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Expect lively discussion as the Global Fund Board reviews recommendations from the CCM Evolution Project

CCM constituency consultation meeting, Manila, Philippines, 30 May 2017

Source: Photo shared by PAFPI (Positive Action Foundation Philippines Inc.) on Twitter 31 May 2017

The discussion on the CCM Evolution Project at the upcoming Board meeting is likely to be lively.

Work on this project began 18 months ago, after an analysis of the Global Fund's business model in high-risk countries concluded that strengthening CCMs was one of three main challenges that needed to be addressed in an otherwise strong model. (The other two challenges were risk management, and partner engagement and portfolio management.) See [GFO article](#).

The CCM Evolution Project has involved document reviews, workshops, consultations with CCM members, requests for feedback, one-on-one meetings and numerous discussions by Board committees. The consultations included five regional workshops in August and September 2017. Aidspan reported on the workshop in [Addis Ababa](#), Ethiopia for anglophone African countries and on the workshop in [Abidjan](#), Côte d'Ivoire for francophone African countries. We also reported on the [paper](#) which the Secretariat submitted to the Board in November 2017 summarizing the regional consultations.

The Board is being asked (a) to approve the recommendations of the CCM Evolution project; (b) to adopt updated CCM Guidelines and Requirements which reflect the recommendations; and (c) to adopt a new

Code of Conduct for CCM Members. The Board is also being asked to choose among several options for (a) how much additional funding (if any) should be made available to support CCM operations; and (b) where the funding will come from.

Editor's Note: Aidspace has not yet seen the paper on CCM Evolution that is being submitted to the Board, and even if we had seen it, under an unwritten agreement with the Global Fund we are not permitted to report on its contents until after the Board has dealt with the topic. The information for this article comes from other sources.

Recommendations regarding CCM evolution

Three key recommendations emerged from the work on CCM evolution:

1. Categorize CCMs according to country context.
2. Improve CCM performance in key areas.
3. Classify CCMs by maturity levels.

Three categories of CCM were recommended:

1. standard CCMs;
2. CCMs in countries preparing for transition; and
3. CCMS operating in challenging environments.

Key areas for improvement identified in the consultations included CCM functioning, oversight, engagement, and linkages to health sector coordinating bodies.

In terms of classification, three maturity levels were recommended:

1. basic governance;
2. oversight (or engaged); and
3. strategic.

In an [article](#) in GFO 325 in November 2017, based on a paper prepared for the 38th Board meeting, the maturity levels (with slightly different wording) were defined as follows:

- Basic governance refers to CCMs that have weak governance structures, coordinate Global Fund programs only around funding applications, and face challenges to get the CCM to function as a multi-sectoral platform.
- Program oversight refers to CCMs that have strong governance structures, effectively engage with principal recipients (PRs), implement an adequate level of oversight over the programs throughout the grant lifecycle, and ensure adequate technical assistance to address bottlenecks.
- Strategic engagement refers to CCMs that fulfil requirements of program oversight; receive government co-financing to operate; optimize Global Fund funds and mobilize other funds, trying to get full program coverage; professionalize oversight; have an impact on grant ratings; act as, or link to, or embed in, the coordinating body for national programs; and plan for post-Global Fund in terms of sustainability — for example, having a budget allocation.

Code of Conduct

The Code of Conduct for CCM Members has been in the works for some time. The Ethics and Governance Committee recommended the code for Board approval in March 2017. The code was initially a parallel project, but in May 2017 the Board [decided](#) that it should be folded into the CCM Evolution Project.

The proposed code outlines how individual CCM members should perform their duties. It covers areas such as CCM member values, accountability, transparency, participating actively in CCM meetings, communications and conflict of interest.

Funding

Most of the discussion at the upcoming Board meeting is likely to focus on the funding required to implement the recommendations of the CCM Evolution Project.

Currently, the Global Fund's annual operating budget (OPEX) includes \$9.5 million for funding CCM secretariats and \$0.4 million for technical assistance (TA) provided by the CCM Hub. The budget also includes the costs of the CCM Hub staff (five FTEs, or full-term equivalents); the budget amount for the staff costs is not known.

The annual budgets of CCM secretariats ranges from \$18,000 to \$300,000. The TA includes \$150,000 for assessments (seven missions @ approximately \$20,000) and \$250,000 for orientation of new CCM members (see [GFO article](#)).

The Board is expected to be presented with three cost scenarios for implementing the recommendations of the CCM Evolution Project — a moderate cost option, an intermediate option and an ambitious option. We understand that the costs for the three scenarios range from \$4.4 million to \$11.5 million for the first year (based on a three-year cycle). Costs for the second and third years are a little lower.

The main sticking point is where the funding will come from. As we indicated, the current funding for CCMs comes from the OPEX budget. But that budget is exceedingly tight. In November 2017, the Board re-affirmed that the Global Fund will stay within its \$900 million OPEX ceiling for 2017–2019. Costs for 2017 are expected to come in at \$300 million. The budget for 2018 is \$312 million; it reflects one-time costs related to the move to the new Global Health Campus in Geneva. That puts a squeeze on the budget for 2019. When we [reported](#) on the Board's adoption of the 2018 budget, we said that savings of \$12 million would have to be found in either the 2018 or 2019 budget (or a combination of the two) and that finding the savings will be challenging. In its [paper](#) to the Board on the 2018 budget, the Secretariat basically said that "if only" another source of funding could be found for the operations of CCM secretariats, that would free up a much-needed \$9.5 million.

Aidspan understands that the Board will be asked to choose from among three options with respect to the source of the incremental funding required to implement the recommendations of the CCM Evolution Project:

1. funds that partners would be asked to contribute;
2. unutilized funds as determined by the assets and liabilities management (ALM) process; or
3. funds diverted from existing and future strategic initiatives.

The ALM is basically a forecast of assets and liabilities conducted each year by the Secretariat and reviewed by the Audit and Finance Committee (AFC). One of the purposes of the ALM is to identify any unutilized funds that can be diverted to other uses. The idea is that unutilized funds for the 2014–2016 allocation period could be a source of funding for the incremental CCM costs. So could forecasted unutilized funds for 2017–2019.

We understand that, in June 2017, the AFC approved the use of \$50 million in unutilized funding to finance initiatives from the register of unfunded quality demand (UQD). A portion of these funds could be used for CCMs if the Board were to so decide. Of course, this would take money away from important initiatives in the fight against the three diseases, so this is not an easy option for the Board to select.

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