

**FINAL REPORT
DRAFT**

**Second Meeting of the Transitional Working Group
to establish a Global Fund to fight AIDS, Tuberculosis, and Malaria
Brussels, November 22-24 2001**

DAY 1: THURSDAY NOVEMBER 22, 2001

OPENING AND WELCOME

Opening Remarks by the TWG Chair.

The Agenda was adopted (Tab 2 of binder).

Some delegations wanted more time for discussion of the results of consultation meetings. It was decided that there was insufficient time on the already-packed agenda. It was agreed that a summary of points from the consultations prepared by the TSS would be available during the discussion of each issue.

BRIEFINGS FROM CONSULTATIONS

Brief presentations from TSS staff captured the major points taken from each consultation report summary (Tabs 7-12). They concentrated on recommendations for each of the major issues to be discussed by the TWG during the meeting. They were formally presented to the TWG prior to discussion to assure that important points were considered as decisions were taken on each of the substantive issues. The following presentations were made:

- Africa
- Asia-Pacific
- Commonwealth of Independent States
- Latin America and the Caribbean
- NGO Consultation
- Academia
- Areas of Common Concern (attached as Annex 1)

It was agreed that a **private sector consultation** be organized, if possible prior to the next TWG meeting, to complete the series of consultation meetings. It was confirmed that a private sector consultation would be held in conjunction with an upcoming meeting of the World Economic Forum in Geneva.

WORKING SESSION 1 – GOVERNANCE

The sub-working group Chair (UK) introduced the Discussion Paper on Governance, followed by a presentation of the Summary Paper on Governance prepared by the TSS. A detailed plenary discussion ensued, with wide participation and comments from all interested TWG members.

A redraft was subsequently initiated through the working group (see Annex 2). A revised version will be submitted to the 3rd TWG for adoption.

No agreement was reached on the following issues:

- The **voting system** for the Board; and

- The **term of service for members of the Board**. These issues should be resolved in time for adoption at the next TWG
- In addition, it was agreed that each constituency (donor, recipient, and civil society) would begin a process of determining their future Board representatives. Any such decisions agreed to will be accepted at the December TWG meeting.

An additional **Working Group was established**, chaired by Sweden, to take forward the process for **identifying the location of the Fund Secretariat**.

II. WORKING SESSION 2 – COUNTRY PROCESSES

The sub-working group Chair (Norway) introduced the Discussion Paper on Country Processes, followed by a presentation of the Summary Paper prepared by the TSS. A plenary discussion ensued, with wide participation and comments from all interested TWG members. The discussion was not completed within the allocated time. Thus, the discussion on country processes continued in the morning of the second day.

DAY 2: FRIDAY NOVEMBER 24, 2001

The discussion on country processes continued.

After the discussion, the sub-working group chair, supported by the TSS, and other members of the group revised the summary paper, discussed it with other members of the TWG, and prepared a second version for final adoption at the December TWG meeting (Annex 3).

A revised version will be submitted to the 3rd TWG for adoption.

III. WORKING SESSION 3 on ELIGIBILITY, TECHNICAL REVIEW and ACCOUNTABILITY

I. ELIGIBILITY CRITERIA:

The Sub-working Group Chair (US) introduced the Discussion Paper on Eligibility, followed by a presentation of the Summary Paper on this issue prepared by the TSS. Discussion in the TWG followed.

Two key issues remained unresolved:

- Should the Fund have a defined list of eligible countries (based on income or HDI or Burden of Disease) or have unrestricted eligibility with no defined list?
- There was no agreement on the appropriate eligibility indicator. Proposed indicators included GNP per capita, the UN Human Development Index (HDI), or an accepted indicator of the poverty situation.

A revised version of the Eligibility Criteria Summary Paper was distributed. See Annex 4. A revised version will be submitted to the 3rd TWG for adoption.

II. TECHNICAL REVIEW:

The Sub-working Group Chair (US) introduced the Discussion Paper on Technical Review, followed by a presentation of the Summary Paper on this issue prepared by the TSS. After the discussion a couple of key unresolved issues remained including:

- Size of technical review panel
- Number of panels: Should there be one global panel plus regional panels or just one global panel?

- Should there be one overall panel with different sub-panels addressing different diseases?
- Panel members: There was no agreement on whether they be nominated and approved by the Board, or proposed by the Secretariat and approved by the Board.

A revised version of the Technical Review Summary Paper was distributed. See Annex 5. A revised version will be submitted to the 3rd TWG for adoption.

III. ACCOUNTABILITY

The Sub-working Group Chair (US) introduced the Discussion Paper on Accountability, which was followed by a presentation of the Summary Paper on this issue prepared by the TSS. After discussion there were no unresolved issues. However, the paper has not been adopted yet and will have a second reading at the 3rd TWG meeting.

A redraft was subsequently initiated through the working group. See Annex 6. A revised version will be submitted to the 3rd TWG for adoption.

IV. WORKING SESSION 4 on Fiduciary

The sub-working group Chair (World Bank) introduced the Discussion Paper on Fiduciary, which was followed by a discussion in the TWG.

MAIN POINTS OF DISCUSSION:

- A decision was made to request the World Bank to be the primary Trustee of the Fund (based on a TWG assessment of the answers to the nine questions outlined below).
- Taking into account the comments made in the plenary, the Fiduciary Sub-group will continue working on next steps, including the delineation of financial accountability responsibilities, as outlined in the Issues Paper.
- In addition, the Fiduciary Sub-group will work with the World Bank to answer a number of questions raised by TWG members, as well as with other relevant sub-groups on the basic structure of the fiduciary framework, particularly as linked to the business model implicit in the decisions taken on country processes.
- Model 2, the World Bank model, of the Issues Paper will be adjusted, consistent with comments by TWG members.

The TWG elaborated specific questions that will be posed initially to the World Bank, in their potential role as Trustee:

1. Would the WB be able to make direct disbursements to NGOs?
2. How would the WB deal with in-kind contributions? Does it have the capacity to do so, and if not, what alternative arrangements could be proposed?
3. What could be specific fiduciary roles for private banks for which proposals could be sought from private banks?
4. What are the WB's requirements re disbursement procedures? In particular, could a country/Government body at the country level approve disbursements to implementing agencies on the basis of an agreed country allocation, without this being referred back to WB HQ?
5. What are WB's reporting requirements – e.g. would invoices have to be sent back to HQ, or could this be addressed another way?
6. Auditing: how much flexibility would the WB have re its procedures, e.g. could the Board decide audit procedures, or would the WB have to?
7. Procurement:
 - a. Could bulk procurement of commodities at the global level be carried out by another agency, with its own procurement rules (e.g. UNICEF)?
 - b. What has the Bank learnt over the last few years re options for procurement?
 - c. What should be done to strengthen procurement capacity at the country level?

- d. How could procurement be speeded up?
- 8. What would be the costs associated with the WB being Trustee?
- 9. What financial management systems would be required at country level, to satisfy due diligence and financial accountability?

The Fiduciary sub-group will report back to the TWG, in time for a final decision on the fiduciary framework and the final selection of Trustee at the December TWG meeting.

DAY 3: SATURDAY NOVEMBER 24, 2001

V. WORKING SESSION 5 – LEGAL

The sub-working group Chair (Sweden) introduced the Discussion Paper on Legal Issues, followed by a presentation of the Summary Paper prepared by the TSS. A plenary discussion ensued, with wide participation and comments from all interested TWG members.

MAIN POINTS OF DISCUSSION:

- Two legal models were presented: 1). The Fund as an independent legal entity; and 2). the Fund as an informal alliance using an existing international organisation for its legal status.
- Most, but not all TWG members preferred the informal alliance option.
- Other members would prefer total independence from existing organizations. This was regarded as critical to establish public confidence.
- Both options have to be explored further. This item will be an important element of the TWG meeting in December.

The Legal Working Group led by Sweden will continue to work on this, and interested parties on the TWG were asked to remain engaged in that process. It is hoped that considerable work will be done electronically between now and the next TWG and that final decision will be ready for the December meeting.

VI. WORKING SESSION 6 – FINAL SESSION

1. RAPID DISBURSEMENT DURING INITIAL PHASE

TSS introduced the Working Paper on Rapid Disbursement. A plenary discussion followed.

MAIN POINTS OF DISCUSSION:

- Rapid disbursement would be necessary for political, technical and moral reasons.
- It is important to develop agreement soon on the details of rapid disbursement procedures, while at the same time developing details of longer-term Fund structures and procedures.
- There are many existing un-funded proposals from countries, which are already appraised and approved in principle through existing mechanisms (Stop TB, Roll Back Malaria, and UNAIDS). These proposals could form the basis of “quick start” applications for support from the Global Fund.
- However, countries that are not ready to apply through such a quick start mechanism should not be excluded. Concern was expressed about balancing the rush to disburse quickly vs. taking the necessary time to develop a proper framework for the Fund itself.
- Rapid work would be needed on guidelines and the application process.
- The Fund has to demonstrate that it can rapidly disburse funds through such a quick start mechanism in order to fulfil the high expectations now building around the Fund.
- Any early proposals approved should respect the already agreed upon principles and scope of the Global Fund.

- The future Board could approve the first proposals as early as possible in 2002.

The chair invited Canada to lead a working group to develop further ideas on “quick start” and make recommendations to the TWG report in December.

2. FROM TRANSITION TO PERMANENT

The TSS introduced the Discussion Paper on “From Transition to Permanent”. A plenary discussion followed.

MAIN POINTS OF DISCUSSION:

- The Executive Secretary will be a critical appointment. Speed should not be traded for quality. A broad search should be conducted.
- The Executive Secretary and other Secretariat staff should not be political appointments. Selection should be made on merit through an open and transparent selection process. The time needed to recruit the head of the Secretariat should not delay the process of making the Global Fund operational.
- Most, if not all, members of the final Fund Secretariat should be “core funded”. Secondments should be minimized.
- Some delegates supported the idea that the TSS continue to function until a permanent Secretariat could be recruited, selected and established.
- A question was raised on how to prepare the official launch of the Global Fund. It was decided that this be addressed in a draft communication strategy to be contracted and discussed at the December meeting.

The chair invited the UK to lead a working group on “Transition to Permanent” to explore options, initiate dialogue with other TWG members, and make recommendations to the December TWG meeting.

3. OUTCOME BASED DISBURSEMENT

Canada introduced the idea of considering an outcome-based disbursement model, based on experience with GAVI. There was general support for this idea from the TWG and Canada was tasked with leading a sub-working group on Outcome based Disbursement & Monitoring and Evaluation.

There was no further discussion on this matter.

SUMMARY OF FINAL DECISIONS TAKEN ON CREATION OF NEW WORKING GROUPS and ASSIGNMENT OF TSS TASKS:

In addition to the already existing sub-working groups, a number of new working groups were initiated:

- A group was set up to work on “**Outcome Based Disbursement**”. Core Members include Belgium, **Canada (Chair)** CARICOM, Denmark, France, GAVI, GAVI, ICASO, India, Ireland, IUATLD, Mali, Norway, Russia, Uganda, USA, WHO. All members of the TWG have been requested to provide input. Mary Partlow is the TSS Focal Point.

Two groups were set up to look into **Transition to Permanent** arrangements.

1. The first sub-group headed by Sweden will focus on matters related to location of the future secretariat. TWG members can liaise with **Sweden** on this issue. The TWG Chairman did request that all interested countries that wish to host the Secretariat should submit their proposals to the TSS by December 3rd 2001. The working group will report to the December TWG meeting. Martin Taylor is the TSS Focal Point.

2. The second sub-group will focus on **Functions and Structure** of the proposed Secretariat. This group is co-convened by the **World Economic Forum, Belgium, and the UK**. This group will also report to the next TWG. Macharia Kamau is the TSS Focal Point.

Quick Start: Two groups were set up to delve further into “Quick Start” arrangements.

1. The first group headed by **GAVI and the TSS** will work on “**Guidelines for Developing Proposals**” TWG members, especially developing countries and NGO representatives, are encouraged to work closely with this group. Nemora Tregnago at the TSS is the focal point. TWG members interested in working in this group are requested to send in their views and names to Nemora Tregnago. This group will present its report to the December TWG meeting for adoption.
2. The second “Quick Start” group will work on “**Rapid Disbursement of Funds**”. This group is chaired by Canada. Core members include Brazil, **Canada (Chair)**, China, France, GNP+, ICASO, India, IUATLD, Japan, Mali, Nigeria, Norway, TASO, Thailand, UNAIDS, USA, World Bank and WHO. This group will present its recommendations to the December TWG meeting for adoption. Churnrurtai Kanchanachitra is the TSS Focal Point.

TSS TASKS

The TSS with TWG inputs will undertake follow up work on:

1. **Communication Strategy,**
2. **Resource Mobilization Strategy, and**
3. **Procurement arrangements.**

The TSS pointed out that this work might need to be contracted out.

Private Sector Consultation:

As recommended by the TWG, the TSS in consultation with the World Economic Forum, will also be organizing a **Private Sector Consultation**. The Consultation will take place in Geneva on 07 December 2001. The TSS Focal Point is Melanie Zipperer.

THIRD TWG MEETING

The third TWG meeting will take place on December 13 and 14 in Brussels. Night sessions will be planned to avoid a three-day meeting.

Annex 1 - Comparison Consultative Meeting

Comparison of Results of Consultative Meeting

Five consultative meetings are organized and key suggestions and recommendations from these 5 meetings which are Africa (AF), Asia-Pacific (AP), Commonwealth of Independent States (CIS), Latin America and the Caribbean (LAC), and NGO are summarized below:

1. Governance

1.1 Partnership Forum:

Commonality

- Financial support for participants from developing countries (AF) and NGOs (NGO)

Specific Points

- Partnership forum should be organized at global as well as at regional level (AP)
- A full-day preparation meeting preceding the formal meeting for NGO (NGO)

1.2 The Board

Commonality

- Balance between developed and developing countries (AF, AP)
- Number of members of the Board should be between 15-20 (AP, CIS), or 21 (LAC)
- The Board will be on a rotation basis (AF, AP)
- Utilize existing technical and policy guidance developed by countries and accepted internationally, not duplicate or compete with them (AP, CIS)
- PWHAs representation (NGO, LAC)
- Pharmaceutical companies should not be represented (LAC, NGO)
- Balance between region (AP, LAC) and gender (NGO) representations
- 30% of NGO participants with full voting status (NGO), 6 out of 21 (LAC)

Specific Points

- Members of the Board should have equal voting rights (AP)
- Regional NGO representation (NGO)
- Observer open to developing countries to participate (AP)

1.3 Secretariat

Commonality

- Transparency in the recruitment and appointment of the secretariat (AF, NGO)
- Representation of Africa, LAC and NGO (AF, LAC, NGO)
- UN organization should host the secretariat (AP, CIS)

Specific point

- Gender balance (NGO)
- South Africa proposed as a possible venue for secretariat (AF)

1.4 Technical Review Panels

Commonality

- Expertise from international organizations should be utilized to ensure unbiased technical review of the proposal (AP, CIS)

Specific points

- Proportional representation of Africa (AF)
- Independent and should represent developing countries' needs (AP)

- Representation from NGO and people infected and affected by 3 diseases (NGO)

2. Eligibility Criteria

Commonality

- To have clear guidelines on eligibility criteria (AF, AP)
- Eligibility criteria should be broad to ensure inclusion of all countries/ universal access to the Fund (LAC, CIS)

Specific points

- African receive a share of the Fund that is proportional to the global burden of diseases (AF)
- Use GNP/GNI per capita in combination with the burden of diseases (AF)
- Use sequential indicators burden of diseases (number of people infected and prevalence or incidence) for first level then use HDI or poverty index for the second level. (AP)
- Eligibility indicators should be applied separately for 3 diseases (AP)
- Proposals should be evidence based and disbursement of fund should be performance based (AP)
- Ensure transparency in the process of application and review of proposals (NGO)
- GDP cannot be applied as a dominant indicator (CIS)
- Use prevalence in sub-population without absolute numbers, GDP not GNP or PPP, poverty indicators, HDI, level of inequity, % of health expenditure, etc. (LAC)

3. Country Processes

Commonality

- The fund should consider comprehensive proposals on each one of the diseases (AF, AP, LAC) and the maximum of three proposals can be applied to the Fund (AP)
- Existing mechanism should be used for channeling of the Fund and should be flexible to suit country needs (AP, AF, LAC)
- Strengthen multi-sectoral coordination mechanism (AF, AP, LAC)
- Countries should decide on proposals and the balance between the 3 diseases and intervention (AF, LAC)
- The Fund should focus its investment in those countries in which coordinated country proposal is prepared (CIS, NGO)

Specific points

- CCC appoint proposal preparation group (PPG) and submit to TRG for review at country level (AP)
- The Fund should consider regional, sub-regional and multi-country proposals (NGO)
- Provide contingency for national NGO and civil society organizations to access the Fund directly (NGO)
- The Fund should disburse directly to the grantees through the most efficient and transparent mechanism available, whether inside or outside of government channels (CIS)
- The Fund should allow earmarking of resources to one of the three diseases and to particular countries/regions (CIS)

Annex 2 - Governance

THE GLOBAL FUND - GOVERNANCE DECISIONS
TWG MEETING 22-24 NOVEMBER 2001
As distributed to TWG at 13:00, 24/11/01

Partnership Forum

An informal grouping, allowing all stakeholders to express their views on Fund policies and strategies.

Functions

The Partnership Forum will:

1. Review progress based on reports from the Board and provide advice to the Board and the Chair on general directions for the Fund;
2. Provide an important and visible platform for debate, advocacy, continued fundraising, and inclusion of new partners;
3. Mobilise and sustain high level coordination, political commitment and momentum to achieve the Fund's objectives;
4. Provide a communication channel for those stakeholders who are not formally represented elsewhere in the governance structure.

Composition:

Participation in the Forum will be open to a wide range of stakeholders that actively support the Fund's objectives. Participation will include representatives of donors, multilaterals and developing countries, and civil society including NGOs and community based organisations, technical and research agencies, and the private sector. The Board will establish criteria for participation and rules of procedure.

Operations

The Forum will meet every two years. It may be important that its first meeting is held as soon as practical after the Fund is established.

The Board

The paramount decision-making body of the Fund.

Functions

The Board will:

1. Set policies and strategies for the Fund, in line with the agreed Purpose, Principles and Scope.
2. Set operational guidelines, work plans and budgets for the Secretariat and Technical Policy and Programme Support (*language to be made consistent with Review Paper when decisions on it are taken in December*);
3. Make funding decisions;
4. Appoint executive Head of Secretariat (other Secretariat appointments will be made by the Head);
5. Set criteria for membership of, and appoint, Technical Review Panel and Technical Policy and Programme Support Group(s);

THE GLOBAL FUND - GOVERNANCE DECISIONS

TWG MEETING 22-24 NOVEMBER 2001

As distributed to TWG at 13:00, 24/11/01

6. Establish a framework for monitoring and periodic independent evaluation of performance and financial accountability of activities supported by the Fund;
7. Represent the views of the various constituencies;
8. Coordinate with outside agencies;
9. Advocate for the Fund, and mobilise resources;
10. Select and appoint a Chairperson and a Deputy Chairperson for the Board;

Composition

Voting Members

7 developing countries (based upon 6 WHO regions and 1 additional from Africa)
7 donors
4 civil society / private sector (1 Southern NGO, 1 Northern NGO, 1 Private sector contributor, 1 Private Foundation contributor)

Ex officio members without voting rights

1 NGO representative (a person living with HIV/AIDS or from a community living with TB or malaria);
WHO, UNAIDS and the Trustee.

Observers. The number of observers needs to be limited. The Board will develop criteria for the approval of observers, and will subsequently appoint them.

Selection of board members: Each constituency group would determine a process for selecting its own representative. Sitting members would serve as representatives of their constituency groups. In conformity with the need to limit observers, and at the discretion of the Chair, delegations may include other members of their constituencies (in a non-speaking role). Rotational or renewable status would be determined by constituencies. Board members will sit on the Board for [two years][for a period determined by their constituencies].

Selection of the Chairperson and the Deputy Chairperson: Board members will select the Chairperson and the Deputy Chairperson of the Board from among their own members, alternating the two positions between representatives from the North and the South. The Chair will be elected for a period of two years. In addition to chairing board meetings, the Chair will also have an important advocacy and fundraising role.

Operations

The Board will meet every three to four months in its first year and thereafter every six months. It will make use of virtual working methods and teleconferencing between meetings.

Board decision-making will be by consensus. Should consensus not be reached, a voting system would be used to reach decisions.

The Secretariat

THE GLOBAL FUND - GOVERNANCE DECISIONS
TWG MEETING 22-24 NOVEMBER 2001
As distributed to TWG at 13:00, 24/11/01

Responsible for day-to-day management of the Fund; functions and composition are based upon tasks assigned by the Board.

Functions

The Secretariat will undertake duties as delegated by the Board, to include:

1. Oversee the proposal receipt and review process;
2. Commission the Technical Review Panel and ensure the independence of the review process;
3. Recommend Technical Review Panel candidates to the Board;
4. Commission Technical Policy and Programme Support Group(s);
5. Recommend candidates for Technical Policy and Programme Support Group(s) to the Board;
6. Coordinate the preparation of Fund-related issues papers and operational strategies for the Fund for Board meetings, and commission and supervise contracted work;
7. Coordinate with relevant agencies;
8. Communicate the Board's decisions to stakeholders;
9. Oversee the monitoring and evaluation process;
10. Support the Board in advocacy and fund raising;
11. Organise and prepare for meetings of the Partnership Forum.

Composition

The Secretariat could consist of 12-15 professionals with associated support staff. All staff will be core-funded. All appointments (including the Head of the Secretariat) will be made on merit using recruitment criteria and an open and transparent process approved by the Board. Efforts must be made to maximise good quality applications from candidates of all backgrounds and origins. For specific tasks, the Board may request secondment of qualified personnel from competent bodies. The nature of the Secretariat's work will not require it to have specific posts for technical experts. The Head of the Secretariat should be someone with strong managerial competence, technical skill and international credibility. Secretariat staff should have proven ability to manage people and processes efficiently and effectively.

Operations

Location

To be determined

Financing:

The Global Fund should provide core funding for the Secretariat, upon Board approval of a business plan and budget.

Annex 3 - Country Processes

SUMMARY PAPER ON COUNTRY PROCESSES
TWG MEETING 22-24 NOVEMBER 2001
23-Nov-01

SUMMARY OF KEY RECOMMENDATIONS

Basic Principles to guide country processes

1. The Fund will base its work on programs that reflect national ownership and respect country partnership-led formulation and implementation processes.
2. The Fund will promote partnerships among all relevant players within the country, and across all sectors of society. It will build on existing coordination mechanisms, and promote new and innovative partnerships where none exist.
3. The Fund will work with and support existing national, regional and global programs such as National AIDS plans, National Health Strategies and country elements of Stop TB, Roll Back Malaria as well as to Poverty Reduction Strategies and Sector Wide Approaches. The Fund will take into account regional frameworks and global level recommendations.
4. The Fund will leverage support for capacity development from other financial sources throughout the programs it supports.

Coordination Mechanism at country level

5. The Fund will work with a country coordination and partnership mechanism that should include broad representation from governments, NGOs, civil society, multilateral and bilateral agencies and the private sector. The mechanism should be at the highest national level responsible for national multi-partner and multi-sectoral development planning. It should preferably be an already existing body. If no appropriate coordinating body exists, a new mechanism will need to be established. Where public/private partnerships do not exist, the Fund may support alternative partnerships among NGOs and the private sector.
6. [The Country Coordinating Mechanism (CCM) will be the foci for program accountability.] Awaiting decisions regarding overall Fund accountability and fiduciary.
7. A senior government official should in most cases chair the mechanism. Where agreed upon among the partners, any member of the mechanism can chair it.

SUMMARY PAPER ON COUNTRY PROCESSES
TWG MEETING 22-24 NOVEMBER 2001
23-Nov-01

8. The role and function of each player within the partnership of the mechanism will be agreed upon by the mechanism, safeguarding equity and transparency among the partners.
9. The role of the United Nations agencies, multilateral and bilateral agencies and other development agencies in the mechanism should be country partnership-driven and reflect the roles of these partners in AIDS, TB, and malaria programs in-country. The country partners may want to identify a "Lead Support Agency", either bilateral or multilateral, to support the preparation of proposals and undertake any other support as requested by the CCM.
10. Proposals for funding should be submitted to the Fund through the country partnership mechanism. The technical review panel will only recommend funding CCPs, which reflect genuine, broad participation and ownership of all interested groups.
11. The Fund will also consider proposals arising from partnerships in circumstances such as:
 - a. countries without legitimate governments;
 - b. countries in conflict or facing natural disasters;
 - c. countries that suppress or have not established partnerships with civil society and NGOs;

Country Proposals

12. Countries will be encouraged to submit a coordinated proposal to the Fund. The Fund will consider proposals on one or more of the three diseases or crosscutting aspects of these, depending on country realities and readiness. The proposal is hereafter referred to as the CCP (Coordinated Country Proposal).
13. A CCP may consist of existing and already costed plans. It should be, however, submitted with a cover note specifying what aspects of these plans need funding from the GFATM. In addition, the note should describe how the CCP fits within the overall national health program. The format of the CCP should not be overly elaborate and not impose undue burden to the countries.

Channeling of Funds:

14. All partners on the CCM will be entitled to access Global Fund support based on their role and allocations on the approved CCP.
15. To facilitate targeting of financial support as well as accountability, CCPs will be submitted with budgets tied to specific partners. Each

SUMMARY PAPER ON COUNTRY PROCESSES
TWG MEETING 22-24 NOVEMBER 2001
23-Nov-01

partner's contribution must have specified outcomes, targets, and results and an indication of how these will be measured.

16. The CCP should include an indication of how funds will be disbursed to partners, emphasizing that funds should go directly, efficiently and transparently from the disbursing entity chosen by the partnership to implementing partners, based on allocations in the Board-approved CCP.
17. Disbursements will be made in tranches based on results as measured by ex-ante indicators and independent assessments and surveys. A working group will investigate how this principle can be applied to the Global Fund. Disbursements during the initial phase of Fund operation will be looked into by a separate sub-working group. This should be linked to the above mentioned principles.
18. Alternative or special arrangements will only be used when clear justification exists. These will be tailored so that country partnership mechanisms can take over as soon as possible.

Monitoring and Evaluation

19. Monitoring at country level will be country-driven, but also linked to the Fund's monitoring and evaluation system at global level.
20. The Fund will seek to use, wherever possible, existing monitoring and evaluation mechanisms.
21. An independent, impartial annual assessment of progress at country level will be done. It will include the broad participation of government, civil society, as well as multilateral and bilateral agencies.
22. The monitoring and evaluation will include an assessment of the functioning of the CCM and the process of developing the CCP including the functioning of partnerships at country level.

Capacity Building

23. The CCP will consider institutional and absorptive capacity. It may include interventions to improve national capacity, which are associated with the delivery of the Funds programs to deal with the three diseases. Proposals to the Fund shall not have capacity building as their main focus.

Annex 4 - Eligibility

SUMMARY OF RECOMMENDATIONS ON FUND ELIGIBILITY CRITERIA
TWG Meeting 22-24 November
24-11-01

This draft represents input from the eligibility discussion. Areas of possible agreement have been identified.

Criteria to determine eligibility to submit proposals

1. To define countries eligible to submit proposals, a basic, easily measurable set of eligibility criteria will be used. Proposals from countries not meeting the basic eligibility criteria will not be accepted. However, an appeals process may be necessary to address those countries that were not deemed eligible. In addition, basic eligibility will need to be reviewed periodically by the Board.
2. Country eligibility should include the following but not in the order presented:
 - 2.1. GNP per capita or the UN Human Development Index (HDI), or other accepted indicator of the poverty situation (**NO CONSENSUS YET**).
 - 2.2. Disease burden: this would rely on accepted international standards for assessing disease prevalence (proportion of population infected with HIV, TB, malaria) and magnitude (absolute number of infected persons). It may be necessary to generate three separate lists corresponding to the three diseases.
 - 2.3. Potential for rapid increase in disease, based on accepted international indicators such as recent disease trends, size of population at risk, extent of international and internal migration, conflict, or natural disaster.
 - 2.4. Political commitment could be measured by a variety of indicators including percentage of GDP spent on public health or percentage of public funding expenditure on public health.
3. Country proposals will be accepted from Country Coordination Mechanism (CCM) that includes NGOs, community-based organisations, government agencies, and commercial sector organizations. In addition, other organizations that can facilitate and support the programs, including UN organizations, bilateral donors and foundations, should be encouraged to join the CCM.
4. Submissions from groups of organizations from multiple countries would be accepted in order to help address cross-border issues related to the three diseases. Such proposals would be required to meet standards agreed upon from the above eligibility options.
5. Individual organizations, such as NGOs, would be eligible to submit proposals. However this should be only in special circumstances and the proposal must demonstrate clearly why it could not be considered under the CCM process at

the country level, for example, in cases where there is a poor record of government and NGO collaboration, and a government's failure to recognize the needs of the most vulnerable populations. Criteria for the submitting NGO would include the quality, coverage, and credibility of their services and operations.

6. Exceptions may be made for countries in special circumstances.

Criteria to determine eligibility to utilize Fund grants

7. The following entities will be eligible to receive funds:

- 7.1. Civil Society Organizations (including NGOs, community-based organizations, associations etc).
- 7.2. Government agencies, universities and research institutions.
- 7.3. A third-party group serving a fiduciary function.

7. Proposal Review Criteria

- 1) The Board will determine the proposal review criteria.
- 2) An ad hoc working group may be formed to develop proposal review criteria options for Board approval.

Annex 5 - Technical Review

SUMMARY PAPER ON TECHNICAL REVIEW PROCESS
TWG MEETING 22-24 NOVEMBER 2001
23 November 01

SUMMARY OF DISCUSSION ON TECHNICAL REVIEW PROCESS

This draft represents input from the discussion on the Technical Review Process. Areas of possible agreement have been identified.

1. Application Process

- 1.1. The Global Fund will need a clear and simple application format and process.
- 1.2. The Secretariat will be responsible for facilitating the application process.
- 1.3. The Global Fund will need to identify a process for accommodating proposals in various languages.
- 1.4. The Secretariat will ensure that all the required information is included, before forwarding the proposal to the independent Technical Review Panel.
- 1.5. A system for vetting the proposals will be explored, keeping in mind the need to simplify the process while not increasing transaction costs on countries, the Secretariat or the Technical Review Panel.
- 1.6. The Secretariat will forward the recommendations from the Technical Review Panel to the Board for final decision.
- 1.7. Technical support for preparing proposals and developing country level partnerships will be provided (and funded) by partners active in the country, such as bilateral donors and UN organizations. The possible role of the Fund in the provision of support for proposal preparation will be further explored.
- 1.8. To enable more rapid transfer of funds and initial implementation of programs, the Board may consider adopting special procedures to approve “fast-tracked” proposals, particularly during the first year of Fund operation.
- 1.9. In addition, other mechanisms may be developed for “interim” proposals to allow for rapid release of one or two smaller funding tranches, with additional funds contingent upon performance.

2. Technical Review Panel

- 2.1. The technical review process should be an independent process that operates with openness and transparency.
- 2.2. The Technical Review Panel is an independent, impartial team of experts appointed to guarantee the integrity and consistency of the proposal review process. It will review grant proposals submitted for Fund support, and make

SUMMARY PAPER ON TECHNICAL REVIEW PROCESS
TWG MEETING 22-24 NOVEMBER 2001
23 November 01

recommendations to the Board for final decision.

- 2.3. The Technical Review Panel will consist of a 10, 20 or 30-member core team to review all proposals. As needed, it will draw from a larger pool of reviewers, from a broad range of organizations in both the developing and developed world, to advise on specific technical issues, depending on the nature of the proposal under consideration.

Option a): There would be one global panel plus regional panels (Africa, Asia, LAC). Some noted concerns that regional panels may threaten the consistency of proposal reviews and prolong the process.

- 2.4. The panel will include individuals from developing countries with extensive program experience to provide peer reviews of proposals and bring their substantive expertise to the process.

- 2.5. Members will have a balance of expertise in HIV/AIDS, TB and malaria and include experts from non-health areas such as economics, finance, management, and community development. Additional expertise required on the Technical Review Panel includes programme management and implementation in resource poor settings, working with NGOs, and on the overall sustainability and feasibility of proposals.

Option: The potentially large work load of the Technical Review Panel could merit its operating with three sub-groups to address HIV/AIDS, TB & malaria issues.

- 2.6. Panel members will not represent positions of Global Fund partners.

- 2.7. The role of the UN technical agencies in the technical review process needs to be more clearly defined so that the review process can benefit from their technical expertise, without compromising the independence of the review.

- 2.8. Panel members will be nominated by and approved by the Board.

Option: Members of the Technical Review Panel would be proposed by the Secretariat, and approved by the Board.

- 2.9. Panel members will serve for a two-year renewable period.

- 2.10. The Fund will make available resources to cover the expenses that panel members incur in the proposal review process to ensure independence,

- 2.11. The Panel may need a full-time convener, who could be a member of the Secretariat.

SUMMARY PAPER ON TECHNICAL REVIEW PROCESS
TWG MEETING 22-24 NOVEMBER 2001
23 November 01

3. Technical Policy and Program Support

- 3.1. The Board will commission an appropriate body to address key technical and policy issues for Board consideration, such as: detailed criteria for reviewing proposals; options for monitoring and evaluation indicators; and possible floors/caps for funding. This function could be served through a standalone working group, ad hoc working groups, or assigned to the Technical Review Panel.

The TWG requested the sub-working group to further refine the options. In particular, an appropriate role for the UN technical agencies in the review process will need to be clearly defined. The working group will present more fully defined options at the December TWG meeting.

Annex 6 - Accountability

SUMMARY OF KEY RECOMMENDATIONS ON ACCOUNTABILITY (MONITORING PROGRAM PROGRESS)

This draft represents input from the Accountability discussion. Areas of possible agreement have been identified.

Defining Accountability

The Global Fund will require sound processes for specifying, tracking and measuring program results to ensure a sufficient level of accountability, and to ensure that lessons learned are shared.

The future financial viability of the Fund will depend on being able to demonstrate results, initially in terms of coverage of activities and subsequently in terms of outcomes. All partners, without specific attribution, could claim results achieved under Global Fund activities. A system of accountability is also needed to provide incentives to grant recipients to achieve more, faster and better results.

Accountability to whom?

Grantees need to be:

- accountable to government, private sector & foundation donors (for the use of funds, achievement of results)
- responsive to developing countries (to help them fight the three diseases in their countries)
- responsive to the needs of those infected and directly affected by the three diseases

Monitoring of Global Fund grants will focus on programmatic accountability: assessing the programmatic progress and public health impact of activities supported by the Fund; and providing incentives for improved performance.

The Global Fund will require comprehensive plans for assessing programmatic accountability, including monitoring, evaluation, and auditing. To the degree possible, a country's monitoring plan will make use of existing monitoring and evaluation structures and mechanisms. The Fund should not establish parallel monitoring and evaluation systems but be willing to invest in the existing systems.

The Fund will seek to reinforce country information systems, build on existing country indicators, and use internationally-agreed upon indicators as benchmarks for overall progress. This is a long-term investment and will need both interim process indicators to measure rapid progress, within the context of achieving sustainable impact.

SUMMARY PAPER ON ACCOUNTABILITY
TWG MEETING 22-24 NOVEMBER 2001
24 Nov. 01

Desired long-term programmatic impact includes final outcome measures such as reduced death rates, reduced disease transmission rates, increased survival rates, and control of multi-drug resistance. Intermediate outcomes and benchmarks will also be established to assess program progress and provide incentives for improved performance.

The Fund will not take on the responsibility for assessing overall worldwide progress made in the areas of HIV/AIDS, TB, and malaria. This task will remain the responsibility of existing international organizations working in the three disease areas. The Fund does not wish to create a new structure for global monitoring and evaluation.

While the processes may have distinct differences, the monitoring of the fiduciary process is intimately linked with programmatic monitoring and evaluation.

Program Monitoring And Evaluation of Programs:

Monitoring of program progress through the use of benchmarks, process and output indicators should be an inherent component of any program. Country Coordination Mechanisms (CCM) are ideally situated to perform this function. However, the evaluation of program outcome and impact indicators are more suitable for independent, external organizations. This avoids the moral hazard of noncredible reporting. The Fund should primarily utilize existing monitoring and evaluation systems and indicators. For instance, reports from the National TB Program should be acceptable by the Fund, which contain the number of identified active cases of TB those completing therapy, and proportions that are under DOTS therapy.

The Global Fund will require two levels of program monitoring and external evaluation:

- **Global Fund results** – The Fund will use a core set of impact and process indicators to track overall progress of the Fund, to assess performance of partners, and to evaluate overall progress of grant recipients. Core indicators for assessing public health results may be established by an ad hoc M&E working group, drawing upon indicators used by existing programs, such as UNAIDS, Stop TB and Roll Back Malaria¹.
- **Grantee results** – The Fund will also require more detailed programmatic monitoring of individual grant recipients on a regular basis, using a broader set of evaluation criteria and indicators. The CCM should play a significant role in establishing the performance and monitoring processes and should review the results as part of a tiered review protocol. Grantee M&E would consist of:

¹ WHO has provided the TSS with a range of current work on monitoring program performance in the areas of TB and malaria.

SUMMARY PAPER ON ACCOUNTABILITY
TWG MEETING 22-24 NOVEMBER 2001
24 Nov. 01

- 1) submission of routine progress reports, which contain information on the state of the process and the results of agreed indicators, by the grantee (to the Secretariat, to an independent technical monitoring group, or to the Technical Review Committee); and
- 2) commission of an **external evaluation** team to assess progress made with grant funds.

Program indicators used by grantees will be identified by the grantee in the grant proposal. To ensure consistency, the Board should consider requiring all grantees to track a core set of public health indicators (these core indicators could be proposed by an ad hoc M&E working group). Partners in a proposal will also be required to identify who will collect data and conduct local M&E operations. During the initial strategic design and during the establishment of the monitoring and evaluation systems, potential risks and obstacles to program implementation should be identified and reassessed at appropriate intervals.

Performance-based funding

It has been suggested that grantee M&E results should be used for performance-based funding. Decisions regarding release of subsequent tranches of funding to grant recipients would be based on indicator results. Using indicator results, a designated group (Secretariat, an independent technical monitoring group, or the Technical Review Committee) would decide if progress is sufficient to release subsequent tranches of funding to the grantee (with Board approval). Grantees not producing sufficient positive results would not receive additional funds. Remedial support may be provided to poorly performing programs when there is a clear justification. A sub-working group, convened by Canada, will identify viable models of outcome/performance-based funding.

Oversight

Oversight for monitoring and evaluation will remain the ultimate responsibility of the Board. The Board may wish to assign some responsibilities to another group to review M&E reports submitted by grantees and drafting M&E reports on the overall progress of the Global Fund. Options for who will oversee the process of monitoring both Global and Local program progress (on behalf of the Board) include:

- Global Fund Secretariat
- Ad hoc M&E working group
- The Trustee (World Bank)
- A UN agency
- Existing oversight mechanisms (UNAIDS, Stop TB, Roll Back Malaria)
- An independent M&E oversight committee appointed by the Board
- Third party – accounting firm, university, etc.

SUMMARY PAPER ON ACCOUNTABILITY
TWG MEETING 22-24 NOVEMBER 2001
24 Nov. 01

We need a new way of doing business so that the entire process is transparent and demonstrates an ideal partnership. For example, there is a necessity to track how resources are moving forward, with the information made widely available.

We need to estimate the transaction costs of the Fund, including the operation of the Board and Secretariat, cost to produce a proposal, the review process, and monitoring and evaluation. This will be done as collaborative effort between the sub-working group and the TSS.