

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspace to over 8,000 subscribers in 170 countries.

Issue 146: 13 May 2011. (For formatted web, Word and PDF versions of this and other issues, see [www.aidspace.org/gfo](http://www.aidspace.org/gfo).)

+++++

## CONTENTS

+++++

### 1. NEWS: Main Decisions Made at Board Meeting

At its just-completed 23<sup>rd</sup> meeting, the Global Fund Board made decisions on, among other things, the Global Fund's reform agenda; new CCM guidelines; the election of the Chair and Vice-Chair of the Board; new eligibility, counterpart financing and prioritisation criteria; and the release of the report by the Office of the Inspector General of its investigation into several grants in Mali.

### 2. NEWS: Global Fund Board Adopts New Criteria for Eligibility, Counterpart Financing and Prioritisation

Under new criteria on eligibility, counterpart financing and prioritisation adopted by the Board, for Round 11 and subsequent rounds there will be two pools of funding – general and targeted. The eligibility requirements for both pools will be similar, but not identical. As well, “History of recent funding” was added as a criterion.

### 3. NEWS: Global Fund Board Adopts New CCM Guidelines

The new country coordinating mechanism (CCM) guidelines adopted by the Global Fund board strengthen some of the six minimum requirements for CCMs, and add a new category called “standards.” However, the standards will not have much teeth.

### 4. COMMENTARY: New CCM Guidelines Fall Far Short of What Was Expected and What Had Been Proposed

“This was not the Global Fund's finest hour,” says David Garmaise. The addition of “standards,” a new category of guideline with just a bit of teeth, had been seen as a compromise, middle-of-the-road solution between those who wanted more and those who wanted less. But that middle road was gutted by the Global Fund Board at its Geneva meeting.

+++++

## 1. Main Decisions Made at Board Meeting

On 11-12 May 2011, the Global Fund Board held its 23<sup>rd</sup> meeting in Geneva, Switzerland. GFO was present, with observer status. The main decisions made at the meeting, in chronological order, were as follows. *(For precise wording of what the Board agreed, see the decision points document that is due to be posted at [www.theglobalfund.org/en/board/meetings/twentythird](http://www.theglobalfund.org/en/board/meetings/twentythird). Background documentation will also, in time, be posted by the Fund at the same location.)*

**High-level independent review panel:** The Board formally approved the establishment of a high-level independent panel to review the Fund's fiduciary controls and oversight mechanisms. The panel was set up because of negative press reports in January about

corruption among Global Fund grant implementers in four countries, and consequent decisions by Germany, Denmark and the European Commission to delay delivery to the Fund of their 2011 pledges. The panel is co-chaired by former President of Botswana Festus Mogae and former U.S. Health and Human Services Secretary Michael Leavitt. The other five members are (Ms.) Zeinab Bashir El-Bakri, former Vice President for Sector Operations, African Development Bank; Norbert Hauser, Vice President, German Federal Court of Auditors; Gabriel Jaramillo, Chairman of the Board, Sovereign Bank and Santander Holdings USA, Inc.; Barry O’Keefe, former Justice, Supreme Court of New South Wales, Australia; and Claude Rubinowicz, Chief Executive, Agency for Public Intangibles of France. The lead consultant to the panel, and its focal point, will be Bill Steiger, who was involved in the U.S. board delegation to the Fund for many years. The panel’s final report will be delivered to the Board, and made public, by 15 September 2011. The panel’s work will cost about \$2.2 million. *[See Decision Point 4.]*

**Election of the Chair and Vice-Chair:** The Board elected [Martin Dinham](#) to serve for the next two years as Chair and Dr. [Mphu Ramatlapeng](#) to serve for the same period as Vice-Chair. Mr. Dinham is a British citizen who recently retired as a Director General with the U.K. Department for International Development (DFID). Dr. Ramatlapeng is Minister of Health of Lesotho; she surprised and amused board members by giving her entire self-introduction in Russian. (She earned a medical degree in Moscow.) This is the first time that board rules have permitted the election of a Chair and Vice-Chair who were not already board members. The Chair and Vice-Chair will not have votes and will not represent any country or voting block; their role is to serve the entire board in a neutral manner. *[See Decision Point 5.]* Normally, new Board Committee members and leaders are appointed at the same time as the new Chair and Vice-Chair. But this time, the current committee membership and leadership will continue until replacements are chosen later this year. *[See Decision Point 6.]*

**Reform issues:** The Board endorsed the broad directions of the Plan for Comprehensive Reform presented by the Board’s Comprehensive Reform Working Group (CRWG). The plan touches on almost all aspects of the operations of the Global Fund. The following five paragraphs describe decisions taken by the Board in five areas where the CRWG says “early gains” can be made. *[See Decision Points 7 and 13.]*

**Reform issues – Fiduciary controls.** The Board asked the Secretariat to develop an accountability framework for fiduciary control and risk management; to strengthen the application and enforcement of minimum PR requirements; to develop a fully transparent information system and an effective communications strategy; and to develop a response mechanism to audit and investigation findings that is “calibrated and differentiated” – such that grants or parts of grants that are not affected by negative findings of the Office of the Inspector General (OIG) are allowed to continue unhindered. The board also asked its Finance and Audit Committee (FAC) to review and refine the scope of the audit and investigation functions, including more precisely defining the boundaries between the OIG and national authorities, and determining how much should be spent on fraud investigations. *[See Decision Point 8.]*

**Reform issues – Value for money:** Recognising that one way to improve value for money is for the Global Fund to leverage its role as the primary financier of essential health products, the Board asked its Market Dynamics and Commodities Ad-Hoc Committee (MDC) to propose to the next meeting of the Board expanded uses of the committee’s “toolkit” of market interventions. To further the objective of value for money, the Board asked the Secretariat (a) to fully implement voluntary pooled procurement; (b) to “aggressively execute” the recommendations of the MDC (see below); (c) to determine reference prices that the Global Fund will pay for certain products; and (d) to set limits on how much money the Global Fund will provide for expenditures on items that carry a risk of overuse or inefficiency (e.g., vehicles). As a general rule, the board said, when value for money efforts

generate savings, the money saved should be applied by the countries in question to scaling up efforts against the three diseases. [See *Decision Point 9.*]

**Reform issues – Partnerships:** The Board asked the Secretariat to strengthen country-level mechanisms involving formalised agreements among in-country stakeholders in order to ensure that technical support and capacity building are provided where needed. The Board also asked the Secretariat to use existing grants budgets to fund partner organisations, where agreed by the country coordinating mechanism (CCM) and the PR, as a way of paying for support for grant implementation, particularly in bottleneck situations. [See *Decision Point 10.*]

**Reform issues – Business model:** The Board decided that the Global Fund will alter its business model to place greater emphasis on disease impact and value for money. The board also decided that the Global Fund's application and grant implementation systems will be adapted to better take into account the performance record of the grant, PR and country; the risk represented by the grant; and the relative size and role of the Global Fund in-country. In addition, the Board decided that the Global Fund should measure the effectiveness of its business model, with particular regard to (a) health impact on the three diseases; and (b) transaction costs. Finally, the board asked the Secretariat to identify ways to strengthen the application of performance-based funding; and to strengthen the tracking and enforcement of additionality (i.e., ensuring that money provided by the Global Fund does not simply replace other funding, but is clearly additional to such funding). [See *Decision Point 11.*]

**Reform issues – Governance:** The Board asked the incoming Chair and Vice-Chair to lead and oversee a process of governance reforms. The reforms that may be considered include (a) establishing an executive committee of the board; and (b) reviewing the role and oversight of the Technical Review Panel (TRP), the Technical Evaluation Reference Group (TERG) and the OIG. [See *Decision Point 12.*]

**Global Fund Strategy Framework:** The Board formally endorsed a schedule for the development of the Global Fund strategic plan for 2012-2016. (See previous [GFO article](#) on the strategic planning process.) [See *Decision Point 14.*]

**Replenishment of TERG members:** The Board appointed Dr. Viroj Tangcharoensathien, Dr. Mickey Chopra, Dr. Atsuko Aoyama and Dr. Paulin Basinga as new members of the Technical Evaluation Reference Group (TERG). [See *Decision Point 15.*]

**Continuation of funding for three NSA grants:** The board approved extension funding for three first learning wave national strategy application (NSA) grants: Madagascar (malaria), Rwanda (TB) and Rwanda (HIV). These extensions will have priority over funding for new proposals. The two CCMs involved want to continue under the NSA umbrella when their grants expire in 2012, but Round 11 and the concurrent NSA second wave are too early for these countries to apply (because their new national strategies will not be ready) and Round 12 will be too late. The Board decision includes a complicated formula for determining the duration and amount of the three funding extensions. The Board asked its Policy and Strategy Committee to consider a long-term solution to this problem (i.e., for other countries and grants that find themselves in a similar situation in future). The Board said that it will decide by December 2011 whether there will be another NSA funding opportunity after the second wave. [See *Decision Point 16.*]

**Revised CCM guidelines:** After failing in its first attempt (at the last Board meeting in December 2010), the Board approved revised guidelines for country coordinating mechanisms (CCMs). The six minimum requirements which CCM applicants have to meet to be eligible for funding have not been significantly altered. (See separate article and commentary in this issue.) [See *Decision Point 17.*]

**Terms of reference of the Technical Review Panel (TRP):** The board delegated to its Portfolio and Implementation Committee (PIC) the authority to make some minor changes to the terms of reference of the TRP. The changes will reflect new board policies in areas such as counterpart financing criteria and value for money. *[See Decision Point 18.]*

**Whistle-blower policy:** The Board approved a new whistle-blower policy. The new policy merges two previous policies, one of which was for the Secretariat and other governance bodies, and one of which was for in-country players. As before, the policy includes provisions to protect against retaliation against whistle-blowers. The new policy updates the list of “reportable conduct,” and updates the details of both confidential and anonymous reporting. The new policy should be posted shortly on the [pages of the Office of the Inspector General](#) on the Global Fund website. *[See Decision Point 19.]*

**Declaration of interest form:** The Board approved a new and simplified declaration of interest form. This form is used by Global Fund employees and certain other people in connection with the Global Fund’s conflict of interest policies. *[See Decision Point 20.]*

**Global Fund market dynamics strategy:** The Board adopted a “market-shaping strategy” which, it says, will “dramatically expand” the Global Fund’s impact on the three diseases. Among other things, the strategy will attempt to accelerate the introduction of new, more cost-effective products; and strengthen countries’ capacity to do procurement. The Board asked the Secretariat to make whatever policy and procedural changes are necessary to implement the strategy. *[See Decision Point 21.]*

**Priority market dynamics interventions – pediatric ARVs:** Recognising that the phase-out by UNITAID of its pediatric HIV programme raises the risk of supply disruptions for some Global Fund grant programmes, the Board asked the Secretariat to prioritise those parts of the market-shaping strategy (see previous item) that relate to pediatric antiretroviral treatment. (UNITAID is an international facility for the purchase of drugs for HIV, TB and malaria.) *[See also Decision Point 21.]*

**Expediting transition to fixed-dose combinations (FDCs) of artemisinin-based combination therapies (ACTs):** The Board adopted a policy whereby, once the Secretariat has determined that there are two FDC finished pharmaceutical products of an ACT formulation for the treatment of uncomplicated malaria that are available and that meet the Global Fund’s standards, all principal recipients (PRs) will be notified of this determination and, 90 days later, PRs will be required to purchase one of the FDCs of that specific ACT formulation. *[See Decision Point 22.]*

**Eligibility, prioritisation, cost-sharing:** The Board approved new criteria for eligibility, prioritisation and cost-sharing. From now on, for each new round of funding, there will be two funding pools – general and targeted. The criteria for each pool are a little different. A new criterion – history of recent funding – has been added to the eligibility criteria. Under the new counterpart financing criteria, all countries, regardless of income, will have to make a minimum contribution to the national disease programme. Under the new prioritisation criteria, disease burden is accorded considerably more weight than it was before. *[See Decision Point 23.]* (See also next article.)

**Commitment to transparency:** The Board reaffirmed the Global Fund’s “strong and continuing commitment” to the highest standards of transparency and accountability. It also reaffirmed the Fund’s commitment to a fully independent and transparent Office of the Inspector General (OIG). The Board added that it looks forward to receiving views and recommendations on these matters from the above-mentioned High-Level Independent Review Panel. *[See Decision Point 24.]*

**Exceptional extension funding related to the timing of the approval of Round 11 proposals:** The Board approved exceptional extension funding for expiring grants in situations where continuity of funding will be interrupted by the fact that Round 11 is being launched later than originally planned. Only applicants that apply for funding in Round 11 to continue the activities of an expiring grant will be eligible to request extension funding. The costs of the extension funding could be as high as \$202 million, but will likely be considerably less than that. These costs will reduce the amount of funding available for Round 11. [See Decision Point 25.]

**Release of Mali investigation report:** The Board approved the release of the redacted version of the OIG’s report on the investigation in Mali. “Redacted” means that the names and titles of some individuals being investigated, and the names of some organisations being investigated, are removed or “blackened out” so as not to prejudice ongoing criminal investigations. [See Decision Point 26.]

**Losses and recoveries report:** The Board agreed on the format for a “Losses and Recoveries Report” to be published prior to each regular Board meeting. The report will consist primarily of a table showing, for each country or PR for which the OIG has conducted an audit or investigation, information on how much money (if any) the OIG has determined should be repaid to the Global Fund as a result of the following forms of loss: (a) fraud; (b) expenditure unsupported by appropriate documentation; (c) expenditure on activities ineligible for support under the grant in question; and (d) “other.” Losses shall only be recorded in the table when (i) the CCM and PR have been given a chance to comment, and their response has been incorporated in the relevant OIG published report; (ii) the Secretariat’s comments have been considered by the OIG; (iii) the Fund’s legal counsel has determined that the Fund is entitled to claim reimbursement of the money; and (iv) the amounts in question have already been specified and explained in published OIG reports. The table will not show a “denominator” figure – that is, it will not show how much money has been disbursed under the grant(s) in question or what portion of the grant the OIG has reviewed, and thus it will not enable readers to compute what percentage of the grant(s) had ended up as a “loss.” However, the Board asked the High Level Review Panel to advise on that particular aspect. [See Decision Point 28.]

+++++

## **2. NEWS: Global Fund Board Adopts New Criteria for Eligibility, Counterpart Financing and Prioritisation**

*In future, there will be two pools of funding*

### **“History of recent funding” provision added**

After nearly two years of difficult discussion, the Board has agreed on new “eligibility, counterpart financing and prioritisation criteria” that specify which countries are entitled, under what circumstances, to apply for and receive Global Fund grants.

For Round 11 and subsequent rounds, there will be two pools of funding – “general” and “targeted.” The eligibility requirements for both pools will be similar, but not identical.

The general pool is intended for countries with large disease burdens and few domestic sources for financing the national disease programme. The Board decided that 90% of available funding will be allocated to the general pool. The targeted pool is for countries whose epidemics are mainly concentrated in key populations. This is similar to the most-at-risk populations (MARPs) reserve for HIV applicants in Round 10. However, the targeted

pool will cover all three diseases. The Board allocated 10% of available funding to the targeted pool.

Applicants will not be allowed to apply to both pools for the same disease component.

The Board adopted three sets of criteria – one for eligibility, one for counterpart financing and one for prioritisation. The *eligibility* criteria are used to determine whether an applicant is eligible to apply for money from the Global Fund. *Counterpart financing* refers to the minimum level of the government's contribution to the national disease programme. The *prioritisation* criteria come into play when there is not enough money to cover all of the proposals recommended for funding.

In addition to the two pools of funding, other significant changes from the old criteria include the addition of a "history of recent funding" provision to the eligibility criteria; and the requirement that all countries – including low income countries – make a minimum contribution to funding the national disease programme.

The following is a summary of the new criteria.

### **ELIGIBILITY CRITERIA**

As before, the eligibility criteria are based on income level, disease burden and focus of the proposal. (Most applicants also have to meet certain requirements concerning their country coordinating mechanisms; see next article.)

#### **Income level**

As before, to be eligible to apply, countries must be classified by the World Bank as "low-income," "lower-middle income" or "upper-middle income."

#### **Disease burden**

As before, low income and lower-middle income countries (LMICs) do not have to meet any disease burden criteria. Under the new criteria, upper-middle income countries (UMICs) must be able to demonstrate a severe or extreme disease burden to be eligible for the general pool, and a high burden to be eligible for the targeted pool. The "severe" disease burden category is new.

#### **Focus of the proposal**

It is the TRP – not the Global Fund Secretariat, which usually does all eligibility screening – that will determine whether applicants meet the proposal focus requirements. The TRP will do this as part of its review of each proposal.

#### *General pool*

As before, proposals from low income countries do not have to meet any focus criteria. Proposals from LMICs must focus at least 50% on underserved and most-at-risk populations (key populations) and/or "highest impact interventions." Proposals from UMICs must focus 100% on key populations and/or highest impact interventions. The inclusion of "highest impact interventions" in the criteria is new. Two examples of what the Global Fund means by "highest impact interventions" are: (a) interventions that address emerging threats to the disease; and (b) interventions that are not adequately funded at present.

### *Targeted pool*

All applications for funding for the targeted pool must focus 100% on key populations and/or highest impact interventions.

### **Additional requirements**

If, at the time of a new round of funding, an applicant has a Global Fund grant for a particular disease or HSS component which has been implemented for less than 12 months, that applicant will not be able to submit a proposal for the same disease or HSS component. The 12-month period is calculated from the implementation start date of the existing grant to the closing date for submission of the new proposal. This rule is subject to two exceptions: (a) where the proposal has a different geographical coverage; and (b) where the proposal calls for the roll-out of new technical guidance requiring significant investment.

As before, upper-middle income countries not listed on the OECD-DAC list of official development assistance recipients are not eligible to apply for funding for HIV, except when the application is submitted by a non-governmental organisation within the country in which activities would be implemented. (The OECD-DAC is the Development Assistance Committee of the Organisation for Economic Co-operation and Development.)

### **COUNTERPART FINANCING CRITERIA**

(Note: Under the old criteria, this was called “cost sharing.”)

The new counterpart financing criteria have three provisions: (a) a minimum threshold for government contributions; (b) increasing government contributions over time; and (c) improvements to expenditure data. These criteria apply whether the proposal is recommending government or non-government PRs. All CCM applicants have to meet the counterpart financing criteria; however, regional and non-CCM applicants do not.

### **Minimum threshold**

Under the new criteria, the governments of all applicant countries are required to make some contribution to the country’s national disease programme budget to be eligible to receive money from the Global Fund. The minimum contribution is as follows: lower income countries 5%; lower LMICs 20%; upper LMICs 40%; UMIC countries 60%. (For the purposes of the new counterpart financing criteria, as well as the new prioritisation criteria, the “lower middle income country” category has been split into two parts: lower LMIC and upper LMIC.)

In future, when they submit their proposals, applicants must be able to show that these minimum thresholds have been met. If a country is below the threshold, the applicant must submit an action plan for moving towards the threshold.

In referring to “national disease programme,” the new criteria differ somewhat from the old criteria, which were based instead on “national disease programme need.”

### **Increasing contributions**

Countries have to be able to show that the government contribution to the national disease programme and overall health spending is increasing each year.

### **Improving expenditure data**

Countries are required to report to technical partners, each year, information on financing for the national disease programmes, broken down by source.

**PRIORITISATION CRITERIA**

**General pool**

The prioritisation criteria are based on a three-part composite index comprising income level, disease burden and TRP recommendation category.

Between one and four points are assigned for income level; one to eight points for disease burden; and either three or four points for TRP recommendation category. Thus, the lowest possible score is 5, and the highest possible score is 16. The scoring system is explained in the table below.

**Table: Scoring system for new prioritisation criteria**

Income level		Disease burden		TRP recommendation	
Lower income	4 pts	Extreme	8 pts	Category 1 or 2	4 pts
Lower LMIC income	3	Severe	6	Category 2B	3
Upper LMIC income	2	High	4		
Upper-middle income	1	Moderate	2		
		Low	1		

Where there is a need to sub-prioritise proposals within a particular score (due to insufficient resources to fully fund all proposals with that score), GNI per capita will be used to break any ties, with lower GNI per capita given priority.

The new criteria contain some special provisions for prioritising regional and cross-cutting HSS proposals. Finally, under the new criteria, disease burden is given considerably more weight than in the old criteria.

**Targeted pool**

The scoring system described above would not work for most proposals in the targeted pool, because of problems in identifying disease burden indicators for different types of interventions. Instead, the TRP will prioritise proposals recommended for funding in the targeted pool. (The methodology for this has not yet been developed.)

*The new policy on eligibility, counterpart financing and prioritisation should be available shortly at [www.theglobalfund.org/en/board/meetings/twentythird](http://www.theglobalfund.org/en/board/meetings/twentythird) (see Document BF/B23/14, Attachment 1.) A report by the two committees working on these criteria – the Policy & Strategy Committee, and the Portfolio Implementation Committee – will also be available at this site (see Document BF/B23/14). The annexes of the report contains additional information, including (a) a table showing how the disease burden categories and scores are determined; (b) tables listing countries by disease burden and income level; and (c) definitions of “key populations” and “highest impact interventions.”*

+++++

### 3. NEWS: Global Fund Board Adopts New CCM Guidelines

*New “standards” will not have much teeth*

#### **Process of coming up with the wording for the new guidelines was laborious**

The new country coordinating mechanism (CCM) guidelines adopted by the Global Fund Board this week strengthen some of the six minimum requirements for CCMs, and add a new category called “standards.” However, the standards will not have much teeth.

The new guidelines contain three types of guidance:

- **requirements** that represent the minimum criteria that all CCMs must meet in order to be eligible for funding by the Global Fund;
- **standards** which the Global Fund considers “vital” for effective CCM performance; and
- **recommendations** that the Global Fund considers “good practice” for CCMs.

The new guidelines were adopted following a long process of consultations with stakeholders, and extensive deliberations by the members of the Portfolio and Implementation Committee.

A draft of the guidelines was presented for approval at the December 2010 board meeting in Sofia, Bulgaria. However, at that meeting, several implementing country governments objected to portions of the guidelines – principally, the “status” of the new standards, and the language on term limits for CCM chairs and vice-chairs. Some implementing country governments were also concerned that the wording of the guidelines did not sufficiently acknowledge different national contexts and government systems, or the role that governments play in coordinating health programmes.

In corridor discussions and side meetings, there were attempts to address the concerns of the implementing country delegations while maintaining a consensus of the various constituencies represented on the board. These attempts failed, and so the item was postponed from the December meeting until the meeting just concluded.

Between the two board meetings, further consultations and discussions were held; a revised draft of the guidelines was then presented to the Board; and the revised guidelines were approved. In the revised draft, several important provisions were considerably weakened compared to the draft that was submitted to the December 2010 board meeting (see below).

In the new guidelines, the six minimum requirements have been strengthened (see table below) and the recommendations have been improved. Overall, the new guidelines are better written and organised than the old guidelines. But the most significant change from the old guidelines is the addition of standards. Some of the standards in the new guidelines are completely new – for example, “CCMs should routinely nominate both government and non-government PRs for each disease program.” Other standards in the new guidelines have been upgraded from recommendations in the old guidelines – for example, “Membership of CCMs should comprise a minimum of 40% representation from non-government constituencies.”

Under the new guidelines adopted by the Board, CCMs are not required to follow the standards to be eligible for funding, but the standards (along with the recommendations) will be used by the Global Fund to appraise overall CCM performance. In comparison, the draft of the guidelines that went to the board in December 2010 accorded significantly more

weight to the standards. That draft stated that the Secretariat would monitor compliance with the standards; that CCMs that did not comply with the standards might be asked to explain why; and that “broad or persistent failure to follow CCM standards without justification would prompt technical support to improve CCM performance and may negatively affect access to funding.” These clauses were removed from the final version.

Another provision that was weakened between drafts of the guidelines concerns term limits for the CCM chair and vice-chair. In the draft that was submitted to the December 2010 board meeting, the following text was shown as a standard:

“Election procedures should consider term limits for Chair and Vice-Chair positions.”

In the guidelines approved by the Global Fund Board, this text was “downgraded” to a recommendation, and some text was added, as follows:

“Election procedures should consider term limits for Chair and Vice-Chair positions, keeping country context in mind and recognizing the unique nature of government positions.... Governments may have arrangements for appointing government posts, as well as setting term limits and parameters for rotation. These arrangements for government should be respected by CCMs.”

The NGO and communities delegations on the Global Fund Board expressed concerns about the watered-down language for the above provisions in the final version of the guidelines.

## Requirements

As before, there are six requirements in the new guidelines. However, the old ones have been strengthened and re-ordered, two requirements were merged into one, and a new requirement was added on the CCM’s oversight role. The table below provides the wording of the six requirements and explains what has been changed.

**Table: The six minimum requirements in the new guidelines**

No.	Exact wording of the new requirements	Changes from the old requirements
1	<p><b>Funding applications.</b> The Global Fund requires all CCMs to:</p> <ul style="list-style-type: none"> <li>i Coordinate the development of all funding applications through transparent and documented processes that engage a broad range of stakeholders – including CCM members and non-members – in the solicitation and the review of activities to be included in the application.</li> <li>ii Clearly document efforts to engage key population groups in the development of funding applications, including most-at-risk populations.</li> </ul>	<p><i>The requirements to engage key population groups, and to document that process, are new.</i></p>
2	<p><b>PR nomination.</b> The Global Fund requires all CCMs to:</p> <ul style="list-style-type: none"> <li>i Nominate one or more PR(s) at the time of submission of their application for funding.</li> <li>ii Document a transparent process for the nomination of all new and continuing PRs based on clearly defined and objective criteria.</li> <li>iii Document the management of any potential conflicts of interest that may affect the PR nomination process.</li> </ul>	<p><i>The reference to “continuing PRs” is new, as is the requirement to document how potential conflicts of interest are managed (regarding the PR nomination process).</i></p>

No.	Exact wording of the new requirements	Changes from the old requirements
3	<b>Oversight.</b> Recognizing the importance of oversight, the Global Fund requires all CCMs to submit <i>and</i> follow an oversight plan for all financing approved by the Global Fund. The plan must detail oversight activities, and must describe how the CCM will engage program stakeholders in oversight, including CCM members and non-members, and in particular non-government constituencies and people living with and/or affected by the diseases.	<i>This is entirely new. (An oversight plan was required before, but not as part of the six minimum requirements that affect funding eligibility.)</i>
4	<b>Membership (I).</b> The Global Fund requires all CCMs to show evidence of membership of people living with HIV and of people affected by TB or malaria (where funding is requested or has previously been approved for the respective disease). People affected by TB or malaria include people who have lived with these diseases in the past or who come from communities where the diseases are endemic.	<i>No significant change, but the wording has been improved.</i>
5	<b>Membership (II).</b> The Global Fund requires all CCM members representing <u>non-government</u> constituencies to be selected by their own constituencies based on a documented, transparent process, developed within each constituency. This requirement applies to all non-government members including those members representing people living with or affected by the three diseases, but not to multilateral and bilateral partners.	<i>No significant change.</i>
6	<b>Conflict of interest.</b> To ensure adequate management of conflict of interest, the Global Fund requires all CCMs to: i Develop and publish a policy to manage conflict of interest that applies to all CCM members, across all CCM functions. The policy must state that CCM members will periodically declare conflicts of interest affecting themselves or other CCM members. The policy must state and CCMs must document that members will not take part in decisions where there is an obvious conflict of interest, including decisions related to oversight and selection or financing PRs or SRs. ii Apply their conflict of interest policy throughout the life of Global Fund grants, and present documented evidence of its application to the Global Fund on request.	<i>This has been strengthened considerably. The old requirement referred only to the chair and vice-chair, not the entire CCM membership.</i>

*Note: In the above table, titles for the six requirements (i.e., the text shown in bold) have been added by Aidsplan.*

For a commentary on the new CCM guidelines, see next article.

*Information for this article was taken from the Report of the Portfolio and Implementation Committee, Document GF/B23/5 (particularly Annex 1), and from Decision Point 17 in the Board decision points paper. Both documents should soon be available at [www.theglobalfund.org/en/board/meetings/twentythird](http://www.theglobalfund.org/en/board/meetings/twentythird). In addition, the guidelines should soon be posted at [www.theglobalfund.org/en/ccm/guidelines](http://www.theglobalfund.org/en/ccm/guidelines).*

+++++

#### 4. COMMENTARY: New CCM Guidelines Fall Far Short of What Was Expected and What Had Been Proposed

*Core of proposed guidelines was gutted*

*by David Garmaise*

When draft new CCM guidelines were presented for approval to the Global Fund Board in December 2010, we had a laudatory commentary ready to go. The draft commentary said that the Global Fund deserved to be congratulated for both the product and the process. Unfortunately, last-minute objections from some of the implementing country delegations to certain provisions in the guidelines forced the board to postpone adoption of the guidelines until the board meeting just concluded in Geneva. (See previous article.)

Given the way this issue was handled at the December meeting, and given the changes that have been made to the draft guidelines since that meeting, we no longer feel very good about either the product or the process.

The Global Fund Secretariat spent more than a year consulting stakeholders on how to improve the CCM guidelines. The old guidelines contained six minimum requirements, plus additional guidance that could loosely be defined as “recommendations.” The requirements had considerable weight because CCMs were obligated to meet them in order to be eligible to apply for funding from the Global Fund. On the other hand, the recommendations were entirely optional. Some stakeholders, principally from civil society, wanted to see more requirements added to the guidelines in an attempt to improve the effectiveness of CCMs. Other stakeholders, principally from governments in implementing countries, were opposed to adding any new requirements.

In a [commentary](#) in *GFO 136*, Bernard Rivers, Executive Director of Aidspan, said that

“the Secretariat handled this minefield well, reminding NGO participants to respect the core country ownership values of the Fund, and reminding implementing governments that the Fund's other core values – including multi-sector representation, equal participation, accountability and transparency – also had to be reflected in the final outcome.”

The Secretariat found a middle road that satisfied most of the participants in the consultations. The Secretariat proposed that a new category be added to the guidelines, called “standards.” These standards would have less weight than the requirements – CCMs would not be obligated to meet the standards to be eligible for funding – but would have more weight than the recommendations. Under the draft guidelines presented to the board in December 2010, the Secretariat would monitor implementation of the standards; CCMs that did not follow the standards would be asked to explain why; and “broad or persistent” failure to follow the standards “without justification” could “negatively affect access to funding.”

This was the centrepiece of the draft guidelines, around which everything else in the guidelines flowed. But it was all completely gutted in the final version of the guidelines approved by the Board. The final version says simply, “While neither standards nor recommendations represent conditions for Global Fund program financing, these will be used by the Global Fund to form the basis of information to appraise overall CCM performance.” Thus, in the new guidelines, for all intents and purposes, standards have the exact same status as recommendations.

What were the implementing country governments so afraid of? Under the draft submitted to the Board in December 2010, to be at risk of some form of penalty, CCMs would have had to broadly and persistently fail to follow the standards, and they would have had to be unable

to provide justification for having done so. Surely, if the CCMs had a legitimate reason not to follow a particular standard, a simple explanation would have sufficed. Further, even if the CCMs broadly and persistently failed to follow the standards, and even if they couldn't provide justification, they only faced the prospect of some form of penalty. No minimum penalty was prescribed under the draft guidelines.

On the issue of term limits for CCM chairs and vice-chairs, the language contained in the draft guidelines presented to the board in December 2010 was already weak (probably reflecting compromises that had to be made during the consultations). For some reason, some implementing country governments felt the need to weaken the language even further.

All in all, this was not the Global Fund's finest hour.

*David Garmaise ([david.garmaise@aidspan.org](mailto:david.garmaise@aidspan.org)) is a senior analyst with Aidspan.*

++++++  
END OF NEWSLETTER  
++++++

This is an issue of the *GLOBAL FUND OBSERVER (GFO)* Newsletter.

*Author:* All articles in this issue were written by David Garmaise ([david.garmaise@aidspan.org](mailto:david.garmaise@aidspan.org)), Aidspan's Senior Analyst. Bernard Rivers added some text for the first article.

*GFO* is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria ([www.theglobalfund.org](http://www.theglobalfund.org)). *GFO* is emailed to over 8,000 subscribers in 170 countries at least twelve times per year.

*GFO* is a free service of Aidspan ([www.aidspan.org](http://www.aidspan.org)), a Kenya-based NGO that serves as an independent watchdog of the Global Fund, and that provides services that can benefit all countries wishing to obtain and make effective use of Global Fund financing. Aidspan finances its work primarily through grants from foundations.

Aidspan does not accept Global Fund money, perform paid consulting work, or charge for any of its products. The Board and staff of the Fund have no influence on, and bear no responsibility for, the content of *GFO* or of any other Aidspan publication.

*GFO* is currently provided in English only. It is hoped to provide it later in additional languages.

*GFO* Editor and Aidspan Executive Director: Bernard Rivers ([bernard.rivers@aidspan.org](mailto:bernard.rivers@aidspan.org), +254-20-418-0149)

Reproduction of articles in the Newsletter is permitted if the following is stated: "Reproduced from the *Global Fund Observer* Newsletter ([www.aidspan.org/gfo](http://www.aidspan.org/gfo)), a service of Aidspan."

**Are you a newcomer to Global Fund issues? See Aidspan's "A Beginner's Guide to the Global Fund – 2<sup>nd</sup> Edition" at [www.aidspan.org/guides](http://www.aidspan.org/guides).**

To stop receiving *GFO*, send an email to [stop-gfo-newsletter@aidspan.org](mailto:stop-gfo-newsletter@aidspan.org). Subject line and text can be left blank.

To receive *GFO* (if you haven't already subscribed), send an email to [receive-gfo-newsletter@aidspan.org](mailto:receive-gfo-newsletter@aidspan.org). Subject line and text can be left blank. (You will receive one to two issues per month.)

For *GFO* background information and previous issues, see [www.aidspan.org/gfo](http://www.aidspan.org/gfo).

For information on all approved proposals submitted to the Global Fund, see [www.aidspan.org/grants](http://www.aidspan.org/grants).

People interested in writing articles for *GFO* are invited to email the editor, above.

Copyright (c) 2011 Aidspace. All rights reserved.