PROGRAMME COORDINATING BOARD

Twelfth meeting
Geneva, 29 - 31 May 2002

Provisional agenda item 4.1:

The Global Fund to Fight AIDS, Tuberculosis and Malaria

Background

UNAIDS, WHO and the World Bank hold non-voting seats on the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria, which was established in January 2002. Since the Fund was first proposed, the UNAIDS Secretariat and Cosponsors have been actively engaged in its design and operation, particularly since the major stakeholders’ meeting held in Geneva in June 2001 and through the transition to the establishment of the Fund led by the Transitional Working Group based in Brussels.

The Fund represents a major opportunity to mobilize the greatly increased resources needed to address the HIV/AIDS epidemic. By bringing in new partners and drawing on the strong foundation of political commitment, technical knowledge and effective programmes, the Fund has the potential to expand the international response and to meet the urgent need to scale up effective interventions. Through engagement in the establishment of the Fund, the UN system has contributed to the efforts that have resulted in a commitment of around US$2 billion to the Fund and has supported countries with information and advice to facilitate their access to the Fund.

This engagement is based on the following principles:

- the Fund is a new financial mechanism;
- the Fund works in a complementary way with existing programmes and agencies, and the UN system should be called on to support and enhance its work;
- the Fund’s processes are country-led; and
- the Fund should achieve an appropriate balance in its support for AIDS, tuberculosis and malaria, and between prevention and care.

These principles are now clearly reflected in the Fund’s governance and operating arrangements. They are included in Fund reference documents, such as The Framework Document (which draws on the agreements reached by the Transitional Working Group and endorsed by the Board on the
The purpose of the Fund is defined in *The Framework Document*, as follows:

“To attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals.”

*The Framework Document* also includes the following principles: the Fund should make use of, and complement, existing mechanisms; its work should be based on national ownership and country-led processes; it should seek a balanced approach in relation to regions, diseases and interventions; and it should pursue an integrated and balanced approach covering prevention, treatment, care and support. A basic principle in the design of the Fund’s country processes is that the Fund will work with existing programmes, will build on existing coordination mechanisms and will promote partnerships that reflect the role of the UN and other agencies in AIDS, tuberculosis and malaria in countries. Proposals for funding are expected to build on, and be consistent with, national programmes and strategies for the three diseases.

In its early operations, the Fund has adhered closely to these principles. The design of the Fund processes, including those for the submission of proposals, technical review and monitoring and evaluation, make provision for technical support from the UN system. Effective partnership arrangements are acknowledged to be critical to the success of the Fund and to keeping it a lean and focused organization.

Following the second meeting of the Fund’s governing Board, held in New York on 22–24 April, the first round of Global Fund grants has been announced. These initial grants will provide US$378 million over two years to support 40 proposals in 31 countries, with a further US$238 million to be provided for an additional 18 proposals in 12 countries, plus 3 multicountry proposals, once certain conditions have been met. Many of the countries whose proposals were not funded in this round will be encouraged to resubmit them, with certain adjustments. Of the grants approved so far, HIV/AIDS accounts for over 60% of funding.

The establishment of the Fund, the experience of the first round of proposals, which was necessarily seriously constrained by time pressures, and the outcome of the decisions of the Board at its 2nd meeting, on grants and on future processes, present a number of challenges to UNAIDS. These are outlined below for consideration by the PCB.

**Continuing UNAIDS support for the Global Fund**

1. **The partnership at global level**

UNAIDS is a major partner for the Fund at the global level, and has readily provided resources and technical and policy advice and support to the temporary and interim secretariats of the Fund since the establishment of the Technical Support Secretariat in Brussels in August 2001. UNAIDS support to date has necessarily been provided on an ad hoc basis. At its 2nd meeting in
New York, the Board decided on an outline of the composition and structure of the permanent Fund Secretariat. Recruitment of staff will commence immediately.

Clarification of the links and relationships between UNAIDS and the Fund Secretariat will be an important early step once the permanent secretariat is established. As the Fund has been tasked to complement and build on existing capacities and structures and to avoid duplication, UNAIDS will need to support Global Fund requirements in such areas as: strategic and epidemiological data collection and analysis; needs assessment and country readiness information; specific aspects of resource mobilization, including resource-tracking; country support to proposal development; technical review of proposals; and monitoring and evaluation. Continuing dialogue and engagement at senior levels and through designated focal points will be essential in the development of the details of the continuing partnership between UNAIDS and the Fund. A draft paper, not yet considered by the Board, recommends establishing a formal partnership between the Fund and UNAIDS (as well as Stop TB, Roll Back Malaria and selected NGO and private sector actors), and proposes early discussions towards this end.

2. Country support – a unified approach

The UN system provided active, coordinated support to countries in their development of submissions in response to the Fund’s first call for proposals. UNAIDS assisted by rapidly disseminating information about the call for proposals, through a letter from the Executive Director to all UNAIDS Secretariat country staff and to all national AIDS Councils, Commissions or Programmes sent on 4 February—the day the call for proposals was announced by the Interim Secretariat. The collaboration of UN agencies resulted in a Guidance Note being sent on 21 February by the UN Development Group to all UN Resident Coordinators. Signed by the Executive Heads of UNICEF, UNDP, UNFPA, WFP, WHO and UNAIDS, the Note offered coordinated UN support at the country level, through the UN country team, for the work of the Country Coordination Mechanisms (CCMs) being activated to develop proposals and to assist in proposal preparation.

Consistent with the basic principle of the Fund that it be country-led, this support was available to countries at the request of the country partners. As a result, substantial resources were invested by the UN system in facilitating proposal development. Further analysis of the Technical Review Panel’s commentary on proposals will provide a basis for increasing the effectiveness of the UN’s role.

As the Fund will not have staff posted in countries, this kind of support from the UN system (including the World Bank) will continue to be called on, not only for the development of new proposals but also for reworking proposals to respond to suggestions from the Technical Review Panel and for the implementation of approved proposals, particularly to ensure that adequate financial management and monitoring arrangements are incorporated in programmes as they are implemented. It will be important that this support be provided in a coordinated way that is responsive to country demand, to the guidelines of the Fund and to feedback from the Technical Review Panel on the first round of proposals.

At its second meeting, the Board did not accept a proposal put forward by the Interim Secretariat to establish a Catalytic Emergency Fund to improve the quality of proposals, but agreed instead that further analysis be undertaken by the Fund Secretariat to examine how existing available resources and partnerships, such as the UNAIDS Programme Acceleration Funds (PAF), can be used to improve capacity and catalyse new processes at the local level. An effective
response from the UN system will be critical to establishing it as a major partner for the Fund at country level in the development, improvement and implementation of proposals.

3. Technical review

Consistent with acceptance by the Board of a facilitative role for WHO and UNAIDS in the Fund’s technical review processes, WHO and UNAIDS worked closely with the Fund’s Interim Secretariat to determine the membership and composition of the 100+ Technical Review Support Group (TRSG), from which the 17-member Technical Review Panel (TRP) was selected by the Board. The TRP’s role is to review proposals to the Fund and provide recommendations to the Board on what should be funded. WHO and UNAIDS Secretariat staff also provided support and advice in the development of criteria for the TRP’s review of proposals, and were available to the Panel when it met over two weeks, from 25 March to 4 April, to provide contextual and technical advice, including relevant data on disease burden, country readiness and best practice interventions.

As a result of the experience of the first review of proposals, further consideration will now be given to how the process of review can be improved, to enhance the transparency and objectivity of the process and to draw more effectively on the technical expertise and contextual knowledge of WHO and UNAIDS. At its second meeting, the Board agreed that a Working Group should take these questions forward. The mandate of the existing Working Group on Technical Review, which had already been charged with reviewing the composition of the Technical Review Panel, its selection procedure and its terms of reference before the next Board meeting in September 2002, has been expanded to address issues concerning the management of proposals, better support for countries, and improved functioning of the technical review process, including specifically identifying mechanisms for better harnessing the technical capacity of the TRSG and partners such as UNAIDS and WHO. Both WHO and UNAIDS are members of this Working Group and will be actively involved in its deliberations.

Enhanced capacity to draw on, and provide, reliable and strategic information will be essential for the UNAIDS Secretariat to be a more effective partner in the technical review process. An operational country response information system (CRIS), covering comprehensive data on national responses including epidemiological information, strategic planning, costing and coordination capacities, budget allocations to AIDS programming and other resource flows, is an important component in building up this capacity. So too is the Secretariat’s strength in providing policy advice and strategic information based on scientific evidence and human rights.

4. Monitoring and evaluation

WHO, the World Bank and UNAIDS have participated in the Fund’s Working Group on Monitoring and Evaluation. This Group has worked on the development of appropriate indicators for the Fund, providing a menu of agreed best practice indicators for HIV/AIDS, tuberculosis and malaria country programmes, and identifying certain basic monitoring and evaluation criteria that are essential for the first disbursements of funds. Further development of a monitoring and evaluation framework for the Fund, both for country programmes and for measuring the impact of the Fund against its core objectives, will be taken forward by this Working Group, for presentation at the next Board meeting in September. This Group will also look further at whether any additional reporting or monitoring is required for results-based disbursement beyond the accepted requirements for monitoring and evaluation.

A guiding principle for monitoring and evaluation is that the timing and processes for disbursement should be as simple as possible and not impose additional burdens of bureaucracy and
resources on countries. The Working Group will identify existing sources of technical assistance for monitoring and evaluation. Given the central importance of monitoring HIV/AIDS strategies and programmes in the mandate of UNAIDS, it is essential that the capacity of UNAIDS be further strengthened in order to support monitoring and evaluation activities in countries. As indicated in the Executive Director’s Report to the PCB, UNAIDS is significantly reinforcing the HIV/AIDS monitoring and evaluation support at regional and country levels. This includes the establishment of a dedicated unit at the World Bank, on behalf of UNAIDS, as well as a team of specialists to be spread out across regions and in key countries in collaboration with bilateral organizations and other partners. These efforts will significantly strengthen UNAIDS’ partnership with the Global Fund, providing an effective system for the Fund to draw on in its monitoring and evaluation activities and supporting its overall objective of building up local capacity.

5. **Resource mobilization**

While accepting that resource mobilization will be a core activity of the Fund, the Board has not yet considered in detail its resource mobilization strategy, nor has it settled on its funding goal in relation to the total global resource needs for AIDS, tuberculosis and malaria, estimated at about US$8 million by 2005. Ensuring complementarity between the Fund’s mobilization of new and additional donor funding and the resource mobilization efforts of national, bilateral, multilateral and NGO/private sector partners will be necessary in order to realize the Secretary-General’s Call to Action. Clear synergies exist between UNAIDS resource mobilization efforts and those of the Global Fund, which will provide the foundation for the development of a clear partnership with the Fund in this aspect of its operations.

6. **Disbursement of funds**

The World Bank is the designated Trustee for the Fund, with the Phase 1 Trustee Agreement, whereby the Bank will receive, hold and disburse funds for the Global Fund, adopted by the Board at its second meeting. In relation to country-level disbursement, the plan is for the Fund to enter into agreement with an internationally recognized national or international partner to act as the channel for funds and perform the function of sub-trustee in each country.

7. **Procurement**

A Task Force on procurement is to be appointed to report to the Board on procurement policy issues. UN agencies will be represented on this Task Force, which is to report to the Board at its September meeting. There is considerable interest among Board members in establishing clear policies and guidelines on procurement, especially in light of the large proportion (about 50%) of the first round of funding provided for commodities and products. Before the detailed policies are developed, procurement arrangements in the first-round proposals will be covered in the Fund Secretariat’s negotiations with individual grantees.

**Implications for UNAIDS: Summary**

The setting up of the Global Fund has drawn significantly on UNAIDS Secretariat and Cosponsor resources over the past year, and these calls will increase as the Fund’s structures and processes are developed to complement existing programmes and agencies.

The Fund is a welcome and much-needed new financial mechanism, responsible for raising and disbursing additional funds for HIV/AIDS. Its potential to mobilize additional resources and commitment and to facilitate the scaled-up response to the epidemic advocated by UNAIDS
warrants additional effort in the Programme to provide the active support required. This will involve:

- active participation and engagement with policy and directions for the Fund, as a Board member and through participation in Board Working Groups;
- continued coordination of international support for the development of HIV/AIDS proposals to the Fund;
- continued support for the technical review process, and the further development of reliable and comprehensive data and strategic information to support this process;
- assistance with the development of an appropriate monitoring and evaluation framework for the Fund, and support to CCMs through a strengthened monitoring and evaluation capacity at country level; and
- support for resource mobilization efforts that are complementary with those of the Fund, reinforcing the Fund’s efforts through advocacy and the provision of resource tracking and other strategic information and analysis.