



Independent observer  
of the Global Fund

## Topics for Discussion at the Forthcoming Board Meeting

The Global Fund's third board meeting of 2004 will take place in Arusha, Tanzania, on November 18-19. GFO will be present, and will report on developments after the meeting is over.

Analysis of decisions made at the June board meeting, and of recommendations made at the July Partnership Forum, reveals a number of topics that are due to be discussed at next week's board meeting.

### CCM requirements vs. recommendations

At its June meeting, the board discussed a collection of proposed "requirements" and "recommendations" regarding CCM composition and working methods. The board's Governance and Partnership Committee (GPC) presented several CCM actions that it suggested be made "requirements", and several more that it suggested just be "recommendations." However, in a stormy session, the board softened all the proposed "requirements" into "recommendations."

The Fund's 400-person Partnership Forum in July strongly objected to this backing off by the board. (The Forum has no formal powers, but its recommendations are expected to be considered seriously by the board.) The Forum recommended that the GF Secretariat "should immediately begin developing much more rigorous, and auditable, standards for CCMs, paying particular attention to CCM composition, transparency and inclusion in decision-making, and mitigation of conflict of interest." The Forum added that "the Board's GPC committee should ... prepare a new resolution on these matters for consideration of the entire Board in November 2004."

The eight proposed "requirements" that were converted in June into "recommendations" were as follows. (In some cases, the wording has been lightly edited in order to achieve stylistic consistency.)

- The membership of the CCM should comprise a minimum of 40% representation of non-government sectors such as NGOs/community based organizations, people living with the diseases, religious/faith-based organizations, private sector, academic institutions.
- The CCM should show evidence of membership of people living with and/or affected by the diseases.
- The CCM should submit to the Global Fund Secretariat, for publication at its web site, an annual list showing the name, organization, sector and (when available) email details for each member of the CCM, and should make this publicly available domestically.
- CCM members representing the non-government sectors should be selected/elected by their own sector(s) based on a documented, transparent process, developed within each sector.
- The CCM should put in place a transparent, documented mechanism to facilitate the provision of input of all stakeholders, both members and nonmembers, in the proposal development process.
- The CCM should put in place a fair, transparent, documented process for reviewing all qualitatively sound submissions it receives for integration into the Coordinated Country Proposal.
- The CCM should elect a Chair and Vice Chair from different sectors.
- The CCM should put in place a transparent, documented mechanism to facilitate the participation of all stakeholders, both members and non-members, in the implementation of grants.

### CCM auditable standards

The June board meeting directed the Secretariat to develop “a pilot set of auditable standards for benchmarking the performance of CCMs” and to report on this to next week’s board meeting.

[GFO adds: It will be difficult, however, to audit CCM performance if the board does not provide some required standards against which to audit CCMs.]

### Round 5

Round 5 was the other issue on which the Partnership Forum had strong views. The Forum report says that “a large majority of delegates called for the Global Fund to launch Round 5 ... in November 2004 or early in 2005.” And the Forum recommended that a board committee make a decision regarding Round 5, “soon enough to allow possible announcement at the November 2004 Board Meeting.”

In June, the board asked the Secretariat to begin preparations for Round 5, in order to make it possible for a decision to be made at next week’s board meeting regarding when Round 5 might take place.

[GFO adds: The US delegation has strong views on the timing of Round 5 that conflict with those of the Partnership Forum and the Global Fund Secretariat. The delegation has sent a memo to some board members as follows:

“The United States opposes a launching of Round Five at the Arusha board meeting. This is a position we hold with great regret; we support a strong and robust Global Fund, and would have wished to be in a position to support a strong new Round at this point in time. However, given its current level of performance, we do not believe the Fund currently has the capacity to support another round of grants. While a few grants have performed well or even exceeded expectations, far too many grants are in trouble...

“We believe that in 2005 the Global Fund should focus on consolidating its work ... and [that it] will be in a better position to provide support for a new Round at the end of 2005. In addition ... the Fund regrettably does not have the financial means to launch a Fifth Round at this time...

“We remain committed to finding additional sources of funding, particularly from the private sector and government donors that have never pledged to the Global Fund, that will allow us to move forward; but we

believe that it would be an irresponsible move to raise the hopes of potential recipients by generating a round of grant writing that drains scarce resources, without any certainty that we will have the funds to approve a single grant at the July 2005 Board meeting.”

Asia Russell of Health GAP, who will attend the board meeting as a member of the Developed Countries NGO delegation, responded, “The reason the US does not want a new funding round launched is because they know it would increase pressure on them to contribute their fair share to fully fund that round.”

Round 5 is also discussed in the Commentary article below.]

### Phase 2 renewals

When a grant is approved, the board approves a proposal for its full duration (usually 5 years), but only makes a financial commitment for the first two years. Thus, a procedure is needed for making a financial commitment for years 3-5 (known as Phase 2).

At its March meeting, the board delegated the authority to make Phase 2 grant commitments to the Secretariat.

Then at its June meeting, as the result of urging by the US delegation, the board had second thoughts, and asked the board’s Monitoring, Evaluation, Finance and Audit (MEFA) Committee to explore options for giving the board the ultimate decision-making authority in all Phase 2 renewal decisions.

[GFO adds: The recent memo circulated by the US (see above) describes a procedure that the US supports whereby the board will have the opportunity to block Phase 2 renewal of any particular grant. The memo says that MEFA, which will be reporting to next week’s board meeting on this matter, “approved this process a few weeks ago.”

Under the proposed procedure, it would be possible for any four board members in the “donor group” or any four in the “recipient group” to block renewal of a particular grant. This is a power that board members do not currently have with the original approval of grants. One of the great strengths of the Global Fund is that the grant-approval process is depoliticized. The TRP in effect passes a pile of proposals to the board that it believes are technically sound, and the board votes to approve the entire pile, without discussing the views of individual board members regarding individual grant recipients. The concerns raised by the US in September about GF grants to Burma, Cuba, Sudan, Iran, and North Korea (see article “Global Fund Encounters Criticism in Washington, DC,” above) raises the possibility that Phase 2 renewals, and then possibly Phase 1 approvals, will become a contentious and politicized process, with different board members objecting to different recipient countries. On the other hand, if the board decides not to permit this “line item budgeting,” there is the risk that the US will cut back on its contributions to the Fund.]

### Budget

The board has to agree on a 2005 budget for the Secretariat that is low enough for the Fund to be “lean and mean,” and yet is high enough to ensure that the Secretariat does not slow down grants as a result of being hopelessly overworked.

### Euros and dollars

The board has to decide the practicalities of implementing its June decision that grants approved from 2005 onwards may be provided in either US dollars or Euros.

### Continuity of services

At its June meeting, the board agreed that in November it must decide what to do if a grant is not renewed for Phase 2, yet during Phase 1 people have started to be provided with life-saving antiretroviral treatments that are needed on a life-long basis.

### Grant reprogramming

At its June meeting, the board agreed that in November it must decide what to do if an approved proposal subsequently needs to have its design changed as a result of new scientific evidence that the approach in the proposal is no longer the best approach.

[GFO adds: What triggered this was the fact that many Round 1 and 2 grants were based on older malaria drugs which in many regions have become less effective than the newer and more expensive artemisinin-based combination therapy (ACT). The Fund was strongly criticized in some academic papers for not responding quickly to this situation.]

### Replenishment Mechanism Conference

In the first half of 2005, the Fund will hold a two-part “Replenishment Mechanism Conference.” This will bring large numbers of potential funders to the table in the hope that they will collectively agree on some coordinated longer-term GF funding commitments.

In July, at the Bangkok International AIDS Conference, NGO leaders asked Kofi Annan, the UN Secretary General, whether he would take on the role of Chair or Co-Chair of the Replenishment Mechanism Conference. He expressed interest.

The board now has to decide who the Chair(s) of the Replenishment Mechanism Conference will be.

### Comprehensive Funding Policy

The report of the Partnership Forum states that a number of delegates called for reconsideration of the Fund’s “Comprehensive Funding Policy” in order to allow the Fund to make new grant commitments beyond the level of cash deposits in the Fund’s bank account. The Forum called for the board to discuss this topic.

[The Comprehensive Funding Policy is also discussed in the Commentary article below]

### Resource mobilization in general

The report of the Partnership Forum states that “the vast majority of delegates expressed concern that the Global Fund was not raising enough money.” The Forum called for the board to establish a standing agenda item to consider resource mobilization. It also called for donor countries to provide additional funding to allow Round 5 to be launched.

### Technical Support

In June, the board recommended the formation of a special Ad Hoc Working Group that will assess needs and make policy recommendations to next week’s board meeting regarding the provision of Global Fund-related technical support.

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