



Geneva, 12 July 2013

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Dear Mr Evans

The Global Fund welcomes the Multilateral Air Review (MAR) 2013 Update and would like to use this opportunity to thank DFID for a thorough, transparent and interactive MAR process, providing valuable information for the Fund as an assessed organization.

The Global Fund finds the 2013 update to be well informed, comprehensive and balanced and is pleased to note that the reforms undertaken by the Global Fund over the past 18 months have been recognised as very significant, rapid and encompassing “all elements of its structure and operations from strategy, governance, organisational transformation and implementation through the New Funding Model (NFM)”.

The Global Fund is pursuing the implementation of the new business model and is working towards further improving key areas raised in the report. Some complementary information has been provided below against the various MAR reform components.

Strategic and Performance management

The Global Fund’s new Evaluation Strategy, aligned to the Fund’s overall strategy, and the improved strategic use of results reporting with more emphasis on the impact of funding and country coverage has been highlighted in the Review. The Global Fund is indeed focusing its performance management on an agreed number of impact and coverage indicators with partners, to reduce transaction costs and improve alignment with the Paris Declaration on Aid Effectiveness and Accra Agenda for Action. The Review further states that the Fund is “taking a more nuanced and rigorous approach to M&E generally and to the use of evidence under the new Evaluation Strategy”. The Global Fund will continue to strengthen this area, and have embedded it thoroughly in the NFM. The Global Fund has further commissioned reviews into sustainability and fragile states to provide options to improve policies as required in these areas. Moreover, we aim to support joint program reviews of impact with partners, inputting to national strategies and grants in one process.

Regarding the Key Performance Indicator (KPI) Framework, the final proposal for a simplified and strategically focused KPI Framework will be submitted to the Board for decision at the November 2013 Board meeting (instead of June 2013 as mentioned in the Review) to allow further opportunity for the Board Constituencies to review the proposal.



Partnership behavior

As a result of the structure of the NFM, and as highlighted in the report, the Global Fund is increasingly reliant on National Strategies in its funding decisions and has harnessed greater stakeholder participation in grant renewal decisions and in new disease committees. Technical Partner involvement has increased through the new Grant Approvals Committee which meets monthly. Both the Grants Management and Strategic Investment and Impact Departments are working closely with Technical Partners to develop models to strengthen and coordinate technical support across the pathway of the NFM from initial country dialogue to development and finalisation of grants for implementation.

Another core tenet of the NFM is to increase country dialogue with in-country partners. The Secretariat is increasingly engaging during the iterative assessment process for proposals, and we see this as an important and positive step in enhancing partnership at that level.

Further improvements in the area of partnership behaviour will be illustrated as the NFM rolls out fully.

Financial resource management

As highlighted by the Review, this area has been a key focus of reform at all levels and actions taken to address disbursement times and disbursement volumes have shown substantive impact. In the past, the Global Fund Board approved proposals after recommendation by the Technical Review Panel. This took place before the Secretariat had had a chance to review the proposed program and discuss its details with the Country Coordinating Mechanism and Principal Recipients. Under the NFM, the Board will only be reviewing and approving grants once they have been finalised as 'disbursement-ready' between the Country Team and the Country – thus reducing the time between proposal approval by the Board and grant signature by the Secretariat.

On **incentive financing** (para 41), the determination of the division between indicative and incentive financing, and the process for awarding incentive funding will be further developed during the transition to the NFM, but will follow principles of *incentivizing high impact, well performing programs and the submission of robust, ambitious requests based on national strategic plans or investment cases*. (Source of evidence: GF/B28/DP 4).

Yours sincerely

