

# Strategic Review 2017

## Executive Summary of the Strategic Review 2017

### Objectives of the Strategic Review 2017

1. The Technical Evaluation Reference Group (TERG) conducted the Strategic Review 2017 (SR 2017) as a follow-on to the Strategic Review 2015 (SR 2015). The SR 2017 was a core activity of the TERG Evaluation Plan 2017-2022.
2. The main objectives of the SR 2017 were (1) to review progress in delivering the 2012-2016 Strategy and (2) to assess the Global Fund's readiness to implement the new 2017-2022 Strategy. Through this review, the TERG aimed to inform the Global Fund Board on how recommendations of SR 2015 and other TERG thematic reviews have been used and incorporated into the new Strategy, policies, and actions. The sub-objectives of the review and the issues addressed ((divided into three clusters: **strategy translation and readiness for implementation** (Cluster 1); **country partnerships and sustainability** (Cluster 2); and **measurement and accountability** (Cluster 3)) are depicted in the report.

### Overall conclusions of the Strategic Review 2017

Based on the review's findings, SR 2017 came to a number of overall conclusions, as well as specific conclusions associated with the three clusters of enquiry, indicated above. The TERG has discussed and endorsed the overall conclusions of the report, which are summarized below.

3. A comprehensive review of the recommendations generated by TERG reviews *"found that the vast majority of recommendations generated from SR 2015 and subsequent TERG and other related reviews have been fully or at least partially addressed". "A high proportion of the recommendations have been acted upon, suggesting that the Secretariat has seriously considered and taken forward the TERG's outputs"*.
4. The Secretariat has planned and prepared itself well for implementing the 2017-22 Strategy. *"There is, however, a need to ensure that the resulting activities are sufficiently prioritized to allow the Secretariat to actually implement them while simultaneously ensuring that the short-term prioritized set of activities link to a broader set of activities, the cumulative impact of which will allow for the achievement of the strategic objectives through 2022"*.
5. *"The Global Fund has demonstrated a significant commitment toward introducing differentiated approaches across the grant lifecycle"*. A differentiated approach to grant applications and approval processes should have an important impact on reducing transaction costs for countries, the Secretariat and the Technical Review Panel (TRP). Although active efforts have been taken to reorganize the Global Fund's core grant and management structures to deal with the implications of the differentiated approach, the review concluded that *"there is insufficient evidence that these changes have been/or will be translated into modified behavior and results at country level"*.
6. *"The Global Fund has developed definitions, policies and guidance for sustainability and transition and has begun to operationalize these considerations. There are a number of critical issues that will require further work if they are to be adequately addressed. These include: how best to ensure the sustainability of key programs after exit (particularly those that engage civil society and KAPs); addressing complex issues related to country absorptive capacity; ensuring country ownership over the transition process; addressing a lack of clarity on the extent to which principles of country ownership apply; a lack of engagement to discuss issues where country and Global Fund objectives do not meet and align; and the need to better leverage partnerships that support the achievement of tangible results and long-term impact"*.
7. *"There has been significant progress in according a high priority to RSSH, human rights and gender issues and integrating these into Global Fund processes. There is, however, a need for greater clarity at the country level on how to operationalize these priorities through programming decisions, and a specific need for the Global Fund and partners to further promote attention and engagement by country stakeholders and decision makers around these issues"*.

---

<sup>1</sup> There remains an open question as to whether it is now too late in some instances to change things at country level given that most grant applications will be happening in 2017.

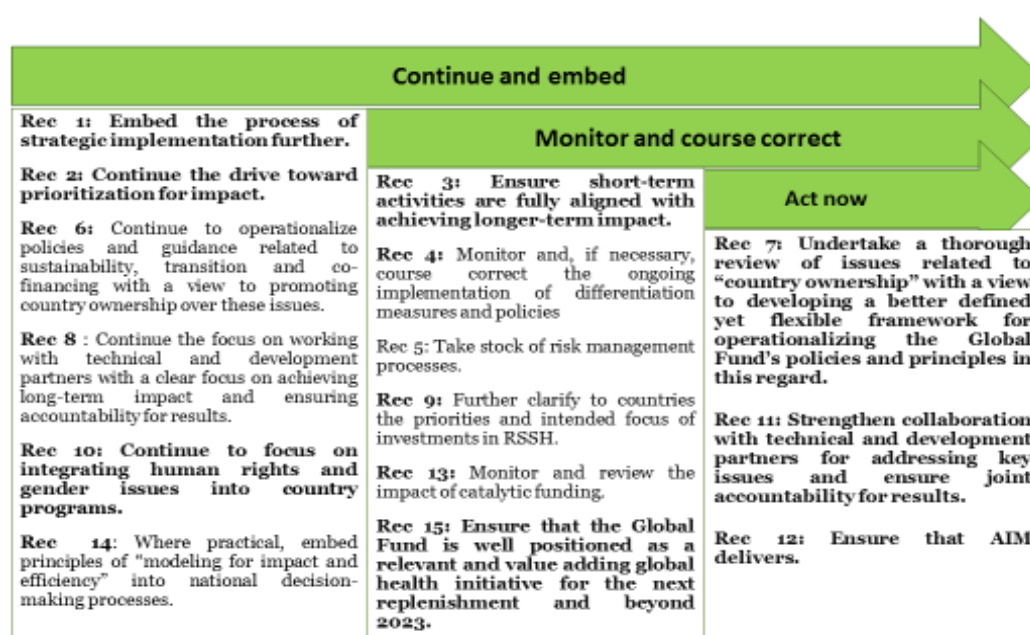
8. “The Global Fund has made a clear commitment to increasing its focus on Value for Money (VfM) and the Secretariat has taken forward a number of areas of work to improve the economy, efficiency and effectiveness of its own operations and its investments in countries. Despite ongoing challenges with a lack of quality country-level data, there has been a renewed emphasis on data modeling to establish global targets and inform allocations (although there is a need to further embed this at the country level) and on improving the measurement of outcomes and impacts to further VfM considerations and improve accountability for results”.

9. Additionally, “...aid architecture and global health context needs to be closely monitored by the Global Fund”, as there are clear “indications that the context is evolving rapidly and therefore the alignment between the 2017–22 Strategy and the context may become significantly misaligned over time” (A more detailed description is given in the SR 2017 Report).

## TERG’s position and recommendation

10. The development of the SR 2017 recommendations were guided by continuous dialogue with and feedback from the TERG, whose comments and guidance were usually taken into consideration by the SR 2017 consultants. In order to highlight the level of urgency as well as the kind of action that the Global Fund should undertake to implement them, the recommendations were categorized as: **continue and embed; monitor and course correct; and act now**, respectively. Some of the recommendations were prioritized above the others.

11. The TERG reviewed the conclusions and recommendations of SR 2017 and took into account TERG members and Global Fund’s Secretariat’s inputs and comments. **In large part, the TERG endorsed the SR 2017 recommendations and agreed with the consultants’ categorization and prioritization without change. There were two exceptions: The TERG considered that Recommendation 10 was a priority and moved Recommendation 15 from the “Act now” category to “Monitor and course correct”.** Figure 1 depicts the TERG’s grouping of the 15 recommendations, by category, and highlights the eight recommendations considered by the TERG to be of higher priority. The TERG position as well as additional notes on some of the recommendations are described in more depth in Part 3 “Recommendations”.



**Figure 1: TERG’s Recommendations**

## Part 1 - Background

### Objectives of the Strategic Review 2017

12. The main objectives of the SR2017 were (1). To review the progress in delivering the Global Fund's Strategy 2012-2016 and (2). To assess the Global Fund's readiness to implement the new 2017-2022 Strategy. A key sub-objective of the review to inform Objective 1 was to review the Global Fund responses to recommendations emanating from SR2015 and subsequent thematic reviews. The five sub-objectives of the review were translated into a frame of enquiry characterized as "looking backward to look forward."

### Methods and approach to the Strategic Review 2017

13. A mixed methods approach using both qualitative and quantitative data collection and analysis was employed for this review consisting of the following:

- 1) Desk review of relevant documentation;
- 2) Semi-structured key informant interviews (KII) at central and country levels. The review team conducted interviews with more than 45 different stakeholders during two separate visits to Geneva and through several Skype calls (full list of interviewees is in the attached SR2017 report);
- 3) Case studies were undertaken in four countries (Benin, Kenya, Moldova and Vietnam) to collect more in-depth, primarily qualitative information to inform the analysis<sup>2</sup>.

### Key limitations of the Strategic Review 2017

14. The key limitations and challenges in conducting the review were as following:

- 1) The timing of the review coincided with the launch or shaping up of a number of different initiatives (e.g. the Strategy Implementation Plan (SIP), the "Road Shows," the Key Performance Indicator (KPI) framework, the roll-out of prospective country evaluations etc.). This sometimes meant, for instance, that the review captured an initiative or a process just before it changed, making emerging findings and recommendations partly irrelevant;
- 2) The need to balance the number of interviewees conducted with resource and stakeholder availability.

## Part 2 – Discussion

15. The SR 2017 found that **the vast majority of recommendations generated by SR 2015, TERG commissioned thematic reviews and other related reviews had been fully or partially addressed**, suggesting that the Secretariat has seriously considered and taken forward these inputs. This has translated into broadly positive findings across the three clusters of the SR 2017.

16. The TERG and its Secretariat worked closely with the SR 2017 consultants at different points in the review process to assess progress and suggest areas for emphasis or deeper analysis. The TERG acknowledges the robustness of the findings of SR 2017 across the issues addressed by the review. They are presented below according to the three clusters of enquiry: strategy translation and readiness for implementation (Cluster 1); country partnerships and sustainability (Cluster 2); and measurement and accountability (Cluster 3).

---

<sup>2</sup> The sampling of these countries was purposive in collaboration with the TERG and was based on criteria such as: geographic location, a mix of high risk and low, challenging operating environments, the size of the portfolio, whether the country has also been covered by a previous review and their willingness to participate.

## Key findings on issues addressed by SR2017

### **Cluster 1 - strategy translation and readiness for implementation**

17. **Translation of Strategy into prioritized action plans for implementation:** *“Despite the ambitious nature of the 2017–22 Strategy, the Secretariat has sought to translate the broad set of strategic priorities into a prioritized and actionable implementation plan for 2017 – the Strategy Implementation Plan (SIP). The identification and prioritization of activities in the SIP are based on the Strategy Performance Management Framework that links to the achievement of the strategic objectives, and is based on a critical path to impact. There is a concern that the Secretariat is focusing too narrowly on short-term planning processes (i.e. through the SIP which is only for 2017) and may not be sufficiently considering the broader and longer-term requirements for achieving the strategic objectives. There are also concerns that the SIP may complicate the management and oversight of ongoing projects and initiatives”.*

18. **Differentiated grant procedures and management, including implications of differentiation on the role of Global Fund structures and risk management:** *“The Secretariat has defined a framework for the introduction of differentiated processes by country context, which is based on the country portfolio categorization. This has included a differentiated approach to grant application, review and approval processes. There has also been substantial thinking on how to enact differentiated approaches to grant implementation (such as in relation to reduced reporting and M&E requirements, and funding decision and disbursement processes), but these processes have yet to be finalized. A significant proportion of country portfolios will be subject to streamlined processes, which is highly likely to significantly reduce transaction costs for countries, the Secretariat and the TRP”.*

19. *“Significant efforts have been made to provide appropriate human resources with the required skills to support the differentiated approach, although most staff reallocations were enacted prior to the key change processes. Efforts have been made “to improve and operationalize the Global Fund’s risk management framework taking into account the implications of introducing the differentiated approach”. The Fund is also “seeking to support new and innovative approaches to strike a better balance between managing risks and maximizing impact, such as through the prioritization of support for issues related to RSSH, human rights, gender and KAPs, as well as through catalytic funding which is designed to inspire innovation and ambitious programming approaches”.*

### **Cluster 2 - country partnerships and sustainability**

20. **Programmatic Sustainability and Transition:** *“The Global Fund has defined what it considers a sustainable response (post-Global Fund exit) in its Sustainability, Transition and Co-financing (STC) Policy. It has provided comprehensive guidance on transition, and has initiated assessments and planning for those countries scheduled to transition well in advance of the planned exit. There is modest evidence to suggest that the STC policy, once implemented, will affect the sustainability of Global Fund-supported programs. However, perceived lack of ownership of the process at country-level, and issues such as the lack of legal frameworks, policies, planning, and the capacity of civil society organizations (CSOs) may well hinder the sustainability of non-state supported activities”.*

21. **Country Partnerships:** *“There is evidence that the Global Fund has invested significant resources and efforts in pushing forward country partnership work – e.g. through the ITP pilot in 20 countries; and framework agreements with technical and developmental partners - through which technical assistance has been provided at the country level. There has, however, been mixed success in leveraging these partnerships with concerns around progress on programmatic results, absorptive capacity and the sustainability of the interventions provided”.*

22. **Resilient and Sustainable Systems for Health (RSSH):** *“There is evidence that the Global Fund has increasingly prioritized the strengthening of health systems over time. One of the most obvious illustrations of this is the inclusion of RSSH as a strategic objective in the 2017–22 Strategy”. Further, “the Global Fund has developed a suite of tools to support the increased focus on RSSH. The Secretariat has made some effort to prioritize RSSH areas where the Global Fund is “best placed” to have an impact and where investments will likely make the largest contribution to Global Fund disease-specific results”.*

**23. Human Rights and Gender:** *“There has been a shift within the Secretariat to prioritize human rights and gender driven by internal high-level political support for the issue. Greater representation from KAPs on Global Fund country coordination mechanisms (CCMs) has helped to increase attention to human rights and gender issues at the country level. The Global Fund has made a significant investment in addressing human rights and gender issues and has made progress in this regard being viewed by some as a “movement for change” on these issues, although further progress is hampered by a lack of financial, technical and political support from key stakeholders in countries. However, the critical question of the extent to which the Global Fund, as a financing institution can, or cannot, influence the “big picture” that shapes gender and key population contexts in countries remains and there are still challenges in understanding how to most effectively operationalize human rights and gender to support the achievement of the Global Fund’s objectives”.*

### **Cluster 3 - measurement and accountability**

**24. Focus on Value for Money (VfM):** *“Despite the lack of a dedicated Value for Money (VfM) framework in place, the Global Fund developed a Special Initiative of Optimizing Value for Money and Financial Sustainability (SI-VfM) in 2014. This was in addition to a number of other efforts to improve the efficiency of Global Fund investments – in particular, through AIM, Wambo.org, and ITP-2. At the country level, there have been active efforts to improve economy through the procurement of health commodities, support to countries to allocate limited resources strategically across geographies, population groups and interventions to maximize impact (to achieve allocative efficiency), as well as improving the equity of Global Fund’s investments. The Sustainability, Transition and Efficiency Strategic Initiative, as an extension and expansion of SI-VfM, is still in the planning phase but intends to amplify the Global Fund’s focus on VfM in High Impact countries and support successful transition of countries no longer eligible for the Global Fund support.*

**25.** *Catalytic funding provides the opportunity for discussion of key issues at a time when levels of funding are declining and provides the potential to address key issues and gaps that otherwise may not be funded. There are, however, some concerns that due to the very nature of catalytic funding there will be issues of alignment with the principles of country ownership that need to be carefully navigated. Several stakeholders, for example, raised the concern that this funding could skew programming and resourcing toward a set of issues defined by the Secretariat; and that country teams may spend a disproportionate amount of time programming relatively small amounts of catalytic funding to the detriment of the overall grant implementation process”.*

**26. Measurement of outcomes and impact:** *“There has been a clear commitment within the Secretariat to increase the focus on use of data to drive action, as illustrated by initiatives such as the Data Use for Action and Improvement Framework. The new KPI framework is much more sophisticated than the previous version and is considered a strong mechanism for measuring progress since there exists a strong link between the KPIs and the new Strategy based on an impact chain. The Secretariat has recognized that weak M&E systems and poor data still represent a major challenge to assess progress and is actively addressing the issue through a number of initiatives. There is general agreement that the Global Fund has established the right balance of resources to core business and to M&E, especially in recent years, but alternative views do exist within the Secretariat”.*

**27. Accountability for results:** *“There is a clear “line of sight” between the strategic objectives, the sub-objectives, the drivers, the deliverables and the KPIs, which allows for greater accountability for results. A process of cascading down the objectives from the strategy to departments, teams and personal objectives was a clear point of focus for the Secretariat in Q1 of 2017, and accountability lines were made clearer toward the end of February 2017. It is certainly too early to say whether, to what extent and at what speed these latest changes at headquarters level will trickle down to the country level. The Minimum Standards for CCMs enforced since January 2015 seem to have had a positive effect on accountability, although with limitations”.*

## Part 3 – Recommendations

### TERG position and recommendations

28. The TERG agrees with the SR 2017 conclusions that the Global Fund is well prepared to implement the 2017-2022 Strategy. Accordingly, the TERG urges the Global Fund to continue with its strategy implementation work in key areas and further consolidate new processes within the business model. The TERG considered and discussed the 15 recommendations of SR 2017. These recommendations were grouped according to the timing and actions required into three categories: continue and embed; monitor and course correct; and act now respectively. **In large part, the TERG endorsed the SR 2017 recommendations and agreed with the consultants' categorization and prioritization without change. There were two exceptions: The TERG considered that Recommendation 10 was a priority and moved Recommendation 15 from the "Act now" category to "Monitor and course correct".**

29. As a result, the TERG presents here the fifteen recommendations, grouped according to the three timing and activity categories, with additional text extracted from the full report (cited in italics) and notes added by the TERG in some cases. The eight recommendations that the TERG considers to be of higher priority among the 15 are in bold font.

### **Continue and embed**

30. **Recommendation 1: *Embed the process of strategic implementation further, operationalizing the Strategy and investing the necessary resources.***

31. **Recommendation 2: *Continue the drive toward prioritization for impact.*** The TERG while acknowledging that the Secretariat is working on prioritization in different ways and aspects, stresses the *"need to further prioritize the set of 2017 SIP activities to ensure that Global Fund's investments are focused on those areas that will allow for the achievement of the maximum level of impact"*.

32. **Recommendation 6: *Continue to operationalize policies and guidance related to sustainability, transition and co-financing with a view to promoting country ownership over these issues.***

33. **Recommendation 8: *Continue the focus on working with technical and development partners with a clear focus on achieving long-term impact and ensuring accountability for results.*** Noting previous TERG positions (for example, in Strategic Review 2015; Cooperation Agreements between the Global Fund, World Health Organization and Stop TB Partnership; Review on National Strategic Plans; and Mechanisms for review and decision making of concept notes), the TERG reiterates the importance of having more formal partnership agreements with definition of roles and responsibilities and accountability frameworks to ensure tailored approaches *"reflective of what partners are willing and able to achieve"*, and systematic engagement by in-country partners in order to improve program implementation and sustainability. This is in line with Recommendation 11 below. To this end, the TERG strongly recommends the Secretariat to review its partnership model within the context of the Impact through Partnership (ITP-2) initiative.

34. **Recommendation 10: *Continue to focus on integrating human rights and gender issues into country programs.*** The TERG acknowledges the significant investments the Global Fund is making to address human rights and gender issues and recognizes there are *"still challenges in understanding how to most effectively operationalize human rights and gender to support the achievement of the Global Fund's objectives"*. A separate TERG review on Adolescent Girls and Young Women (AGYW), which is ongoing, addresses some of these issues.

35. **Recommendation 14: *Where practical, embed principles of "modelling for impact and efficiency" into national decision-making processes.*** The TERG acknowledges the importance as well as the progress of the Global Fund's work on impact modelling for resource allocation, while highlighting *"the need to ensure that these efforts inform national dialogue and resource allocation decision-making processes, and inform programming"*. The TERG also recognizes that the *"embedding process" will require continued support to countries to build their capacity to significantly improve their data systems and empirical data-gathering*

*processes, and in settings where these systems and processes are weak it may not be practical or useful to promote the use of modelling”.*

### **Monitor and course correct**

This category emphasizes the need for the Global Fund to monitor, assess and adjust as necessary the strategy implementation activities to ensure the maximum level of impact.

**36. Recommendation 3: Ensure short-term activities are fully aligned with achieving longer-term impact.** The TERG considers this recommendation is in line with “ongoing performance management efforts to monitor implementation progress and course correct, as necessary”, and to orient every action to the maximum level of impact.

**37. Recommendation 4: Monitor and, if necessary, course correct the ongoing implementation of differentiation measures and policies.** The TERG recommends the Global Fund to finalize the implementation of the differentiated approach “across the grant life-cycle, including development of guidance notes and/or operational policy notes (e.g. for grant implementation, M&E, and to summarize the overall approach). It will then be important to monitor and learn lessons from how differentiated approaches are working overtime (e.g. to improve efficiency and reduce transaction costs) and be open to iterations as issues are identified”.

**Recommendation 5: Take stock of risk management processes.** The TERG recommends the Global Fund to assess whether risk management processes “.....could be streamlined or further differentiated to reduce transaction costs and/or mitigate against discouraging or constraining ambitious programming”.

**38. Recommendation 9: Further clarify to countries the priorities and intended focus of investments in RSSH.** The TERG acknowledges the Secretariat’s efforts to provide clarity on the focus of RSSH at the country level. Acknowledging that the “current emergent priorities at Secretariat level, on PSM, health information management systems, and integrated service delivery and community responses are appropriate”, the TERG suggests that further prioritization may be necessary. The main priority however is to operationalize the guidance that is being provided. Moreover, guiding countries to specifically target RSSH support towards increasing the absorption rate of Global Fund resources could positively influence the achievement of results more broadly.

**39. Recommendation 13: Monitor and review the impact of catalytic funding.** “Given the overall level of funding accorded to the catalytic funding and the differing views within the Secretariat as to the potential value/impact of the activities; embracing the SR2017 consultants’ conclusions; and taking into account other TERG past reviews and recommendations (such as the “Health System Strengthening” position paper), the TERG reiterates the relevance of placing a greater focus on innovative strategies through catalytic funding, while recommending the Global Fund to conduct an assessment of the catalytic funding to monitor the impact at country level and to measure the Country Teams’ level of efforts against achievements and results.

**40. Recommendation 15: Ensure that the Global Fund is well positioned as a relevant and value adding global health initiative for the next replenishment and beyond 2023.** The TERG recognizing the challenges associated with the rapidly changing setting of global aid, recommends the Global Fund to proactively consider how best it can position itself “as a relevant and value adding global health initiative going forward”. The TERG is keen to further assess and help determine the most appropriate modality for the Secretariat and Global Fund Board to take forward this endeavor.

### **Act now**

**41. Recommendation 7: Undertake a thorough review of issues related to “country ownership” with a view to developing a better-defined yet flexible framework for operationalizing the Global Fund’s policies and principles in this regard.** The Global Fund



needs “to be clearer about degrees of authority and responsibility between itself and its country partners ..... and, to determine the extent to which the Global Fund Strategy complements national priorities”. The review pointed out that “.... While the Global Fund has made statements on what it considers as country ownership, there are issues and tensions in implementing the principles into practice”. Lack of harmony in political interests, motivations and requirements within governments and donors; the need for an optimum balance and understanding between country and donor requirements; and layers of ‘ownership’ within countries (national government v ruling party v civil society ownership etc.) underlie some of this tension. TERG and its Secretariat are currently conducting additional analyses on country ownership.

**42. Recommendation 11: Strengthen collaboration with technical and development partners for addressing key issues and ensure joint accountability for results.** The TERG recommends the Global Fund “to make further progress on addressing gender equity and human rights”, and “to collaborate even more closely with its technical and development partners, as well as other actors that have a country presence and “political weight”, to further promote attention to these issues (see recommendation 8 above).

**43. Recommendation 14: Ensure that AIM delivers.** The TERG acknowledges the benefit and the “potential for efficiency gains and improved measurement of impact through AIM. Taking into account the level of coordination across the Secretariat and at the country level needed to ensure its successful implementation”, and as emphasized in the review’s conclusions, the TERG recommends the Global Fund to assess the implementation progress of AIM, and to facilitate course correction, where necessary.

## **The Global Fund Secretariat Management Response to Strategic Review 2017**

The Technical Evaluation Reference Group (TERG) is a critical component of the Global Fund partnership, providing independent review and evaluation of the Global Fund's business model, investments and impact to the Global Fund Board through its Strategy Committee. The Global Fund operates with a high degree of transparency and now publishes most non-advisory TERG reports on our website after they are reviewed by the Board and following the end of internal deliberative processes.

The Global Fund Secretariat greatly appreciates the Strategic Review 2017 ('SR 2017') which was commissioned by the TERG in December 2016 and finalized in July 2017. The objective of this review was to assess the progress against the 2012-2016 Strategy, particularly how the Secretariat incorporated previous TERG findings and recommendations, and to assess the Global Fund's readiness to implement the 2017-2022 Strategy.

We agree with the majority of the TERG review findings and the overall prioritization of the recommendations as recommended by the TERG in its Position Paper on SR 2017. The Secretariat appreciates the acknowledgment and recognition in the review that the Secretariat had, at the time of the review, addressed the vast majority of the recommendations related to the Strategic Review 2015 and subsequent TERG reviews, and that the Secretariat is well prepared to implement the 2017-2022 Strategy. This reflects both the strengths of the TERG reviews in these areas and the responsiveness of the Secretariat to address and course-correct in response to evaluations and lessons learned.

We particularly appreciate the TERG noting that Secretariat has "holistically considered the key linkages between its strategy, the identification and prioritization of activities, the allocation of funds, and the measurement of results."<sup>1</sup> Since the publication of this report, the 2017 Strategy Implementation Plan (SIP) has been implemented, reported to the Board through its Strategy Committee, and is now incorporated into ongoing performance reporting for the Board and its committees.

The Secretariat agrees that there is a need to continue to differentiate across the portfolio in terms of staffing, knowledge and processes and this is an area of on-going work. In terms of risk management, the Secretariat appreciates the acknowledgement of the efforts that have been made to improve and operationalize the risk management framework. The work is on-going, is regularly reported to the Board, and the Secretariat is moving ahead with the implementation of the risk appetite framework which was approved by the Board in May 2018<sup>2</sup>. The Secretariat notes there is a need to balance programmatic and fiduciary risk. We continue to focus on further integration of human rights and gender within the grant-portfolio, and tailoring these investments to unique country contexts.

We would like to elaborate on recommendations 7, 9, 12 and 14. While the Secretariat notes that recommendation 7 recommends a thorough review of 'country ownership' in order to improve clarity and operations, we are aware the TERG has already been assessing country ownership through desk reviews, Prospective Country Evaluations (PCEs) and a thematic review on partnership models. Country ownership is strengthened in the Global Fund's programming by ongoing efforts such as the CCM Evolution initiative. The Secretariat currently provides detailed

---

<sup>1</sup> Final Report The Global Fund to Fight AIDS, Tuberculosis and Malaria Strategic Review 2017, REF: TGF-16-148, Page 14

<sup>2</sup> GF/B39/DP11.

operational guidance in many areas which define roles and responsibilities of the different stakeholders involved in Global Fund grants. Global principles and guidance are clearly articulated and there is already the flexibility in many areas to operationalize these principles and guidance at the country-level, noting that this flexibility is needed to effectively operate in over 100 countries with highly varied contexts.

With respect to recommendation 9 to further clarify priorities and focus of resilient and sustainable systems for health (RSSH) investments, the Secretariat agrees that greater clarity is required in some areas, and appreciates the TRP and the TERG for providing their joint observations and recommendations, which have resulted in seven key actions to improve the Global Fund investment in RSSH. We look forward to more detailed advice and recommendations from the TERG's ongoing thematic review and the Office of the Inspector General's advisory work on RSSH.

Regarding recommendation 12, the Secretariat has incrementally introduced the Grant Operating System (GOS) to ensure the more efficient and user friendly delivery of core operations across different stages of the grant lifecycle, including: grant-making, grant revisions, grant implementation (disbursements and PR reporting), master data and funding requests.

The Secretariat agrees with recommendation 14, which proposes embedding principles of modelling for impact and efficiencies. Across two funding allocation cycles the Secretariat has responded to requests by countries for technical assistance in developing allocatively efficient, costed national strategic plans and designing strategic Global Fund grants<sup>3</sup>. We believe that these modelling studies are just one of several inputs that inform national decision-making processes. Therefore, the limitations of modelling exercises are made explicit to country stakeholders, who are accountable for ensuring that other relevant data points are considered.

In preparation for the next allocation cycle – 2020-2022 – the Secretariat will continue to reflect on the TERG recommendations in order to ensure greater accountability, impact and partnership in improving global health.

We thank the TERG for our continued partnership to strengthen the impact of the Global Fund partnership.

December 2018

---

<sup>3</sup> In the 2014-16 allocation cycle, 20 HIV, 11 TB, and 9 malaria national disease programs were supported with allocative efficiency analysis to inform the development of National Strategic Plans and Global Fund Funding Requests. For the 2017-19 allocation cycle, allocative efficiency studies will support approximately 29 national disease programs for HIV, 21 for TB, and 13 for malaria.

---

Final Report  
The Global Fund to Fight AIDS, Tuberculosis and Malaria

## Strategic Review 2017

---

Date: 11<sup>th</sup> July 2017

---

Submitted by Itad in association with Euro Health Group

## **DISCLAIMER**

Views expressed in this report are those of the author. The author has been commissioned by the Technical Evaluation Reference Group (TERG) of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) to conduct an assessment to provide input into TERG's recommendations or observations, where relevant and applicable, to the Global Fund. This assessment does not necessarily reflect the views of the Global Fund or the TERG.

This report shall not be duplicated, used, or disclosed – in whole or in part without proper attribution.

“Itad” and the tri-color triangles icon are a registered trademark of Itad Limited.

## Contents

<b>1</b>	<b>Introduction .....</b>	<b>2</b>
<b>2</b>	<b>The review's purpose and objectives .....</b>	<b>3</b>
<b>3</b>	<b>Evaluation design and methodology .....</b>	<b>5</b>
3.1	Review questions .....	5
3.2	Data collection methods .....	6
3.3	Analysis, synthesis and dissemination .....	8
3.4	Limitations .....	8
<b>4</b>	<b>Findings.....</b>	<b>10</b>
4.1	Cluster 1: Strategy translation and readiness for implementation .....	10
4.1.1	Summary of recommendations follow-up .....	10
4.1.2	Overview of findings .....	11
4.1.3	Detailed findings by sub-issue.....	14
4.1.4	Summary of conclusions .....	24
4.2	Cluster 2: Country partnerships and sustainability.....	25
4.2.1	Summary of recommendations follow-up .....	25
4.2.2	Overview of findings .....	27
4.2.3	Detailed findings by sub-issue.....	28
4.2.4	Summary of conclusions for country partnerships and sustainability cluster .....	37
4.3	Cluster 3: Measurement and accountability.....	38
4.3.1	Summary appraisal of responses to recommendations .....	38
4.3.2	Overview of findings .....	40
4.3.3	Detailed findings by sub-issue.....	41
4.3.4	Summary of conclusions for the measurement and accountability cluster .....	50
<b>5</b>	<b>Overall conclusions .....</b>	<b>52</b>
<b>6</b>	<b>Recommendations .....</b>	<b>54</b>

## List of tables

Table 1: Cluster of issues addressed by SR2017 .....	4
Table 2: Full list of review questions .....	5
Table 3: Summary of recommendations follow-up – Cluster 1 .....	10
Table 4: Summary of relevant projects and initiatives .....	12
Table 5: Summary of recommendations follow-up – Cluster 2 .....	25
Table 6: Summary of recommendations follow-up – Cluster 3 .....	38

## List of figures

Figure 1 Overview of recommendations.....	8
Figure 2: Objectives and sub-objectives of SR2017.....	3
Figure 3: Overview of case study methodology.....	7
Figure 4: Triangulation process.....	8
Figure 5: Strategic planning and monitoring framework.....	16
Figure 6: Breakdown of funding requests due in 2017/18 by category .....	19
Figure 7: Data use for action and improvement framework.....	45
Figure 8: Critical path to impact.....	46
Figure 9: Overview of SR2017 recommendations.....	54

## Acronyms

ACT	Artemisinin-based Combination Therapies
AFC	Audit and Finance Committee
AIM	Accelerated Integrated Management
ARV	Anti-Retroviral Drugs
CCM	Country Coordinating Mechanism
COE	Challenging Operating Environments
CSO	Civil Society Organization
DFID	Department for International Development (UK)
DHIS	District Health Information System
DP	Development Partner
EHG	Euro Health Group
FISA	Finance, Information technology, Sourcing and Administration
FPM	Fund Portfolio Manager
GAC	Grant Approvals Committee
GAVI	Global Alliance for Vaccines and Immunization
GF	Global Fund
GGE	General Government Expenditure
GMD	Grant Management Division
GNI	Gross National Income
HMIS	Health Management Information System
HRH	Human Resource for Health
HSS	Health System Strengthening
IHP+	International Health Partnership
INGO	International Non-Governmental Organization
ITP	Implementation Through Partnership
ITP-2	Impact Through Partnership
ITP-T	Impact Through Partnership – Transformation
KAP	Key Affected Populations
KII	Key Informant Interviews
KPI	Key Performance Indicator
LMIC	Lower-Middle-Income Country
M&E	Monitoring and Evaluation
MEC	Management Executive Committee
MECA	M&E and Country Analysis
MIS	Management Information System
MRL	Minimum Required Level
NFM	New Funding Model
NGO	Non-Governmental Organization
NSP	National Strategic Plans
OBA	Office of the Board Affairs



OIG	Office of the Inspector General
OTIF	On-time, in-full
PEPFAR	The US President's Emergency Plan for AIDS Relief
PPM	Pooled Procurement Mechanism
PQR	Price and Quality Reporting
PR	Principal Recipient
PSA	Procurement Services Agents
PSM	Procurement and Supply Management
QA	Quality Assurance
RBF	Results-Based Funding
RQs	Review Questions
RSSH	Resilient and Sustainable Systems for Health
SAGE	Strategic Actions for Gender Equality
SC	Strategic Committee
SIIC	Board's Strategy, Investment and Impact Committee
SIP	Strategic Implementation Plan
SI-VfM	Special Initiative of Optimizing Value for Money and Financial Sustainability
SR2015	Global Fund's Strategic Review 2015
SR2017	Global Fund's Strategic Review 2017
STC	Sustainability, Transition and Co-Financing
TA	Technical Assistance
TB	Tuberculosis
TERG	Technical Evaluation Reference Group
ToC	Theory of Change
ToR	Terms of Reference
TRP	Technical Review Panel
UHC	Universal Health Care
UMI	Upper-Middle-Income
UNAIDS	The Joint United Nations Program on HIV and AIDS
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VfM	Value for Money
WHO	World Health Organization

## Executive summary

### Overview of the report

This Final Report provides an overview of the findings, conclusions and recommendations from the SR2017 review.

The SR2017 has two main objectives: (1) to review progress against the 2012–16 Strategy; and, (2) to assess the Global Fund’s readiness for the 2017–22 Strategy. There are five sub-objectives that translate into a frame of enquiry that we have described as “looking backward to look forward.” The approach is summarized in figure 2 on page 2.

The report includes a high-level summary of the “recommendations follow-up” that the SR2017 team has carried out (see Appendix 3 for a full version). This exercise involved an assessment of how the Global Fund has responded to recommendations generated from SR2015 and subsequent Technical Evaluation Reference Group (TERG) reviews.

Informed by the recommendations review, the forward-looking aspects of SR2017 have been clustered into three categories as follows: (1) Strategy translation and readiness for implementation; (2) Country partnerships and sustainability; and (3) Measurement and accountability. Under each cluster we identified a number of review questions (RQs). These RQs were derived from the Terms of Reference (ToR) and were finalized through discussion with the TERG.

In April 2017, the SR2017 team submitted a draft Preliminary Findings Report, which was shared with the TERG. The TERG feedback on this report has been assimilated into a Draft Final Report which was submitted in May 2017. This Final Report incorporates TERG feedback on the draft report.

This report provides our findings against each of the RQs and provides conclusions by cluster. The report then provides summary conclusions and articulates 15 recommendations for the Global Fund to consider, and further differentiates the 15 recommendations into seven high-priority recommendations.

### Analytical and data sources

As indicated in the request for proposals, the SR2017 is essentially a meta-review, relying on, but not limited to, a large amount of existing secondary data such as: The Global Fund strategic documents, policies/sub-strategies and action plans; and other evaluations and thematic reviews commissioned by the TERG between 2013 and 2016, including case study material and the Secretariat management responses and materials produced by the SR2015, among others.

This secondary data was enhanced and complemented by semi-structured key informant interviews (KII) at central and country levels. We also carried out interviews with more than 45 key informants at headquarters level (see Appendix 1 for a full list).

Case studies in four countries were undertaken to collect more in-depth, primarily qualitative information to inform our analysis. The four case studies that were selected were Benin, Kenya, Moldova and Vietnam. The sampling of these countries was purposive in collaboration with the TERG and was based on criteria such as: geographic location, a mix of high risk and low, challenging operating environments, the size of the portfolio, whether the country has also been covered by a previous review and their willingness to participate.

There were however a number of limitations and challenges to the analysis, particularly with the timing of the review coinciding with the launch or shaping up of a number of different initiatives (e.g. the SIP, the “Road Shows,” the KPI framework, the prospective country evaluations etc.). This has sometimes meant, for instance, that an interview has captured an initiative or a process just before it changed, making emerging findings and recommendations partly irrelevant. The review was also commissioned in parallel with the launch of the new Strategy meaning that there have been limitations in the extent to which the review team has been able to assess implementation of the Strategy is on course.

There has also been a need to balance the number of interviewees conducted with resource and stakeholder availability.

### Summary of overarching conclusions

The “recommendations follow-up” has found that the vast majority of recommendations generated from SR2015 and subsequent TERG and other related reviews have been fully or at least partially addressed. The majority have been rated as “green,” which indicates that the team has found evidence of clear activities and initiatives which can be seen to address, or be addressing, the issues/ concerns raised.

That such a high proportion of recommendations have been acted upon suggests that the Secretariat has seriously considered and taken forward the TERG’s outputs and that the recommendations were relevant to the work of the Secretariat. These largely positive findings with regard to recommendations follow-up are also reflected in broadly positive findings across the RQs.

Across the three clusters, the SR2017 findings have identified a very impressive response – on the part of the Secretariat in particular – to many of the issues raised in the reviews and the ToR for this assignment.

### Strategy translation and readiness for implementation

The Secretariat has prepared itself well for implementation of the 2017–22 Strategy, which is widely acknowledged to be very ambitious. The strategic planning processes put in place represent a major improvement over previous cycles. There is, however, a need to ensure that the resulting activities are sufficiently prioritized to allow the Secretariat to actually implement them, while simultaneously ensuring that the short-term prioritized set of activities link to a broader set of activities, the cumulative impact of which will allow for the achievement of strategic objectives by 2022. The Global Fund has also demonstrated a significant commitment toward introducing differentiated approaches across the grant lifecycle. This is expected to have a significant impact on reducing transaction costs for countries and the Secretariat. There has been an active effort to

reorganize the Global Fund’s core grant and management structures to deal with the implications of the differentiated approach, including the organization of the Secretariat teams and the Technical Review Panel (TRP), and the risk management framework.

However, there are two concerns relating to the Strategy implementation that are worth flagging. The first, is that although changes have taken place at the Secretariat level, there is still not sufficient evidence to conclude that these changes have been/will be translated into modified behavior and results at country level. This is partly due to the timing of this review. The second concern relates to the fact that there are clear indications that the rapidly changing aid architecture and global health context need to be closely monitored by the Global Fund, and it may not be sensible to assume that the organization can wait until 2020/21 to revisit the Strategy.

### Country partnerships and sustainability

The Global Fund has developed the definitions, policies and guidance for sustainability and transition and has begun to operationalize these considerations. However, there are a number of critical issues that will require further work if they are to be adequately addressed. These include: how best to ensure the sustainability of key programs after exit (particularly those that engage civil society and key affected populations – KAPs); addressing complex issues related to absorptive capacity; ensuring country ownership over the transition process; addressing a lack of clarity on the extent to which principles of country ownership apply; a lack of engagement to discuss issues where country and Global Fund objectives do not meet and align; and the need to better leverage partnerships that support the achievement of tangible results and long-term impact.

There has been significant progress in according a high priority to resilient and sustainable systems for health (RSSH), human rights and gender issues and integrating these into Global Fund processes. There is, however, a need for greater clarity at the country level on how to operationalize these priorities through programming decisions, and a specific

need for the Global Fund and partners to promote further attention and engagement by country stakeholders and decision makers around these issues.

### Measurement and accountability

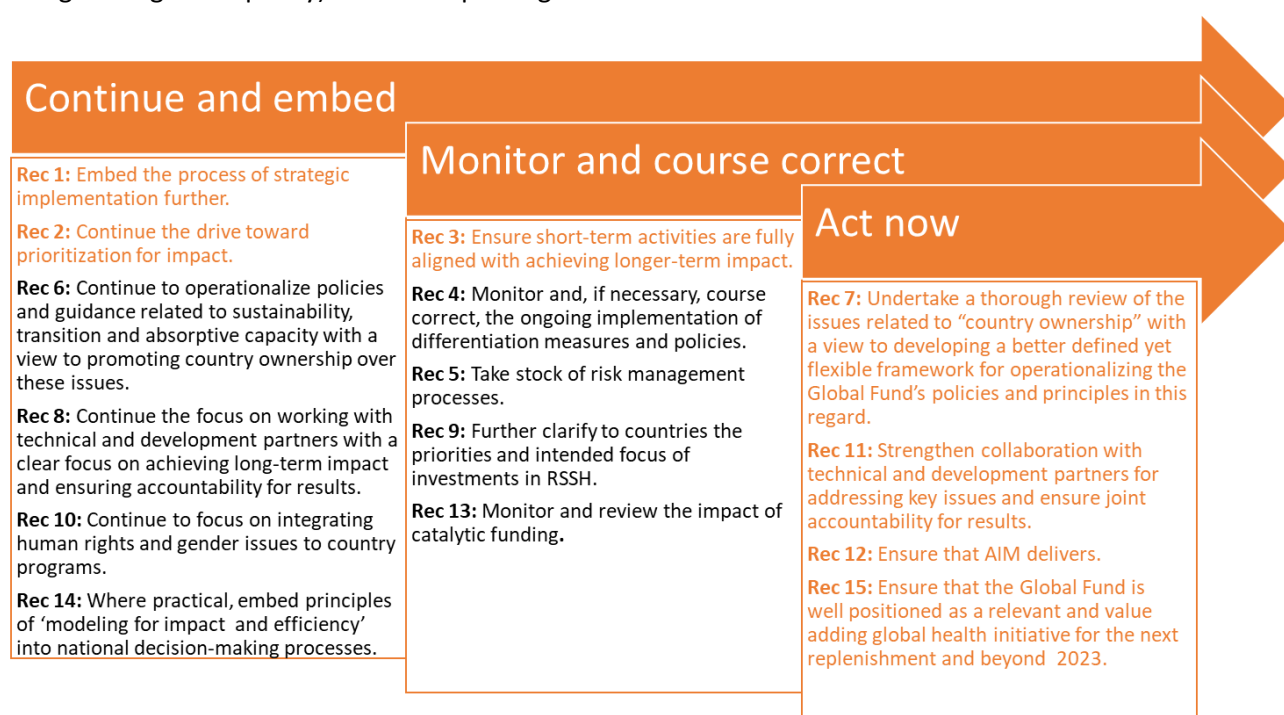
The Global Fund has made a clear commitment to increasing its focus on value for money (VfM), and the Secretariat has taken forward a number of areas of work to improve the economy, efficiency and effectiveness of its own operations and its investments in countries. Despite ongoing challenges with a lack of quality country-level data (which the MECA team and the M&E and Public Health Specialists in GMD have been tackling), there has been a renewed emphasis on modeling to establish global targets, inform allocations and support country investment decision making through the implementation of the Special Initiative of Optimizing Value for Money and Financial Sustainability (although there is a need to further embed this at the country level in parallel with the ongoing work on strengthening data quality) and on improving

the measurement of outcomes and impacts to further VfM considerations and improve accountability for results. Support has also been provided in applying costing and epidemiological impact models (i.e. allocative efficiency models/tools) to encourage strategic resource allocation maximizing impact throughout the grant cycle.

### Recommendations

We have articulated 15 specific recommendations that are derived directly from the main findings and conclusions of the SR2017, and are associated with the different focus areas that were defined in the RQs generated from the ToR. These are presented in full in the main text.

By way of overview, these 15 specific recommendations can be grouped in to three main related categories as summarized in the diagram below. The seven orange recommendations are, in our view, the most critical for the Global Fund to address. These are described in full in Box 1.



**Figure 1 Overview of recommendations**

There are six recommendations that essentially promote the idea that the Global Fund should **continue with the work it is doing in key areas and further embed this work**. The most obvious (and in our view the most

important) of these is to continue the drive that is well underway toward prioritization for impact. The second priority recommendation in this category is to continue the good work

on embedding the strategic implementation planning process further.

There are five recommendations that are focused on **the need for the Global Fund to closely monitor, analyze and review key activities with a view to potentially taking action to course correct**. The priority recommendation of this type is the need to ensure that short-term activities (which, for example, are defined in this year's work plans) are fully aligned with the thinking around long-term impact.

The final recommendation category captures **those recommendations that call for action to be taken in the short to medium term (i.e. in 2017)**. There are four of these which, by definition, have to all be prioritized by the SR2017 team. These include an internally related recommendation that calls for a focus on ensuring that Accelerated Integrated Management (AIM) delivers and three more "external" related recommendations, which highlight the need to address the ongoing issues of how the Global Fund engages with the concept of country ownership; how the Global Fund advocates with development partners to address key issues such as human rights; and finally how the Global Fund starts positioning for the next strategy in the light of the rapidly changing global environment so that it can "future proof" its "business model" and plan for the next strategy process.

**Box 1: Seven high-priority recommendations (in numerical order)**

**Rec 1: Embed the process of strategic implementation further.** The process of operationalizing the Strategy and ensuring that the operational plans and planned activities relate to a coherent drive toward impact that has been led by the Secretariat has been a very impressive undertaking and the work done to date should be commended. This process of operationalizing the Strategy is, however, still very much a “work in progress.” For example, the SIP is still not fully embedded across the organization; and key systems and processes to leverage the value of the new planning processes are still not fully rolled out and/or working. In addition, the way country programs are being designed and implemented is, in most cases, not yet being informed by the SIP. The embedding process should continue and resources continue to be invested in this work. These processes should also be documented and normalized so that future (and ongoing) planning processes can be more efficient and coordinated with other planning processes (e.g. annual budgeting, KPI setting).

**Rec 2: Continue the drive toward prioritization for impact.** There is a need to further prioritize the set of 2017 SIP activities to ensure that Global Fund’s investments are focused on those areas that will allow for the achievement of the maximum level of impact; and so that the Secretariat can realistically implement them in 2017 and beyond. At the time of writing this report, a further prioritization process was underway and is being driven by the senior management team at the Secretariat. This process should continue and it is right that this is led by the Secretariat with regular reporting to the Board through the Strategic Committee.

**Rec 3: Ensure short-term activities are fully aligned with achieving longer-term impact.** The Secretariat should continue to analyze the broader and longer-term requirements for the achievement of strategic objectives by 2022, and ensure the short-term activities contained within the SIP are aligned with a broader set of activities, the cumulative impact of which will be sufficient to meet these requirements. This should correspond with ongoing performance management efforts to monitor implementation progress and course correct, as necessary.

**Rec 7: Undertake a thorough review of issues related to “country ownership” with a view to developing a better defined yet flexible framework for operationalizing the Global Fund’s policies and principles in this regard.** Given that country ownership was one of the key founding principles of the Global Fund more than 15 years ago, and country stakeholders are still unclear the extent to which it applies, a clear and operational framework may need to be negotiated and developed with country stakeholders. This will require the Global Fund to be clearer about degrees of authority and responsibility between itself and its country partners and be more transparent about what its “red lines” are. At a global level, this may need to be based on certain principles and then negotiated on an individual country-level basis to determine the extent to which the Global Fund Strategy complements national priorities.

**Rec 11: Strengthen collaboration with technical and development partners for addressing key issues and ensure joint accountability for results.** Good progress has been made on the integration of human rights, key populations and gender into Global Fund processes. There is, however, a limit to what the Global Fund can achieve alone. To make further progress on addressing gender equity and human rights, it is necessary for the Global Fund to collaborate even more closely with its technical and development partners, as well as other actors that have a country presence and “political weight”, to further promote attention to these issues. In line with recommendation 8, this engagement should be reflective of what partners are willing and able to achieve, and framed within a clear framework for ensuring partner and country stakeholder’s accountability for results.

**Rec 12: Ensure that AIM delivers.** Given the potential for efficiency gains and improved measurement of impact through AIM, and taking into account the level of coordination across the Secretariat and at the country level needed to ensure its successful implementation, it is in the interest of the TERG to conduct a review of the implementation progress which could facilitate course correction if necessary.

**Rec 15: Ensure that the Global Fund is well positioned as a relevant and value adding global health initiative for the next replenishment and beyond 2023.** SR2017 has focused on the key set of issues relating to the way the Secretariat and others have grappled with translating the 2017-22 Strategy into the operational plans. It is increasingly likely that while “staying the course” will be appropriate for the current replenishment period, it may not be the best way forward for the next replenishment cycle and beyond the current Strategy period. The SR2017 team therefore want to flag that while there are acknowledged to be challenges associated with the extremely fluid global aid architecture, there might be significant value in proactively considering how best the Global Fund can be positioned as a relevant and value adding global health initiative going forward. It is recommended that the TERG further consider the most appropriate modality for the Secretariat and Global Fund Board to take forward this thinking.

## 1 Introduction

The Global Fund has commissioned Itad and Euro Health Group (EHG) to conduct the Strategic Review 2017 (SR2017) as a follow-on to the Strategic Review 2015 (SR2015).

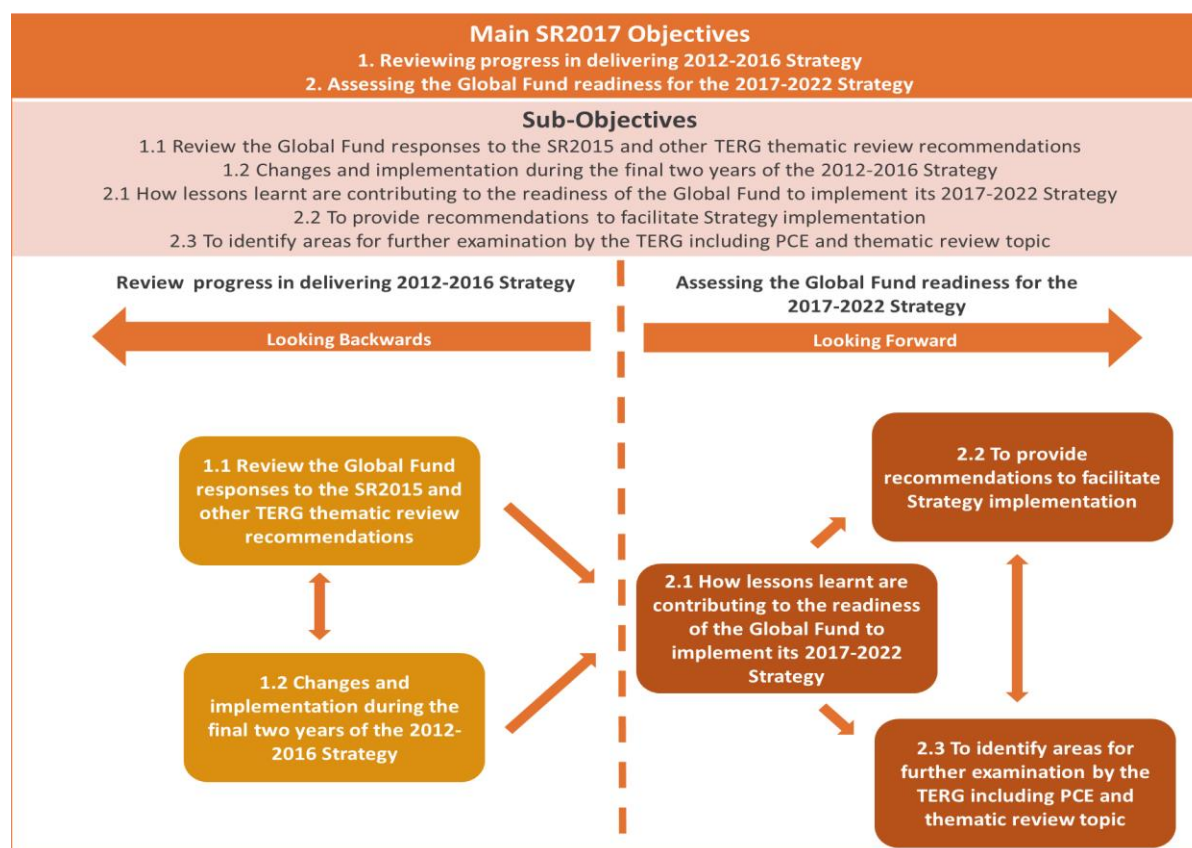
This Final Report takes into account the feedback received from the Technical Evaluation Reference Group (TERG) and the TERG Secretariat on the Draft Final Report, as well as the feedback received on the Revised Final Report both during the workshop the team run on the 9 June in Geneva and in writing on the 26 June. This report builds on the data collection and analysis work carried out between January and May 2017, including four country visits (Benin, Kenya, Moldova and Vietnam) that took place in March 2017.

**Section 2** below sets out the objectives of the review and introduces the three clusters (and related sub-issues) around which SR2017 has been structured. **Sections 3** describes the evaluation design and methodology. **Section 4** presents for each cluster: a summary of the Recommendations follow-up (see Appendix 3 for a full version), findings by sub-issues and a summary of conclusions. **Section 5** highlights the overarching conclusions. Finally, **Section 6** presents SR2017 recommendations.



## 2 The review's purpose and objectives

The purpose of SR2017 as a follow-on to SR2015 is twofold.



**Figure 2: Objectives and sub-objectives of SR2017**

- The first objective is to review and analyze the Global Fund's responses to the SR2015 and other TERG thematic review recommendations as well as assess changes that took place during the final 2 years of the 2012–16 Strategy. We have termed this overarching review objective as a “Reviewing progress in delivering 2012–16” and it is essentially a “looking back” exercise focused on an ex post analysis of the 2-year period 2015–16.
- The second objective is to analyze how lessons learned are contributing to the readiness of the Global Fund to implement its 2017–22 Strategy, to provide recommendations to facilitate strategy implementation and to identify areas for further examination by the TERG. We have termed this second overarching review objective as “Assessing the Global Fund readiness for 2017–22 Strategy” and it is essentially a “looking forward” exercise.

Figure 2 demonstrates how the two aspects of the review combine to provide this bridging concept which could be described by the simple phrase: “looking backward to look forward.”

The Terms of Reference (ToR) for this assignment identified a number of topics to be explored by the SR2017 review team. These issues cut across both the two overarching review objectives and the five sub-objectives mapped out above.

In collaboration with the TERG, we have grouped these topics under three broad clusters as shown in table 1 below.



**Table 1: Cluster of issues addressed by SR2017**

Cluster	Cluster heading	Sub-issues
1	Strategy translation and readiness for implementation	<ul style="list-style-type: none"> <li>• Translation of strategy into prioritized action plans</li> <li>• Differentiated grant procedures and management, including implications of differentiation on the role of Global Fund structures and risk management</li> </ul>
2	Country partnerships and sustainability	<ul style="list-style-type: none"> <li>• Programmatic sustainability and transition, including absorptive capacity</li> <li>• Country ownership</li> <li>• Country partnerships</li> <li>• Resilient and Sustainable Systems for Health (RSSH), including: <ul style="list-style-type: none"> <li>- data systems and quality</li> <li>- supply chain</li> <li>- community systems and governance</li> </ul> </li> <li>• Human rights and gender</li> </ul>
3	Measurement and accountability	<ul style="list-style-type: none"> <li>• Focus on value for money (VfM)</li> <li>• Measurement of outcomes and impact</li> <li>• Accountability for results</li> </ul>

### 3 Evaluation design and methodology

As with the SR2015, we have employed a mixed methods approach using both qualitative and quantitative data collection and analysis throughout the assignment.


This section presents the review questions (RQs), the data collection tools and the analysis methods that have been applied by the review team to answer such questions, as well as, some limitations to our methodology.

#### 3.1 Review questions

For each of the sub-issues presented in the previous section, the review team elaborated a series of RQs to guide our data collection and analysis process. The table below presents the full list.

**Table 2: Full list of review questions**

Cluster number	Review questions
 <b>CLUSTER 1 – Strategy translation and readiness for implementation</b>	
<b>Translation of Strategy into prioritized action plans</b>	<p><b>RQ1</b> – Has the Strategy been translated into a prioritized and actionable implementation plan?</p> <p><b>RQ2</b> – Do implementation plans accurately translate the priorities set in the 2017–22 Strategy?</p> <p><b>RQ3</b> – Are activities identified and prioritized based on a coherent framework that links explicitly to strategic objectives?</p>
<b>Differentiated grant procedures and management, including implications of differentiation on the role of Global Fund structures and risk management</b>	<p><b>RQ4</b> – Has progress been made in defining the parameters for, and setting in place, differentiated grant application, review and implementation procedures?</p> <p><b>RQ5</b> – Do Global Fund and country partners perceive grant application/implementation procedures to be straightforward and user-friendly, and transaction costs appropriate?</p> <p><b>RQ6</b> – To what extent have the implications of differentiation on the roles of Global Fund structures been considered and appropriately dealt with?</p> <p><b>RQ7</b> – Have staff differentiation measures been put in place to reduce transaction costs?</p> <p><b>RQ8</b> – To what extent are appropriate risk management frameworks and plans in place and effectively used to guide decision making?</p>
 <b>CLUSTER 2 – Country partnerships and sustainability</b>	
<b>Programmatic sustainability and transition, including absorptive capacity</b>	<p><b>RQ9</b> – To what extent have sustainability issues been addressed e.g. has the Secretariat moved from continued analysis/piloting to operationalization of sustainability initiatives?</p> <p><b>RQ10</b> – To what extent is adequate notice being given to countries ahead of transition and support tailored to areas that are not domestically funded (e.g. advocacy)?</p> <p><b>RQ11</b> – To what extent is the issue of absorptive capacity being addressed across the program cycle?</p>
<b>Country ownership</b>	<p><b>RQ12</b> – To what has greater priority been accorded to strengthening country ownership?</p>

Cluster number	Review questions
<b>Country partnerships</b>	<b>RQ13</b> – To what extent is the Global Fund leveraging partnerships to ensure impact at country level?
<b>RSSH, including:</b> - data systems and quality - supply chain - community systems and governance	<b>RQ14</b> – What progress has been made in refocusing the Global Fund's support toward RSSH?  <b>RQ15</b> – To what extent are the sub-components of RSSH supported by the Global Fund contributing to building stronger national health systems?
<b>Human rights and gender</b>	<b>RQ16</b> – What level of engagement do Global Fund country teams have with policy-makers and practitioners on human rights and gender?  <b>RQ17</b> – To what extent is the Global Fund's commitment to human rights and gender resulting in increased attention to human rights and gender in concept notes and overall investment in human rights and gender activities?
 <b>CLUSTER 3 – Measurement and accountability</b>	
<b>Focus on VfM</b>	<b>RQ18</b> – Does the Global Fund give sufficient consideration to program quality, efficiency and cost-effectiveness during grant application, review and implementation?  <b>RQ19</b> – To what extent has catalytic funding been used as a mechanism for incentivizing performance?  <b>RQ20</b> – Do Global Fund and partners use robust and credible analytical techniques to evaluate the relationship between investments and impact?
<b>Measurement of outcomes and impact</b>	<b>RQ21</b> – To what extent is the Global Fund M&E system able to adequately measuring the linkages in the impact chain?
<b>Accountability for results</b>	<b>RQ22</b> – Is the new system (i.e. new Strategy, Strategic Implementation Plan (SIP), key performance indicator (KPIs)) fostering greater accountability for results?

## 3.2 Data collection methods

To answer the RQs presented here above, the review team applied three different data collection methods: (1) extensive review of existing secondary data; (2) key informant interviews (KIIs) at headquarters level; and (3) a structured case study approach.

### Review of existing secondary data

In line with the request for proposal, SR2017 has essentially been a meta-review, relying on, but not limited to, a large amount of existing secondary data. Much of the data used has been secondary data, derived particularly from Global Fund sources. See Appendix 2 for a full list of documents consulted.

### Key informant interviews

Secondary data has been enhanced and complemented by KIIs, especially for areas that were not well covered by existing documentation and/or that required more qualitative information. KIIs have been carried out using a semi-structured interview protocol.

Interview guides were developed for each category of stakeholder to be interviewed and tailored prior to each interview based on the particular interviewee's specialty and role, as well as on specific information gaps to be filled. Where necessary, the guides were translated into French.

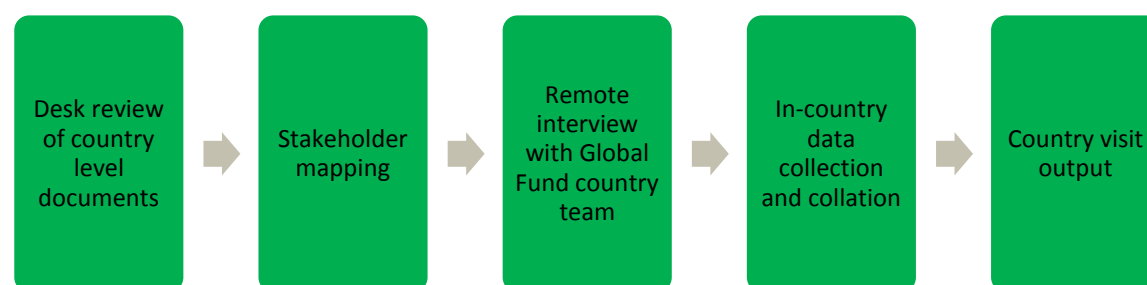
The review team conducted a total of 39 interviews with more than 45 different stakeholders during two separate visits to Geneva and several Skype calls. See Appendix 1 for a full list of people interviewed at headquarters level. Representation from across the organization was good, including interviewees from: the Board, the Office of the Inspector General (OIG), the Executive Director, the Office of the Board Affairs (OBA), the Policy Hub, Human Resources, Donor Relations, Strategy, Investment and Impact, Grant Management, Risk Management and Finance.

The identification of key informants both at headquarters and at the country level has drawn on a two-stage sampling strategy. First, with the help of the TERG we have identified key individuals to interview. We then employed a snowball approach, asking respondents for connections with other potential key informants that they deemed relevant for us to interview.

### Country case studies

In consultation with the TERG and the Secretariat, four countries were selected for country visits based on criteria such as: geographic coverage, coverage of the country by a previous TERG review (to make the most of pre-existing documentations and assess progress), application window (in order not to overburden countries), relevance to the sub-issues (e.g. transition or country partnerships) and their willingness to participate. On the basis of these criteria, Benin, Kenya, Moldova and Vietnam were selected.

Each country case study involved a focused document review, a country visit and production of a brief structured country visit output. Figure 3 summarizes our approach to the case studies.



**Figure 3: Overview of case study methodology**

Preparation for the country case studies has included: (1) carrying out a focused desk review; (2) a stakeholder mapping exercise undertaken in collaboration with the country team and the Country Coordinating Mechanism (CCM) Secretariat to identify the key informants for interview at country level; and (3) a remote interview with the Fund Portfolio Manager (FPM), sometimes together with another member of the country team to set the scene for the country visit. In some cases, this interview has happened after the country visit and has helped the case team contextualize emerging findings.

Country visits were undertaken by one or two team members, focused on data collection via in-depth interviews of key informants, and lasted approximately four working days. When available, additional secondary data was collected as well.

Approximately 8–14 interviews have also been carried out per country with: representatives of the CCM; principal recipients; some sub-recipients; UN agencies and other development partners; civil society organizations (CSOs) and key populations networks. We believe that our sampling

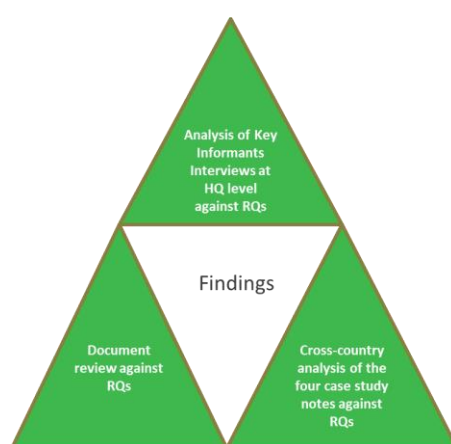
methodology has allowed us to capture a spectrum of views and perspectives and ensure that interviews adequately reflect the diversity of stakeholders.

After each country visit, the team analyzed and triangulated the data from country-level documents and interviews and produced a country visit output.<sup>1</sup>

### 3.3 Analysis, synthesis and dissemination

Secondary data has been extracted into evidence matrices structured against the RQs (which themselves are linked to the clusters and the sub-issues). Interview transcripts and notes have also been analyzed by extracting relevant excerpts into the same evidence matrices as for secondary data. This ensured that evidence from different sources could be robustly analyzed to generate findings and triangulated to enhance their strength. Cross-country analysis has been carried out after the in-country case studies have been completed. Country case study findings have been collated across the clusters, the sub-issues and the RQs to allow robust analysis and synthesis across all the countries.

Following the completion of the case studies, the evidence has been brought together during an internal findings workshop held at Itad's offices, using the RQs as guiding principle.



**Figure 4: Triangulation process**

Findings from all three data collection methods have been analyzed, triangulated (see figure 4) and fed first into a Preliminary Findings Report which was presented in PowerPoint format on 10 April to the TERG, and second into a Draft Final Report submitted on 8 May which integrated the comments received on the Preliminary Findings Report. This Final Report takes into account the feedback received from the TERG and the TERG Secretariat on the Draft Final Report, as well as the feedback received on the Revised Final Report both during the workshop the team run on the 9 June in Geneva and in writing on the 26 June.

During the implementation period of this review, the team has been in regular contact with the TERG through bi-weekly update calls with members of the TERG Secretariat and email exchanges providing regular updates and feedback. The team has welcome this collaboration and hopes it has set the basis for greater uptake of learning from SR2017.

### 3.4 Limitations

**A challenge encountered by the team has been the fact that many projects/initiatives were launched / shaping up contextually to our review.** SR2017 was launched just before Christmas 2016

<sup>1</sup> Country visit outputs are not an official deliverable of this SR2017 but findings from case studies have been fed into this Final Report.

and was mandated to deliver preliminary findings by the first half of April 2017. This has also been a busy time for the TERG and the Secretariat, with different initiatives shaping up at the same time (see Table 4 for an overview of main projects/initiatives reviewed) as our review was conducted (e.g. the SIP, the “Road Shows,” the KPI framework, the prospective country evaluations etc.) The review team did its best to capture the changes in real time but the timing has not been ideal. This has sometimes meant, for instance, that an interview has captured an initiative or a process just before it changed, making emerging findings and recommendations partly irrelevant. If the review had been commissioned six months later, stakeholders might have been more available (meaning more and longer interviews, therefore giving a wider evidence base) and the team would have been able to better capture the evolution (and preliminary outcomes) of different initiatives. On the other hand, commissioning the review later would have also meant less time for course correction within the current strategic period.

**Number of interviewees had to be balanced with resources available as well as stakeholders’ availability.** Good practice when using a snowball approach would be to continue identifying new key informants until the point where no new data, categories or relationships seem to be emerging. Unfortunately, limited time and resources meant that we have not been able to reach this point and it must be acknowledged as a limitation. Moreover, the team has been unable to interview a couple of stakeholders (e.g. the TRP Chair) due to their unavailability. Interviews with some other stakeholders were dropped due to them having left the Global Fund or changed position in the last 2 years. More resources or greater stakeholder availability would have meant, again, a wider evidence base to support findings and recommendations. The team is, however, confident that the evidence collected and analyzed is sufficient to formulate sound conclusions and actionable recommendations.

**Given the timing of SR2017, the review had to focus on the output level.** Since the review was commissioned in parallel with the launch of the new Strategy and conducted while the cascading process from the Strategy to department, team and individual work plans was taking place, SR2017 cannot assess whether the changes made in the last six months have actually worked and led to the intended, or unintended, changes. De facto, as far as the “looking back” exercise is concerned, the review had to focus at the output level and is unable to assess whether the outcomes will be delivered. Nevertheless, the team has done its best to assess the Global Fund’s readiness to produce the desired outcomes (i.e. the “looking forward” component).



## 4 Findings

### 4.1 Cluster 1: Strategy translation and readiness for implementation

#### 4.1.1 Summary of recommendations follow-up



Table 3 presents a summary of our appraisal of responses to recommendations, conducted for those recommendations relating to Cluster 1. The full appraisal is presented in Appendix 3.

**Table 3: Summary of recommendations follow-up – Cluster 1**

# of recs and rating <sup>2</sup>	Details
<b>Strategic direction</b>	
●	The SR2015 recommendation to “continue with the current strategic direction” was implemented, with the 2017–22 Strategy framed to broadly maintain this strategic focus.
<b>Differentiation</b>	
●	The Secretariat has responded robustly to the SR2015 recommendation to introduce differentiated approaches in different country contexts to reduce transaction costs for both the countries and Secretariat staff.
●●	In response to two recommendations made in the position paper on differentiation, the Secretariat has also developed a comprehensive plan for operationalizing differentiation, and is in the process of enhancing the risk management function for differentiation.
●●●●	The Secretariat has also comprehensively responded to six recommendations made in the position paper on mechanisms for review and decision making of concept notes, relating to: substantially reducing information needs placed on countries in the process of applying for grants; introducing a differentiated TRP process; streamlining the Grant Approvals Committee (GAC) review process; supporting the improvement in quality of National Strategic Plans (NSPs) for use as the basis of grant-making (although there are some limitations to how actionable this part of the recommendation is); and striking a better balance between quality assuring funding requests and grant-making and implementation.
●●	The Secretariat has further responded to two recommendations made in the position paper on health system strengthening (HSS) in relation to: placing a greater focus on supporting innovative strategies through catalytic funding, with specific funding allocations for data systems development and a procurement and supply management challenge fund; and increasing support for integrated concept notes.
<b>Allocation</b>	
●	The Secretariat has responded to the SR2015 recommendation to ensure that the allocation methodology considers a stronger element of absorptive capacity and proven effective use of Global Fund resources by including absorptive capacity and past program performance as two of the qualitative factors used to adjust the initial allocation formula. The second part of the recommendation relating to transforming the current “incentive” fund into a performance fund was not taken forward directly because this modality was discontinued for the 2017–19 cycle. The allocation for catalytic funding does, however, respond to the recommendation as it is designed to incentivize the use of country allocations to meet the aims of the 2017–22 Strategy.

<sup>2</sup> Key at the bottom of the table.



# of recs and rating <sup>2</sup>	Details
	<p>The Secretariat has actively considered all eight recommendations from the Thematic Review of the Allocation Methodology, and sought to change the allocation methodology where appropriate. This has included abolishing the country bands and retaining some funds for multi-country approaches as part of the catalytic funding approach. However, six recommendations were not considered by the Secretariat to be fully relevant or actionable. Four of these recommendations relate to specific technical changes in the allocation methodology, where the Secretariat has made other changes than those recommended to achieve the desired effect – as such, these are rated as green. The Secretariat has considered two further recommendations but has not been able to respond to them fully due to data limitations (and as such are rated amber):</p> <ul style="list-style-type: none"> <li>Country-level needs assessments are not felt to be appropriate to guide the allocation of Global Fund resources at the present time, as these assessments are of varying quality and often based upon poor input data.</li> <li>It has not been possible to base country ability-to-pay on general government expenditure (GGE) per capita, rather than gross national income (GNI) per capita, as this data is not readily accessible.</li> </ul>
<b>Market shaping</b>	
	<p>The 2015 Market Shaping Strategy, alongside the introduction of Wambo, has responded to six recommendations, including through strengthening coordination and management between the Global Fund and Procurement Services Agents (PSAs); improving tendering procedures; clarifying market shaping strategies; improving staff capacity for quality assurance; supporting accelerated innovation of certain commodities; and implementing an e-marketplace.</p>
<b>Key</b>	<p>Each circle represents a recommendation. The color represents the rating on traffic light scale:</p> <ul style="list-style-type: none"> <li> Clear evidence that the recommendation has been/is being addressed.</li> <li> Some evidence that the recommendation has been/is being addressed and/or that the recommendation is not fully relevant or actionable.</li> <li> Limited or no evidence that the recommendation has been/will be addressed.</li> </ul>

#### 4.1.2 Overview of findings

##### Translation of strategy into prioritized action plans for implementation

Despite the ambitious nature of the 2017–22 Strategy, the Secretariat has sought to translate the broad set of strategic priorities into a prioritized and actionable implementation plan for 2017 – the SIP. The SIP activities have been determined through a comprehensive and participatory planning process alongside the setting of corporate priorities for 2017. The identification and prioritization of activities in the SIP is based on the “Strategy Performance Management Framework” that links to the achievement of strategic objectives, and is based on the critical path to impact. There is an ongoing effort at senior levels within the organization to further prioritize the broad set of SIP activities, as it is widely recognized that there are too many activities to action in the short term given the Secretariat’s limited capacity and ongoing workload.

There is a concern that the Secretariat is focusing too narrowly on short-term planning processes (i.e. through the SIP which is for 2017 only) and may not be sufficiently considering the broader and longer-term requirements for achieving the strategic objectives. There are also concerns that the SIP is complicating the management and oversight of many ongoing projects and initiatives (see Table 4 for a summary of main projects and initiatives reviewed); and country teams have limited awareness of the SIP and its implications on the Global Fund’s work at the country level. There is, however, evidence





that this is improving, such as through the “Road Shows” that were delivered to Secretariat teams to inform them on key aspects of the Strategy and its implementation.

**Table 4: Summary of relevant projects and initiatives**

Initiative	Description
Accelerated Integration Management (AIM)	The AIM initiative was launched in 2015 to enable efficient portfolio management at the Global Fund by integrating and aligning core processes (i.e. related to grant application, implementation, M&E, risk management), data and systems through a single software package – the Grant Operational System. The system has been deployed incrementally throughout several releases, but we understand is now fully functional.
Implementation Through Partnership (ITP)	The ITP project was initiated in 2015 and completed in December 2016, and was designed to increase the effectiveness and efficiency of Global Fund’s investments in 20 countries through the principles of shared ownership and mutual accountability, in collaboration with partners. The project involved countries and partners working together to identify a series of actions to address key bottlenecks, and mobilize commitments to address them. The project facilitated increased coordination and cooperation between multilateral and bilateral partners and placed clear focus on 120 political advocacies, sustained focus and additional technical support actions.
Impact Through Partnership (ITP-2)	<p>The ITP-2 project seeks to orient the organization toward a focus on results by taking a more holistic and strategic view of the requirements for achieving strategic objectives and the dependencies on other stakeholders, as well as offering a feedback mechanism to report on strategy implementation progress. ITP-2 supersedes two previous projects:</p> <ul style="list-style-type: none"> <li>• <b>ITP:</b> The project aims to mainstream the lessons learned from ITP into an enhanced way of working with the partners across all Global Fund supported countries.</li> <li>• <b>Program Quality and Efficiency (PQE):</b> ITP-2 builds on the PQE project, which was designed to improve the quality and efficiency of Global Fund programs, focusing specifically on service delivery at the facility level.</li> </ul>
Impact Through Partnership – Transformation (ITP-T)	The ITP-T project, to be implemented in 2017, will result in an operational framework that delivers an integrated, systematic focus on risk management and reviewing progress across the grant life cycle to guide to programmatic decision making for the achievement of impact. Specifically, a systematized approach to reviewing progress and managing risk will be embedded within Global Fund processes, including in-



	country review and dialogue, partner support platform, country portfolio review, and enterprise portfolio review processes. This will include a structured approach to using data to drive decision making and formalized feedback loops to drive learning back.
Special Initiative of Optimizing Value for Money and Financial Sustainability (SI-VfM)	<p>SI-VfM (2014-2016) aimed to provide technical support for national-level planning to improve the efficiency, effectiveness and sustainability of programs tackling the three diseases. The Special Initiative provided technical assistance under three key areas as follow:</p> <ol style="list-style-type: none"> <li>1. <b>Optimizing Value for Money:</b> This component assisted 45 disease programs across 30 countries to allocate investments to the highest impact interventions at the appropriate cost by using epidemiological and costing tools and models.</li> <li>2. <b>Measuring Value for Money:</b> This is to support a small number of high-impact countries to track disease expenditure by intervention over time, link spending to results in order to enable improved focus in areas that achieve greater outcomes and impact.</li> <li>3. <b>Measuring and maximizing domestic spending:</b> The Global Fund collaboration with WHO since 2012, has supported training and capacity building for tracking health and disease expenditure on an annual basis using a global standard methodology.</li> </ol>

### Differentiated grant procedures and management, including implications of differentiation on the role of Global Fund structures and risk management

The Secretariat has defined a framework for the introduction of differentiated processes by country context, which is based on the country portfolio categorization. This has included a differentiated approach to grant application, review and approval processes. There has also been substantial thinking on how to enact differentiated approaches to grant implementation (such as in relation to reduced reporting and M&E requirements, and funding decision and disbursement processes), but these processes have not yet been finalized. A significant proportion of country portfolios will be subject to streamlined processes, which is highly likely to significantly reduce transaction costs for countries, the Secretariat and the TRP.

There has been a significant effort to define and enact an appropriate organization of human resources with the required skills and capacity to support the differentiated approach, particularly within the Grant Management Division (GMD). However, the reallocation of staff resources was enacted before other key change processes, and it is as yet unclear whether the changes will adequately equip country teams to deal with the issues faced in countries. Finally, the Global Fund has made an active effort to improve and operationalize its risk management framework, taking into consideration the implications of introducing the differentiated approach. There is also evidence that the Global Fund is further seeking to support new and potentially rewarding approaches to strike a better balance between managing risks and maximizing impact, such as through the prioritization of support for issues related to RSSH, human rights, gender and KAPs, as well as through catalytic funding which is designed to inspire innovation and ambitious programming approaches.



### 4.1.3 Detailed findings by sub-issue

This section responds to **RQ1–3**. It covers the extent to which the new Strategy has been translated into a prioritized and actionable implementation plan; whether the implementation plan accurately translates the priorities set in the Strategy; and whether activities are identified and prioritized based on a coherent framework that links explicitly to the four strategic objectives.

#### Translation of strategy into prioritized action plans for implementation

**For the first time, the Secretariat has holistically considered the key linkages between its strategy, the identification and prioritization of activities, the allocation of funds, and the measurement of results. This strategic planning process is a major step forward, with the broad set of strategic priorities for 2017–22 translated into a prioritized and actionable implementation plan for 2017.** Stakeholders have widely reported that the 2017–22 Strategy is highly ambitious, representing more of a political manifesto than an actionable strategy. Nonetheless, for 2017, the Secretariat has developed an SIP to support and ensure: robust planning for, and monitoring of, the achievement of strategic priorities; ownership and accountability among the Secretariat; management oversight; and better informed staffing and budgeting decisions.<sup>3</sup> The strategy implementation planning process has “covered all the activities required for successful delivery of the new Strategy,” including those related to the Secretariat’s work, in-country work, and other cross-cutting activities. To ensure it is fully actionable the activities contained within the SIP will be cascaded into division, department and team work plans, as well as personal objectives (this was underway at the time of the review data collection phase.). The SIP also feeds into the Global Fund Corporate Work Plan and Budget, which forms a key component of the Global Fund’s financial reporting, planning and control structures and seeks to ensure that there is appropriate budget for the implementation of activities.<sup>4</sup> This represents the first time that the Global Fund has holistically considered the key linkages between its strategy, the identification and prioritization of activities, the allocation of funds, and the measurement of results.<sup>5</sup> As such, and as confirmed by the OIG, the strategic planning process is a major step forward in this regard.<sup>6</sup>

**The SIP activities have been determined through a comprehensive planning process, alongside the setting of corporate priorities for 2017.** This has involved the Secretariat teams defining activities, with strategic objective leads working across departments to build consensus on key implementation activities for 2017 and their associated budgets, and the hosting of workshops (one for each strategic objective) for broader discussion and team input. Reflections from the strategic planning process are included in Box 2 on the next page. This process resulted in a long list of more than 400 activities, split between “priority activities” representing new areas of work or work requiring additional focus to deliver on strategic aims; and “recurrent activities” that represent the organization’s underlying core business (although there has also been an effort to reorient recurrent activities to align to strategic needs).<sup>7</sup>

<sup>3</sup> The Global Fund. 2016. Corporate Work plan & Budget Narrative 2017. 36th Board Meeting, November.

<sup>4</sup> The Global Fund. 2016. Corporate Work Plan & Budget Narrative 2017. 36th Board Meeting, November.

<sup>5</sup> Office of the Inspector General. 2016. 2015 Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund, GF/B35/11, 35<sup>th</sup> Board Meeting, April.

<sup>6</sup> The Global Fund. 2016. Office of the Inspector General Progress Report Year to Date (January to September 2016). 36<sup>th</sup> Board Meeting, November.

<sup>7</sup> The Global Fund. 2016. Corporate Work Plan & Budget Narrative 2017. 36th Board Meeting, November.



### Box 2: Reflections on the strategic planning process

While the strategic planning process generally resulted in the desired outcome, stakeholders noted a number of issues, including:

- There was an initial lack of guidance on how activities should link to strategic objectives. This was focused on more clearly mid-way through the process when external consultants were engaged.
- There was strong time pressure to conclude the initial process, which did not allow sufficient time for dialogue and constructive challenging on what is required to achieve objectives. Subsequent workshops were organized to allow for such dialogue.
- The process was conducted in parallel with other work planning and budgeting exercises, whereas it would have been beneficial for the SIP to be developed in advance to more fully inform these other processes.
- There was a lack of capacity for strategic planning among some Secretariat teams.
- There was a lack of ongoing engagement in the process by some senior leaders, where work was outsourced to managers and leadership was only engaged at a late stage for approvals. This meant that high-level strategic thinking was not maximized.

**There has been an effort to prioritize the broad set of activities identified by the Secretariat.** The Management Executive Committee (MEC) was engaged in an initial prioritization exercise of activities, with a view to identifying where the Global Fund can have the most catalytic impact and where resources should be strategically allocated.<sup>8</sup> This resulted in a significant reduction in the number of activities in the SIP from 400 to 187 activities, linked to 99 deliverables allocated between strategic objectives and sub-objectives.

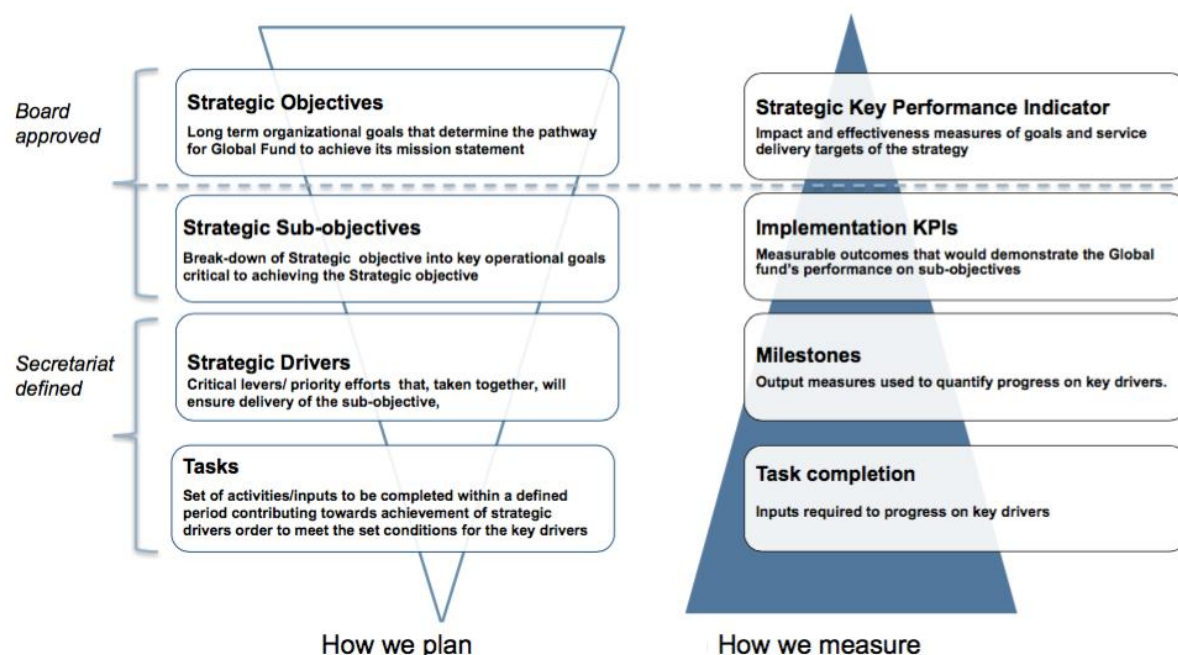
**In response to some concerns, further prioritization is, however, taking place.** Stakeholders have widely reported that the set of activities contained within the SIP is still extremely ambitious, with too many activities to action in the short term given the Secretariat's limited capacity and ongoing workload. This is at least in part due to the ambitious nature of the Strategy and the high number of strategic sub-objectives (21), each of which has a set of strategic drivers and tasks/activities. While the SIP does not include any further guidance on which activities should be further prioritized, it appears that the Secretariat is taking a pragmatic approach in response to this issue, focusing more heavily on those activities/deliverables where there is greater budget for implementation (although the review team has not had access to the detailed budgets underpinning the SIP), and where there are KPIs to monitor performance. More strategically, we understand that the MEC is currently undertaking another round of prioritization to further focus on those activities that are critical to achieving maximum impact, and the Policy Hub is also considering how activities can be further prioritized, such as through analysis of the Organizational Risk Register to map against the deliverables and define areas for urgent action (see section below for more information on risk management). We understand that the Secretariat will also hold quarterly reviews of implementation progress, which will be used as an opportunity identify bottlenecks and/or areas of slow progress, and to reprogram and prioritize resources for course correction.

**The identification and prioritization of activities in the SIP is based on the "strategic planning and monitoring framework" that links to the achievement of strategic objectives, and is based on a good understanding of the critical path to impact.** As noted above, the Secretariat has completed a comprehensive process of defining and prioritizing both priority and recurrent activities that are designed to deliver on strategic objectives. As shown in figure 5 below, the identification and prioritization of activities has been based on a clear framework that links the strategic objectives to strategic sub-objectives, strategic drivers, and tasks/activities. Alongside this framework, the Secretariat has developed a performance monitoring mechanism (including the KPI framework) that follows defined impact chains for each strategic objective. These impact chains make explicit the

<sup>8</sup> For example, we understand that within the seven operational objectives that contribute to the strategic objective on RSSH, two objectives relating to procurement and supply chain systems and data systems were prioritized.



critical path and linkages between activities/inputs, outputs, outcomes and impacts, as well as the interdependencies between strategic sub-objectives. While there were some initial issues in defining these impact chains, the external consultants engaged mid-way through the process were helpful in clarifying what was required and supporting teams to ensure that the outputs were appropriate.



**Figure 5: Strategic planning and monitoring framework**

There is, however, a concern that the Secretariat is focusing too narrowly on short-term planning processes, and may not be sufficiently considering the broader and longer-term requirements for the achievement of strategic objectives. The development of the 2017 SIP largely addresses the OIG's finding in 2016 that processes to translate the 2012–16 Strategy into short-term activities were inadequate.<sup>9</sup> Stakeholders have voiced concerns that the SIP's focus is too short term, and there has not been sufficient analysis of how these activities will fit into a broader and longer-term set of activities, and whether the cumulative impact from the implementation of these activities will be sufficient for the achievement of the ambitious strategic objectives by 2022. Stakeholders have, however, noted that there is an ongoing program of, including through the Impact Through Partnership (ITP-2) initiative, to orient the organization toward a focus on results which. This is felt by stakeholders to respond to this concern, with the organization taking a more holistic and strategic view of the requirements for achieving strategic objectives and the dependencies on other stakeholders, as well as, offering a feedback mechanism to report on strategy implementation progress.

There are also ongoing difficulties within the Secretariat with the management and oversight of many ongoing projects and initiatives, and there is a concern that the SIP is adding a layer of complexity to this multifaceted environment. In response to a long-standing issue with the management and oversight of the many ongoing projects and initiatives within the Secretariat, which the OIG notes has often led to "implementation delays or near failures," the Project Management Office was created in November 2015.<sup>10</sup> Its main purpose is to improve the management, integration

<sup>9</sup> Office of the Inspector General. 2016. Audit Report: The Global Fund Strategy Planning, Implementation and Monitoring Processes, 8 March.

<sup>10</sup> Office of the Inspector General. 2016. 2015 Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund, 35<sup>th</sup> Board Meeting, April.



and monitoring of major projects and initiatives critical for successful strategy implementation. While the SIP is designed to support planning and management for the achievement of strategic priorities, there is a concern among some Secretariat staff members that the SIP is adding a layer of complexity to this multifaceted environment, and some confusion among Secretariat teams as to how the plan is working to improve the coordination of these projects and initiatives. There is, however, acknowledgment that this is likely because the SIP has been in the process of being fully rolled out and becoming fully operational. Additionally, there are ongoing efforts to use the SIP to coordinate activities and to ensure that certain teams are not being over burdened with the implementation of many simultaneous SIP activities.

**Stakeholders also reflected that country teams within GMD have limited awareness of the SIP and its implications on the Global Fund's work at the country level, although there is evidence that this is improving.** Feedback from KIIs has indicated that there is little awareness among the country teams within GMD of the SIP and its implications on the Global Fund's work at the country level. As such, it is unclear how the priorities defined in the SIP will be cascaded into programmatic guidance and decision making. A series of "Road Shows" were delivered in January and February 2017 by the Policy Hub and HR Department to inform Secretariat teams on key aspects of the 2017–22 Strategy; the organizational approach to strategy implementation; and how their respective roles contribute to the achievement of the Strategy and will be performance managed. Although this effort is a strong response to address the concern, it occurred well into the development process for the first wave of funding applications which were due 20 March 2017 and much of the preparatory work to guide the application process had already been conducted by the Secretariat country teams.

### **Differentiated grant procedures and management, including implications of differentiation on the role of Global Fund structures and risk management**

This section responds to **RQ4–8**. It covers the progress made in defining the parameters for, and setting in place, differentiated grant application, review and implementation procedures; perception of Global Fund and country partners about differentiated procedures and transaction costs; the extent to which the implications of differentiation on the roles of Global Fund structures has been considered and appropriately dealt with; and the extent to which appropriate risk management frameworks and plans are in place and effectively used to guide decision making.

### **Differentiated grant application and management processes**

**The Secretariat has defined a framework for the introduction of differentiated processes by country context.** The Differentiation for Impact (D4I) initiative was undertaken in 2015 and 2016 to comprehensively review and rationalize the core business of GMD with a view to increasing operational differentiation, and tailor grant implementation support to the needs and contexts faced by country partners.<sup>11</sup> This resulted in an approved differentiation framework with defined categories for country portfolios, as follows:

- **Focused:** This category is for those countries with smaller portfolios (under US\$75m<sup>12</sup>), lower disease burden (6.4% of global disease burden), and lower mission risk (with a total allocation of up to \$1.6bn).
- **Core:** For those countries with larger portfolios (between \$75m and \$400m), higher disease burden (17.4% of global disease burden), and higher mission risk (with a total allocation of up to \$3.9bn).
- **High Impact:** Very large country portfolios (over \$400m), critical disease burden (76.2% of global disease burden) and critical mission risk (with a total allocation of up to \$9.4bn).

<sup>11</sup> The Global Fund. 2016. Corporate Work Plan & Budget Narrative 2017. 36th Board Meeting, November.

<sup>12</sup> All dollars are US\$.





Two cross-cutting classifications were also defined for challenging operating environments (COE) and transitioning countries.

**Based on the country portfolio categorization, the Secretariat has introduced a differentiated approach to grant application, review and approval processes.** 2017/18 is a transition period in the grant lifecycle with the majority of grants signed under the New Funding Model about to end, and with 229 funding requests for the 2017–19 allocation due to be received over four windows.<sup>13</sup> Reflections from the country visits on the introduction of the differentiated application processes are included in Box 3 below. These processes have been introduced with a view to improving the efficiency of the process, with funding requests falling into the following categories:

- **Program continuation:** This is a streamlined process for continuing programs relying on the Secretariat's and the applicant's analysis of existing information rather than developing a new funding application. It is designed to significantly reduce the level of effort by the applicant, Secretariat and TRP during the access to funding stage. Focused and Core country components are eligible where there is demonstrated performance and no material change needed, or where the implementation period is 2 years or less under an existing grant.<sup>14</sup>
- **Tailored request and review:** This is aimed at better accommodating specific objectives and applicant types to streamline the funding request and review process where possible. It applies to country components where: there is a material change in limited and defined programmatic areas, and in COE countries; transition funding is being used and a transition work plan is the basis of a funding request, or a transition tailored funding request is required due to contextual considerations; and learning opportunities are applied on a pilot basis.
- **Full request and review:** This is a comprehensive overall review of a country's investment approach and strategic priorities, akin to previous application processes. It applies to the following country components: High Impact country components; Focused and Core country components that were not reviewed by the TRP during the previous allocation period or that are referred to full review.

**Box 3: Country perspectives on the introduction of differentiated application processes**

The country visits provided a number of insights and perspectives on the introduction of differentiated application processes, as follows:

- Allocation letters were sent in good time and countries have received timely and appropriate support from the Secretariat for the development of funding applications.
- Application development processes have generally been smooth but there is some frustration that the templates and information requests have changed for successive funding rounds and then with the introduction of the New Funding Model, and for the 2017–19 funding cycle. This has required a lot of time to reorient stakeholders on how to complete the process.
- Nonetheless, full request and review processes (as observed in Kenya and Vietnam) are viewed as being fairly similar to previous processes. Program continuation processes (as observed in Benin and Moldova) are viewed as being simpler and more streamlined.

**Differentiated approaches have also been introduced to the grant-making stage, with streamlined reviews conducted by the Grant Approvals Committee (GAC), and varied requirements by program category in developing the performance framework, detailed budget, and programmatic gap and funding landscape analyses.** Annex 6 provides a more detailed summary of the differentiated funding request and review processes by category.

**There has also been substantial thinking on how to enact differentiated approaches to grant implementation, but these processes have not yet been finalized.** This is expected to include:

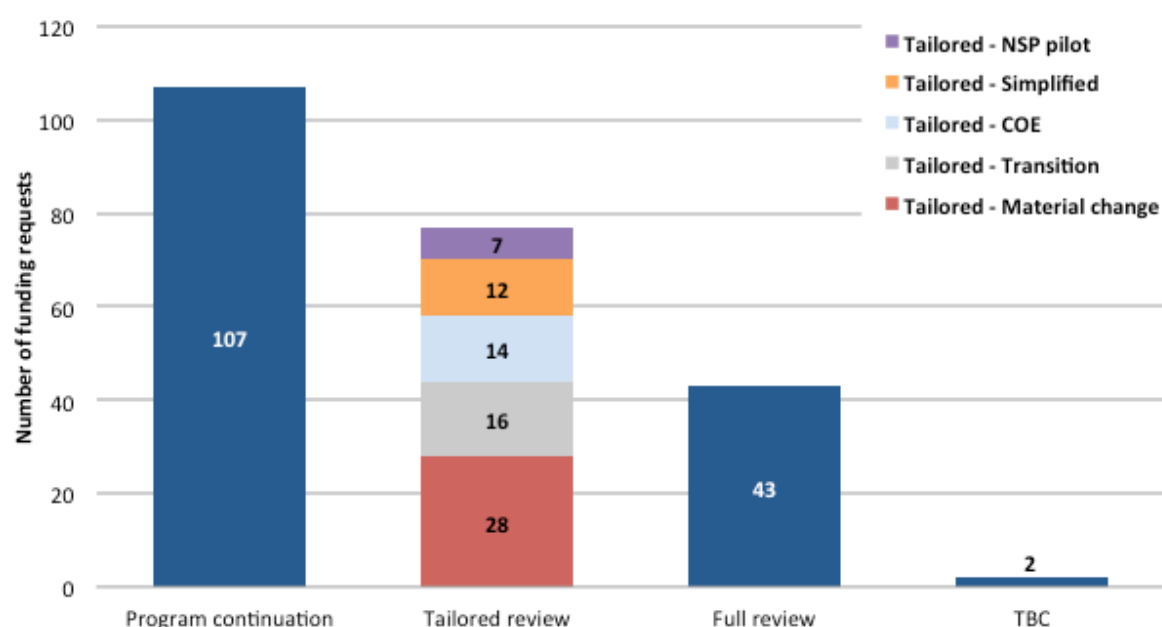
<sup>13</sup> Window 1: 96 funding requests are anticipated by 20 March 2017; Window 2: 56 funding requests are anticipated by 23 May 2017; Window 3: 18 funding requests are anticipated by 28 August 2017; and Window 4: 59 funding requests are anticipated by 31 January 2018. The Global Fund. 2016. Corporate Work Plan & Budget Narrative 2017. 36th Board Meeting, November.

<sup>14</sup> High Impact country components may be considered on a case-by-case basis.



reduced reporting requirements for a subset of grants (e.g. no semi-annual progress update, and no quarterly cash balance and expenditure reports); verification of results and assurance processes; and annual funding decision and disbursement processes. We understand that the full set of differentiated grant implementation processes will be finalized in the coming months. Nonetheless, there are already examples of where the Secretariat has begun to differentiate processes for existing grants, such as in Zimbabwe where an assessment was recently waived due to strong systems already being in place in the country.

**A significant proportion of country portfolios will be subject to streamlined processes.** The criteria used to categorize country portfolios has resulted in the majority of portfolios (64 out of 118) being categorized as Focused, with the remaining split between 30 Core and 24 High Impact. As shown in figure 6, around half (47%) of all funding requests to be received in 2017/18 will be through the program continuation approach, with 34% undergoing a tailored process and 19% subject to a full review. This exceeds the TERG's recommendation to set an "ambitious" target of one third of funding requests being subject to the most streamlined approach during the next allocation period, and two thirds for the subsequent allocation period.



**Figure 6: Breakdown of funding requests due in 2017/18 by category**

**Differentiated processes associated with grant application, review, approval and grant-making are highly likely to significantly reduce transaction costs for countries and the Secretariat.** As noted above and explored in more detail in Annex 6, grant application, review and approval processes and information requirements have been greatly streamlined for the program continuation approach and to some extent for the tailored approach. These measures are expected to have a significant impact on transaction costs for countries, the Secretariat and TRP, reducing the time taken to complete the grant application process from 12–18 months to 6–9 months. While evidence from the country visits is limited given the timing of the review and that only two of the visited countries are undergoing the program continuation approach (Benin and Moldova), these experiences suggest that the application process has generally been smooth and the streamlined processes have been simpler to navigate, leading to some reduction in transaction costs. However, the full gains in terms of reduced transaction costs have not yet been realized and it has taken a long time to familiarize stakeholders with the revised processes. Nonetheless, there has been very high number of applications received by the Secretariat before 20 March 2017 through the first funding window (93, of which 73 used a program continuation application, representing 97% of those expected – significantly higher than for previous windows). This is in part due to a concern by some countries that applying through later windows





would cause a break in funding between grants causing disruption to the procurement and supply of commodities; but it also indicates that countries have responded well to the revised processes and differentiation is expected to have a positive impact on the timeliness of grant-making processes.

**There is also strong potential for differentiated processes to significantly reduce transaction costs associated with grant implementation, particularly for focused country portfolios.** The Secretariat has estimated that expected differentiation measures for grant implementation will result in an overall weighted reduction in grant implementation processes of around 47%, with some processes (e.g. in conducting financial audits) by up to 90%, for country portfolios subject to the most streamlined processes. These processes have not yet been finalized and introduced, and as such, it is too early to test whether they are indeed leading to a reduction in transaction costs. Secretariat stakeholders and the OIG have, however, reported that the full roll out of the Accelerated Integration Management (AIM) initiative alongside the Impact Through Partnership – Transformation (ITP-T) project work offers a significant opportunity for more efficient and effective programmatic decision making and portfolio management through the integration and alignment of processes, data and systems, in line with the differentiated approach.<sup>15</sup>

### Implications of differentiation on the role of Global Fund structures

**There has been a significant effort to define and enact an appropriate organization of human resources with the required skills and capacity to support the differentiated approach, particularly within GMD.** This work initially started with a review of staffing requirements and restructuring within the Program Finance and Controlling Department, part of the Finance, Information Technology, Sourcing and Administration (FISA) Division, in light of the differentiated approach. This work was conducted from mid-2015, with lessons learned feeding into the broader D4I project running from December 2015 to June 2016. These focused on improving the efficiency of GMD's operations by aligning resources with the differentiated approach. This involved a series of assessments to estimate resource needs and staff competencies for the differentiated approach, and as shown in Annex 5, resulted in a significant reallocation of GMD's resources between Focused, Core and High Impact country portfolios.<sup>16</sup> Other departments and teams have also actively considered the implications of differentiation on staffing requirements, including the Legal and Compliance Department, although it was not felt that major changes were required; and the Access to Funding Department, where a reduction in one permanent staff member and 13 temporary staff (from 40 to 27) during peak times was realized due to a reduced requirement for Secretariat time as a result of the streamlined application processes. In line with the revision to TRP processes, the Secretariat has also worked to build the TRP's capacity, and ensure that the TRP's review time decreases on Focused countries, and increases for Core and High Impact countries, especially those in full review.

**The reallocation of staff resources has, however, been enacted before other key change processes, and further revision may be required.** As noted above, the staff differentiation measures were fully enacted by June 2016, ahead of the first release of AIM in July 2016. Feedback from stakeholder interviews has raised the concern that rather than determining resource needs for differentiated

<sup>15</sup> Office of the Inspector General. 2016. 2015 Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund, GF/B35/11, 35<sup>th</sup> Board Meeting, April.

<sup>16</sup> We understand that the estimation of resource needs was guided by a series of principles determined for each country category, as follows: **Focused** countries to be assigned a FPM that would manage between 4 to 5 portfolios and 6.5 to 7.5 grants (with the exception of South Africa), without program officer (PO) support; **Core** countries to be allocated at least 1 FPM and 1 PO, with an additional PO allocated to COE countries with three disease components and an allocation above US\$100m (with the exception of Haiti); **High Impact** countries with an allocation below \$400m to be staffed using the same principles as for Core countries; and **High Impact** countries with an allocation above \$400m to be staffed in line with previous staffing arrangements. The agreed Health Product Management and Public Health and M&E (PHME) specialist resources by region to be allocated between countries based on the size of the country's active grants as a proportion of the region's active grant value.



country portfolios prior to the introduction of AIM, it would have been better to assess the resource needs after the revised processes and procedures (which are expected to result in substantial efficiencies) became well embedded. As such, the lack of synchronization may mean that further staff differentiation measures are required.

**It is as yet unclear whether the changes to human resourcing in GMD will adequately equip country teams to deal with the issues faced in countries, and as a consequence, whether the operationalization of the approach will have the intended consequences (i.e. to improve efficiency and reduce transactions costs).** The criteria used to reallocate GMD resources has had the general effect of reducing human resources allocated to Focused and Core countries, while maintaining existing resources for High Impact countries. New positions have been allocated across the portfolio but mostly in High Impact countries.<sup>17</sup> While this indicates that human resources are being allocated according to strategic priorities, it is not yet clear whether the objective criteria used to determine resource needs between differentiated country categories will adequately equip country teams to deal with the individual and context-specific issues faced in countries. For instance, it can realistically be expected that two countries in the same category and region, and with similar active grant values (e.g. Nepal and Papua New Guinea), might have very different capacity at the country level for planning, application and grant management. As such, the two countries may require very different communications and levels of support from the Secretariat; however, the GMD resources allocated to both are broadly the same.

**Feedback from the country visits indicated that the Secretariat country teams are ably supporting country core processes and are well equipped to do so.** However, the only country team to change as a result of the staffing differentiation measures introduced was for Benin, where 50% of a program officer's (PO) position was removed from the team and which is not felt to have had a negative impact on the team's work. However, as identified in the recent MOPAN report, there may be a lack of capacity within the Secretariat to adequately support the integration of cross-cutting issues into business practices (i.e. related to RSSH, human rights and gender).<sup>18</sup> In Kenya for example, there has been an identified need for greater support around the inclusion of human rights and gender-focused activities in the current funding request.

## Risk management

**The Global Fund has made an active effort to improve and operationalize its risk management framework, taking into consideration the implications of introducing the differentiated approach.** The organization is widely recognized by the OIG and external agencies to have in place strong policies, processes and internal control mechanisms for fiduciary risk management but, as noted by UK's Department for International Development (DFID) as part of its 2016 Multilateral Development Review, requires a "stronger focus on programmatic risk management and a differentiated approach to management of other risks which is sensitive to the local context."<sup>19</sup> The Global Fund has made a concerted effort to improve the organization's risk management framework over time to effectively guide programmatic decision making – this includes: conducting risk reviews on priority countries; placing greater focus on identifying and mitigating key organizational risks; enhancing assurance planning and execution in High Impact country portfolios; and ensuring continuous risk oversight throughout the grant lifecycle. OIG and external reviews also conclude that there has been progress

<sup>17</sup> The main exceptions to this are Core COE countries with three disease components and an allocation of more than \$100m, which have been allocated an additional PO position. Global Fund, 36th Board Meeting, Corporate Work Plan & Budget Narrative 2017, Nov 2016.

<sup>18</sup> MOPAN. 2017. MOPAN 2015–16 Assessments: The Global Fund: Institutional Assessment Report.

<sup>19</sup> DFID. 2016. Multilateral Development Review 2016 Agency Assessment: Global Fund to Fight AIDS, TB and Malaria, December.



in embedding risk management processes across the grant lifecycle.<sup>20</sup> For example, the recent MOPAN report concluded that Global Fund staff frequently referred to risk in interviews and indicated that they “understand potential risk damage,” while staff in the risk department were “sharpening their ability to identify risks,” such as by strengthening their knowledge of the operating context and its challenges.<sup>21</sup>

**To further respond to this issue and in consideration of the implications of introducing the differentiated approach, the Global Fund is implementing a new engagement model for managing grant related risk that shifts focus to early and continuous engagement and formalized oversight.** This will involve risk management experts independently participating in grant decision-making processes, with a view to serving as a “control” at key decision points. This will be accompanied by a differentiated approach to combined assurance, focusing especially on High Impact and Core countries. As such, the approach promotes greater interaction between the first and second lines of defense. The approach is due to be fully rolled out and strengthened in 2017 in coordination with other business initiatives, particularly AIM and ITP-T which will integrate risk management throughout the grant lifecycle. As an additional mechanism to strengthen internal risk management, the Enterprise Risk Committee has been initiated to proactively identify and deal with enterprise-wide risks, the output of which is reflected in the Organizational Risk Register – these are risks that may jeopardize the achievement of strategic objectives, as identified and prioritized by senior management.<sup>22</sup> The organization has also adopted the international Committee of Sponsoring Organizations internal control framework, a recognized best practice, as the basis for structured evaluation of controls in core business functions.<sup>23</sup>

**Stakeholders generally recognized that this work needs to be expedited and fully implemented if teams are to effectively identify, mitigate and monitor risks that may negatively affect the achievement of grant objectives.**<sup>24</sup> While risk management is being prioritized and integrated throughout the grant lifecycle (e.g. through AIM and the ITP-T project), some stakeholders reflected that there is a constant stream of evaluation and audit processes underway that takes a significant amount of staff time, particularly within GMD, and that the organization may be placing too great a focus on risk management at the expense of focusing on grant implementation. As such, there is felt to be an opportunity, once processes are fully embedded, to reduce and streamline some requirements. For example, this might include reducing the number and/or rigor of OIG reviews and audits; though, future plans for these activities have not been defined.

**There is also evidence that the Global Fund is further seeking to support new and potentially rewarding approaches to strike a better balance between managing risks and maximizing impact.** Through the 2017–19 funding cycle, the Global Fund has demonstrated its willingness to continue to move away from being a “risk averse” organization by accepting an increased degree of programmatic risk through the prioritization of a number of new and potentially programmatically risky but rewarding approaches, in line with its strategic priorities.<sup>25</sup> This has included the greater prioritization of support for issues related to RSSH, human rights, gender and KAPs, as well as, through catalytic funding which is designed to inspire innovation and ambitious programming approaches, including specific budgets of \$50m under RSSH for “data systems, data generation and use for programmatic action and quality improvement,” and \$10m under Procurement and Supply Management for an

<sup>20</sup> Office of the Inspector General. 2016. Progress Report Year to Date (January to September 2016), 36<sup>th</sup> Board Meeting, November.

<sup>21</sup> MOPAN. 2017. MOPAN 2015–16 Assessments: The Global Fund: Institutional Assessment Report.

<sup>22</sup> The Global Fund. 2016. Risk Management Report, 36<sup>th</sup> Board Meeting, November.

<sup>23</sup> The Global Fund. 2016. Corporate Work Plan & Budget Narrative 2017. 36<sup>th</sup> Board Meeting, November.

<sup>24</sup> Office of the Inspector General. 2016. Progress Report Year to Date (January to September 2016), 36<sup>th</sup> Board Meeting, November.

<sup>25</sup> Great Britain: Parliament: House of Commons: International Development Committee. 2012. DFID’s contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria: first report of session 2012–13, vol. 1; Stephen J. Morrison, Center for Strategic & International Studies. 2013. Global Health Policy in the Second Obama Term.



Innovation Challenge Fund targeted at the private sector. The ITP-T operational framework described above is also expected to play a role in linking risk management processes to programmatic decision making with the explicit objective to maximize impact. One senior Secretariat stakeholder also noted a greater willingness among the Board to openly discuss programmatic risk appetite to maximize impact, which is seen as a major step forward in terms of embedding the principles of risk management within the organization.



#### 4.1.4 Summary of conclusions

##### Translation of Strategy into prioritized action plans for implementation

- The Secretariat has well prepared to implement the 2017–22 Strategy by holistically considering the key linkages between the strategy, the identification and prioritization of activities, the allocation of funds, and the measurement of results.
- The broad set of strategic priorities for 2017–22 are translated into a prioritized and actionable implementation plan for 2017 – the SIP, which defines core activities to drive the Strategy forward.
- The identification and prioritization of activities in the SIP is based on a clear framework that links to the achievement of strategic objectives, and a good understanding of the critical path to impact. This represents a major improvement in the organization’s strategic planning processes.
- There is, however, a need to further prioritize the set of activities to ensure the Secretariat can realistically implement them in 2017 and beyond. There is an ongoing effort (driven at the most senior levels) to further prioritize the broad set of SIP activities as it is widely recognized that there are too many activities to action in the short term given the Secretariat’s limited capacity and ongoing workload.
- In addition, there is a need to ensure (e.g. through the ITP-2 project) that these short-term activities link to a broader set of activities that will allow for the achievement of strategic objectives by 2022. There is also a need to ensure that other areas of work to facilitate more efficient and effective working practices, such as through AIM and the ITP-T project, are fully operationalized to support the achievement of strategic objectives.
- Related to the timing of this review and some delays in rolling out the SIP, there have also been some concerns that the SIP is not helping to coordinate the many ongoing projects and initiatives within the Secretariat, and that there is limited awareness of the SIP among country teams. There is, however, evidence that these issues are being addressed, such as through the “Road Shows” that were delivered to Secretariat teams to inform them on key aspects of the Strategy and its implementation.

##### Differentiated grant procedures and management, including implications of differentiation on the role of Global Fund structures and risk management

##### Differentiated grant application and management processes:

- The Global Fund has demonstrated a significant commitment toward introducing differentiated approaches across the grant lifecycle, particularly at the access to funding stage (differentiated grant implementation approaches are currently being finalized) with almost half of all funding requests expected to go through the most streamlined application approach (program continuation).
- These measures are expected to have a significant impact on transaction costs for countries and the Secretariat – early evidence from Itad’s review of the documentation, KII’s and country visits supports this assertion, although it is too early to make a fully informed judgment.

##### Implications of differentiation on the role of Global Fund structures

- The implications of differentiation on the role of Global Fund structures have been actively considered and appropriately dealt with. In particular, there has been a significant effort within the Secretariat to define and enact an appropriate organization of human resources with the required skills and capacity to support the differentiated approach, particularly within GMD.
- However, concerns related to the way the reorganization of human resources was determined and a lack of capacity to support the integration of cross-cutting issues into business practices mean it is unclear whether country teams will be adequately equipped to deal with the issues faced in countries, and as a consequence, whether the operationalization of the approach will have the intended consequences on efficiency and transactions costs.



- The Secretariat has also worked to build the capacity of the TRP to support the differentiated approach, and is in the process of enacting a new model of engagement for the Risk Management Department that responds to the needs of the differentiated approach. It is, however, as yet unclear how and whether an enhanced risk management function will lead to a shift in the interaction between the first and second lines of defense with the third line of defense, specifically related to the role of the OIG.

## Risk management

- The Global Fund is making clear and demonstrable progress in improving and operationalizing its risk management framework in light of the differentiated approach, creating a stronger system for the management of financial and programmatic risk.
- There is some evidence that the Global Fund is seeking to strike a better balance between managing risks and maximizing impact by supporting new and potentially rewarding approaches.
- Nonetheless, while it is recognized that this work needs to be expedited and fully implemented if teams are to effectively identify, mitigate and monitor risks that may negatively affect the achievement of grant objectives, there is a concern that the organization may be placing too great a focus on risk management.

## 4.2 Cluster 2: Country partnerships and sustainability

### 4.2.1 Summary of recommendations follow-up










The table below presents a summary of our appraisal of responses to recommendations, conducted for those recommendations relating to Cluster 2. The full appraisal is presented in Appendix 3.

**Table 5: Summary of recommendations follow-up – Cluster 2**

# of recs and rating <sup>26</sup>	Details
<b>Sustainability, transition and co-financing</b>	
	Good progress made toward the SR2015 recommendation to plan for and operationalize sustainability initiatives, and broaden the concept of sustainability beyond a concern around transition.
	<p>Good progress made toward three of the recommendations made in the TERG Position Paper on sustainability, in terms of developing the Sustainability, Transition and Co-Financing Policy; collaborating with key development partners for technical assistance (TA) provision through partnership agreements and the ITP pilot; increasing co-financing requirements; implementing the prospective country evaluations; and exploring the extent to which innovative financing mechanisms may support STC policy implementation.</p> <p>While there has been some progress by the Secretariat in responding to the recommendation on better clarifying transition grants and timelines, there is still a lack of clarity on a number of issues in relation to this modality.</p>
<b>Country ownership</b>	
	Progress appears to be being made toward the SR2015 recommendation to “give greater priority to national ownership.” Although the Global Fund has a statement and definition on what it considers to be country ownership, this may conflict with the political and cultural context of a country. Evidence indicates that this is limiting the full achievement of this recommendation.

<sup>26</sup> Key at the bottom of the table.



# of recs and rating <sup>26</sup>	Details
	The Secretariat has responded to the SR2015 recommendation by continuing the current approach of having pragmatic and more formal agreements with partners for short-term technical assistance, although the sustainability of this approach has come into question and there may be a need to rethink the overall approach to better ensure long-term impact.
	There has been progress in implementing the recommendation made in the TERG Position Paper on HSS to increase collaboration with disease-specific partners, such as through ITP-2. However, issues around absorptive capacity and timely programmatic implementation still need to be resolved.
<b>RSSH</b>	
	There is evidence to demonstrate that the Global Fund has responded well to the SR2015 recommendation to promote more integrated, health systems-oriented investments, although it is less certain how and whether this contributes to national universal health coverage.
	<p>The Secretariat has responded robustly to eight recommendations made in the TERG Position Paper on HSS on supporting the country dialogue process for effective investments in HSS; enhancing the TRP review of HSS components of funding requests; assuming a role in the global discourse around universal health care and collaborating with partners to conduct quality systems analysis, prioritize harmonized investments (e.g. through International Health Partnership countries: IHP+), and enhance technical assistance partnerships for HSS.</p> <p>One recommendation relating to establishing an RSSH position in a partner agency was not felt to be relevant and good use of resources by the Secretariat, and was not taken forward.</p>
<b>Human rights and gender</b>	
	The Secretariat has responded to the SR2015 recommendation by supporting country teams to prioritize investments to advance gender equality and promote human rights, including through engagement with policy-makers and practitioners in countries.
<b>Challenging operating environments</b>	
	The Secretariat has responded robustly to recommendations in the TERG Position Paper: Review of the Global Fund's Emergency Fund to continue the Emergency Fund while promoting innovation and flexibility, strengthen the application and implementation processes, strengthen partnerships, exploring reprogramming and other innovations to complement the Emergency Fund, promote learning, and identify mechanisms to address sustainability issues.
<b>Regional and multi-country grants</b>	
	<p>The Secretariat has responded robustly to seven recommendations made in the TERG Position Paper: Review of regional and multi-country grants to identify regional priorities; allow provision for innovation; briefing the TRP; clarify what constitutes a multi-country grant and allow greater flexibility in how multi-country grants are funded; align multi-country grants with existing regional and country activities and gaps; ensure that grants include specific value-adding elements; and provide guidance to Regional Coordinating Mechanisms (RCMs) and regional organizations.</p> <p>Some progress has been made in implementing three recommendations relating to the TRPs weighting of pre-existing regional entities; documenting good governance structures; and providing guidance on independent oversight of multi-country grants. It is understood that these aspects will be taken forward as the multi-country grant mechanism is being finalized.</p> <p>Four recommendations were not taken forward, including a recommendation to retain the two-stage application process (processes have been streamlined to a single stage for</p>





# of recs and rating <sup>26</sup>	Details
	“continuation” and “limited request for proposals”); provide regional grants with a minimum duration of 5 years (which has not been taken forward); commission a cost-benefit analysis; and guide the development of performance frameworks for advocacy-focused grants.
<b>Key</b>	<p>Each circle represents a recommendation. The color represents the rating on traffic light scale:</p> <ul style="list-style-type: none"> <li><span style="color: green;">●</span> Clear evidence that the recommendation has been/is being addressed.</li> <li><span style="color: orange;">●</span> Some evidence that the recommendation has been/is being addressed and/or that the recommendation is not fully relevant or actionable.</li> <li><span style="color: red;">●</span> Limited or no evidence that the recommendation has been/will be addressed.</li> </ul>

## 4.2.2 Overview of findings

### Programmatic sustainability and transition (including absorptive capacity)

The Global Fund has defined what it considers to be a sustainable response (post-Global Fund exit) in its Sustainability, Transition and Co-financing (STC) Policy. The Secretariat has also provided comprehensive guidance on transition, and has initiated assessments and planning for those countries scheduled to transition well in advance of the planned exit.

There is modest evidence to suggest that the STC Policy, once implemented, will affect the sustainability of Global Fund’s support and there are, for example, particular issues (such as the lack of legal frameworks, policies, planning, and capacity for CSOs to access non-donor funds) in ensuring the sustainability of non-state supported activities. It also appears that transition planning is more often initiated and steered by the country team/fund portfolio manager (FPM) than this process being owned by country stakeholders (which is to be expected in countries where there is an ongoing desire for Global Fund support). Finally, although issues related to absorptive capacity are reported as being addressed across the program cycle, the experience of ITP suggests that absorptive capacity continues to remain an issue even when special initiatives are undertaken to address this challenge.

While the Global Fund has a statement and definition on what it considers to be country ownership, there are some issues with putting the principles of country ownership into practice, such as where the Global Fund’s objectives may justifiably not align with the political and cultural context of a country or region (for example Sub-Saharan Africa anti-sodomy/homosexuality laws, Eastern European laws which restrict substitution therapies for injecting drug users, and the criminalization of sex work).

### Country partnerships

The Global Fund has also invested significant resources and efforts in pushing forward country partnership work – e.g. through the ITP pilot in 20 countries; and framework agreements with partners through which technical assistance has been provided at the country level, such as with WHO, UNAIDS, GLC, UNFPA, UNICEF. There has, however, been mixed success in leveraging these partnerships for impact (which is acknowledged to be very context specific), and a significant concern related to the sustainability of technical assistance interventions provided.

### Resilient and sustainable systems for health

The Global Fund has increasingly prioritized the strengthening of health systems over time and it has developed a suite of tools, including an RSSH dashboard, modular template and investments guidelines, to support the increased focus on RSSH. There has also been an effort to prioritize specific RSSH areas in order to focus its efforts where the organization is “best placed” to make an impact, and where investments will likely make the largest contribution to Global Fund disease-specific results. There is, however, an ongoing concern that there is a lack of understanding on how to most





effectively operationalize RSSH funding to support the achievement of the Global Fund's objectives and the country visits highlighted some issues with using the allocation for the three diseases for RSSH.

### Human rights and gender

There has been a shift within the Secretariat to prioritize human rights and gender, driven by internal high-level political support for the issue, and greater representation from KAPs on Global Fund country coordination mechanisms (CCMs) has helped to increase attention to human rights and gender issues at the country level. The Global Fund has made a significant investment in addressing human rights and gender issues and has made progress in this regard being viewed by some as a "movement for change" on these issues, although further progress is hampered by a lack of financial, technical and political support from key stakeholders in countries. However, the critical question of the extent to which the Global Fund, as a financing institution can, or cannot, influence the "big picture" that shapes gender and key population contexts in countries remains and there are still challenges in understanding how to most effectively operationalize human rights and gender to support the achievement of the Global Fund's objectives.

#### 4.2.3 Detailed findings by sub-issue

##### Programmatic sustainability and transition (incl. absorptive capacity)

This section responds to **RQ9–11**. It covers the extent to which sustainability issues have been addressed; whether adequate notice is being given to countries ahead of transition and the extent to which support has been tailored to areas that are not domestically funded; and the extent to which the issue of absorptive capacity is being addressed across the program cycle.

**The Global Fund has defined what it considers to be a sustainable response (post-Global Fund exit), provided guidance on transition, and has initiated assessments and planning for those countries scheduled to transition.** The Global Fund, in its STC Policy, defines sustainability as the "ability of a health program or country to both maintain and scale up service coverage to a level, in line with epidemiological context, that will provide for continuing control of a public health problem and support efforts for elimination of the three diseases, even after the removal of external funding by the Global Fund and other major external donors." The Secretariat has also issued several documents, provided webinars (primarily for internal Secretariat staff training) and disseminated tools related to issues of STC in order to increase awareness, roll out the policy, and initiate discussions with countries scheduled to transition. This has included explicit guidance on the criteria used to determine when countries will transition (although noting that projections are not binding) and the development of the Transition Readiness Assessment and Transition Work Plan to aid the transition process. Similarly, within the allocation methodology, it has developed a category specifically for transition funding and has developed the corresponding funding request.<sup>27,28,29</sup> In the case of the country studies in this review, the Global Fund has provided support to Moldova in its transition planning, as well as, other non-study countries such as Georgia,<sup>30</sup> Thailand and South Africa (among others).<sup>31</sup>

<sup>27</sup> Per the Global Fund's "Sustainability, Transition and Co-Financing Policy Overview," transition is the process by which a "component" (or grant focused on one of the diseases) moves toward independent domestic funding and implementation while at the least maintaining coverage and quality of service delivery. The determination for a country to transition is primarily derived from its income classification, but low or moderate disease burden country portfolios are also considered.

<sup>28</sup> The Global Fund. 2017. Guidance Note: Sustainability, Transition and Co-financing of programs, 13 January.

<sup>29</sup> Sustainability, Transition, and Co-Financing External Webinar.

<sup>30</sup> Transition from Global Fund Support and Programmatic Sustainability Research in Four CEE/CIS Countries (Georgia Country Study), 2015.

<sup>31</sup> Handing Over Health: Experiences with Global Fund Transitions and Sustainability Planning in Serbia, Thailand and South Africa.



**There is modest evidence on how the STC Policy will affect the sustainability of Global Fund's support.** New aspects of the STC Policy respond to lessons learned in Eastern European countries (Croatia, Estonia and Romania) that were offered Global Fund financing in the early rounds, but were later deemed ineligible mainly because of their ascension to the European Union. In all three cases, many of the activities, specifically those that were either implemented by CSOs or primarily aimed at addressing KAP issues, did not endure for any significant length of time after the Global Fund withdrew. This was further supported by a study finding that very few National Strategic Plans (NSPs) paid attention to sustainability and most did not contain a resource mobilization strategy.<sup>32</sup> Likewise, most NSPs did not include sections on or mention sustainability leaving the impression that implementation will be expected to continue to rely on external sources.<sup>33</sup> While regional and/or multi-country grants might be one possible avenue to address issues of sustainability for ineligible countries, this would require both a willingness by the country to participate, sufficient resources dedicated to address these issues, and a strong regional partner to ensure the success of the sustainability activities. To date, the results under regional/multi-country grants have been, at best, mixed.<sup>34</sup>

Additionally, most stakeholders in Moldova (the only possible near-term transition country case study) expressed concern as to whether efforts in addressing HIV and TB would be sustained post-Global Fund. Even though, in accordance with the STC Policy and operational guidance, Moldova has completed a Transition Readiness Assessment as well as a Transition Plan, stakeholders still noted that the financial capacity of the Government of Moldova to sustain the services currently supported by the Global Fund is uncertain, as is the professional capacity to sustain the same level of program management provided by the principal recipients and sub-recipients. In Benin, which is not scheduled to transition in the near future, dialogue has begun around issues of sustainability. Stakeholders expressed the need to address the more urgent priority of the government meeting its domestic health financing commitments, as well as the lack of human resources, to implement domestically funded health programs.

**There are particular issues in ensuring the sustainability of non-state supported activities.** As noted in the "Guidance Note: Sustainability, Transition and Co-financing of Programs Supported by the Global Fund," dual track financing was originally one of the Global Fund's initiatives to ensure the necessary development and inclusion of non-state actors in national responses. While it was successful in elevating the role of non-state actors and increased their capacity to participate in the national disease response, the experience of countries that have already transitioned from Global Fund support suggests that there are challenges to maintaining non-state actors as implementers and to sustaining prevention activities, especially those targeting key populations.<sup>35</sup>

For example, in Vietnam the sustainability of the civil society response and engagement in the three diseases was raised by civil society and acknowledged by a number of partners, given that these organizations are not legally registered and are seen to survive and thrive largely because of Global Fund support. The need to embed CSOs in future dialogue regarding the country response was identified as key for urgent advocacy and policy change in Vietnam. Likewise, in Moldova in the upcoming year there will be an attempt via a pilot project to contract CSOs via the National Health Insurance Fund to provide HIV services. However, a number of stakeholders expressed skepticism as to whether this pilot would be successful, citing a variety of reasons (this is a new implementation

<sup>32</sup> Euro Health Group. 2016. Thematic Review of National Strategic Plans against the Minimum Requirements for their Use in the Global Fund's Funding Application Process, July

<sup>33</sup> Euro Health Group. 2016. Thematic Review of National Strategic Plans against the minimum requirements for their Use in the Global Fund's Funding Application Process, July.

<sup>34</sup> Euro Health Group. 2016. TERG Thematic Review of the Global Fund's Regional/Multi-country Grants.

<sup>35</sup> The Global Fund. 2017. Guidance Note: Sustainability, Transition and Co-financing of programs, 13 January.



modality for civil society, whether there was a true commitment by the government to this initiative, and issues around defining exactly what services a civil society organization could provide.)

**The Global Fund has issued explicit guidance regarding the criteria it will use to determine when a country will transition<sup>36</sup> and in October 2016 it disseminated this document to participant countries.**

The Global Fund document “Projected Transitions from Global Fund Support by 2025 – projections by component” states when and which countries (or disease components will transition) and encourages countries to start planning for transition at least 10 years before funding for disease components is projected to end. Further, as noted above, the Global Fund has developed tools to assist countries that have been given special consideration as transition countries within the allocation methodology.

**Nonetheless, it appears that transition planning is more often initiated and steered by the country team/FPM than relying on country ownership.**

In Moldova, while almost all stakeholders expressed confidence in the Transition Plan that was developed, most also noted that, if it were not for the FPM’s persistent insistence that the plan be developed, it may not have occurred otherwise.

**Although issues related to absorptive capacity are reported as being addressed across the program cycle, the experience of ITP suggests that absorptive capacity continues to remain an issue even when special initiatives are undertaken to address this challenge.** As per the documents reviewed,<sup>37</sup> absorptive capacity is being addressed during all parts of the program cycle from initial allocations (which examines past performance, including absorptive capacity) to grant implementation and corresponding disbursements; and to the grant end date at which point unused funds are reclaimed by the Global Fund for use elsewhere (portfolio optimization investments). As noted in the “Implementation Through Partnership (ITP) Project Results Summary: 20 December 2016,” the disbursement rate for the project countries was targeted at 100%, but, remained below 70% for the time period under review (January–November 2016). While this did demonstrate a 14% increase from the same time period for 2015 (56% versus 70%), it was below the disbursement rate for non-participating countries (80%). Likewise, the absorption rate (or actual expenditure versus the grant budget) was targeted for 90%, but, did not achieve even half of the target (42% for quarter 1 and 2 of 2016). This was even lower than that achieved in 2015 (absorption rate of 62%).

<sup>36</sup> Per the Global Fund’s “Sustainability, Transition and Co-Financing Policy Overview,” transition is the process by which a “component” (or grant focused on one of the diseases) moves toward independent domestic funding and implementation while at the least maintaining coverage and quality of service delivery. The determination for a country to transition is primarily derived from its income classification, but, low or moderate disease burden are considered.

<sup>37</sup> (a) Thirtieth Board Meeting Geneva, Switzerland, 7–8 November 2013; (b) Introduction to the 2017–19 funding cycle and the differentiated funding application process: Access to Funding Training; (c) Thematic Review of the Allocation Methodology.



## Country ownership

This section responds to **RQ12**. It covers the extent to which greater priority has been accorded to strengthening country ownership.

**While the Global Fund has a statement and definition on what it considers to be “country ownership,” there are issues with putting these principles into practice.** The Global Fund has issued numerous statements and policies that place country ownership as one of its key founding principles, which is evidenced to some extent through the Global Fund’s processes. The Global Fund defines country ownership as “People implementing programs on the ground know best how to respond to HIV, TB and malaria in their local contexts. Country ownership means that people determine their own solutions to fighting these three diseases, and take full responsibility for them. Each country tailors its response to the *political, cultural* and epidemiological context.”<sup>38</sup> As set out in the 2017–22 Strategy, the Global Fund has certain defined parameters, criteria and objectives that need to be satisfied for programs and activities to be supported – for example, activities must have the highest impact and be cost-effective, civil society and KAP participation must be ensured, there must be transparency and accountability, etc. However, these objectives may justifiably not align with the political and cultural context of a country, particularly when certain populations are highly stigmatized or their activities are illegal. As such, substantial contradictions and challenges may result from this definition of “country ownership.”

Another process that appears to demonstrate the Global Fund’s commitment to country ownership is the movement toward using NSPs as the basis of funding requests. However, the Global Fund has stated “technical assistance provided through the Cooperation Agreements has likely contributed to quality NSPs and concept notes in several areas, although establishing a direct link is challenging, especially for grant-making TA. In some cases, NSPs were developed specifically to serve the Global Fund Concept Notes, which is not the best way to ensure country ownership.” Further, as noted in one review: “Only four of the 22 NSPs (18%) provide verifiable indications of the adoption of the NSP into the overall government fiscal envelope and/or overall government planning system.”<sup>39</sup>

## Country partnerships

This section responds to **RQ13**. It covers the extent to which the Global Fund is leveraging partnerships to ensure impact at country level.

**The Global Fund has also invested significant resources and efforts in pushing forward country partnership work, with mixed success in leveraging partnerships for impact, which is in any case acknowledged to be very context specific.** The ITP project was designed to increase the effectiveness and efficiency of implementation in 20 countries through shared ownership and mutual accountability, in collaboration with technical and development partners. Our review of Global Fund’s documentation on ITP suggests that while partners had completed most of the required actions, and policies were updated to ensure more efficient implementation, absorptive capacity and progress on programmatic results and longer-term impact lagged. However, this might be in part due to the short time period of ITP.

**The ability to leverage partnerships at the country level is, however, very context specific, often depending on how many technical and development partners are in-country, how engaged they are in the health sector, and what their health priorities are.** This makes ensuring “impact” a difficult issue to quantify. For the four countries that participated in the case study, the number of technical and development partners present in-country and engaging in the health sector, specifically in the three diseases, varies widely. For example, in Kenya (where the ITP project was reported to work well,

<sup>38</sup> <https://www.theglobalfund.org/en/overview/>

<sup>39</sup> The Global Fund. 2015. Progress update on the funding model: January–February 2015. GF/B32/ER08. Board Information.



although there was no awareness of it among country stakeholders), there is significant presence by major development partners working in all of the three diseases and HSS, and very strong partnership between these stakeholders, the government and civil society, with stakeholders generally working effectively through the CCM, Interagency Coordinating Committees, and other forums. Likewise, in Vietnam, the Department of Planning and Finance within the Ministry of Health leads, plans and coordinates all external investments, in order to ensure that support to the health sector is harmonized and well-aligned with national priorities. The health portfolio is divided up between development partners geographically to ensure efficiency and no overlap of activities. This is in contrast to Moldova where there is currently very limited engagement by development partners or technical assistance agencies in the areas of HIV, TB and HSS (and there is no malaria in Moldova). As such, there are more opportunities in some countries to leverage partnerships than others.

**The Global Fund has several framework agreements with technical and development partners through which technical assistance has been provided at the country level; however, there is a significant concern related to the sustainability of these interventions.** The Global Fund typically engages with other development partners at the country level via the FPM/country team's ongoing direct dialogue before, during, and after the funding request process (e.g. in Kenya with PEPFAR), sometimes under the coordination and direction of the Ministry of Health (e.g. in Vietnam), and in its in-country and virtual discussions with the CCM (e.g. in Moldova where several UN agencies sit on the CCM). It has also coordinated collaboration with other development partners in the provision of technical assistance (e.g. USG 5% TA, Expertise France, German BACKUP Initiative), joined the Global Health Cluster with observer status, and specifically entered into Cooperation Agreements with several technical assistance partners. During 2014, for example, World Health Organization (WHO) reported 236 requests for technical collaboration from 73 countries during the development of concept notes, and UNAIDS assisted over 40 countries with 83 technical support requests.<sup>40</sup> With regard to country-level results, the extent of TA support correlated positively with fewer concept note iterations; but, analysis found that it did not support capacity building for recipient countries to develop funding requests without future TA, which was a missed opportunity.

## Resilient and Sustainable Systems for Health

This section responds to **RQ14–15**. It covers the progress made in refocusing the Global Fund's support towards RSSH as well as the extent to which sub-components of RSSH supported by the Global Fund are contributing to building stronger national health systems.

**The Global Fund has increasingly prioritized the strengthening of health systems over time.** One of the most obvious illustrations of this is the inclusion of RSSH as a strategic objective in the 2017–22 Strategy. There are also many other examples of the Global Fund's increased commitment to RSSH. Proposals including cross-cutting HSS content increased from 35 countries (21.9% of eligible countries) during the rounds-based funding model to 94 (88%) countries under the new funding model (NFM).<sup>41</sup> The 2015 review of the Global Fund's HSS work also found that under the new funding model, an increasing number of countries requested support for cross-cutting HSS support.<sup>42</sup> Several key informants noted that RSSH is reflected as a strong priority for the 2017–19 funding cycle, while the RSSH information note makes it clear that “applicants are also strongly encouraged, when appropriate, to develop a comprehensive response to addressing all diseases and relevant health system issues by either preparing a single funding application for the three diseases and RSSH, or

<sup>40</sup> The Global Fund. 2015. Progress update on the funding model: January–February 2015. GF/B32/ER08. Board Information.

<sup>41</sup> Euro Health Group. 2015. Thematic Review on the Global Fund's Health System Strengthening Support related to the “Middle” of the Results Chain, June.

<sup>42</sup> *Ibid.*



simultaneously submitting multiple disease applications with a strong focus on RSSH (or multiple disease applications and a stand-alone RSSH application)."<sup>43</sup>

**The Global Fund has developed a suite of tools to support the increased focus on RSSH.** The Secretariat has developed an RSSH dashboard tool, RSSH information note and guidelines and technical briefs on key aspects of RSSH for the 2017–19 funding cycle. The RSSH dashboard, which one key informant described as “the most useful tool,” provides an entry for country dialogue by analyzing the overall performance of a country’s health system and identifying potential areas for Global Fund investment. This involves assessing each element of health system strengthening (health workforce, service delivery, procurement and supply chain management, health system information, health financing, public financial management, and leadership/governance) against a series of performance indicators to produce a “heat map” of areas for improvement, in order to assess performance against Global Fund investment and to identify potential areas for further discussion. For example, the Ghana and Malawi RSSH dashboard analyzes identified significant weaknesses in the health workforce and in the availability of infrastructure and equipment and highlighted health system governance as an area where further improvement was needed. The Central African Republic dashboard analysis revealed significant weaknesses in the health workforce, infrastructure and equipment, access to treatment and health system leadership and governance. One weakness of the RSSH dashboard tool, however, is that, currently, it does not capture community responses or community system strengthening. Anecdotal evidence suggests that the TERG’s recommendations have been particularly important in increasing support for RSSH. One key informant said they really use the TERG’s thematic review of HSS “to run around the building with those recommendations and to tell everybody, see, this is what we’re going to do.”

**The Secretariat has made some effort to prioritize RSSH areas where the Global Fund is “best placed” to have an impact, and where investments will likely make the largest contribution to Global Fund disease-specific results.** Interviews with the Secretariat and country visits demonstrated that two sub-objectives under RSSH have been prioritized as areas where the Global Fund is “best placed” to have an impact, add value over other partners, and where investments will likely make the largest contribution to Global Fund disease-specific results. These are procurement and supply chain management (PSM), in order to prevent stock outs of drugs and essential medical supplies, and strengthening disease-specific data management systems, to ensure that Global Fund investments are maximizing its impact on the three diseases. For challenging operating environments, human resources and PSM are considered the highest priorities while in countries moving toward transition, public financial management and social contracting of non-state actors and non-governmental organizations (NGOs) were considered a priority. The RSSH information note also emphasizes that “Efficient procurement and effective and sustainable supply chain systems, as key components of resilient and sustainable systems for health, are central to achieving the core mission of the Global Fund.”<sup>44</sup>

**Specific guidelines have been developed on community systems, human resources for health, laboratory services, and reproductive, maternal, newborn, child and adolescent health indicating that the Global Fund considers these priorities for investment in the 2017–19 funding round.** The ITP project also highlighted community responses and systems, PSM, laboratory systems, information systems and public financial management as important areas for RSSH investments. The Global Fund has already made significant contributions in this regard. Specific PSM investments have included the establishment of a new department within the Grant Management Division, the development of a new supply chain strategy, catalytic funding investment of \$20 million for a funding mechanism for

<sup>43</sup> Building Resilient and Sustainable Systems for Health through Global Fund Investments Information Note, 15 December 2016 Geneva, Switzerland.

<sup>44</sup> *Ibid.*





diagnostics,<sup>45</sup> and active participation in an inter-supply group hosted by UNICEF. In Vietnam, the Global Fund's work on strengthening data on key populations was considered valuable and a number of stakeholders mentioned the growing need for an integrated management information system. In Kenya and Benin, data and health management information systems have been identified as one of their four RSSH priorities. Moldova has identified the need to further strengthen its HIV monitoring and evaluation (M&E) system and, in 2017, will work toward strengthening its second generation surveillance, data quality assurance and data collection.

**There is, however, a concern that there is a lack of understanding on how to most effectively operationalize RSSH funding to support the achievement of the Global Fund's objectives.** Despite the substantial information and guidance provided on RSSH for the 2017–19 funding cycle, feedback from the Secretariat and country visits indicates that there remains a lack of understanding on how to most effectively operationalize RSSH funding to support the achievement of the Global Fund's objectives. One key informant, for example, shared that although “everyone talks about RSSH” the Global Fund is not necessarily learning from reviews of its HSS work. Another key informant highlighted that while it was good that the Global Fund had further prioritized RSSH through the new Strategy, some of the Secretariat staff responsible for this are more familiar with the WHO HSS framework and found it difficult to integrate a community response into the Global Fund's approach. At the country level, in Kenya, while stakeholder feedback indicated that the Global Fund's new Strategy had facilitated greater thinking and dialogue around RSSH and that there had been good guidance from the Secretariat, there was still some uncertainty on the extent to which of these activities should strengthen the health system generally and/or seek to directly benefit the Global Fund's results for the three diseases.

**The country visits highlighted some issues with using the allocation for the three diseases for RSSH.** In Kenya, stakeholders reported that while RSSH was a priority, there is a concern that apportioning funds for RSSH from the broader allocation will reduce funding for the three diseases. This has also been an issue in Benin, which has created challenges for the FPM but also raised some concerns at the country level with regard to the HIV grant in particular, where the country had hoped to do more to address stigma and discrimination but now has a reduced HIV allocation.

## Human rights and gender

This section responds to **RQ16–17**. It covers the level of engagement of the Global Fund country teams with policy-makers and practitioners on human rights and gender as well as the extent to which the Global Fund's commitment to human rights and gender is resulting in increased attention to these issues in concept notes and overall investment in human rights and gender activities.

**Significant investment in human rights and gender has been made in recent years and Global Fund processes have been revised to better address human rights and gender equity.** The Global Fund's support of human rights and gender is evidenced by it being one of the four objectives of its 2017–22 strategy (with associated KPIs and operational objectives). There have been specific investments in human rights and gender equity at the Secretariat, including an increase in human resources in the Community Rights and Gender department from three staff in 2013 to an expected 14 staff by the end of 2017. The Strategic Actions for Gender Equality (SAGE) initiative in 2016 aimed to integrate gender and gender equality into core business and supported the scaling up programs for adolescent girls and young women in 13 countries.<sup>46</sup> In 2014, \$15 million was allocated for a Community Rights and Gender Special Initiative to enhance civil society engagement in-country dialogue and concept note development and to support the long-term capacity development of key population networks. For the

<sup>45</sup> The Global Fund. 2016. Update on Sourcing and Supply Chain. For Board Information. 36th Board Meeting. GF/B36/16. 16–17 November. Ppt presentation

<sup>46</sup> The Global Fund. 2016. Community, Rights and Gender Update. For Board Information. GF/B36/16. Montreux, Switzerland. 36th Board Meeting. 16–17 November. Ppt presentation



2017 funding round guidelines have been produced on a range of human rights and gender issues including strengthening responses for women and girls; addressing key affected populations in the context of the HIV epidemic; adolescent girls and young women in high HIV burden countries; harm reduction for people who use drugs; HIV, human rights and gender equality; and human rights and gender equality in challenging operating environments. In addition, the new funding application formats require countries to demonstrate explicitly how they will address human rights, gender and key populations.

**There has been a shift within the Secretariat to prioritize human rights and gender, driven by internal high-level political support for the issue.** The 2017–22 Strategy clearly highlights that gender inequities are a principle driver of the HIV and TB epidemics and a determinant of impact. Mark Dybul’s leadership on gender was cited by several key informants as being important for securing greater attention to this issue. One key informant shared that the SAGE initiative, launched in 2016 to “shift the Secretariat’s culture and capacity on strategic investments for gender equality and quality programs for women and girls” had contributed to ensuring the Secretariat was in a better place to deliver on gender-related elements of the Strategy.<sup>47</sup> Some key informants, however, raised concerns that if gender does not continue to receive high-level attention and leadership this agenda will not move forward.

**Guidance on human rights and gender has improved KAP representation on Global Fund CCMs.** Global Fund guidelines have required representation of KAPs and women on CCMs and have encouraged countries to pay greater attention to these issues. In particular, changes made in 2013 to the Eligibility Requirements and Minimum Standards for CCMs have played an important role in improving the representation of key populations and women on CCMs. For example, between 2010 and 2015 the proportion of CCM members who are women rose from 34% to 40%, while the number of countries self-reporting having at least one key population member of their CCM increased from 53 in 2014 to 61 in 2016.<sup>48</sup> For example, in Benin and Kenya, the CCMs were reformed to better include representatives from networks of KAPs and women.

**The Global Fund has made significant progress on addressing human rights and gender issues, being viewed by some as a “movement for change,” although further progress is hampered by factors beyond the Global Fund’s control such as a lack of country support.** A 2016 rapid review of the Global Fund’s strategies and action plans for human rights and gender highlighted that many stakeholders acknowledged that the Global Fund served as a “movement for change” through its strong emphasis on a principled and rights-based approach.<sup>49</sup> Information from country visits also indicated the important role the Global Fund has played in increasing attention to human rights and gender equality. In Benin, for example, interviewees shared that the Global Fund’s emphasis on human rights and gender had contributed to the establishment of networks for KAPs, improved programmatic responses for KAPs and greater representation of KAPs on the CCM. Interviewees in Benin also shared that one of the strengths of the NFM had been the dialogue with NGOs and CSOs on how to overcome the barriers for KAPs. Stakeholders in Kenya also reported that the new Strategy has facilitated more dialogue on human rights and gender as part of the new funding request development process.

**While recognizing the Global Fund’s role in acting as a “movement for change” on human rights and gender, the 2016 review of the Global Fund’s work in these areas also highlighted the critical question of the extent to which the Global Fund, as a financing institution can, or cannot, influence the “big picture” that shapes gender and key population contexts in countries.**<sup>50</sup> Some key informants also shared the limitations of the Global Fund to enact change at the country level, while highlighting that change in relation to human rights and gender requires time. To make a greater

<sup>47</sup> Sarah Middleton-Lee. 2016. Rapid Review: Results, Gaps and Lessons from Implementation of Strategies/Action Plans on Gender Equality and key populations – The Global Fund to Fight AIDS, Tuberculosis and Malaria, May.

<sup>48</sup> *Ibid.*

<sup>49</sup> *Ibid.*

<sup>50</sup> *Ibid.*





difference, especially at the country level, several documents and key informants indicated that it is necessary for other development partners to also demonstrate leadership and support in addressing gender equality, human rights and key populations. One key informant shared, for example, that collaborating with PEPFAR, UN partners, women's groups and gender advocates had helped to better articulate what needs to be funded for adolescents and young women and highlighted that efforts were being made to align with UNAIDS' seven key program areas for reducing stigma and discrimination and violence related to HIV. Another key informant highlighted that development partners have a particularly important role to play in sensitizing governments regarding human rights as not only do they have a country presence but development partners also "have the political weight that we [the Global Fund] do not have for that kind of thing." The 2016 review of the Global Fund's strategies and action plans on human rights and gender also found that some stakeholders were keen to see the Global Fund and its partners, especially those with country presence, to "do more to change the major obstacles that continue to restrict the potential impact of gender equality and key population interventions."<sup>51</sup>

**There are, however, still reported challenges in understanding how to most effectively operationalize human rights and gender to support the achievement of the Global Fund's objectives.**

While improvements can be made for all diseases, malaria and TB funding requests and grants appear to be weaker on addressing gender and human rights than those addressing HIV.<sup>52</sup> A 2016 review of National Strategic Plans, for example, found that operationalizing human rights and gender continues to be a huge challenge and that, overall, HIV NSPs address gender more adequately than malaria or TB NSPs.<sup>53</sup> The review also emphasized that "if the new Global Fund Strategy is to be successfully implemented over the next 5 years, a key factor for success will be to ensure that countries implement activities in human rights and gender that do more than pay lip service."<sup>54</sup> A number of key informants also highlighted that, in general, HIV grants are able to integrate human rights and gender issues more effectively than those for malaria and TB. A 2016 rapid review of the Global Fund's work on human rights and gender highlighted that one of the strongest concerns arising from the review was "the extent to which evidence and inputs on gender equality and key populations translate into Concept Notes and, critically, final budgets and programs."<sup>55</sup> One Secretariat stakeholder shared that while guidelines on human rights and gender had been shared with CCMs, the applications received in March 2017 did not adequately reflect the guidelines. In Kenya, interviews with stakeholders indicated that the country feels ill-equipped to integrate gender-focused activities into its current application despite feeling under pressure to include activities that address gender and human rights issues, for fear that the application will be rejected. A separate report also found that discussions of human rights issues took place during proposal development but that when it came to finalizing the proposal's budget, human rights interventions were considered less of a priority than other issues and hence budget lines for human rights activities were often removed or scaled back significantly.<sup>56</sup>

Similarly, in Benin, civil society stakeholders shared that, while they felt they were well consulted in the country dialogue during the development of the program continuation funding request, they were concerned that, when it came to the finalization of the budget program activities, human rights and

<sup>51</sup> Sarah Middleton-Lee. 2016. Rapid Review: Results, Gaps and Lessons from Implementation of Strategies/Action Plans on Gender Equality and key populations – The Global Fund to Fight AIDS, Tuberculosis and Malaria, May.

<sup>52</sup> Euro Health Group. 2016. Thematic Review of National Strategic Plans against the minimum requirements for their Use in the Global Fund's Funding Application Process, July. This was a TERG-commissioned review undertaken by Euro Health Group.

<sup>53</sup> Euro Health Group. 2016. Thematic Review of National Strategic Plans against the minimum requirements for their Use in the Global Fund's Funding Application Process, July. This was a TERG-commissioned review undertaken by Euro Health Group.

<sup>54</sup> *Ibid.*

<sup>55</sup> Sarah Middleton-Lee. 2016. Rapid Review: Results, Gaps and Lessons from Implementation of Strategies/Action Plans on Gender Equality and key populations – The Global Fund to Fight AIDS, Tuberculosis and Malaria, May.

<sup>56</sup> Aids Projects Management Group. 2014. Developing indicators for the human rights activities of the Global Fund to fight aids, TB and malaria and challenges in implementing human rights interventions, Final Report, March.



gender would be considered less of a priority than, for example, PSM and, as a result, the budget lines human rights and key populations activities would be cut. In Kenya, country stakeholders shared that, although two issues on gender and human rights (the increase in HIV transmission rates among young girls and the higher rates of TB prevalence among men) had been identified as part of the new funding request development process, the stakeholders felt there was insufficient evidence on the effectiveness of interventions to fully integrate gender-focused activities in its application.

#### **4.2.4 Summary of conclusions for country partnerships and sustainability cluster**

##### **Program sustainability and transition**

The Global Fund has developed the definitions, policies (in particular the STC Policy) and guidance for sustainability and transition and has begun to operationalize sustainability and transition considerations. It is, however, unclear whether these policies will affect the sustainability of Global Fund's support, particularly for those programs and activities engaging civil society and KAPs.

Countries are being given sufficient notice about the timeline for transition, although it still appears that transition planning is more often initiated and steered by the country team/FPM rather than relying on country ownership (although this is to be expected in countries where there is an ongoing desire for Global Fund support). In addition, this notice does not appear to be either binding or final (i.e. the Global Fund may re-enter a country if there is a significant internal or external setback). Although it may give the Global Fund flexibility in its approach, it sends a mixed message to grantees.

##### **Country ownership**

While the Global Fund has a statement and definition on what it considers to be country ownership, it is unclear how well the principle of country ownership is put into practice, particularly where the Global Fund's objectives may justifiably not align with the political and cultural context of a country, such as where certain populations are highly stigmatized or their activities are illegal.

##### **Country partnerships**

Despite significant investment in the ITP project and reports that partners have completed most of the required actions, if absorptive capacity and programmatic progress are seen as the primary proxies for success, then the results are, at best, mixed. As such, there appears to be a disconnect between the actions that partners needed to complete and actual results.

Partnerships via framework agreements have been useful in providing short-term technical assistance; however, analysis found that it did not support country capacity building for countries to develop their own (non-assisted) funding requests, which was a missed opportunity and calls into question the sustainability of the assistance.

##### **Resilient and sustainable systems for health**

Significant progress has been made in prioritizing RSSH and there appears to be broad support for it across the Global Fund. There are a range of tools and guidelines that have been developed to support the integration of RSSH into new funding allocations. Despite this, there is still a need for additional clarity with regard to operationalizing RSSH at the country level.

The development of the 2017–22 Strategy and subsequent efforts at the Secretariat level to further prioritize RSSH investments have identified four areas where it is considered that the Global Fund can add the greatest value. These are: PSM, health information management systems, integrated service delivery, and community responses and system strengthening.

The RSSH dashboard appears to be considered a good tool for identifying country-level priorities for RSSH support and, for the limited countries studied, has resulted in the identification of needs that is



aligned with the Global Fund's priorities (as above). The tool, however, does not include community responses and community system strengthening.

### Human rights and gender

There has been a shift within the Secretariat to prioritize human rights and gender, driven by internal high-level political support for the issue. Greater representation from KAPs on Global Fund CCMs has also helped to increase attention to human rights and gender issues at the country level.

The Global Fund's investment in addressing human rights and gender issues has helped to drive significant progress in this area and position Global Fund as a major stakeholder on these issues. There are, however, still challenges in understanding how to best to engage partners and operationalize human rights and gender activities to support the achievement of the Global Fund's objectives.

The critical factor (beyond the Global Fund's control) hampering further progress is a lack of country support and engagement around these issues, and it is not yet clear how and whether the Global Fund, as a financing institution, can influence country positions.

## 4.3 Cluster 3: Measurement and accountability

### 4.3.1 Summary appraisal of responses to recommendations







Table 5 below presents a summary of our appraisal of responses to recommendations, conducted for those recommendations relating to Cluster 3. The full appraisal is presented in Appendix 3.

**Table 6: Summary of recommendations follow-up – Cluster 3**

# of recs and rating <sup>57</sup>	Details
<b>Performance management – HSS</b>	
●●	The recommendation to revise the HSS KPI was implemented. KPI6 “Strengthen systems for health” is now divided in PSM, HMIS coverage, results disaggregation and NSP alignment. The recommendation around establishing a systematic mechanism for evaluating HSS investments is on track. There is a process in place (ITP-2) to develop a framework for comprehensive portfolio evaluations and HSS will be part of that.
<b>Results-based funding – HSS</b>	
●	The recommendation to further explore results-based funding (RBF) for HSS has been taken on board, for example, through studies of performance-based financing pilots. There are a few countries that have expressed interest in RBF in this funding cycle in addition to those where Global Fund is funding RBF under the previous funding cycle. To engage in RBF, however, is not seen as a policy decision but rather a joint effort with others such as World Bank and GAVI. To that extent, the HSS team has held several discussions with relevant staff from GAVI and World Bank.
<b>Data – results</b>	
●	The implementation of the recommendation to invest in improving the data quality for key inputs into jointly agreed methods for estimating prevalence, incidence, morbidity, mortality and treatment coverage is on track. Modeling was used to inform the investment case and to inform the strategic targets on KPI 1 and 2 (impact and service delivery outcomes). This is the first time the Global Fund looks at results prospectively and not only retrospectively. The

<sup>57</sup> Key at the bottom of the table.



# of recs and rating <sup>57</sup>	Details
	<p>Global Fund is also working with partners to address poor data quality (through more checks and capacity building) and insufficient data use to inform investment decisions at country level; for example, with the WHO, World Bank, UNAIDS to provide TA for revising and strategic using of data for NSPs for better allocative efficiency. The Strategic Information Department has also supported exercises in getting better data on the financial side, linking cost and expenditure to outcome and impact of the national programs and improving investment efficiency. There is work done with partners (e.g. WHO, UNAIDS, Bill and Melinda Gates Foundation) on strengthening the national health accounts and introducing sub-accounts for the three diseases, and enhancing the base and use of unit costs through the Global Health Costing Consortium funded by the Bill and Melinda Gates Foundation.</p> <p>There are mixed views within the Secretariat as far as the extent to which the quasi-experimental approaches part of the recommendation has been considered relevant and taken onboard. According to the management response, that part of the recommendation was considered as unclear. The TERG noted, however, that they have been focusing on quasi-experimental approaches to enhance the rigor of impact assessments within country program reviews and other impact assessments by strengthening their designs from an adequacy level along the spectrum toward plausibility. The TERG and Secretariat have also worked on impact assessment guidance<sup>58</sup>, which have been shared with countries too.</p>
<b>Data – market shaping</b>	
	<p>The implementation of the recommendation to improve quality of data for procurement and market shaping is on track. Strategic objective 2 is on RSSH and one of the sub-objectives relates to strengthening global and in-country procurement and supply chain systems. Monitoring and reporting the actual costs of delivery together with the on-time, in-full (OTIF) indicators has been taken forward, and the Global Fund is now looking not only at product unit costs, but also whether the product has been delivered on-time and in-full. OTIF and cost savings are indicators that need to be reported to the Board. The timely completion of price and quality reporting (PQR) entries by principal recipients for non-Pooled Procurement Mechanism (PPM) grants will be consolidated and reported on through AIM and the PQR. The PSM policy has been updated and a sophisticated excel dashboard is being utilized to monitor market shaping.</p>
<b>Key</b>	<p>Each circle represents a recommendation. The color represents the rating on traffic light scale:</p> <ul style="list-style-type: none"> <li> Clear evidence that the recommendation has been/is being addressed.</li> <li> Some evidence that the recommendation has been/is being addressed and/or that the recommendation is not fully relevant or actionable.</li> <li> Limited or no evidence that the recommendation has been/will be addressed.</li> </ul>

<sup>58</sup> The Global Fund. Unknown. Guidance Note: Epidemiological and Impact Analysis. Version 3.4



### 4.3.2 Overview of findings

#### Focus on value for money

Despite the Global Fund not having in place a dedicated VfM framework per se, the Special Initiative of Optimizing Value for Money and Financial Sustainability (SI-VfM) was developed in 2014, in addition to a number of other efforts to improve the efficiency of Global Fund investments – in particular, through AIM, Wambo, and ITP-2. At the country level, there have been active efforts to improve economy through the procurement of health commodities, support countries to allocate limited resources strategically across geographies, population groups and interventions to maximize impact (achieve allocative efficiency), as well as improving the equity of Global Fund's investments. The Sustainability, Transition and Efficiency Strategic Initiative as an extension and expansion of SI-VfM is still in the planning phase, but intends to amplify the Global Fund's focus on VfM in High Impact countries and support successful transition of countries no longer eligible for the Global Fund support.

Catalytic funding provides space for discussion of key issues at a time when levels of funding are stagnant or declining and has the potential to address key issues and gaps that otherwise may not be funded. There are, however, some concerns that due to the very nature of catalytic funding there will be issues of alignment with the principles of country ownership that need to be carefully navigated. Several stakeholders, for example, raised the concern that this funding could skew programming and resourcing toward a set of issues defined by the Secretariat; and that country teams may spend a disproportionate amount of time programming relatively small amounts of catalytic funding to the detriment of the overall grant implementation process.

Global modeling for impact, utilizing standardized models for gathering both programmatic and financial data aimed at enhancing efficiency (investments) and achieving impact, is a top priority for the Global Fund and good progress has been made in this area. However, the modeling undertaken to establish global targets and inform allocations is not yet systematically embedded at the country level as part of national decision-making processes, which is where there is a breakdown in the investment to impact logic chain.

#### Measurement of outcomes and impact

There has been a clear commitment within the Secretariat to increase the focus on use of data to drive action, as illustrated by initiatives such as the Data Use for Action and Improvement Framework. The new KPI framework is much more sophisticated than the previous version and is considered a strong mechanism for measuring progress since there exists a strong link between the KPIs and the new Strategy based on an impact chain.

The Secretariat has recognized that weak M&E systems and poor data still represent a major challenge to assess progress and is actively addressing the issue through a number of initiatives. There is general agreement that the Global Fund has established the right balance of resources to core business and to M&E, especially in recent years, but alternative views do exist within the Secretariat.

#### Accountability for results

There is a clear “line of sight” between the strategic objectives, the sub-objectives, the drivers, the deliverables and the KPIs, which allows for greater accountability for results. A process of cascading down the objectives from the strategy to departments, teams and personal objectives is a clear point of focus for the Secretariat in Q1 of 2017, and accountability lines have already been made clearer toward the end of February 2017. It is certainly too early to say whether, to what extent and at what speed these latest changes at headquarters level will trickle down to the country level but the



Minimum Standards for CCMs<sup>59</sup> enforced since January 2015 seem to have had a positive effect on accountability, although with limitations.

### 4.3.3 Detailed findings by sub-issue

#### Focus on value for money

This section responds to **RQ18–20**. It covers whether the Global Fund gives sufficient consideration to program quality, efficiency and cost-effectiveness during grant application, review and implementation; the extent to which catalytic funding has been used as a mechanism for incentivizing performance; and whether Global Fund and partners use robust and credible analytical techniques to evaluate the relationship between investments and impact.

**Despite the Global Fund not having in place a dedicated VfM framework per se, a SI-VfM was developed in 2014, together with other effort to improve the efficiency of its investment and operations.** The SI-VfM was part of overall corporate efficiency measures which included an increased focus on VfM. That said, no institutional definition of VfM or independent evaluation of VfM has been established. The SI-VfM introduced a set of resource allocation models and tools to support country teams and national disease programs enhanced strategic investment thinking, particularly during the country dialogue process, through application of costing and epidemiological impact models. These efforts aimed to target Global Fund's resources to geographies, populations and interventions with high potential for impact, while also seeking to enhance equity. For another instance, the Global Fund's role in PSM was prioritized, resulting in savings of nearly \$600 million over 2 years through the Pooled Procurement Mechanism.<sup>60</sup> A number of stakeholders noted their expectation that funding for the Global Fund would become unpredictable in future years, and the critical need to further improve and embed principles of VfM within Global Fund's processes and investments.

**The Global Fund has worked with partners to improve the allocative efficiency of Global Fund investments.** This effort is supported by SI-VfM through a country-led process, in collaboration with partners (e.g. WHO, World Bank, Stop TB Partnership, UNAIDS etc.). Between 2014 and 2016, SI-VfM has supported about 45 disease programs in 30 countries in applying costing tools and disease impact models to inform programmatic decision making for the improvement of program efficiency and strategic resource allocation. The support was provided across all stages of the grant cycle, from NSP and Funding Request development, to grant making and grant implementation. This work is directly linked to the assessment of Key Performance Indicator on Investment Efficiency (KPI4) of the Global Fund, which tracks the extent to which investments maximize impact. This effort however is not systematized at the country level with more progress made in the HIV but less in TB and malaria areas.. The Sustainably, Transition and Efficiency Strategic Initiative is still in the planning phase, but intends to expand upon this work in High Impact countries, with an aim to make this a routine exercise to support in maximizing impact, prompting sustainability and successful transition.

**The Secretariat has focused on making further efficiency gains in a number of ways.** This has included mathematical modeling of optimal distribution of resources across programs, reprogramming of efficiency gains under the new funding model, and raising the level of attention to VfM in the TRP by recruiting health financing specialists and implementation of the D4I, which has allowed time and resources to be reallocated where most needed (e.g. COEs). The Secretariat is also in the process of making significant changes to business practices through the following three initiatives:

- **Accelerated Integrated Management (AIM):** This intends to transform and streamline the grant management processes and systems and allow for better measurement of VfM linking quality (robust and timely) data on investments (financial management) and results (program

<sup>59</sup> The Global Fund. Unknown. Guidelines and requirements for Country Coordinating Mechanisms.

<sup>60</sup> MOPAN. 2017. MOPAN 2015–16 Assessments: The Global Fund: Institutional Assessment Report.





management) while at the same time reducing the time of Secretariat staff, principal recipients (PRs) and CCMs on administrative work. This will be achieved through the alignment of processes with clearly defined roles and responsibilities to promote cross-divisional collaboration aimed at overcoming past issues with disconnected data systems. The end goal is improved management and lower transactions costs. This is in line with the opinion expressed by the OIG that it is “essential to operate with up-to-date and robust portfolio data, with aligned business processes and integrated systems to support them.” Increasing the quality of Global Fund data depends on the quality of data from countries, an area where the M&E and Country Analysis (MECA) team is working to strengthen data systems at country level including looking further into the link between expenditure and programmatic outputs through the modular framework, with costed interventions and outputs ultimately aimed at improving efficiencies in resource allocation. The final release was due in March 2017, although this has been delayed by some weeks due to inconsistencies in the data model.

- Wambo:** The Wambo platform (a concept dating back to 2014) is a new approach to health procurement through an online marketplace launched in 2016. It builds on the existing Pooled Procurement Mechanism (PPM) but in an automated manner, and is designed to ensure economy of inputs. Wambo is designed to allow countries’ governments and public health partners to purchase quality-assured medicines and health program-related commodities at competitive and transparent prices. The current pilot, according to KIIs, is initially operating in 50 countries (with more than 100 orders placed to date) and will continue to be rolled out and expanded in 2017. Wambo is a tool that in the future will ideally be open for use by partners, agencies and donors regardless of the funding source.
- Impact Through Partnership (ITP-2):** One of the key areas of work under the ITP-2 project is to focus on improving the technical efficiency, program quality and service delivery of Global Fund’s investments. The Program Quality and Efficiency (PQE), which pre-empted ITP-2, was developed and implemented to address cost-effectiveness concerns at the facility level and trades-offs between quality and efficiency. The tenet of the PQE, now incorporated into ITP-2, was to ensure that, at the facility level, doctors have the information they need to guarantee they are making cost-effective decisions in their treatment of patients. ITP-2 will continue to support countries that are carrying on/rolling out efficient care models to design and implement, as well as monitor and assess health outcomes with a key focus on quality as well as efficiency analysis of unit costs and how they can be driven down over time. KII feedback noted the importance of strengthening technical efficiency because “if you’re not targeting your resources in the right place, you’re not being cost-effective”; and that more emphasis is often placed on allocation discussions as compared to broader VfM considerations (e.g. related to service delivery and the cost-effectiveness of quality service delivery). There is no KPI that measures quality of service delivery under the new Strategy, despite the opinion of some members of senior management that achieving VfM will be a key driver for better impact.

#### **Box 4: VfM – an example from Benin**

The government was purchasing mosquito nets that were a bigger size than normal and therefore more expensive. The Global Fund pushed the government to buy lower-cost, standard-sized mosquito nets instead, and this has helped to reduce the cost of mosquito nets by one third.

**Country-level efforts to improve the economy of Global Fund’s investments have, to a large extent, focused on procurement of health commodities.** This has included a specific focus on ensuring that commodities are procured at the cheapest price in a coordinated effort across the three diseases (as in the case of Benin) and the reallocation of resources saved through procurement efficiencies in Kenya to expand other community aspects of the Global Fund HIV grant. Vietnam has also seen millions in savings from procurement of anti-retroviral drugs (ARVs) through the Global Fund system (which has accelerated in late 2015 and early 2016); and Moldova has mainly focused on examining



areas for cost saving in procurement to ensure VfM. This is in line with progress reported by the Global Fund around optimizing commodity prices as well as ownership at country level according to Secretariat KIIs. Previously, countries were allowed to purchase any quality controlled item. In its efforts focusing on VfM, the Global Fund now continues to allow countries to purchase on their own. However, only the international negotiated prices for commodities will be accepted, *“the cheapest price we can achieve with our procurement system. You can either use that or achieve it yourself.”* (Secretariat KII)

**There have also been efforts at the country level to improve the equity of Global Fund’s investments, such as through a greater focus on gender, human rights and KAPs.** The Global Fund has aimed to improve the equitable distribution of service delivery by increasing access to the most underserved. These efforts have, by and large, been focused on KAPs, and gender and human rights-sensitive programming. Focus on these three key areas has been an ongoing priority of the Global Fund and has resulted in “a number of activities to address legal barriers” (Benin), targeted efforts to revise policies criminalizing non-adherence with regard to treatment and control of drug resistant TB (Kenya), a pilot on integration of services for the three diseases, and an attempt at including gender programming components (Kenya).

**Catalytic funding provides space for discussion of key issues at a time when levels of funding are stagnant or declining while being increasingly scrutinized, and has the potential to address key issues and gaps that otherwise may not be funded.** Under the new grant cycle, the Global Fund has retained \$800 million for catalytic funding to encourage countries to use allocations for activities, programs and strategic investments in line with the Global Fund disease strategies through a matching fund mechanism targeting six priority areas. These activities, programs and investments have been selected to focus on areas that have typically been inadequately addressed through country allocations. The funding is designed to inspire innovation and evidence-based programming approaches for strategic initiatives that are cross-cutting in nature therefore challenging to fund through country allocations.

KII feedback has, however, raised some concerns that the explicit prioritization of these six areas by the Secretariat may undermine country ownership and skew programming and resourcing toward these areas. Catalytic funding was however only approved by the Board at the end of November 2016, and so it is perhaps not surprising that there is some uncertainty around the modality only a few months later. There is also a concern raised by some stakeholders that catalytic funding is being used to fund the Secretariat’s “pet issues.” Some stakeholders have noted that without catalytic funding, there would no funding for certain priority areas. For example, in relation to adolescent girls, one Secretariat staff member noted that “if that money had not been in there, then there would be nothing in this new grant for adolescent girls and young women that is for sure.” The extent to which the funding enhances performance will be measured under the new Strategy based on clearly defined KPIs focusing on adolescent girls and human rights. A further concern is that the country teams will spend a disproportionate amount of time in programming relatively small amounts of catalytic funding that will detract from the overall grant implementation process, particularly if the different investments are not administered in a coordinated manner – for example, one country may have to respond to four different catalytic investments which require different levels of input, feedback, reporting and oversight by country teams and the country programs.

#### **Box 5: Investments to impact**

“When I first came to the Global Fund, you could do the calculations ... for results on the back of an envelope ... it was shockingly unsophisticated ... I think that we’ve come light years from that ... bringing modeling to the Global Fund, particularly state of the art transition dynamic modeling for HIV and malaria. I think that we’ve made considerable progress.”

(Source: Secretariat KII)





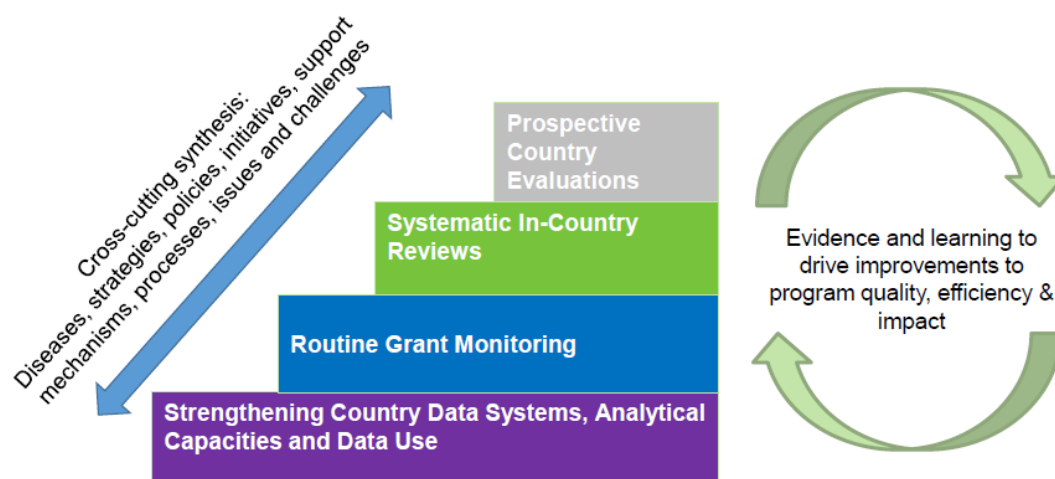
**Global modeling for impact, utilizing standardized models for gathering both programmatic and financial data aimed at enhancing efficiency (investments) and achieving impact, is a top priority for the Global Fund.** Global Fund efforts aimed at establishing a link between investments and impact through robust modeling has allowed a more in-depth look at how realistic the strategic targets are in relation to resources in a prospective rather than retrospective manner according to stakeholders. The investment case and the Strategy target setting process, grounded in two similar large-scale dynamic modeling exercises undertaken in the last 2 years, were used to inform development of the KPI addressing investment efficiency. The modeling process allowed the Global Fund to assess how realistic and achievable the strategic targets are in light of current resources. Included in the exercise was modeling around the uncertainties of projections including analyzing whether uncertainties are driven by disease burden projections or by the financial data/unit costs.

**Modeling undertaken to establish global targets and inform allocations is not yet embedded at the country level as part of a national decision-making process.** This results in a breakdown in the investment to impact logic chain, meaning that activities do not necessarily link up to impact. Ideally this type of process will be integrated into country-level decision making which feeds into the grant agreement and approval process thereby “closing the loop.” The process of embedding modeling and the associated decision-making processes at the country level is planned under the new Strategy and there has been some progress in this regard. However, there is a long way to go to ensure models form part of national systems and discourse in order to help control for the quality of the data – this is specifically an issue for cost elements where there have been problems with variations and understanding across countries related to joint costs, human resources, etc.) Over the next 3–6 years the Global Fund aims to focus on supporting countries to calibrate the models and use them to understand the model data gaps, assumptions and limitations. An example of such support, provided by the Global Fund in close collaboration with key stakeholders, comes from Bangladesh where the CCM was “able to effectively modify their strategies and funding requests to optimize program impact” based on using program reviews and modeling which, for TB, revealed that current services would not help them reach impact.<sup>61</sup> Continued support of this nature will ultimately facilitate routine use of the modeling to inform programming, investors, the Global Fund and beyond.

### Measurement of outcomes and impact

This section responds to **RQ21**. It covers the extent to which the Global Fund M&E systems are able to adequately measure the linkages in the impact chain.

<sup>61</sup> The Global Fund. Unknown. The Global Fund’s Approach to Monitoring and Evaluation.



**Figure 7: Data use for action and improvement framework**

There has been a clear commitment within the Secretariat to increase the focus on use of data to drive action, as illustrated by initiatives such as the **Data Use for Action and Improvement Framework**. This initiative, also known as Impact Through Partnership (ITP-2) supersedes and subsumes two previous initiatives: Implementation Through Partnership (ITP – focusing on financial metrics (disbursement/absorption) and mobilizing commitments from partners to address key bottlenecks) and Program Quality and Efficiency (PQE – an initiative to improve quality and efficiency of Global Fund programs, focusing on quality of implementation at facility level). ITP-2, with its focus on the use of data to drive action, is seen by its promoters as an attempt to reorient the organization for it to focus on impact through all its activities. The framework (see figure 7) has four main components: (1) strengthening country-data systems; (2) routine grant monitoring; (3) systematic in-country reviews; and (4) eight prospective country evaluations. The framework also foresees cross-cutting synthesis and iterative learning to drive improvements. The level of independence and rigor increases from (1) to (4). Feedback from stakeholder interviews indicates that, while (1) and (2) are already ongoing (3) is still being discussed/designed and (4) was launched by the TERG in February 2017 and is regarded as truly innovative. Further, an Impact Through Partnership – Transformation (ITP-T) project is being currently designed and it is expected to deliver: (a) an integrated and systematized approach to reviewing the Global Fund’s progress across the grant life cycle, and at all organizational levels, in collaboration with partners; and (b) a structured approach to using data to drive decision making and formalized feedbacks loops to drive learning back.

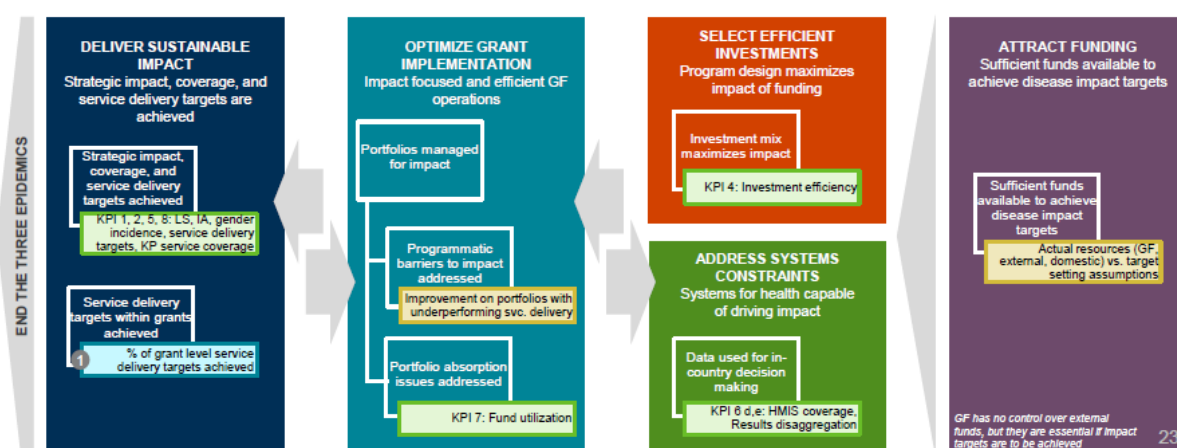
**The new KPI framework is much stronger than the previous version and is considered a robust mechanism for measuring progress.** There is consensus among stakeholders that the KPI framework is much better and stronger than the previous one. “If you look at the sophistication of how they came up with those KPIs versus what they had before, it’s like night and day” said an interviewee. The new KPI framework is composed of 12 strategic KPIs and 13 implementation KPIs (I-KPIs). While the strategic KPIs are meant to enable Board/Committee oversight on key activities required to achieve impact, the I-KPIs are more granular measures meant to drive management performance and ensure strategy implementation focused on impact. A majority of interviewees expressed a positive opinion of the KPIs and considered them a good way to measure performance. However, some Secretariat stakeholders voiced criticism that some KPIs have been “forced upon” the Secretariat by some Board constituencies, while others are “unrealistic” or “flawed.” There is also felt to be too great a focus on quantitative aspects rather than more qualitative measures of performance, and that KPIs are often designed to report to donors rather than inform internal work planning. In addition, there is felt by



some stakeholders to be a “disconnect between political statements versus what can actually be done on the ground.”

**The Global Fund is also changing the way it reports on KPIs.** Evidence from the document review and KIIs indicates that the Global Fund has established a new way of reporting on KPIs (including I-KPIs) with mid-year and annual comprehensive thematic reports, which will be publicly available. Overall, the SR2017 team considers that all this represents good progress compared to what the OIG found in early 2016 – i.e. that the Global Fund “currently has a weak framework of Key Performance Indicators that does not allow for meaningful measurement of progress in strategic areas nor does it foster accountability for results.”<sup>62</sup> Since the new KPI system has only recently been launched, is it still too early to assess its performance and its impact on Global Fund’s activities.

**There exists a strong link between the KPIs and the new Strategy based on an impact chain.** A number of recent reviews (e.g. SR2015<sup>63</sup> and the latest MOPAN assessment<sup>64</sup>) have emphasized the need to frame the KPIs within a Theory of Change (ToC). Although a full-fledged ToC has not been elaborated, an overarching impact chain (see figure 8) and sub-impact chains have been created through a consultative process to map the critical path to delivering impact. This chain has been linked to the four strategic objectives, and the various sub-objectives, which have also been linked to the KPIs. KPIs have also been linked to specific SIP drivers and milestones. All this shows an increased commitment on the side of the Global Fund to monitor its progress toward the desired impact compared to last cycle. A ToC is not however the same thing as an impact chain, and not elaborating and using one might mean some missed opportunities (see Box 6).



**Figure 8: Critical path to impact**

<sup>62</sup> OIG. 2016. OIG. 2016. Board Report. Office of the Inspector General 2015 Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund. GF/B35/11. Page 2.

<sup>63</sup> Itad. 2015. MO1: Review Progress in Strategy Implementation (2 volumes).

<sup>64</sup> MOPAN. 2017. MOPAN 2015–16 Assessments: The Global Fund: Institutional Assessment Report.



#### Box 6: Why use Theory of Change?

- A ToC is a way to make explicit stakeholders' ideas and beliefs that underlie their work.
- A ToC is both a **process** (of discussion, analysis and learning to produce insights that support programme design, strategy, implementation and evaluation) and a **product** (diagrams and narratives) which provide an organising framework to guide ongoing discussion, implementation, decision making and M&E (Vogel, 2012).
- Beside an impact chain, a ToC includes assumptions, risks and other influencing factors.
- Without a ToC we cannot understand how and why an intervention works (or does not).
- With a strong ToC we can: (a) **Design stronger programmes** - based on a clear articulation of how we think changes will come about; (b) **Respond to changing circumstances** – by understanding the mechanisms through which we achieve our goals and (c) **Strengthen evaluations** – by asking not just “did this have an impact?,” but *why* and *how*?

**The Secretariat has recognized that weak M&E systems and poor data still represent a major challenge to assess progress and it is actively addressing the issue.** The Global Fund ultimately relies on data from countries to assess grant performance, although the quality and reliability of this data is often questionable, although improving. The Global Fund is working to respond to this challenge in a number of ways, such as through elaborating on the Strategy for Program and Data Quality Assessment and Improvement that is meant to contribute “to the generation of the quality data needed at each level of the health systems and assist countries in assessing and improving their program quality in a systematic way.” The MECA team has also drafted an Operational Policy Note to provide country teams with guidance on M&E requirements and processes with regard to ensuring program and data quality in Global Fund supported programs. The MECA team is also supporting countries to improve data quality through different channels, such as nationally representative and country-led health facility assessments, and data quality assessments working through the National Health Accounts and District Health Information Systems (DHIS) in High Impact countries. As feedback from country visits indicates, the Global Fund also works with partners, such as WHO and the World Bank among others, to tackle this challenge.

#### Box 7: Beyond DHIS

In Kenya, difficulties were reported in measuring implementation results, particularly for community interventions, which are not easily translated into the DHIS. The Global Fund, via Amref (a PR), is working to implement a pilot to integrate the three diseases and collect this information. It has also worked via Kenya Red Cross (another PR) to set up a better reporting platform for HIV community interventions, although this is not yet fully operational.

In Benin, development partners expressed mixed views on national M&E capacities but agreed that, ultimately, principal recipients and sub-recipients need to rely on health data systems that could be considerably improved. The Global Fund is doing something in this direction (e.g. supporting the DHIS) but there are still some major gaps (e.g. on PMTCT data; capacity is improving for malaria but not so much so for the other two diseases) so there is probably more the Global Fund could do (e.g. invest in IT systems to improve the information flow).

**There is general agreement that the Global Fund has established the right balance of resources between core business and M&E, although there are some dissenting opinions within the Secretariat.** KII feedback indicates that the allocation of human and financial resources to M&E is broadly appropriate, and the balance between resources invested in M&E versus “core business” has improved in recent years. Nonetheless, a number of other stakeholders expressed the wish for more resources to be invested in M&E, and for resources to be set aside for this within country grants. As an institution promoting country ownership, however, the Global Fund has to date been reticent to impose this requirement on countries. Despite coordination efforts between the TERG and the OIG, some respondents highlighted a possible overlap between audit and evaluation functions, resulting in



a significant burden on Secretariat resources. “You know, we are kind of an organization that is sort of somewhat over-reviewed. I mean the number of OIG reports, I mean it’s exhausting. It’s absolutely exhausting” (KII).

**The TERG function is appreciated by the Secretariat and has influenced the new Strategy and Secretariat’s actions.** The TERG’s independent function is appreciated by the Secretariat – one stakeholder noted that “to have an external body that will follow up, will request results, will question how some areas have been supported, how some areas have been ... considered important in terms of evaluating the outcomes of the Strategy gives us the weapons to continue our battle internally and externally.” Stakeholders also noted that the recommendations generated by the TERG reviews have been considered useful and have been fed into the new Strategy, as well as many new policies such as the COE and the STC policies. One stakeholder noted that “You can almost see a one on one relationship” between TERG recommendations and actions taken.

**Some concerns have been raised on how systematically the Global Fund commissions and learns from evaluations and reviews, although there is evidence of lesson learning informing decision-making.** The MOPAN assessment indicated “Strengthening results management and organizational learning through a formal system to identify and address poorly performing interventions” as areas for improvement.<sup>65</sup> It also raised concerns that, although an independent evaluation function does exist in the TERG, “there is not sufficiently broad or comprehensive evaluation coverage, and lessons from previous evaluations are not very well integrated into the design of new programs.”<sup>66</sup> The report did, however, also find that lesson learning does happen in the organization and it does drive decision making and the improvement of business processes.<sup>67</sup> This is also in line with the recommendations follow-up that we carried out as part of SR2017, which revealed that most of the recommendations from various reviews undertaken over the last 2 years have been taken onboard. Nevertheless, as stated in the MOPAN report, “a more formal system of recording and disseminating good practices and lessons learned is needed. A more formal system for the identification, addressing and recording of poorly performing interventions is also needed.”<sup>68</sup> Some SR2017 key informants flagged that there is a concern about the extent to which evaluations results are systematically addressed and topics are defined/selected. “[The system] might look a bit too sporadic and not strategic. There is always a group of people that takes it forward for their portfolio but I do not think the big picture comes out of that” (KII). There were also some concerns voiced by stakeholders around the timing of these reviews, including SR2017, as at times some seem to be commissioned in the very early days of a particular initiative. At the same time, the team acknowledges that early strategic findings and recommendations assist better implementation of the strategy and refocusing.

## Accountability for results

This section responds to **RQ22**. It covers a judgment on whether the new system (i.e. new Strategy, SIP, KPIs) is fostering greater accountability for results.

**There is a clear “line of sight” between the strategic objectives, the sub-objectives, the drivers, the deliverables and the KPIs, which allows for greater accountability for results.** There is acknowledgment that the previous KPI framework was “weak”<sup>69</sup> and not clearly linked with individual and/or department objectives. One stakeholder noted that “We didn’t see sufficient follow-through into people’s objective and/or department objectives and then the concrete measures behind it and how it would be tracked and monitored on a regular basis.” Based on the document review and

<sup>65</sup> MOPAN. 2017. MOPAN 2015–16 Assessments: The Global Fund: Institutional Assessment Report.

<sup>66</sup> *Ibid.*

<sup>67</sup> *Ibid.*

<sup>68</sup> *Ibid.*

<sup>69</sup> OIG. 2016. OIG. 2016. Board Report. Office of the Inspector General 2015 Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund. GF/B35/11, p. 2.



stakeholder interviews, the linkages and KPIs have improved over the previous period. KPIs have been mapped against the four strategic objectives and sub-objectives and the SIP matches them against specific drivers and milestones. For each driver, the SIP also clearly identifies deliverables and matches them with focal points, responsible managers, responsible departments and accountable MEC members. As noted in Section 4.1.2, the SIP was developed through a consultative process to think through the critical path to achieve the strategic objectives and sub-objectives. Interviewees also indicated that shifting responsibility for the KPIs from the Finance Department to the Policy Hub has improved oversight of the framework and accountability.

**Some concerns were, however, voiced around the new KPI framework not yet being sufficiently linked to country team and personal objectives, and around lack of guidance on accountability.** At the time the bulk of the interviews took place (i.e. during the first half of February 2017), KPI targets had not yet been mapped against the aspects of the SIP as they had not yet been approved by the Board. As such, there were some concerns that the new SIP and KPI frameworks were not yet sufficiently linked to country team and personal objectives, and there was a lack of clarity as to whether FPMs were to be held accountable for the overall impact at country level, or just for how the money is spent. This was said to be particularly problematic for countries in which Global Fund resources represent only a small percentage of total funding for the three diseases. There were also some concerns that, for many departments, fulfilling the KPIs largely depends on the activities and performance of countries and partners, and that some elements of the Strategy (e.g. country ownership) fall outside the Secretariat or the Board's control. An interviewee also warned about the lack of a consistent internal interpretation of what it means to "maximize" impact in a particular country context. Multiple stakeholders were worried about lack of guidance on all these issues.

**The process of cascading strategic objectives into department, team and personal objectives is an area of focus for the Secretariat in the first quarter of 2017.** Besides the "Road Shows" that took place in January–February 2017 across the Secretariat to raise awareness around the new Strategy and inform staff on how they are expected, in their daily work, to contribute to the Strategy, a People Strategy has been elaborated in support of the new Global Fund Strategy through a consultative process. Stakeholders noted that the process of adapting people's job descriptions to align with strategic objectives has started to take place, and staff are being encouraged to specialize in areas that are important for the implementation of the Strategy. For instance, one stakeholder noted that "One key element is the competency management framework, which is resetting a new or revised set of competencies for all staff by job family ... I think we're bringing an additional level of professionalism in the ways we are managing competencies of staff in their different roles, especially on the technical and functional competencies."

**Accountability lines have been made clearer toward the end of February 2017.** On 17 February 2017, a series of information notes was shared with regional and country teams including:

- HR Guidance on what's new for the 2017 Performance Objectives, and associated timelines.
- Grant Management Division's priorities for 2017.
- A set of sample objectives and performance indicators/targets for all the key positions in country and regional teams.
- Considerations for cascading Global Fund Strategy KPIs into Divisional and country team objectives, which were defined in the cover email as "the major change this year."

**It is too early to say whether, to what extent and at what speed these latest changes at headquarters level will trickle down to the CCM/PR level; but the Minimum Standards for CCMs enforced since January 2015 broadly seems to have had a positive effect on accountability.** None of the country stakeholders were familiar with the SIP and familiarity with the new Global Fund Strategy and its four strategic objectives was mixed. This is completely understandable, given the fact that the SIP, the target approval and the elaboration of guidance for country teams were still a work in progress at the time the four country visits took place (in March 2017). The SR2017 could not, therefore, assess





whether, to what extent and at what speed these latest changes at headquarters level would trickle down to the CCM/PR level. What we could analyze, however, is the extent to which the Minimum Standards for CCMs<sup>70</sup> enforced since January 2015 resulted in any changes in terms of country stakeholder's accountability for results.

- In Benin, for example, various stakeholders reported that the independence of and diversity within the CCM have improved following the reform (based on the Eligibility Requirements and Minimum Standards and subsequent Performance Improvement Plan). Previously, the CCM was presided over by the Minister of Health and the discussion was not very open; but this is no longer the case, interviewees reported. Today, the Chair is still a member of government but the situation was said to have improved. Some limitations were flagged concerning who can chair the CCM (development partners are not eligible and civil society lacks capacity).
- In Vietnam, the Eligibility Requirements and Minimum Standards required by the Global Fund to access funding have achieved an increased involvement of key populations' representatives in the CCM. While some development partners assure that KAP representatives' voices are being heard, they also recognize that these stakeholders lack capacity and can feel intimidated by the idea of speaking in front of government representatives (see Box 9 for more potential limitations to greater participation and accountability for results).

#### **Box 8: Limiting factors for accountability for results in the CCM**

The country visits to Benin, Kenya and Vietnam highlighted a range of factors that may be limiting the potential to establish greater accountability for results in the CCM, including:

- Lack of civil society capacity
- Lack of funds by civil society/key performance representatives to consult constituencies
- Lack of legal recognition of some CSOs/KAP networks
- Unwillingness to oppose the government e.g. out of fear of not being selected for Global Fund activities
- Length and complexity of Global Fund's documentation
- Limited time for discussion at the CCM meetings
- Limited number of visits by oversight committee
- Oversight committee visits being pre-announced (as opposed to spot-check style)
- Limited resources for carrying out visits and feedback sessions by oversight committee
- Not enough "technical" people in the oversight committee.

### **4.3.4 Summary of conclusions for the measurement and accountability cluster**

#### **Value for Money**

The Global Fund has made a clear commitment to focus on VfM and allocative efficiency, initiated under the Optimizing Value for Money and Sustainability Initiative, and now the Strategic Initiative on Sustainability Transition and Efficiency, as well as through AIM, Wambo and ITP-2. Modeling for impact utilizing standardized models for gathering both programmatic and financial data has been a top priority of the Global Fund aimed at enhancing efficiency and effectiveness for impact. However, issues with data quality and model outputs not fully informing national decision-making processes undermines the utility of these efforts. Country ownership of the modeling efforts is critical for influencing the use of data for programming.

<sup>70</sup> The Global Fund. Unknown. Guidelines and requirements for Country Coordinating Mechanisms.





AIM, a critical management efficiency initiative spearheaded by the Secretariat, has the potential to link data on investment and results while at the same time reducing the management burden and encouraging standardization to facilitate rigor, depth and explanatory power of data. The expectations around AIM are considerable and the continued acceleration of implementation, which has been delayed is critical to ensuring that data from the current funding round are integrated into the system.

Catalytic funding provides space for discussion of key issues at a time when levels of funding are stagnant or declining while being increasingly scrutinized, and it has the potential to address key issues and gaps that otherwise may not be funded. However, the principles of country ownership should be observed in the agreement of catalytic funding, and careful planning and coordination of activities is required to ensure that country team resources are not spread too thinly across a complex array of applications and core programming work. The Global Fund also needs to ensure that the targeted funding is addressing issues that will produce efficiency gains, ensure VfM, and result in greater impact in line with the 2017–22 Strategy.

### Measurement of outcomes and impacts

There has been a strategic focus on building and improving the quality of programmatic data at the country level spearheaded by the MECA team and by the M&E and Public Health Specialists in GMD, and through the ITP-2 and its predecessors (ITP and PQE); but, ongoing challenges with country-level data persist due to lack of strong M&E systems. Global Fund efforts aimed at improving data quality and systems have benefited from coordination and collaboration with the WHO and World Bank and could benefit from further coordination with other partners who play an important role in M&E at country level.

The new KPI framework is much more sophisticated than the previous version and is considered a strong mechanism for measuring progress since there exists a strong link between the KPIs and the new Strategy based on an impact chain. The Global Fund has established the right balance of resources to core business and to M&E, although there are no resources dedicated to M&E within the grant agreements, which may limit country ownership of M&E activities.

The Global Fund has commissioned a plethora of reviews, assessments and evaluations during the past 3 years, many based on TERG recommendations. However, more attention is needed to ensure that the results of such reviews are integrated into organizational learning and used to drive improved programming. Attention also should be paid to the topic and timing, to ensure that emerging recommendations are available at key decision-making points around priority strategic areas/interventions.

### Accountability for results

There is a clear “line of sight” between strategic objectives, sub-strategic objectives, drivers and deliverables and the Secretariat seems on track to achieve clarity around staff accountability during the first year of the Strategy including revised job descriptions to reflect the KPIs. It is however too early to say whether, to what extent and at what speed these latest changes at headquarters level will trickle down to reinforce and strengthen the accountability of country level stakeholders for results. This exercise to ensure awareness around accountability for results represents a significant piece of work for the Global Fund, something that has not been embarked upon before and requires strong leadership to guide the process.



## 5 Overall conclusions

The “recommendations review” has found that the vast majority of recommendations generated from SR2015 and subsequent TERG and other related reviews have been fully or at least partially addressed. The majority have been rated as “green,” which indicates that the team has found evidence of clear activities and initiatives which can be seen to address, or be addressing, the issues/concerns raised. A small number of recommendations have been rated as “amber,” which indicates that some actions have been taken but the team was not convinced that the issues have been fully addressed. In some cases, we have flagged a recommendation as “amber” to indicate that the actual recommendation was found not to be fully relevant or actionable. There are a very small number of recommendations that have been rated as “red.” In these cases the team could not find evidence that clear actions to address issues raised have been put in place.

That such a high proportion of recommendations have been acted upon suggests that the Secretariat has seriously considered and taken forward the TERG’s outputs. These largely positive findings with regard to recommendations follow-up have also translated into broadly positive findings across the review questions. Across the three clusters, the SR2017 findings have identified a very impressive response – on the part of the Secretariat in particular – to many of the issues raised in the reviews and the ToR for this assignment.

The Secretariat has prepared itself well for implementation of the 2017–22 Strategy, which is widely acknowledged to be very ambitious. The strategic planning processes put in place represent a major improvement over previous cycles. There is, however, a need to ensure that the resulting activities are sufficiently prioritized to allow the Secretariat to actually implement them while simultaneously ensuring that the short-term prioritized set of activities link to a broader set of activities, the cumulative impact of which will allow for the achievement of strategic objectives by 2022. The Global Fund has also demonstrated a significant commitment toward introducing differentiated approaches across the grant lifecycle. This is expected to have a significant impact on reducing transaction costs for countries and the Secretariat. There has been an active effort to reorganize the Global Fund’s core grant and management structures to deal with the implications of the differentiated approach, including the organization of the Secretariat teams and the TRP, and the risk management framework.

Nevertheless, there are two concerns relating to the strategy implementation that are worth flagging. The first is that although changes have taken place at the Secretariat level there is still insufficient evidence to conclude that these changes have been/or will be translated in to modified behavior and results at country level. In part, this is due to timing – the latest grant window played out at the same time as the SIP was being rolled out – but there remains an open question as to whether it is now too late in some instances to change things at country level given that most grant applications will be happening in 2017. The second concern is an even broader one and relates to there being clear indications that the rapidly changing aid architecture and global health context need to be closely monitored by the Global Fund. It may not be sensible to assume that the organization can wait until 2020/21 to revisit the Strategy. In SR2015, the conclusion that there was no need to fundamentally change the Strategy was based on an analysis suggesting that the context within which the Fund operates hadn’t changed enough to make the Strategy misalign with the context (this is necessary for a good strategy). However, in interviews with stakeholders and a review of more recent documentation, there are indications that the context is evolving rapidly and therefore the alignment between the 2017–22 Strategy and the context may become significantly misaligned over time.

The Global Fund has developed the definitions, policies and guidance for sustainability and transition and has begun to operationalize these considerations. There are a number of critical issues that will require further work if they are to be adequately addressed. These include: how best to ensure the sustainability of key programs after exit (particularly those that engage civil society and KAPs);



addressing complex issues related to absorptive capacity; ensuring country ownership over the transition process; addressing a lack of clarity on the extent to which principles of country ownership apply; a lack of engagement to discuss issues where country and Global Fund objectives do not meet and align; and the need to better leverage partnerships that support the achievement of tangible results and long-term impact.

There has been significant progress in according a high priority to RSSH, human rights and gender issues and integrating these into Global Fund processes. There is, however, a need for greater clarity at the country level on how to operationalize these priorities through programming decisions, and a specific need for the Global Fund and partners to further promote attention and engagement by country stakeholders and decision makers around these issues.

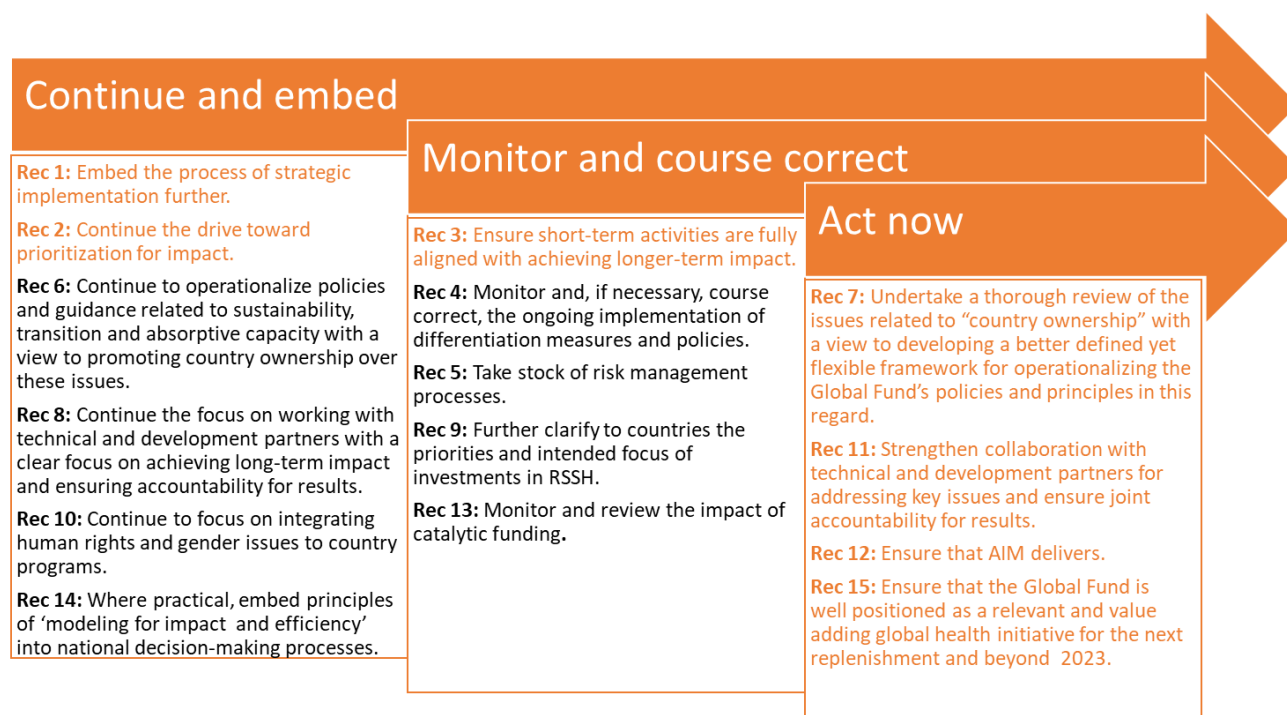
The Global Fund has made a clear commitment to increasing its focus on VfM and the Secretariat has taken forward a number of areas of work to improve the economy, efficiency and effectiveness of its own operations and its investments in countries. Despite ongoing challenges with a lack of quality country-level data, there has been a renewed emphasis on modeling to establish global targets and inform allocations (although there is a need to further embed this at the country level) and on improving the measurement of outcomes and impacts to further VfM considerations and improve accountability for results.



## 6 Recommendations

We have articulated 15 specific recommendations that are derived directly from the main findings and conclusions of the SR2017 and are associated with the different focus areas that were defined in the RQs generated from the ToR. These are presented in full in the main text.

By way of overview these 15 specific recommendations can be grouped into three main related categories as summarized in the diagram below. The seven orange recommendations are, in our view, the most critical recommendations for the Global Fund to address.



**Figure 9: Overview of SR2017 recommendations**

There are six recommendations that essentially promote the idea that the Global Fund should **continue with the work it is doing in key areas and further embed this work**. The most obvious (and in our view the most important) of these is the drive that is well underway toward prioritization for impact. The second priority recommendation in this category is to continue the good work on embedding the strategic implementation planning process further with a clear eye on making sure progress made is insinuated into Global Fund processes for the next strategic planning process.

There are five recommendations that are focused on **the need for the Global Fund to closely monitor, analyze and review key activities with a view to potentially taking action to course correct**. The example recommendation of this type that we have prioritized is the need to ensure that short-term activities (which, for example, are defined in this year's work plans) are fully aligned with the thinking around long-term impact.

The final recommendation category captures **those recommendations that call for action to be taken in the short to medium term (i.e. in 2017)**. There are four of these which, by definition, have all been prioritized by the SR2017 team. These include an internally related recommendation that calls for a focus on ensuring that AIM delivers and three more "external" related recommendations that highlight the need to address the ongoing issues of how the Global Fund engages with the concept of country ownership, how the Global Fund advocates with development partners to address key issues such as human rights, and finally how the Global Fund starts positioning for the next strategy in the



light of the rapidly changing global environment so that it can ensure that it can be “future proofing” the Global Fund “business model” and plan for the next strategy process.

### Strategic implementation processes

**Rec 1: Embed the process of strategic implementation further.** The process of operationalizing the Strategy and ensuring that the operational plans and planned activities relate to a coherent drive toward impact that has been led by the Secretariat has been a very impressive undertaking and the work done to date should be commended. This process of operationalizing the Strategy is, however, still very much a “work in progress.” For example, the SIP is still not fully embedded across the organization; and key systems and processes to leverage the value of the new planning processes are still not fully rolled out and/or working. In addition, the way country programs are being designed and implemented is, in most cases, not yet being informed by the SIP. The embedding process should continue and resources continue to be invested in this work. These processes should also be documented and normalized so that future (and ongoing) planning processes can be more efficient and coordinated with other planning processes (e.g. annual budgeting, KPI setting).

**Rec 2: Continue the drive toward prioritization for impact.** There is a need to further prioritize the set of 2017 SIP activities to ensure that Global Fund’s investments are focused on those areas that will allow for the achievement of the maximum level of impact; and so that the Secretariat can realistically implement them in 2017 and beyond. At the time of writing, a further prioritization process was underway and is being driven by the senior management team at the Secretariat. This process should continue and it is right that this is led by the Secretariat with regular reporting to the Board through the Strategic Committee.

**Rec 3: Ensure short-term activities are fully aligned with achieving longer-term impact.** The Secretariat should continue to analyze the broader and longer-term requirements for the achievement of strategic objectives by 2022, and ensure the short-term activities contained within the SIP are aligned with a broader set of activities, the cumulative impact of which will be sufficient to meet these requirements. This should correspond with ongoing performance management efforts to monitor implementation progress and course correct, as necessary.

### Differentiation

**Rec 4: Monitor and, if necessary, course correct the ongoing implementation of differentiation measures and policies.** The Secretariat should first work to finalize the differentiated approach across the grant life-cycle, including development of guidance notes and/or operational policy notes (e.g. for grant implementation, M&E, and to summarize the overall approach). It will then be important to monitor and learn lessons from how differentiated approaches are working overtime (e.g. to improve efficiency and reduce transaction costs) and be open to iterations as issues are identified. This should include:

- a) Analysis of where additional differentiation measures can be introduced into the Global Fund’s processes for grant application, implementation and M&E, as well as the Secretariat’s core functions – one example raised was to differentiate the approach to quality assurance for commodities based on Global Fund’s market share and/or quantities procured, and presence of other market actors. As such, it is suggested that the various teams and working groups established to introduce differentiated approaches are kept in place to review their implementation, at least in the short to medium term.
- b) Analysis of the impact of staffing differentiation measures over time to ensure that the overall objectives for introducing differentiated staffing arrangements (i.e. to improve efficiency and reduce transaction costs) are achieved; and teams are sufficiently equipped to deal with the issues faced in countries, particularly in relation to the integration of cross-cutting issues (e.g. RSSH, human rights and gender) into business practices, where current staffing levels are thinly stretched over the breadth and depth of Global Fund programs. This will be particularly important



as new processes and procedures are introduced, especially AIM, which could have a significant impact on the way the Global Fund does business, and may prompt a further analysis of resource requirements.

- c) Consideration of moving from a framework that defines differentiated processes and Secretariat staffing levels based on a crude categorization of country portfolios (i.e. related to portfolio size, disease burden, and mission risk) to one that more flexibly tailors processes dependent on country capacity (e.g. for planning, application and grant management) and other contextual factors.

### Risk management

**Rec 5: Take stock of risk management processes.** At such time as the organization's risk management framework is felt to be fully embedded at an organizational level and across the grant lifecycle, it is recommended that the Global Fund undertake a review to take stock of whether risk management processes: (a) are providing an effective mechanism for the identification, mitigation and monitoring of risks; and (b) could be streamlined or further differentiated to reduce transaction costs and/or mitigate against discouraging or constraining ambitious programming. In particular, with fully functioning and effective first and second lines of defense<sup>71</sup>, the review should pay attention to the requirements for the third line of defense, related to the role of the OIG.

### Program sustainability and transition

**Rec 6: Continue to operationalize policies and guidance related to sustainability, transition and co-financing with a view to promoting country ownership over these issues.** Particular attention should be paid to promoting the sustainability of Global Fund's programs and activities that engage civil society and KAPs.

### Country ownership

**Rec 7: Undertake a thorough review of issues related to "country ownership" with a view to developing a better defined yet flexible framework for operationalizing the Global Fund's policies and principles in this regard.** Given that country ownership was one of the key founding principles of the Global Fund more than 15 years ago, and country stakeholders are still unclear the extent to which it applies, a clear and operational framework may need to be negotiated and developed with country stakeholders. This will require the Global Fund to be clearer about degrees of authority and responsibility between itself and its country partners and be more transparent about what its "red lines" are. At a global level, this may need to be based on certain principles and then negotiated on an individual country-level basis to determine the extent to which the Global Fund Strategy complements national priorities.

### Country partnerships

**Rec 8: Continue the focus on working with technical and development partners with a clear focus on achieving long-term impact and ensuring accountability for results.** The Secretariat should continue to prioritize its focus on leveraging partnerships with technical and development partners with a clear focus on how best to collectively address identified issues (e.g. in relation to absorptive capacity) and achieve the desired/expected impact from these partnerships. This should be reflective of what partners are willing and able to achieve (particularly in light of known resource constraints), and include a clear framework for ensuring partners' accountability for results (as well as

<sup>71</sup> The 'Three Lines of Defense' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided: The first line of defense – functions that own and manage risk. The second line of defense – functions that oversee or specialize in risk management, compliance. The third line of defense – functions that provide independent assurance, above all internal audit.





the accountability of other country partners). The focus of work should also include a specific component for building the capacity of country stakeholders to support longer-term sustainability.

### Resilient and sustainable systems for health

**Rec 9: Further clarify to countries the priorities and intended focus of investments in RSSH.** The Secretariat should provide additional clarity on how best to operationalize RSSH at the country level, with specific guidance on the identified priority investment areas from within the seven sub-objectives on RSSH, noting explicitly that investments should directly support the achievement of Global Fund results – that is, related to the three diseases. The current emergent priorities at Secretariat level, on PSM, health information management systems, integrated service delivery and community responses are appropriate but even further prioritization may be necessary to maximize the impact of limited resources. At country level, the RSSH dashboard should be further promoted as a key tool for prioritizing Global Fund investments in RSSH – other partner’s tools may also add value.

### Human rights and gender

**Rec 10: Continue to focus on integrating human rights and gender issues into country programs.** Significant progress has been made toward addressing gender equity and human rights issues across the Global Fund at the Secretariat level. However, to ensure SO3 can be met, additional efforts are still needed to ensure human rights and gender are well integrated into NSPs, funding requests and grant budgets, especially for malaria and TB. In addition, to ensure gender equity does not “drop off the agenda,” it is essential to maintain the current high-level political commitment to this issue.

**Rec 11: Strengthen collaboration with technical and development partners for addressing key issues and ensure joint accountability for results.** Good progress has been made on the integration of human rights, key populations and gender into Global Fund processes. There is, however, a limit to what the Global Fund can achieve alone. To make further progress on addressing gender equity and human rights, it is necessary for the Global Fund to collaborate even more closely with its technical and development partners, as well as other actors that have a country presence and “political weight”, to further promote attention to these issues. In line with recommendation 8, this engagement should be reflective of what partners are willing and able to achieve, and framed within a clear framework for ensuring partner and country stakeholder’s accountability for results.

### Value for money

**Rec 12: Ensure that AIM delivers.** Given the potential for efficiency gains and improved measurement of impact through AIM, and taking into account the level of coordination across the Secretariat and at the country level needed to ensure its successful implementation, it is in the interest of the TERG to conduct a review of the implementation progress, which could facilitate course correction if necessary.

**Rec 13: Monitor and review the impact of catalytic funding.** The Secretariat should carefully monitor the impact of catalytic funding at country level and also in terms of the level of effort required by the country teams to program these funds. The TERG should consider reviewing the effectiveness of catalytic funding in the short term to judge if course corrections are needed to achieve the intended impact of the different funding activities. This is particularly important given the overall level of funding accorded to the catalytic funding and the differing views within the Secretariat as to the potential value/impact of the activities.

**Rec 14: Where practical, embed principles of “modeling for impact and efficiency” into national decision-making processes.** There have been clear advancements in the Global Fund’s work in resource allocation impact modelling, but there is a need to ensure that these efforts inform national dialogue and resource allocation decision-making processes, and inform programming. This “embedding process” will require continued support to countries to build their capacity to significantly improve their data systems and empirical data-gathering processes, and in settings where these





systems are processes are weak it may not be practical or useful to promote the use of modeling. Nonetheless, in settings where modeling is felt to be of added value, we would argue that efforts should be made to improve national capacity to engage in the modeling processes itself – including building local capacity to undertake the modeling exercises across the three diseases taking into account health system as joint service delivery platform, interpret the modeling results, translate recommendations into decisions and ultimately replicate the processes on their own on routine basis.

### Beyond the current strategy

**Rec 15: Ensure that the Global Fund is well positioned as a relevant and value adding global health initiative for the next replenishment and beyond 2023.** SR2017 has focused on the key set of issues relating to the way the Secretariat and others have grappled with translating the 2017-22 Strategy into the operational plans. It is increasingly likely that while “staying the course” will be appropriate for the current replenishment period, it may not be the best way forward for the next replenishment cycle and beyond the current Strategy period. The SR2017 team therefore want to flag that while there are acknowledged to be challenges associated with the extremely fluid global aid architecture, there might be significant value in proactively considering how best the Global Fund can be positioned as a relevant and value adding global health initiative going forward. It is recommended that the TERG further consider the most appropriate modality for the Secretariat and Global Fund Board to take forward this thinking.