

39th Board Meeting
CCM Evolution
For Board Decision

GF/B39/04
Skopje
09-10 May 2018



This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board Meeting

Agenda

1. Executive Summary
2. Briefing from Committees
3. Decision Point 1
4. Decision Point 2

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Executive Summary

CCM Evolution: Objective and Deliverables

In 2016, the OIG Audit report on “The Country Coordinating Mechanisms” (Feb 2016) and the Secretariat's report on “Review of the Global Fund Business Model” (16-17 Nov, 2016), highlighted the need to strengthen and evolve the current CCM model.

In order to strengthen the Global Fund's business model, the Global Fund Secretariat was asked by the Global Fund Board to examine how to evolve the current CCM model, to better deliver on the **Global Fund Strategy 2017- 2022**.

Objective: To Improve CCM performance by differentiating the CCM model to ensure CCM Stakeholders are best placed to deliver the new Global Fund strategy (2017-2022).

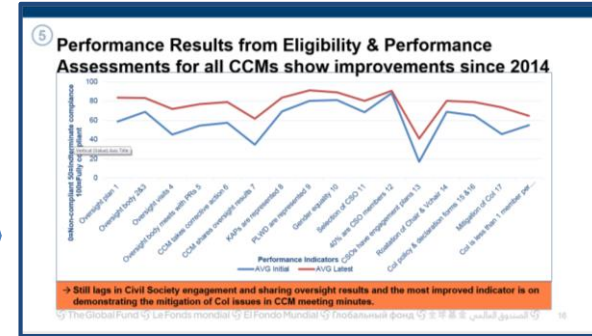
Key Deliverables :

- **Revise CCM Guidelines and Requirements** in order to more appropriately guide CCMs on their mandate, as key stakeholders in the Global Fund's current Strategy.
- **Costed options** for consideration which will present the investment for each option, and determine the speed at which the changes can be implemented.

Brief update on CCM Evolution project

- **At the June 2017** Strategy Committee meeting, the Secretariat presented results from the analysis of **Phase I** of the CCM Evolution process:
 - Overall performance of CCMs has improved, however there are still challenges with CS engagement and oversight
 - CCM performance is correlated with improved grant performance
- The SC requested that the Secretariat proceed with **Phase II** and begin regional consultations

- **In August 2017**, the CCM Evolution consultative workshops and stakeholder consultations were launched jointly with partners.
- **In October 2017**, an update on the consultations conducted and the initial feedback from stakeholders was presented to the EGC and SC.
- **From November 2017- January 2018, Phase III** was launched, developing options for improved and differentiated CCM models, based on stakeholder input. The proposal was shared with 115 CCMs, and partners (including Board and Committee members) for consultation and feedback.



Key takeaways from the consultations include:

1. differentiate CCMs and introduce maturity levels
2. integration/linkages of CCMs into existing national coordination mechanisms
3. improving the quality of CCM members' engagements and the oversight function
4. strengthen internal functioning.

SC recommends the following decisions to the Board

Decision Point 1

- a. Approval of the CCM Code of Conduct.
- b. Approval of funding for the operationalization of the CCM Code of Conduct through the use of funds from Asset and Liability Management (ALM).
- c. Approval of a) the revision of the *Guidelines and Requirements for Country Coordinating Mechanisms* (now referred to as the CCM Policy), and;
- d. Delegation of authority to SC to approve future changes to the CCM Policy.

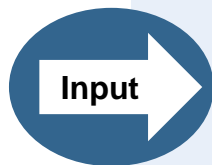
Decision Point 2

- a. Approval of funding to support the “Intermediate” level of ambition for the CCM evolution through the use of funds from ALM.

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Briefing from Committees

Topics presented for input and decision from SC, EGC & AFC



- I. CCM differentiation categories
- II. CCM maturity levels and activities



- Ia. Agree level of ambition for CCM evolution (SC)
- Ib. If agreed by SC, recommend to Board the approval of SI and/or ALM for CCMs (SC)
- II. Recommend to Board CCM Policy approval and delegation (SC)
- III. Code of Conduct for Country Coordinating Mechanisms (EGC)

Recap of EGC: Key Points of Discussion

Summary

- The EGC recognized weaknesses in CCMs in addressing ethical behaviour and agreed with the **Code of Conduct** being integrated into the CCM policy as an Eligibility Requirement. There was support for the roll-out of a credible plan for enforcing this.
- The EGC **endorsed the maturity levels and differentiation**, and discussed the value of moving a CCM from basic to oversight, or oversight to engaged levels of maturity.
- Questions were asked about **the link of CCM performance to grant performance**, requesting the Secretariat to propose a way to measure benefit of investment over time.
- The EGC discussed **the trade-offs** for choosing the different levels of ambition:
 - There was a consensus to **not choose the Status Quo Option**. Ethics Code of Conduct can not be enforced, raised expectations with CCMs not responded to, and a missed opportunity to strengthen an important and unique mechanism of the Global Fund.
 - While a number of members pushed for choosing a more ambitious option, others agreed that while the option should range from 2-4, what should be exactly decided depends on the **trade-off decisions to be made**.

Outcomes

Recap of SC: Key Points of Discussion

Summary

- The **SC affirmed the value of CCMs** as part of the Global Fund business model, **endorsed the maturity levels and differentiation**, and **recommended** replacing the CCM Guidelines with the **CCM Policy**.

The SC debated the **level of ambition for CCMs**, with two perspectives emerging: one saw CCMs as key to the GF model and requiring increased investment, while others felt that the link between CCM performance and improved grant performance was uncertain and therefore, it was better to prioritize funding for critical country priorities.

- The SC debated near-term **funding options** and felt that given uncertainty around funding from Strategic Initiatives or Partners, available ALM funds identified by the AFC was the best option. However, the SC was concerned about reallocating funds away from country priorities.
- The need to move forward with the operationalization of the **CCM Code of Conduct** was emphasized and it was agreed that this should not be delayed any longer.
- The **role of CCMs in oversight** was clarified: in most cases the CCM Chair/Vice Chair sign off on grant agreements and finally that PRs have a legal obligation to inform CCMs on programmatic details.
- **The SC passed 2 Decision Points** recommending Board approval for (1) the CCM Policy and funding for the Code of Conduct of USD 1,219,700; and (2) differentiation and levels of maturity for CCMs, and additional funding of USD 7.42 million (intermediate option).
- Both **Decision Points passed on a two-thirds majority vote** but it was not unanimous.

Outcomes

Recap of AFC: Key Points of Discussion

Summary

- The **AFC** agreed with the SC recommendation to support: i) **the implementation of the Code of Conduct** and; ii) the **CCM Policy** based on **differentiation and maturity levels**.
- AFC debated on the **value for money**. Members felt more evidence of the investment case was needed. Two differing perspectives emerged, with some arguing that without stronger evidence **it would be difficult to support the recommended amount for CCM Evolution**.
- Others supported a more ambitious option for CCM evolution, arguing for **looking at the broader value of CCMs beyond grant performance** to country ownership, coordination and stakeholder engagement.
- **On risk management**, while some members felt unconvinced of the role of CCMs in oversight and risk management, others saw value in **strengthening the oversight role** for CCMs, with suggestions to include grant oversight indicators for CCMs.
- In discussing the **near-term funding options**, there was a recognition of the challenges of choosing both ALM and SIs funds, with some suggestions on taking partial amounts from both options, instead of an either/or approach.
- The AFC proposed (while not unanimously) **a staged implementation approach to CCMs** in response to the Board decision, based on the principles of: i) an empowered and accountable Secretariat **aligning implementation with allocation cycles**; ii) **meaningful metrics** and timelines to measure impact; iii) adaptive approaches in different contexts and; iv) **continued financing based on performance**

Outcomes

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Decision Point 1

CCM Code of Conduct & Operationalization Approach

Substance of Code of Conduct	Set Tone	Train	Control	Enforce & Oversee
Duty of Care: Decisions should be driven by organizational mission and considerations of fairness	Code of Conduct (1 standard & well-consulted)	Training (training of trainers & e-modules)	Code of Conduct Certification (annual or at joining)	ER 6 Updated Ethics Focal point appointed Speak up within CCM, escalate to GF
Good governance and transparency principles should be abided by				
Values of integrity, accountability, dignity & respect should be lived daily				
Bullying, harassment, retaliation and other toxic behaviors are not permitted			Disclosures of Interest, Affiliation Map, Meeting Minutes	
Conflict of interest must be disclosed and managed			Certification, Disclosure, GF Integrity Due Diligence (IDD)	Respond to GF IDD; Report suspicion or knowledge to OIG; Refer to local law enforcement
Fraud and corruption is systematically prevented, detected, and responded to				

CCM Code of Conduct Operationalization Budget

TOTAL	Year 1	Year 2	Year 3
\$ 1.2 M	\$ 580.3 K	\$ 319.7 K	\$ 319.7 K

Overall Roll-Out

- GF Code of Conduct publication, translation, and distribution;
- CCM Operationalization of CCM Policy ER 6 by updating (a) Conflict of Interest Policies and (b) appointment of an Ethics Focal Point and (c) conflict of interest disclosure forms for CCM leadership;
- GF compliance checks of the above;
- GF development of software and guidelines for affiliation mapping; and
- GF development of e-module for training in Code of Conduct.



Enhanced Engagement

Covers 4 CCMs/year for highest allocated countries.
54% of allocation covered in 3 years.

- Technical assistance to (a) ensure that CCMs obtain accurate organograms and other core Global Fund Grant documents from PRs, (b) facilitate collective mapping of CCM member affiliations onto these organograms, and (c) conduct an enhanced training of how conflicts should be constructively managed while ensuring inclusiveness of stakeholders—in particular communities.
- GF performs Integrity Due Diligence on CCM Membership to detect whether they pose an integrity risk to the CCM or Grants.

Main changes to CCM Policy (formerly Guidelines and Requirements for CCMs)

Streamlined and re-organized the CCM Policy

- Simplified levels of guidelines: Requirements, Minimum Standards, Standards and Recommendations

Updated to reflect GF Strategy 2017-2022

- Addition in principle of Sustainability and Transition considerations
- Updated definition for Key Populations

Introduced key concepts from CCM evolution, for example:

- Introducing Differentiation
- Concept of Maturity Levels

Strengthened focus on ethical conduct

- Inclusion of Code of Conduct
- Updated guidance on Ethics, Integrity and the Global Fund Policy to Combat Fraud and Corruption

Delegation to SC to make amendments and to Secretariat to implement

1 Board Decision Point: GF/B39/DPXX:

The Board:

- 1. Notes the recommendation of the Ethics and Governance Committee of a Code of Conduct for Country Coordinating Mechanisms (the “CCM Code”), developed in furtherance of the Ethics and Integrity Framework adopted by the Board at its 32nd Meeting (GF/B32/DP09);*
- 2. Approves the CCM Code, as presented in Annex 4 in GF/B39/04;*
- 3. Based on the recommendation of the Strategy Committee (“SC”), decides that no less than the amount of USD 1,219,700 should be made available over a three year period to fund the implementation and enforcement of the CCM Code, as described in GF/B39/04;*

1 Board Decision Point: GF/B39/DPXX: (cont'd)

The Board:

4. Recognizes that the Audit and Finance Committee approved USD 50 million as available sources of funds (“Available Funds”) to finance prioritized and costed areas of need on the register of unfunded quality demand, as per GF/AFC04/DP01, and based on the recommendation of the SC, (i) decides that the amount of USD 1,219,700 of such Available Funds be used instead to fund the implementation and enforcement of the CCM Code, and (ii) decides to add CCMs as a “Strategic Initiative” to the list of catalytic investment priorities presented in Table 1 of GF/B36/04 – Revision 2;

5. Based on the recommendation of the SC, decides to replace the Guidelines and Requirements for Country Coordinating Mechanisms, as approved by the Board under GF/B23/DP17, with the CCM Policy as set out in Annex 3 of GF/B39/04 (the “CCM Policy”); and

6. Delegates authority to the SC to approve amendments to the CCM Policy, and requests the Secretariat to operationalize the CCM Policy and regularly report on its implementation to the SC.




Budgetary implications: USD 1,219,700.

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Decision Point 2

Level of Ambition and funding option: SC recommended the intermediate option and use of ALM funds

Options	Description	Incremental Costs for first year (one time)	Incremental Costs for years 2 & 3 (per year)
 Option 3: Intermediate	Includes the most cost efficient activities. Choosing to invest in this option will require trade-off decisions regarding prioritizing certain activities over others. This option will allow for targeted technical and financial support to key countries to implement activities aimed at increasing their maturity in oversight, KP engagement, linkages and CCM Functioning.	USD 7.42 M	USD 5.75 M

Asset & Liability Mgt: Available funds (SC recommended this option)

Funds identified by AFC could be used for CCMs subject to Board approval*:

- **2014 – 2016:** Use actual unutilized funds remaining at the end of the grant allocation period. *\$50M approved by AFC*
- **2017 – 2019:** Use funds forecasted to remain unutilized, subject to risk-based adjustments by the Secretariat and approval by the AFC
- Requires Board to approve new SI to allow operationalization

*Funding for CCMs would need to be deducted before making investments under the SC-approved Portfolio Optimization Prioritization Framework

Intermediate Costed Option : What activities are included?

Oversight (Cost covers implementation for 30% CCMs/year for all activities except professionalizing the oversight functions which covers 60% CCMs/year):

- Professionalize the Oversight function**; budget support for engaging professionals for oversight functions in the existing CCM oversight body (for 60 % CCMs/year)
- CCM Secretariats are equipped with an 'Oversight Officer'** an added position to the Secretariat, with the salary provided by the GF, to execute oversight activities
- The Global Fund Secretariat will ensure that the CCMs feedback/rating to Country Teams (on PR performance) is taken into account for rating the grant's performance

Linkages (Cost covers implementation of activities for 30% CCMs/year):

- Budget support to CCMs for preparing transition, including execution of "Transition Readiness Assessments", and "Transition Plans"
- Support to CCMs to evaluate what their best institutional anchorage should be
- Every three years, CCMs work with a TA provider to produce/update a "map" with national governance bodies' roles, responsibilities, and gaps to evaluate the best options to optimize coordination, including potential integration of the CCM functions into existing governance bodies

Engagement (Cost covers implementation of activities for 30% CCMs/year):

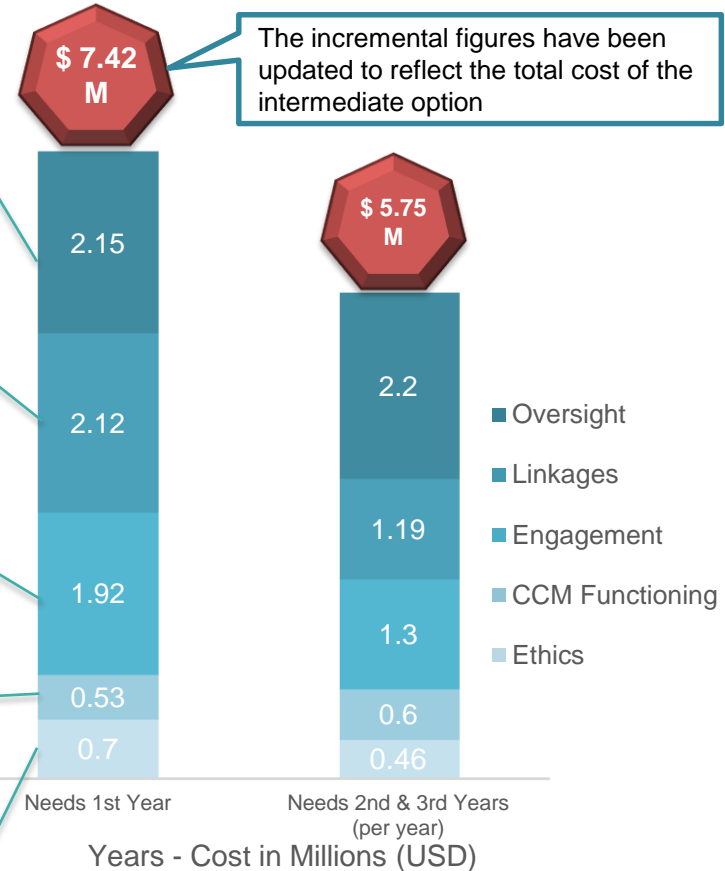
- All CCM members are oriented at the beginning of their mandate, to help them best represent their constituencies and effectively engage with other members
- Civil society providers deliver trainings to Key Populations to strengthen their leadership, and their roles as CCM members, (most of it from CRG Strategic Initiative)

CCM Functioning (Cost covers implementation of activities for 30% CCMs/year):

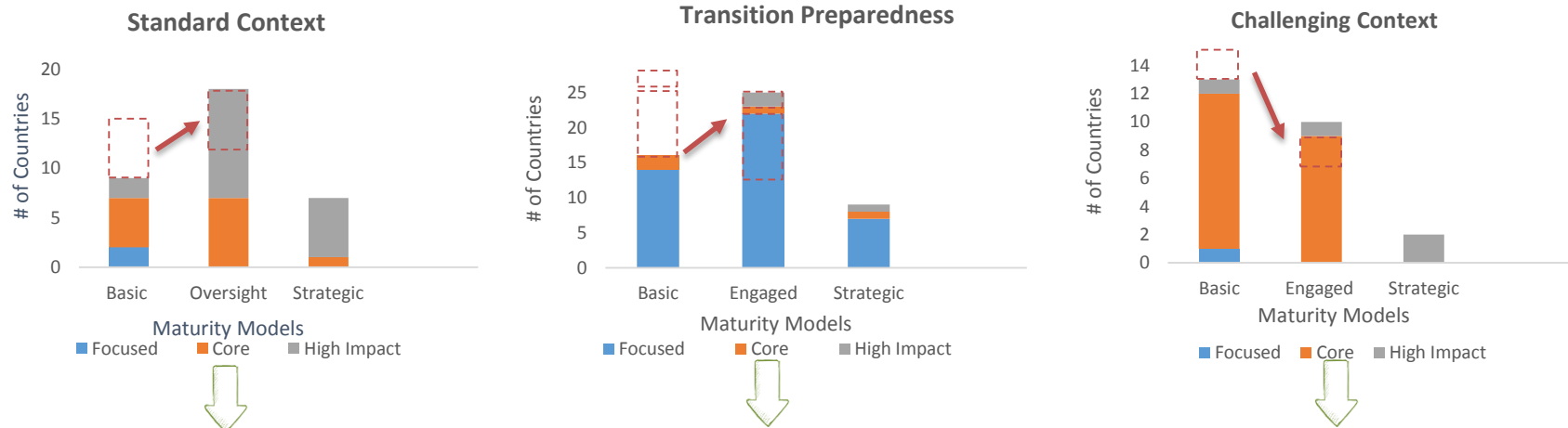
- CCM Performance Management is assessed by neutral parties***, with budget support for technical assistance and consultants
- 6 Regional workshops for CCM members, to disseminate all changes

Ethics:

- All moderate activities plus;
- In-country support for 8 specific CCMs/year (24 CCMs/3 years) for Enhanced DD + Full Training + Affiliations Mapping 2 weeks per country+ Engaging a professional as Ethics Focal Point



Intermediate Costed Option: What are the Desired Improvements?



Desired Improvements

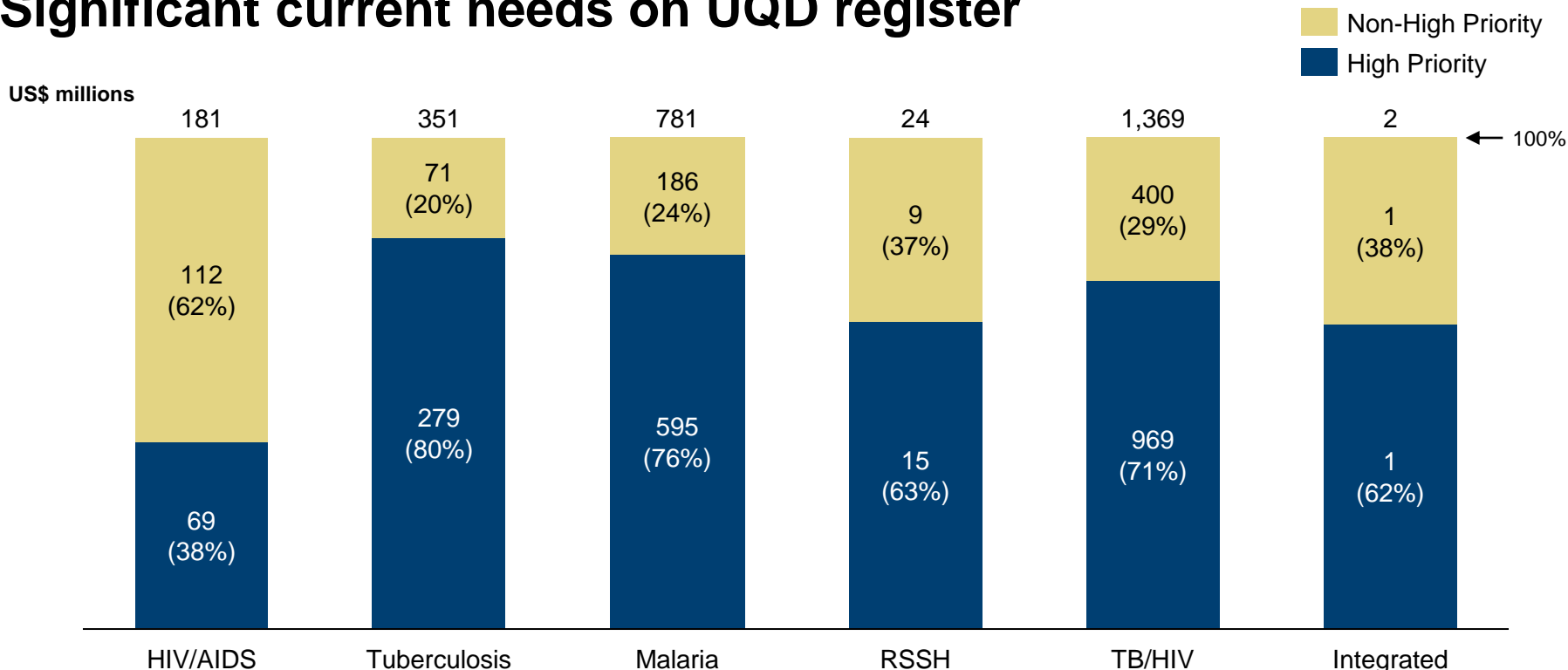
Standard: 5 HI or Core CCMs shifting from basic to oversight

Transition Preparedness: 11 CCMs shifting from basic to engaged or engaged to strategic

COE: 3 HI or Core CCMs shifting from basic to engaged

Maximized integration and coordination between the CCM and existing national bodies for 30% of CCMs

Opportunity Cost of Funding CCMs needs to be considered: Significant current needs on UQD register



Represents final UQD amount remaining

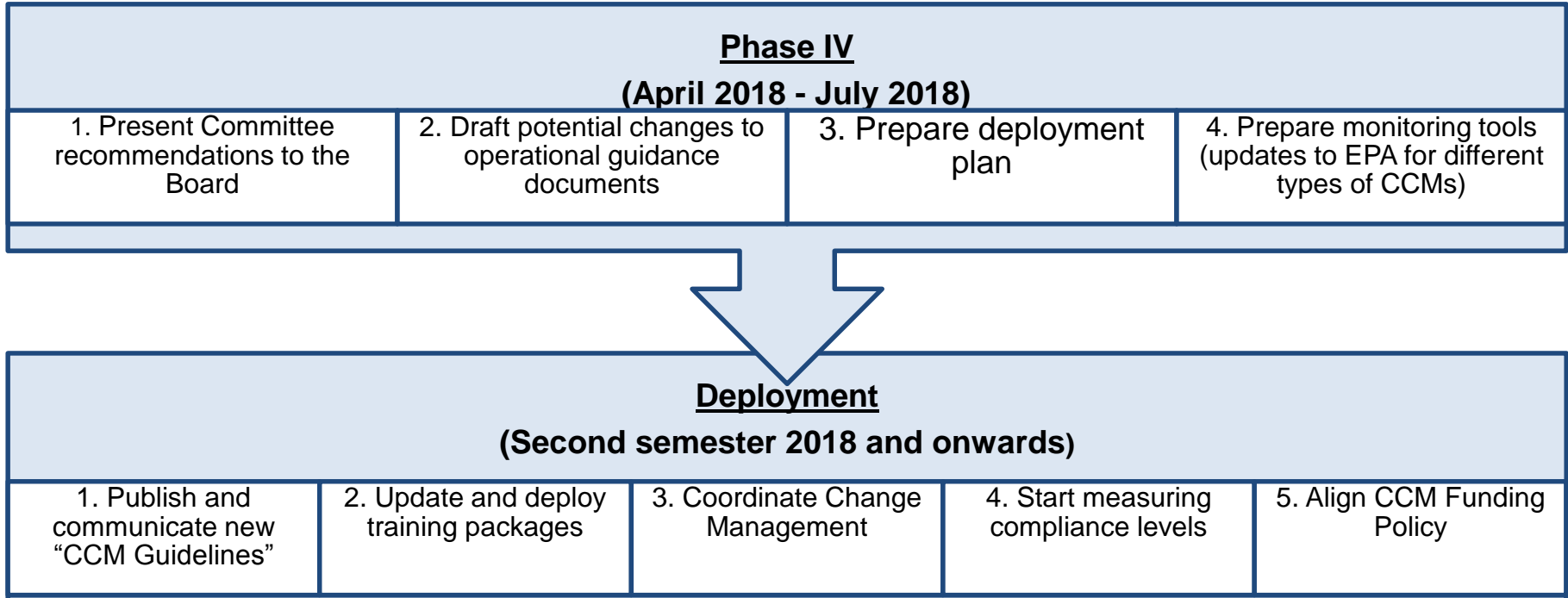
Portfolio optimization using ALM will be the main source to cover needs

Opportunity Cost of Funding CCMs needs to be considered

Extract from UQD :

Country	UQD Intervention	Expiry	USD Amount
Kenya	TB/HIV Treatment, Care and Support –Differentiated antiretroviral therapy service delivery for 377,850 people living with HIV	10/30/2020	\$ 76,360,209
Malawi	TB/HIV- Prevention of mother-to-child transmission	9/12/2020	\$ 2,720,000
Bangladesh	TB Care and Prevention - Case detection and diagnosis	7/19/2020	\$ 24,407,218
India	TB Care and Prevention - Key populations (TB care and prevention) – Others	12/6/2020	\$ 10,000,000
Tajikistan	HIV Treatment, Care, and Support for adults, adolescents, and children.	12/6/2020	\$ 2,800,000
Rwanda	Malaria Vector control - Indoor residual spraying	12/6/2020	\$ 19,077,346
South Sudan	Malaria - Long-lasting insecticidal nets - Mass campaign: Procurement and Distribution of LLINs	11/20/2020	\$ 12,233,053
Ghana	Malaria- RSSH - Procurement and supply chain management systems	12/6/2020	\$ 10,488,896

What are the Next Steps?



The speed and roll-out of next steps and deployment depends on resources being available

2 Board Decision Point: GF/B39/DPXX:

The Board:

- 1. Notes that the Strategy Committee (“SC”) has recommended the additional amount of USD 18.9 million be made available over a three year period to fund the evolution of CCMs (the “CCM Evolution”);*
- 2. Recognizes that the Audit and Finance Committee approved USD 50 million as available sources of funds (“Available Funds”) to finance prioritized and costed areas of need on the register of unfunded quality demand, as per GF/AFC04/DP01, and based on the recommendation of the SC, decides that the amount of USD 7.42 million of such Available Funds be used instead for the first year of implementation to fund the CCM Evolution under the CCM Strategic Initiative.*



Budgetary implications are estimated to be USD 7.42 million for the first year of implementation.

Thank you!