaustive account of committee deliberations, governance officials are invited to read the Chair's Summary Report of the 14th SIIC Meeting, available on the electronic repository of Board and committee documents.

5.   This report on the SIIC's deliberations since the Thirty-Second Board Meeting is divided as follows:
- Part 1: Decisions recommended to the Board.
- Part 2: Decisions taken by the SIIC pursuant to its delegated authority.
- Part 3: Matters addressed by the SIIC as part of its oversight and advisory functions in accordance with its charter.
- Part 4: Decisions recommended by SIIC and approved by the Board via electronic vote.

Part 1: Decisions recommended to the Board

Recommendation on Co-Infections and Co-Morbidities

6.   In follow-up to the interim decision taken at the Thirty-Second Board Meeting on Global Fund support to Hepatitis C (GF/B32/DP07), the Committee reviewed the Committee reviewed three options for future Global Fund support to COIMs:

a)   Maintaining the current processes
b)   Providing enhanced guidance on financing COIMs, via an investment framework, or
c)   No further provision of support to conditions that indirectly affect the three diseases

7.   There was clear agreement among the Committee members that Option 2 was the preferred option, because it endorsed countries taking ownership of the process, although the framework as presented needed some further work to emphasize a required investment case approach.

8. Following a discussion and some work on the fringes of the meeting by a volunteer sub-group, a revised version of the framework was approved for recommendation to the Board. Further information on this recommendation is contained in Board paper GF/B33/11. Accordingly, the SIIC unanimously approved the following Decision Point for recommendation to the Board:

Decision Point GF/SIIC14/DP02:

1. The Strategy, Investment and Impact Committee (the "SIIC") endorses the framework included under Option 2 in GF/SIIC14/10 – Revision 1 to guide the funding of co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria.

2. Accordingly, the SIIC recommends the following decision point for adoption by the Board at its Thirty-Third Meeting on 31 March and 1 April 2015:

    GF/B33/DP08: Policy on Co-Infections and Co-Morbidities

    1   **The Board acknowledges its approval of an interim measure for the financing of Hepatitis C virus treatment until the approval of a broader policy on co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria (GF/B32/DP07).**

    2   **Based on the recommendations of the Strategy, Investment and Impact Committee, the Board approves the framework for financing co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria, as set forth in GF/B33/11.**

    3   **Accordingly, the Board notes this decision point supersedes GF/B32/DP07.**

Part 2: Decisions taken by the SIIC pursuant to its delegated authority

Approval of Budget Re-programming for the Special Initiative on Technical Assistance for Strong Concept Note Development

9. At the 14th SIIC Meeting, 24-26 February 2015, the Secretariat proposed a re-programming of the budget for the Special Initiative on Technical Assistance for Strong Concept Note Development to allow such technical assistance provided to applicants to continue beyond the submission of the concept note to support clarifications raised by the TRP and Secretariat before grant agreements are signed.

10. This decision had no budgetary implications and was approved unanimously.

Decision Point GF/SIIC14/DP01:

Based on the recommendation of the Secretariat, the Strategy, Investment and Impact Committee approves the use of funding available for the Board-approved special initiative on Technical Assistance for Strong Concept Note Development (GF/B31/DP06) to support applicants with addressing clarifications or recommendations raised by the Technical Review Panel or Secretariat after reviewing submitted concept notes, as outlined in GF/SIIC14/09 – Revision 1.

Part 3: Matters addressed by the SIIC as part of its oversight and advisory functions in accordance with its charter

Funding Model

11.   The Committee was updated on the implementation of the funding model, including an update on the Concept Notes review process, key trends emerging from GAC reviews, and registering and awarding Unfunded Quality Demand (UQD). In addition, the Committee was informed about a recent Secretariat decision in relation to the resolution of difficult recoveries cases via a 2:1 reduction in funding. It was emphasized that this would be applied in exceptional cases only, where all reasonable efforts had been exhausted, and where cash recovery would not be possible.

12.   The Secretariat informed the Committee that the Unfunded Quality Demand register was now available on the Global Fund website. An annual evaluation of funding will determine the amount that may be available to award to such demand, although in 2015 it is not expected that funding will be available. The SIIC noted that the Finance and Operational Performance Committee would confirm this assessment at its 14th Meeting in March 2015.

13.   The Committee approved a modification to the scope of the special initiative on Technical Assistance for Strong Concept Note Development – see paragraph 9 above for details.

Technical Review Panel (TRP)

14.   The Committee received an overview of learnings from the TRP from Windows 3-4, highlighting concerns related to sustainability, key populations and incentive funding. Shortened grant duration was found to further complicate allocation decisions and also raises equity concerns, and the TRP would encourage simplifying the allocation model in the next strategy.

Technical Evaluation reference Group (TERG)

Thematic Reviews: Green light committee

15.   The Chair of the Technical Evaluation Reference Group (TERG), updated the Committee about a recent Thematic Review conducted on the Green Light Committee (GLC), in advance of the renewal date for the Memorandum of Understanding (MoU) with WHO under which this work is performed. There was provisional support from the Committee for continuing the MoU under an amended implementation mechanism, and the Secretariat committed to reporting on final discussions to be held with WHO, USAID and Stop TB before proceeding with the amended MoU. The SIIC expressed interest in reviewing the current GLC policy established by the Board at a future meeting.

Strategic Review 2015

16.   The Committee received a progress update on the Strategic Review 2015, and were informed that the main themes would be health systems, sustainability, partnership, human rights and gender, and impact. It was agreed to have a one-day retreat in advance of the SIIC's next meeting in June to hear preliminary results from the TERG work on the Strategic Review 2015, consider the implications, and discuss how best to feed these into the development of the next strategy.

Health Systems Strengthening

17.   An update on Global Fund investments in Health Systems Strengthening (HSS) was presented to the Committee, with a brief outline of the results from HSS in the funding model.   Analysis is underway to look much more closely at HSS, and the data underlying it, with work already being undertaken with CCMs and counterparts in countries to better classify and understand the full range of HSS investments by the Global Fund.   Total Global Fund contribution to health systems, including cross-cutting HSS, plus investments in the three diseases that bring positive spill-over effects to the health system, is estimated to be in the range of 35%.

18.   The Secretariat thanked the Committee for the feedback received, noting the comments and suggestions, and informed the SIIC that the focus going forward would be how to integrate HSS and CSS strategies more coherently in countries to build resilient health systems; how best to operationalize HSS with country ownership based on lessons learned from the TRP and the TERG; how to better use data to inform the additional analysis emanating from the strategic and thematic reviews.   A further update would be brought to the Committee at its June meeting.

Community, Rights and Gender matters

19.   The Committee was updated on the work of the Community, Rights and Gender (CRG) Department, which focuses on support to Country Teams in Country Dialogue and Concept Note (CN) development, grant-making, review and feedback on Concept Notes on Human Rights and Key Populations, collaboration with USAID, PEPFAR, UNAIDS and Roll Back Malaria (RBM), promoting partnerships and engagement with key stakeholders, and the Human Rights complaints procedure. In 2015, the CRG Department will focus on providing appropriate and relevant community, rights and gender technical guidance to support country teams to improve the quality of Global Fund financed health programs, offering technical leadership to strengthen the capacity across the Secretariat and other Global Fund structures on community, rights and gender issues and supporting civil society to participate more effectively in Global Fund related processes, including the new Strategy development.

Strategy Development and Partnership Forums

20.   The Secretariat presented an update on the Strategy development process and timelines, including some proposed areas for discussion around amending the language of the Vision and Mission and Guiding Principles of the Global Fund to better reflect the new strategy.   The SIIC was also asked to confirm the venues for the 2nd and 3rd Partnership Forums as Bangkok and Panama City for end June and late August respectively.   The Committee had earlier agreed to the location for the 1st Partnership Forum as Addis Ababa, Ethiopia, from 7-8 May 2015.

21.   An overview of the planned selection process for participation was also proposed, and comments related to the methodology, including issues around the balance of participants from the different stakeholders, led to the creation of a sub-group of the SIIC which would work with the Secretariat to ensure that participation would provide concrete and valuable input to the strategy development process.

Update on Development Continuum Working Group

22.   Anders Nordström, Chair of the Development Continuum Working Group (DCWG) presented an update to the Committee on the initial results coming out of the Working Group.   The draft Report of the DCWG had been made available to the SIIC before the meeting, and the final version would be refined following the SIIC, and made available for the upcoming Thirty-Third Global Fund Board Meeting, scheduled for 31 March-1 April 2015.

Equitable Access Initiative

23.   The Secretariat provided a brief update on the Equitable Access Initiative (EAI), which involves governments, academia, technical partners, civil society, and multi-lateral organizations. One area of focus is the development of a set of new coefficients for country classification to replace the current classification system which is based on GNI/capita as the sole indicator, in order to better inform health financing decisions, particularly for countries in transition. In addition, the EAI will consider issues such as differences within countries at the sub-national level which inform decision making, and issues around donor support to countries transitioning from low to middle-income status in spite of high poverty levels and disease burden. A summary of the first EAI meeting will be available shortly.

5th Replenishment Campaign

24.   The Secretariat provided an update on the development of the 5th Replenishment strategy, informing the SIIC that the campaign messaging would be developed around the themes emerging from discussions on the 2017-2021 Global Fund Strategy. The overarching messages would be around maximizing opportunities in global health by accelerating the end of HIV/AIDS, TB and malaria through impact, innovation and engagement. Based on demonstrated results and impact, the Replenishment would engage the support of traditional donors, the private sector, and emerging powers as well as maximizing domestic financing sources.

Corporate Key Performance Indicators (KPIs)

25.   The Secretariat presented an overview of the Corporate Key Performance Indicators ("KPIs")[1] Framework covering 2014 performance assessments and updates, and the updated 2015 targets for the indicators KPI 6 (alignment with national reporting systems), KPI 12(human rights protection), and KPI 16 (quality of management and leadership). The same presentation and background documentation was shared with the FOPC at its 14th Meeting held in March 2015 and following SIIC and FOPC review, the remaining 2015 targets will be presented to the Board in March 2015 for final approval. There was also some discussion around KPI 15 on HSS, and a further update is planned for the June 2015 Committee Meeting.

26.   A separate brief presentation was then made on KPI 12 Human Rights Protection[2], covering the methodology, how many cases were resolved using existing procedures, and the percentage of those successfully identified as medium or high risk using Secretariat risk assessment tools. As such, the Secretariat demonstrated the baselines it used to develop the 2015 performance target for KPI 12. The Global Fund is also starting to be recognized as an institution that is taking a very clear stance on these issues, including further development of approaches for tracking and addressing Human Rights-related risk.

Risk Management

27.   The Committee was updated on Risk management-related issues at its 14th Meeting, and had also received a copy of the Risk Management Report (GF/SIIC14/13 – Revision 1) under preparation for the March Board as a pre-read. This was the first of a series of semi-annual reports which are shared with all three Committees for feedback which is then incorporated before the Report goes to the Board.

28.   The key risk updates highlighted in the report related to a) improvement in the risk related to the Secretariat culture, which was downgraded from "high" to "medium"; b) elevation of IT related risks from "medium" to "high" following the system outage incident that took place in mid-December 2014

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[1] GF/CIIC14/14 Corporate Key Performance Indicators
[2] GF/SIIC14/15 Update on Human Rights Protection – Corporate KPI 12

and c) higher exposure of the Global Fund to foreign exchange-related risks. In response to requests from the Committee for more information on strategic risk, the Secretariat would bring a more detailed report focusing on risk related to strategic decision-making to the next SIIC Meeting, 17-18 June 2015.

Market shaping matters

29. The Secretariat presented an update to the Committee on the procedures agreed for joint SIIC/FOPC oversight of market shaping and market dynamics, as well as an update on the E-Marketplace Initiative.

30. In follow up to the Board's decision at the 32nd Board Meeting in November 2014 (GF/B32/08) under which there would be joint oversight of market dynamics by the SIIC and the FOPC, an outline of shared oversight responsibility had been shared with the SIIC and the FOPC in advance of the meeting (GF/SIIC14/04). Since November 2014, there had been constant engagement between the Secretariat and both Committees' focal points on market dynamics matters, and discussions were ongoing to determine the best way for the focal points to report back to the Committees on a regular basis. Work had started on the planned review of the current Market Shaping Strategy, and an update on this would be shared with SIIC before its June meeting. A presentation to the SIIC and the FOPC on the updated strategy was scheduled for October, which would also build on input from the TERG, with the proposed updated strategy going to the Board in November 2015.

31. On the E-Marketplace Initiative, the Secretariat provided a summary of the first "proof of concept" phase which focused on testing the validity of the concept, and included a risk/benefit analysis. This phase had shown that there was the perception of a real added value among surveyed PRs, suppliers and partners, with several PRs expressing interest in taking part in a pilot test platform. Next steps, supported by continued engagement and dialogue with all stakeholders, would be testing at the country level, and then developing the operating and governance procedures, which would be brought back to the Committees and the Board in late 2015.

Part 4: Decisions recommended by SIIC and approved by the Board via electronic vote

32. There have been no electronic decision points recommended to the Board by the SIIC since the Thirty-Second Board Meeting in November 2014