

AusAID DESIGN

PACIFIC ISLANDS HIV AND STI
RESPONSE FUND

2009-2013

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LOCATION MAP



ABBREVIATIONS

ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
APLF	Asia Pacific Leadership Forum on HIV/AIDS and Development
ANC	Ante Natal Clinic
ARH	Adolescent Reproductive Health
ART	Anti-Retroviral Treatment
ARVs	Anti-Retroviral Drugs
AusAID	Australian Agency for International Development
BCC	Behaviour Change Communication
CCM	Country Coordinating Mechanism
CDO	Capacity Development Organization
CRGA	Committee of Representatives of Governments and Administrations
FBO	Faith Based Organization
FHA	Family Health Association
FIC	Forum Island Country
Global Fund	Global Fund to Fight AIDS Tuberculosis and Malaria
HIV	Human Immunodeficiency Virus
IFRC	International Federation of Red Cross and Red Crescent Societies
IPPF	International Planned Parenthood Foundation
MDG	Millennium Development Goal
MERG	Monitoring and Evaluation Reference Group
MSI	Marie Stopes International
MSM	Men who have Sex with Men
NAC	National AIDS Committee
NCM	National Coordinating Mechanism
NGO	Non Government Organization
NZAID	New Zealand Agency for International Development
OSSHMM	Oceania Society for Sexual Health and HIV Medicine
Pacific Plan	Pacific Plan for Strengthening Regional Cooperation and Integration
PIAF	Pacific Island AIDS Foundation
PIC	Pacific Island Country

PIC-Partners	Pacific Island Countries – Development Partners
PICT	Pacific Island Countries and Territories
PIF	Pacific Islands Forum
PIFS	Pacific Islands Forum Secretariat
PIRMCCM	Pacific Islands Regional Multi-Country Coordinating Mechanism
PLWHA	People Living With HIV/AIDS
PNG	Papua New Guinea
PRHP	Pacific Regional HIV/AIDS Project
PRHS	Pacific Regional HIV/AIDS and STIs Strategy
PRSIP	Pacific Regional Strategy Implementation Plan
RRRT	Regional Rights Resource Team
SPC	Secretariat of the Pacific Community
SRH	Sexual and Reproductive Health
STI	Sexually Transmitted Infection
TWG	Technical Working Group (currently of the PIRMCCM)
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNGASS	United Nations General Assembly Special Session on HIV/AIDS
UNICEF	United Nations Children Fund
UNIFEM	United Nations Development Fund for Women
Universal Access	
	Universal access to comprehensive HIV prevention programs, treatment, care and support
VCCT	Voluntary Confidential Counselling and Testing
WHO	World Health Organization

EXECUTIVE SUMMARY

This design for AusAID's next phase of Australia's response to the HIV epidemic in the Pacific (excluding PNG) builds on the previous support provided through the HIV/AIDS Pacific Regional Initiative (AUD3.5 million, 1997 -2000) and the Pacific Regional HIV/AIDS Project (PRHP, AUD \$12.5 million 2003 – 2008). PRHP is implemented by IDSS Ltd and Burnet Institute in conjunction with the Secretariat of the Pacific Community (SPC), through what is known as the Franco-Australian initiative.

There have been many achievements through this project. These include the development of national plans in ten countries, a successful grants program that has increased the focus on vulnerable groups, and an increase in gender sensitive interventions that target the link between gender inequality and HIV risk. The availability of anti-retroviral treatment for people with AIDS has also been expanded.

Under PRHP, the SPC received funding to coordinate a regional approach to HIV/AIDS. This assisted with the development of a Regional Strategy on HIV/AIDS endorsed by Pacific Leaders in 2004. This Strategy and its implementation plan (the Pacific Regional Strategy Implementation Plan or PRSIP) now forms the cornerstone of the regional response to HIV/AIDS and has attracted significant other donor support, most notably from NZAID, France and the Asian Development Bank (ADB). In addition 11 Pacific countries successfully applied for Global Fund Round Two funding and this brought additional resources to the region. With the exception of the ADB funding all these funding sources (including AusAID's) come to an end in 2008¹.

This design takes into account the need to build the capacity of a regional organisation (SPC) in its role of supporting Pacific Island Countries and Territories (PICTs) to implement their responses to HIV and STIs and also recognises the presence of other donors in the region. This changing context means that a multi-donor funding facility that aims to work in close partnership with PICTs, regional agencies such as SPC, multilateral agencies such as UNAIDS and other donors, as proposed in this design, is now more appropriate than the stand alone project previously supported by AusAID.

This design has been developed after extensive consultation with national, regional and international implementing agencies. It was discussed in detail at a donor roundtable meeting in Fiji in November 2008 where there was a strong commitment to harmonise responses to HIV in the Pacific in a manner that is consistent with the Rome and Paris Declarations and the Pacific Aid Effectiveness Principles, as adopted by the Pacific Islands Forum (PIF). Participants at this meeting included the ADB, AusAID, the Global Fund, NZAID, WHO, SPC, UNAIDS, UNICEF, UNFPA and UNDP.

¹ Pacific countries have applied for Round Seven Global Funding. The Multi-Country proposal was approved in mid November 2007. Solomon Islands and Fiji applied individually but their applications were not approved. For more discussion on the implications in relation to this design see section 22.

LINKING TO OTHER AUSAID INITIATIVES

This program will complement the other current AusAID support for HIV related activities in the Pacific, including those that have a particular focus on broader sexual and reproductive health issues. These include the Asia/Pacific Leadership Forum, the Pacific International Planned Parenthood Foundation (IPPF) sexual and reproductive health (SRH) capacity building program, the AusAID Regional HIV/AIDS capacity building program 2007-2011 and the HIV/AIDS Research Program. The Research and Capacity Building program particularly has the potential to provide important assistance for national implementation and to increase the strategic information that can inform funding and operational decisions. In a similar way it complements the separate funding provided to PNG through the *Sanap Wantaim*, support of PNG National Strategic Plan 2006 - 2010 and the PNG Sexual Health Improvement Program.

SITUATION ANALYSIS

The 22 PICTs spread over 30 million km² have diverse geography, populations, cultures, economies and politics. Excluding PNG, Melanesia consists of four countries and territories – Fiji, New Caledonia, Solomon Islands and Vanuatu. Melanesia accounts for approximately 60% of the Pacific Island population of about 3.0 million. Polynesia, which consists of ten states and territories makes up about 22% of the regional population and Micronesia (seven scattered atolls) accounts for 18% of the population. New Caledonia, French Polynesia, Wallis and Fortuna are French territories whilst American Samoa, Guam and the Northern Mariana Islands are territories of the United States of America. The geographic diversity and distances between PICTs results in complex communication and coordination issues.

The evidence of a generalized epidemic of HIV (greater than 1% of the population) in PNG has demonstrated that people in Pacific countries are at risk from this epidemic that has infected millions around the world. The most recent data for all Pacific countries (excluding PNG) identifies that to December 2006, 1,166 people had been diagnosed with HIV infection with 446 people diagnosed with AIDS, of whom, 238 had died. 812 of these infections have been diagnosed in men with 384 in women (6 are unknown). Transmission is attributed primarily to sexual intercourse and injecting drug use is not considered a significant factor.

While it appears that prevalence for HIV remains low in the Pacific Islands² there is growing evidence of very high rates of untreated sexually transmitted infections (STIs) which indicates that PICTs are vulnerable to a worsening HIV epidemic. For this reason leaders at the 38th Pacific Islands Forum held in Tonga, 16-17 October 2007, "endorsed the extension of the current Pacific Regional Strategy on HIV/AIDS (2004-2008) for a further five years to cover 2009-2013 and agreed that it be amended to emphasize current and emerging trends of the epidemic, including other Sexually Transmitted Infections".

Strengthening the response to STIs will assist not only reductions in the negative health outcomes associated with STIs (such as infertility and adverse pregnancy outcomes) but also prevent HIV infection. It will also assist in building vital elements

² The quality of data on HIV and AIDS in the Pacific is very poor due to low HIV testing rates and poor surveillance.

of the health infrastructure such as laboratories, clinical services and surveillance systems and contribute to the important work of supporting PICTs to achieve the targets set under the Millennium Development Goals (MDGs) declaration.

This shift in focus to STIs is informed by the understanding that responses to HIV, particularly in low prevalence countries, need to be strongly linked to responses to sexual and reproductive health (SRH) and maternal and child health. A recent draft framework on this issue³ identified evidence for linkages that include overlapping target groups, medical justifications, efficiencies in health resources and common challenges in addressing the sensitive issue of human sexuality. While this design does not explicitly address all aspects of SRH it does provide an avenue for an enhanced response to this issue in the Pacific.

The capacities of PICTs to respond to the current high prevalence of STIs and the projected increase in numbers of people with HIV and AIDS, is limited by community understanding, leadership, finances, and technical, organizational and management capacities. National governments and communities need external support. Regional programs of Pacific regional and international organizations are appropriate and efficient ways to provide much of this support.

PROPOSED APPROACH

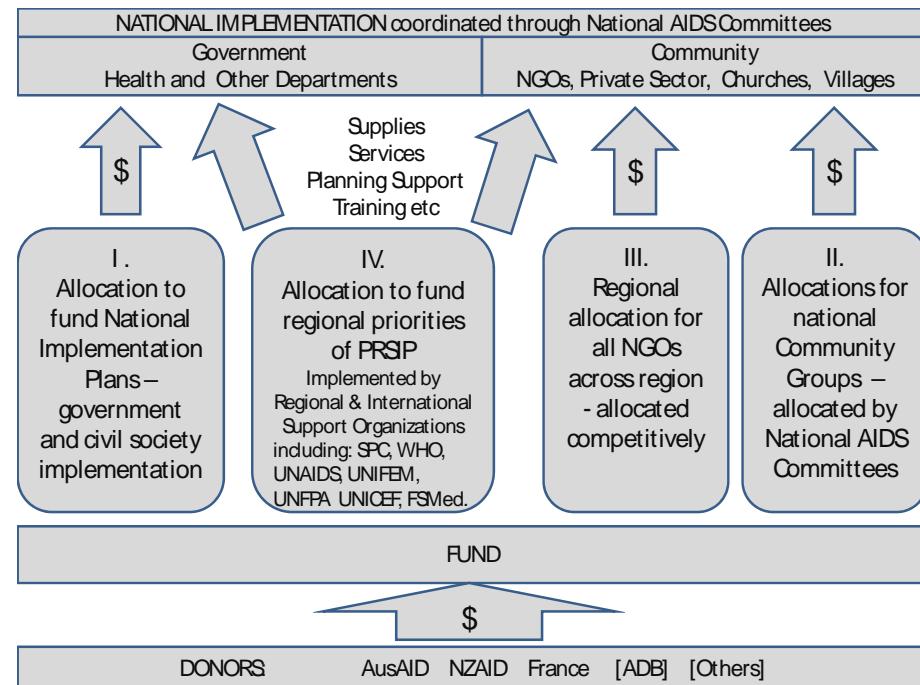
The recommended approach is a multi-donor pooled funding mechanism that is linked to both regional and national strategic plans, overseen by a Fund Committee responsible for ensuring that interventions are evidence based and that funds are used appropriately and effectively. Seven funding streams are proposed that support national and regional implementation (both government and non government) and also include allocations for fund governance and administration and monitoring and evaluation. SPC will have responsibility for managing the processes associated with this fund.

The proposed approach recognises that an effective response to HIV/STIs in the Pacific requires capacity building at regional, national (both government and civil society) and community levels. Capacity building includes training, technical support, organisational systems strengthening as well as financial resources.

Providers of this capacity building support may be the regional technical agencies such as SPC, WHO and UNAIDS or may be drawn from other sources such as the UN Technical Support Facility or Australian based agencies participating in the HIV Workforce Capacity Building Consortium. Decisions on the most appropriate form and provider of capacity building will be determined at a country level and be supported through the national and regional funding allocations.

³ WHO, UNICEF, UNAIDS, UNFPA (2007), *Asia-Pacific Operational Framework for Linking HIV/STI Services with Reproductive, Adolescent, Maternal and Newborn Services (Draft)*

Diagram showing the proposed flow of funds and other support for national implementation



Goal:

The recommended goal is:

To contribute to the achievement of the goal of the Pacific Regional HIV and STI Strategy which is:

“to reduce the spread and impact of HIV and other STIs, while embracing people infected and affected by HIV in Pacific Communities”.

Purpose:

The recommended purpose is:

To support the scale up of the response to HIV and STIs in the Pacific through an efficient, responsive multi-donor fund that supports effective implementation of regional and national HIV & STI plans, including the capacity building needs identified in those plans.

- The Pacific Regional Strategy Implementation Plan (PRSIP) is the underpinning document that guides the implementation process for the Strategy. It captures the activity that needs to take place under each area of the Strategy. The PRSIP was developed for the 2004-2008 Regional Strategy and includes a monitoring framework. A revised and restructured version is expected by mid 2008 which will reflect the 2009-2013 strategy and include a more comprehensive monitoring and evaluation framework, and costings.
- Most national plans need further development to be a sound basis for implementation. This development is included in PRSIP and will be financed from the Fund. It is not intended that countries which have current national plans should have to rework these. Instead yearly work plans, based on the

current national plan, will be required. These will identify priorities for action, funding sources and gaps in funding that are being met by this Fund. As national plans expire countries will receive technical assistance to update them in a form that will maximise their efficiency. Ideally this will include a move to fully costed plans, a direction being supported by many donors including the Global Fund.

Objectives and Outcomes:

The planned outcomes in terms of the HIV and STI epidemics, are the outcomes of the regional and national strategies. But the objectives and outcomes of the recommended approach, which will facilitate those strategies, are best described in terms of the quality of implementation and support for that implementation. Thus the objectives, and the outcomes which can reasonably be expected following a period of five years of operation of the recommended approach, are:

Objective 1: To establish an efficient mechanism to finance regional and national HIV and STI strategies including the capacity building needs identified in these strategies.

Outcome 1.1: Transaction costs for governments and civil society organizations are minimized.

Outcome 1.2: National organizations' capacities for quality implementation, planning and monitoring improve.

Outcome 1.3: Implementation responses by national governments and civil society increase.

Objective 2: To establish cost effective fund governance arrangements which: promote Pacific ownership; ensure accountability and appropriate risk management; promote evidence based actions and multi-sectoral approaches; and encourage participation by multiple donors.

Outcome 2.1: Quality evaluation and research, including on gender issues guides funding to evidence based responses and adoption of best practice implementation.

Outcome 2.2: Responses to HIV, other STIs and reproductive health needs are well integrated.

Outcome 2.3: International funding and technical agencies remain engaged, or increase their engagement, in the response.

MONITORING AND EVALUATION

AusAID supports the UNAIDS principle of a single agreed monitoring and evaluation framework for HIV/AIDS responses. The recommended approach takes the PRSIP monitoring and evaluation framework as the central element of its own monitoring, and has a goal which is congruent with the PRHS. PRSIP has been developed through consultation with all key partners and is reviewed regularly by the Monitoring and Evaluation Reference Group (MERG).

The monitoring and evaluation of the Fund, funding mechanisms and systems recommended in this design will be structured against the six outcomes proposed in this design.

FUND GOVERNANCE

It is recommended that a Fund Committee be established with responsibility for setting policy for the HIV/STI Response Fund. This Committee will oversee, on behalf of Pacific Island stakeholders and donors, the effectiveness of implementation financed from the Fund and the effectiveness of the Fund mechanisms. This Fund Committee will receive technical advice from the Technical Working Group that advises the Global Fund Regional Coordinating Mechanism (PIRMCCM) and from the Monitoring and Evaluation Reference Group.

It is proposed that this Fund Committee have no more than 12 members, have a chair, independent of any implementing organization, and meet twice⁴ a year. SPC will provide a secretariat function for this Committee. The proposed roles and responsibilities of the Fund Committee include:

- Identifying key investment and result areas based on PRSIP, as the basis for allocating Fund resources.
- Periodic reporting on performance and financial accountability to Forum Leaders, donors, CRGA and the public.
- Allocating available funds between each funding stream.
- Establishing and overseeing processes for monitoring and evaluating of all funding streams.
- Monitoring progress made in addressing issues in gender inequality.
- Advocating for additional funding to meet important gaps in funding.
- Linking fund activity to other regional reference groups such as the Monitoring and Evaluation Reference Group and the Regional Strategy Reference Group.
- Appointing independent technical experts, when necessary, to ensure the integrity and impartiality of technical advice on which Fund Committee decisions are to be based.

FUNDING COMMITMENT REQUIRED

Determination of the actual amount of AusAID funding required to achieve the outcomes identified in this design will depend on the following factors:

- the outcome of the funding negotiations between PICTS and the Global Fund.
- other donors willingness to contribute.
- the estimated cost to implement the PRSIP⁵ and national strategies.

A guide on the funding that may be required for PRSIP 2009-2013 is the latest costed version of the current PRSIP which for 2007 is estimated at approximately USD16.86 million (including Australian, France, New Zealand, ADB and Global Fund contributions). Australia currently contributes approximately one quarter of this amount (i.e. AUD 4 million) per annum.

This funding is primarily for regional support of national activity and does not include any substantial funding for national government implementation, particularly in

⁴ In the first year additional meetings will be needed to establish policies and systems. The focus of these additional meetings is outlined in Annex 1.

⁵ This cost will be known in detail by mid 2008 when PRSIP is revised.

relation to scaling up the response to STIs. It also does not include funding that will be required for governance of the fund.

Even with any additional funding through Global Fund there will still be funding gaps in both regional and national responses that will need to be met through this Fund.

One of the desired outcomes of this Fund is to increase the rate of effective national implementation and if this is successful then more funding will be required, increasing over time. This will only be possible if there is also an investment in the vital technical support that is required to build capacity at a national level and if appropriate human resources are available to coordinate this response. Addressing this lack of human resources will be assisted (in part) by Round Seven Global Funding which includes an allocation for HIV/STI Coordinators in the relevant countries.

It is therefore recommended that Australian support for HIV and STIs in the Pacific be increased to a maximum of \$25 million over five years. This will enable funding flows to be adjusted for maximum impact at a national level. For example while those countries included in the successful Round Seven Multicountry Global Fund may have some of their national needs met through this source neither the Solomon Islands nor Fiji is included in this proposal. This funding gap for these two countries, both of which are among the most vulnerable to HIV and STIs in the Pacific, needs to be addressed urgently and this Fund is the major source for this support.

CONCLUSION

HIV has the potential to impact significantly Pacific Island communities, governments and institutions. The small size of every PICT means their societies and cultures are at risk if this epidemic is not successfully halted and reversed. Pacific Leaders have shown leadership in recognizing this risk through their endorsement of the Pacific Regional HIV/AIDS Strategy and through developing their own national plans. However much more needs to be done to achieve the level of action required to respond adequately to HIV and AIDS in the Pacific.

On 2 June 2006 the UN General Assembly committed to scale up towards the goal of universal access to comprehensive HIV prevention programs, treatment, care and support by 2010. The obstacles identified to achieving this universal access were: poor planning and coordination, insufficient financial resources, inadequate human capacity, weak systems, expensive medicines and prevention commodities, lack of respect for human rights, stigma and discrimination and insufficient accountability for results. These obstacles apply in the Pacific context along with a particular cultural conservatism that hinders a strong response⁶.

This design aims to address the above barriers to universal access identified by the UN. It will increase financial resources and link these resources to existing regional and national planning and coordination systems. It also recognizes that ongoing capacity building support is required to ensure these systems work and that outcomes are achieved in the areas of prevention and treatment, care and support. The Fund Committee will provide an increased level of accountability for results and will assist in ensuring that the activity supported through this Fund is harmonized with other HIV related initiatives in the region.

⁶ Buchanan J (2006) *UNAIDS Pacific Report on Scaling Up to Universal Access in the Pacific*, UNAIDS

PART A: INTRODUCTION

Program Title

The title proposed for a multi-donor fund to support Pacific Island responses to HIV and other STIs is **Pacific Islands HIV and STI Response Fund**⁷. Donors are not named in the title, recognising the lead role of Pacific Island governments and communities in addressing the challenges these diseases present.⁸

ELIGIBLE COUNTRIES AND TERRITORIES

The Fund is generally intended to support the Pacific Island Countries and Territories (PICTs)⁹ which are members of the Pacific Community. Some funding elements are recommended to be open only to a subset of these PICTs. In particular the funding for implementation of national plans would be restricted to the Forum Island Countries (FICs)¹⁰ plus Tokelau but excluding Papua New Guinea (PNG).

The French and USA associated territories have access to domestic funding from France and the USA and so it is not proposed they receive allocations for government implementation, but it is sensible to include them in regional activities, noting that the high levels of internal travel within the Pacific mean it is important that all countries are engaged in the response and continue to share information about the diseases and responses.

Tokelau, a New Zealand Territory is included as eligible for government implementation funding on the basis of the significant contribution which New Zealand has made to regional HIV activities and the expectation that this level of support will continue.

Some territories and smaller countries are not proposed to receive allocations for small scale National AIDS Committee (NAC) grants simply because of the inefficiencies of administering these arrangements for small countries.

PNG generally not eligible

PNG, though a Pacific Island Country and a member of both the Pacific Island Forum and the Pacific Community is not included in the countries eligible for funding under this design. The prevalence of HIV in PNG is much higher than in any other Pacific Island Countries and it receives significant separate support. That said, it is not intended that PNG should be excluded from regional activities financed from the Fund where it is sensible and efficient to include them and the marginal cost of including PNG is not great.

⁷ The term ‘Fund’ is used to refer to the Pacific islands HIV and STIs Response Fund throughout this document.

⁸ When publicizing Australia’s support for fighting HIV/AIDS in the Pacific it is suggested that terms similar to the following are used: ‘Australian contribution to the Pacific Islands HIV and STI Response’.

⁹ The Pacific Island Countries and Territories are: American Samoa, Cook Islands, Federated States of Micronesia. Fiji, French Polynesia, Guam, Kiribati, Marshall Islands. Nauru, New Caledonia, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Island, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna.

¹⁰ The Forum Island Countries are: Cook Islands, Federated States of Micronesia. Fiji, Kiribati, Marshall Islands. Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Indefinite duration
January 2009 start-up
Periodic replenishment

DURATION

It is recommended that no end date is set for the Fund but that an initial five year allocation is made and that this is replenished every three years for the following five year period. This will link funding to the period of the Pacific Regional HIV and other STI Strategy (2009-2013) which the Fund is to support, and it will provide predictability for planning and staff recruitment and retention. Continuation of the Fund should be based on its continuing effectiveness and efficiency as determined by the regular evaluations recommended in this design. The start date for disbursements from the Fund should be 1 January 2009. A detailed schedule of the steps necessary to establish the Fund by this date is provided in Annex 1

FUNDING

Determination of the actual amount of AusAID funding required to achieve the outcomes identified in this design will depend on the following factors:

- the outcome of the funding negotiations between PICTS and the Global Fund.
- other donors willingness to contribute.
- the estimated costs to implement the PRSIP¹¹ and national strategies.

A guide to the funding that may be required for PRSIP (2009-2013) is the latest costed version of the current PRSIP which for 2007 is estimated at approximately USD\$16,860 million (including Australian, France, New Zealand, ADB and Global Fund contributions). Australia currently contributes approximately one quarter of this amount (i.e. \$AUD 4 million) per annum.

This funding is primarily for regional support of national activity and does not include any substantial funding for national implementation, particularly in relation to scaling up the response to STIs. It also does not include any additional funding that will be required for governance of the fund.

In 2005 an analysis of programmatic and funding gaps of the PRSIP was undertaken as part of the development of the (unsuccessful) Round 5 submission to the Global Fund. This identified that there was significant under investment in the following areas-interventions such as targeted outreach to vulnerable populations, an aggressive approach to STI diagnosis and treatment, scaling up VCCT, more emphasis on condom distribution and promotion and enhanced targeting of mother to child transmission.

Gap analysis undertaken as part of the Global Fund Round Seven proposal also identified significant shortfalls of funding in these critical areas and informed the content of this submission. Even with additional funding through the Global Fund there will still be funding gaps in both regional and national responses that will need to be met through this Fund.

One of the desired outcomes of this Fund is to increase the rate of effective national implementation and if this is successful then more funding will be required, increasing over time. This will only be possible if there is also an investment in the vital technical support that is required to build capacity at a national level and if appropriate human resources are available to coordinate this response. Addressing this lack of human

¹¹ This cost will be known in detail by mid 2008 when the revision of PRSIP is complete.

resources will be assisted (in part) by Round Seven Global Funding which includes an allocation for HIV/STI Coordinators in most FICs..

It is therefore recommended that Australian support for HIV and STIs in the Pacific be increased to a maximum of \$25 million over five years. This will enable funding flows to be adjusted for maximum impact at a national level . For example while those countries included in the successful Round Seven Multi-Country Global Fund may have some of their national needs met through this source neither the Solomon Islands nor Fiji are included in this proposal. The funding gap for these two countries, both of which are among the most vulnerable to HIV and STIs in the Pacific, needs to be addressed urgently and this Fund is the major source for this support.

1. PROGRAM PREPARATION

In October 2006 AusAID employed a Pacific HIV Program Development Adviser to coordinate the process of planning Australia's future support for HIV/AIDS programs in the Pacific after the current Project, the Pacific Regional HIV/AIDS Project (PRHP) concludes in November 2008. One of the important considerations for this future program is to ensure it takes into account the lessons learnt from the current program so that the work can be consolidated.

PRHP management
being transferred to SPC

In March 2007 a meeting between PRHP, SPC and AusAID resulted in an agreement for the current PRHP activities to be transferred to SPC management and administration by July 2008. This was subsequently revised to September 2008. The purpose of this transfer is to ensure that there is no gap in the implementation of HIV programs in the Pacific and to enhance the harmonization of Australian funding with other donors such as NZAID and the Asian Development Bank. The main activities that will be transferred will be support for strategic planning processes, strengthening national implementation capacity and the management of the grants programs.

In addition to the transfer of PRHP activities, a process was put in place for the design of the new AusAID support for HIV/AIDS programs in the Pacific. In March 2007 a discussion paper was released and consultations took place with regional and international partners in the Pacific. This discussion paper drew on issues identified in the 2006 Mid Term Review of the Pacific Regional HIV/AIDS Strategy (PRHS).

AusAID Concept Paper

This discussion paper was refined and a Concept Paper was distributed for comment in June 2007. Following an independent appraisal and Peer review on July 4th 2007, it was agreed that the Concept Paper provided a sound basis to proceed to design. The key design considerations identified in the Concept Paper are listed in Annex 2.

Donor coordination
meetings

The Concept Paper was also discussed at a donor coordination meeting held at SPC in Noumea on July 30th & 31st 2007. A major aim of this meeting was to explore ways to ensure that donors harmonize their support for the Pacific HIV/AIDS response. It was agreed at this meeting that the proposed AusAID led design mission should be undertaken on behalf of other donors and reported on at a follow up meeting in November 2007.

This took place in Fiji on November 22nd & 23rd 2008 where there was a strong commitment to harmonize responses to HIV in the Pacific in a manner that is consistent with the Rome and Paris Declarations and the Pacific Aid Effectiveness Principles, as adopted by the Pacific Islands Forum (PIF).

Participants at the November meeting included the ADB, the Global Fund, NZAID, WHO, SPC, UNAIDS, UNICEF, UNFPA and UNDP. The meeting released a consensus statement that “*supported in principle the establishment of the proposed Response Fund (2009-2013) and noted the need for further refinement of systems, policies, structures and linkages outlined in the draft design.*” A working group comprising NZAID, ADB, Global Fund, SPC, UNAIDS was established to guide this process and will be convened by AusAID.

The team for this design was Chris Wheeler Team Leader, consultant, Sally Gibson AusAID HIV Program Development Adviser, Siula Bulu, NGO representative from Vanuatu and Bill Parr and Salli Davidson from SPC. The design consultations took place with key regional and international implementing agencies, including: SPC, UNAIDS, WHO; with government and non government agencies in Solomon Islands, Fiji, Vanuatu, Kiribati and Tonga; and with AusAID posts and, where available NZAID posts. Information was also distributed to all countries via relevant email lists. The people and organizations consulted are listed in Annex 3.

PART B: SITUATION ANALYSIS

2. EPIDEMIOLOGY

The Pacific countries (excluding PNG) are currently considered to have low level epidemics where HIV remains below 5% in any sub population (see Annex 4 for HIV and AIDS surveillance data). However this data needs to be interpreted with great caution. Testing rates in the Pacific are very low and surveillance systems are inadequate and unreliable.

The most recent data for all Pacific countries (excluding PNG) identifies that to December 2006, 1,166 people had been diagnosed with HIV infection with 446 people diagnosed with AIDS, of whom, 238 had died. 812 of these infections have been diagnosed in men with 384 in women (6 are unknown). This figure does not include PNG where the latest estimate is that 46,275 people are living with HIV¹².

Transmission is attributed primarily to sexual intercourse and injecting drug use is not considered a significant factor. Male to male sexual transmission accounts for the higher numbers of men infected with HIV particularly in the French territories of New Caledonia and French Polynesia and the American territory of Guam, although it also accounts for infections in other PICTs as well.

Among Melanesian countries (excluding PNG) Fiji has the highest number of people diagnosed with HIV infection. The most up to date data for Fiji is available in the *Fiji National HIV/AIDS Strategic Plan (2007-2011)*. This reports a cumulative total of 249 people to June 2007 of whom 81% are indigenous Fijian, 13% Indo-Fijian and 6% other races. Forty three percent of all Fijian cases are in women however the number of women being diagnosed with HIV has been increasing at a faster rate than among men. Forty four percent of all cases have been diagnosed in the 20 – 29 year age group and the predominant mode of transmission is heterosexual sex.

¹² *Consensus Report Summary May 2007, UNAIDS, WHO and Department of Health*

3. FACTORS THAT IMPACT ON VULNERABILITY TO HIV

This pattern of HIV infection among the young adult population through heterosexual transmission with an increasing feminization of the epidemic reflects the same pattern of infection that has been identified in PNG. The World Health Organization also notes that the pattern of epidemic in Fiji “is similar to that experienced in many sub-Saharan African countries in the 1980s and 1990s”.¹³

SEXUALLY TRANSMITTED INFECTIONS

The pattern of infection is of great concern when the results of the Second Generation Surveillance (SGS)¹⁴ are also taken into account. This found high rates of sexually transmitted infections in pregnant women attending antenatal clinics in six Pacific Island countries. Of the 1618 women tested, 291 (18%) were diagnosed with Chlamydia and rates were much higher in young women (see Figure 1). The SGS Report also found low condom use and low levels of knowledge of HIV. Only one third of young people had used a condom in their last sexual encounter.

PICTs have recognized the urgent need to strengthen the response to STIs. The Multi-Country Global Fund Round Seven proposal included a significant focus on this area. A trial of chlamydia testing is currently taking place in Solomon Islands and the Cook Islands (funded by the Asian Development Bank) and this will assist in informing the wider availability of this testing in other countries. There are significant costs associated with making this testing and treatment available in PICTs.

Strengthening the response to STIs will assist not only to reduce the negative health outcomes associated with STIs (such as infertility and adverse pregnancy outcomes) but also prevent HIV infection. It will also assist in building vital elements of the health infrastructure such as laboratories, clinical services and surveillance systems.

It is difficult to make comparisons between the situation in PNG and in other Pacific Island countries. While there are clearly similarities in terms of early patterns of infection there are also differences that may impact on the scale of the epidemic in different countries. These include the fact that PNG is a much more populated country with hundreds of different language groups. There are also aspects of sexual behaviour that have fuelled the HIV epidemic in PNG. This includes early age of sexual debut (15 years compared to 18 and 19 years in the Pacific SGS study), high rates of sexual violence and high rates of ulcerative STIs.

It is the other Melanesian countries that are considered most likely to experience the escalation of HIV infections seen in PNG. The Solomon Islands is considered particularly vulnerable given the proximity to PNG, high STI rates, gender inequalities and the poor state of the health sector. Reported cases of HIV infection in the Solomon Islands remain under 10 but this is not reliable due to low testing and poor surveillance.

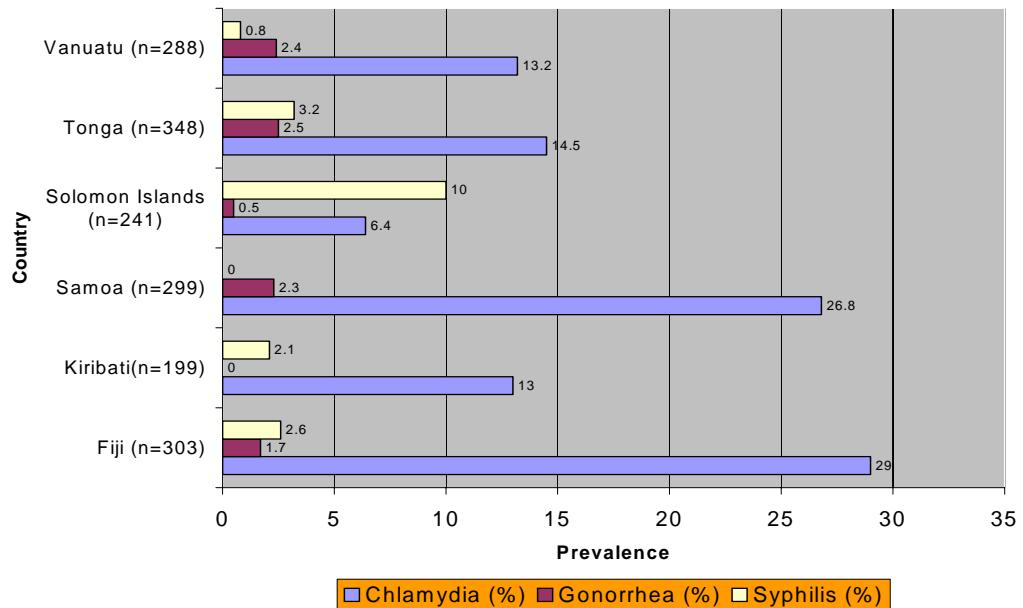
¹³ World Health Organization (2007) *Regional Strategic Action Plan for the Prevention and Control of Sexually Transmitted Infections 2008-2012*,

¹⁴ World Health Organization, (2006), *Second Generation Surveillance Surveys of HIV, other STIs and Risk Behaviours in 6 Pacific Islands Countries, 2004 -2005*.

High rates of STIs

Figure 1: STI Prevalence among Pregnant Women in Six Pacific countries. 2005

Source: WPRO, SPC, UNSW, GFATM. Second Generation Surveillance Surveys of HIV, other STIs and Risk Behaviours in Six Pacific Island Countries, 2006



In addition to the vulnerability to HIV that results from sexual behaviours and untreated STIs there are other social, cultural and health system factors that negatively impact on the response to HIV in the Pacific. These factors vary between countries but all are relevant to some extent in each country. Those of most concern are -

GENDER INEQUALITIES

Women in the Pacific experience a high level of gender based violence, including physical and sexual violence and rape in marriage. Sexual violence can also be directed at people who exchange or sell sex or have male to male sex. Risk of HIV infection through unprotected sex can be further increased through the use of penile inserts which can create tears and abrasions in women. As Buchanan-Aruwafu¹⁵ comments “As epidemics in PNG and elsewhere have indicated, the sexual prerogative of husbands, sexual violence, and the contexts of gender inequality and power that support these, are significant and cannot be underestimated in assumptions about risk – particularly about women’s risk” (pg 4).

POOR CONDOM AVAILABILITY PARTICULARLY IN RURAL AND REMOTE AREAS

Supplies of condoms to Pacific Island countries are supported by UNFPA, IPPF, Global Fund and Marie Stopes. However there continues to be problems with distribution and adequate supplies. Lubricant is usually not provided and this can heighten the risk of condom breakage during sex. The attitudes of health workers can also be a barrier to access to condoms and services.

¹⁵ Buchanan-Aruwafu, H. (2007) An Integrated Picture: HIV Risk and Vulnerability in the Pacific. Research Gaps, Priorities and Approaches

GEOGRAPHIES OF PEOPLE IN THE PACIFIC

The movement of people helps to introduce and spread HIV. In the Pacific there is movement between countries and also high mobility from rural to urbanizing areas. There are also some occupations which involve extensive travel, often to countries with high HIV prevalence. The increased risk this brings does not just apply to the people themselves but also to their sexual partners, including sex workers.

STIGMA AND DISCRIMINATION FOR PEOPLE LIVING WITH HIV/AIDS (PLWHAs)

People living with HIV in the Pacific face discrimination in the health, employment and education sector – nationally and within communities and family¹⁶. The effect of this is not only on the quality of life for PLWHAs but it can also deter people from being tested for HIV (where it is available) and to avoid contact with the health system. These violations of people's human rights occur in a context where there is little legal protection.

INADEQUATE CAPACITY TO RESPOND TO HIV and STI ISSUES

The other major risk factor for HIV in the Pacific is the underlying weakness in the health systems including the health workforce. This has implications for delivery of key services that are essential for ensuring universal access to both prevention and treatment services. Examples are the limited access points for HIV testing, counselling, and treatment, the lack of STI services, the difficulties gathering surveillance data as well as the lack of consistent and effective education on behaviour change and condom use. These areas have all been targeted in the current HIV programs however the systemic nature of the issues means that this work needs to be linked to general health system strengthening initiatives and it will take some time for significant change to be achieved.

TUBERCULOSIS (TB) AND MALARIA IN THE PACIFIC

The draft *Regional Strategy on HIV and Other STIs (2009 -2013)* identifies the common co-infection of HIV with TB as a significant cause for concern in the Pacific region. It is estimated that 11,000 people in the 22 PICTS become sick with TB every year. Malaria is also a significant issue, particularly in Vanuatu and Solomon Islands.

People with HIV who also have TB or malaria will often have a higher viral load that can lead to increased transmission of HIV and more rapid disease progression. HIV infection also increases the incidence and severity of clinical malaria and TB. This requires strategies to be put in place to recognize the relationship between the different diseases such as offering HIV testing to all people diagnosed with TB infection or malaria and ensuring access to appropriate diagnosis and treatment regimes for all three diseases.

¹⁶ PIAF (2007) Summary on the Pacific Islands' Positive People's Survey 2006 -2007, Unpublished research summary, Cook Islands, PIAF

PART C: RESPONSES TO DATE – POLICY, PROGRAMS AND RESOURCES

4. PACIFIC POLICY CONTEXT

Pacific Plan

The *Pacific Plan for Strengthening Regional Cooperation and Integration* (Pacific Plan) reinforces the need for sustainable development and a comprehensive approach to address HIV/AIDS. The Pacific Plan highlights the three basic functions of regional cooperation as capacity building, capacity supplementation and trans-boundary functions. The adoption of the Plan and its implementation provide an opportunity to achieve tangible outcomes for Pacific peoples. Strategic Objective 6 highlights the importance of improving public health through health sector investment and development. Additionally, Strategic Objective 8 on improved gender equality requires measurement of contributions toward achievement through other focus areas including improved health, education and training.

Leaders response to HIV

Pacific Leaders have confirmed their support for a strong response to HIV/AIDS in a number of declarations (Suva Declaration 2004, re-endorsed by Pacific Parliamentarians in 2007). At the meeting of Pacific Health Ministers in Vanuatu, March 2007, it was agreed that the support of leaders is essential to move forward and implement the Regional HIV Strategy. It was also noted that further scale up and consolidation of achievements is needed in the following priority areas to:

- Comply with human rights principles and equity values, review and update legislation and policies in relation to HIV/AIDS.
- Continue ensuring gender balance and equity in the provision of HIV/AIDS and STI services, as well as the involvement of people living with HIV/AIDS.
- Strengthen primary prevention, aiming at adolescent and youth population groups at higher risk of transmission through targeted and sustained behaviour change interventions and condom promotion.
- Expand availability and access to HIV/AIDS testing and counselling services.
- Build on the progress achieved in implementing second-generation surveillance activities and strengthen capacities for strategic information on HIV/AIDS.
- Improve effectiveness in planning, monitoring and resource mobilization for program interventions that are evidence-based and guided by strategic information.
- Enhance existing coordination mechanisms and collaboration to: facilitate operational links between reproductive health, adolescent health, TB control, blood safety, and HIV/AIDS and STI services, and promote long-term, sustainable capacity development, with the aid of other sectors development programs.
- Renew efforts for STI prevention and control with a focus on updated strategies for effective interventions.

5. ACHIEVEMENTS UNDER THE PACIFIC REGIONAL HIV/AIDS STRATEGY AND ITS IMPLEMENTATION PLAN

PRHS mid-term review

In 2006 AusAID provided additional funding to SPC for the Mid Term Review of the PRHS and its implementation plan. This identified some significant achievements such as an increased level of political leadership. It also found that there were increasing levels of awareness of HIV and a strong commitment to make treatment more available in the Pacific. The increased coordination and collaboration between regional implementing agencies developed through PRSIP was also identified as a significant achievement in the region. Annex 5 includes information on FIC responses and background data.

More recent achievements have been documented in the most recent progress report on PRSIP (for January - June 2007). Key successes identified include:

- A greater focus, through the PRHP Grant Scheme, on preventing HIV infection among vulnerable groups, including sex workers, men who have sex with men, transgendered people, prisoners and seafarers.
- The Auckland Statement from the Pacific High Level Consultation on HIV and the Law, Ethics and Human Rights which affirmed the need to take a more human rights approach and develop appropriate national plans.
- An Increase in the number of HIV positive people being employed in non government organizations to promote community education and awareness.
- Improvements in HIV treatment and care for people living with HIV in the Pacific. The number of Pacific Island countries providing anti-retroviral treatment (ART) for people living with HIV has increased from two¹⁷ to seven¹⁸. The number of people on ART has increased significantly from 20, in 2006, to 49 in 2007. Funding for ART comes from the Global Fund with technical support provided by SPC. Currently all known people with HIV in the Pacific who require ART are able to access it.
- A greater focus on gender sensitive approaches to education through the Stepping Stones program (a workshop designed to promote sexual and reproductive health through addressing gender, HIV and STIs) and the television soap series “Love Patrol”.
- Recognition of the Oceania Society for Sexual Health and HIV Medicine (OSSHMM) as a legal entity with an active membership.
- Development of STI treatment protocols through collaboration between SPC, WHO and UNFPA.
- Scaling up of surveillance through working with identified countries on the systems needed to implement the next second generation surveillance.
- An increase in the availability in Voluntary Confidential Counselling and Testing (VCCT).

¹⁷ Fiji and Samoa

¹⁸ Fiji, FSM, Marshall Islands, Kiribati, Palau, Solomon Islands and Vanuatu

6. POLICY AND PROGRAM RESPONSES

Australian Leadership

Australia has an international leadership role in HIV including through its board memberships of UNAIDS and the Global Fund, its initiation of the pre-eminent leadership group on HIV in the region (the Asia Pacific Leadership Forum on HIV/AIDS) and its work with the business community to establish the Asia-Pacific Business Coalition on HIV/AIDS. Australia has also signed a five-year agreement with the Clinton Foundation to provide technical assistance in the health sector to support access to HIV treatment in Asia and the Pacific (at this stage only in PNG).

In April 2006, Australia appointed an Ambassador for HIV/AIDS. The focus of this position is to encourage political, business and community leaders in the Asia Pacific region to provide the direction and support needed to meet the HIV/AIDS threat. Australia has committed to a total expenditure of AUD1 billion to HIV/AIDS initiatives globally by 2010.

Australia's commitment to addressing HIV/AIDS is set out in the following key documents:

- *Meeting the Challenge: Australia's international HIV/AIDS strategy* (2004), which outlines Australia's support to:
 - reduce the spread of HIV/AIDS.
 - mitigate its effects on people living with HIV/AIDS and on the societies to which they belong.
- AusAID's recently released *Gender Policy* outlines Australia's commitment to making the issue of gender inequality a central part of the response to HIV. Promoting gender equality requires more than the inclusion of women. The *Gender Policy* notes that gender based norms and stereotypes also affect men and boys, and have negative impacts on their health. Addressing gender inequality requires working with both men and women, and addressing the social and economic structures that determine inequalities.

This design also takes into account directions detailed in *AusAID 2010: Director General's Blueprint* (2007), in particular the commitment that by 2010:

*“The dependence on managing contractor-delivered, technical assistance-oriented, stand-alone projects will have decreased markedly. There will be a significant expansion of sectoral and thematic programs, working through host government development strategies and financial systems and in concert with groups of donors”.*¹⁹

Paris Declaration

Globally, the *Paris Declaration on Aid Effectiveness*, the *Rome Declaration on Aid Harmonization* and the 2006 *Global Task Team Report* have emphasised the need to increase national level impact, reduce duplication and improve harmonization between development partners and recipient countries to minimize the overall burden in planning, management and reporting. The *Pacific Principles on Aid Effectiveness*, derived from the *Paris Declaration*, were adopted by the Pacific Island Countries-Development Partners (PIC-Partners) meeting in 2007.

¹⁹ AusAID 2010: Director General's Blueprint, AusAID February 2007 p.4.

PART D: DONOR AND MULTI-LATERAL SUPPORT FOR HIV/AIDS PROGRAMS IN THE PACIFIC

The Australian Government has funded the PRHP from 2003-2008, which aims to reduce the vulnerability to and impact of HIV/AIDS in PICTs. The 5 year, AUD12.5million²⁰ project is implemented by IDSS Ltd and Burnet Institute in conjunction with the Secretariat of the Pacific Community (SPC).

The PRHP has 3 components:

- Component 1 focuses on regional surveillance, behaviour change and the development of a regional strategy and is implemented by the Secretariat of the Pacific Community through what is known as the Franco-Australian initiative.
- Component 2 deals with the strengthening of capacity to implement the regional strategy at a national level. This component includes national level strategic planning and also covers the implementation areas of treatment, care and support, VCCT, BCC/Prevention and Monitoring and Evaluation.
- Component 3 deals with project coordination and management, including the effectiveness of the grants scheme and evaluation processes.

One of the main achievements of PRHP has been the development of a Pacific Regional HIV/AIDS Strategy for all 22 PICTs. The Pacific Regional HIV Strategy aims to broadly outline the scope of activities needed to achieve the Millennium Development Goal to "Halt and begin to reverse the spread of HIV/AIDS". It also aims to be consistent with the priorities for action set by the United Nations General Assembly Special Session on HIV/AIDS (UNGASS).

PRHS endorsed by
Forum Leaders

The Strategy was endorsed by the Pacific Islands Forum in 2004 and an implementation plan was developed and is being coordinated by the SPC. Leaders at the 38th Pacific Islands Forum held in Tonga, 16-17 October 2007, "endorsed the extension of the current Pacific Regional Strategy on HIV/AIDS (2004-2008) for a further five years to cover 2009-2013 and agreed that it be amended to emphasise current and emerging trends of the epidemic, including other Sexually Transmitted Infections".

The Pacific Regional Strategy Implementation Plan (PRSIP) brings together work undertaken by PRHP as well as other activity undertaken through the following mechanisms:

7. GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

Under its Round Two funding, the Global Fund is financing the USD5.1 million Pacific Islands Multi-Country HIV component for the period mid 2003 to mid 2008²¹. The focus is on providing technical assistance for strengthening existing programs

²⁰ The initial allocation was AUD12.5 million. The current allocation is AUD16.4 million which includes AUD2 million from NZAID for the grants program and additional allocations for monitoring, evaluation and operational issues (including the mid term review).

²¹ The countries involved are Cook Islands, FSM, Fiji, Kiribati, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

including surveillance, laboratory capacity and referral networks, support for outreach and awareness programs and strengthening human resources capacity. SPC is coordinating this activity as the Principal Recipient.

In mid November 2007 the Global Fund approved a Pacific Island countries' Multi-Country proposal for approximately USD24 million under the Global Fund's Round Seven. Solomon Islands²² and Fiji applied individually, but their applications were not approved. The implications for the recommended Fund is discussed in Section 22.

8. ASIAN DEVELOPMENT BANK

The Asian Development Bank has provided USD8 million to SPC for the period 2006 – 2010. This funding is being used to implement components of PRSIP in the areas of surveillance, prevention, targeted interventions for vulnerable groups and project management.

9. NZAID

New Zealand contributed USD5 million to SPC towards implementation of the Pacific Regional HIV/AIDS Strategy as well as providing NZD2 million, plus management costs, to the grants program managed by PRHP. Additionally, NZAID has provided funding to UNICEF, UNFPA, UNAIDS, MSI, PIAF and APLF

10. UN AGENCIES

From 2003 – 2005 Australia contributed AUD241,080 for the UNAIDS Coordinator Position in Suva. This position was co-funded by NZAID. In 2006 AusAID provided its support for the UN through a general contribution to UNAIDS which has maintained a regional Pacific position based in Suva. In addition to UNAIDS, UNFPA, UNICEF, UNIFEM, WHO and APLF are all involved in HIV programming or technical support in the region.

The UN Country Team has identified five Strategic Support Areas for the UN Joint Programme. These are: Commitment to Action; Changing Practice Changing Behaviour over the medium to longer term; Cost-Effective and Efficient Care; Treatment and Support; and Strategic Planning & Programming.

11. OTHER AUSAID SUPPORT

AusAID support of the Fund will complement other AusAID initiatives that address HIV, STIs and SRH in the Pacific. (Annex 6 details the estimated budgets for these initiatives). These include:

- Asia/Pacific Leadership Forum which recognises the critical role of leaders from within government and civil society in shaping an effective response to HIV/AIDS.
- Pacific Parliamentary Assembly on Population and Development which has taken a leadership role in affirming the need for a strong response to HIV/AIDS in the Pacific.

²² Solomon Islands was also included in the Multi-Country proposal, only for regional elements of pharmaceutical procurement.

- AusAID HIV/AIDS Workforce Development Strategy 2007 -2011 which will be building the capacity of organizations and individuals in the Asia-Pacific region to address HIV/AIDS.
- AusAID HIV/AIDS research program which has a particular focus on research that can improve effectiveness of programs and fill gaps in existing knowledge.
- Bilateral country programs that are developed in partnership with national governments and which may address HIV/AIDS directly or focus on those factors that contribute to increasing the vulnerability of a country to HIV/AIDS. An example of this is the funding of women's crisis centres in Fiji and Vanuatu which contribute to countering violence towards women.
- Pacific Regional Sexual and Reproductive Health Capacity Building facility delivered through IPPF and Family Health Associations.
- Core funding support to multilateral agencies such as UN agencies and the Global Fund.

PART E: PROBLEM ANALYSIS AND LESSONS LEARNT

“The prevalence of Human Immunodeficiency Virus infection (HIV) appears to remain low in the small islands of the Pacific, although the data are incomplete due to a lack of widespread testing in some countries. However, once the virus reaches a critical level in these communities, there is high potential for explosive transmission. The presence of other sexually transmitted infections (STIs) is associated with markedly increased susceptibility to HIV acquisition,²³ and the population prevalence of other STIs in Pacific small island countries appears to be among the highest reported anywhere in the world.”²⁴

Information about the actual prevalence of HIV is inadequate across most countries. For example, in one, the whereabouts and status of dozens of people who tested positive several years ago is now not known.

Pacific Island Countries need to respond to the threat of HIV and to the existing high levels of STIs in some of their communities. The probable low prevalence of HIV in all PICTs except PNG, and limited understanding in communities of the potential of the epidemic, has meant it has been difficult, politically, to justify expenditure on HIV compared to more immediate and visible health and other issues.

The current responses by PICTs to HIV and other STIs is inadequate to prevent a significant HIV epidemic and the resulting human, societal and economic impacts.

The capacities of PICTs to respond to the current high prevalences of STIs and the likely increases in the incidences of HIV and AIDS, is limited by community understanding, leadership, finances, and technical, organizational and management capacities. National governments and communities need external support. Regional programs of Pacific regional and international organizations are appropriate and efficient ways to provide much of this support.

²³ This evidence is well summarized in Cohen, M.S., (1998) Sexually transmitted diseases enhance HIV transmission: no longer a hypothesis. Lancet 1998; 351:sII15-7.

²⁴ From Executive Summary of HIV Component of Pacific Islands Regional Multi-Country Coordinating Mechanism proposal to Global Fund Round Seven, July 2007.

Strategies exist at a regional level, and in some countries, to address these issues. These continue to be developed or refined. **The purpose of this design is not to replace these strategies but to develop a means of funding implementation of the strategies, which is effective and efficient.**

Therefore, the problems which this design seeks to address are:

Problems this design
seeks to address

- There is inadequate funding to address HIV and STIs in the Pacific.
- Weak capacities, especially at national levels, mean even existing levels of funding are not accessed or not used effectively.
- Funding for HIV and AIDS has typically been project based and has not provided a reliable long term funding base against which national capacities could be sustainably increased to respond in an effective manner.
- Funding has generally focused on HIV and AIDS without STIs being adequately addressed.
- Strategic supervision of performance of implementation and achievement of outcomes, is not robust.
- Current external funding causes inefficiencies because of inadequate harmonization, including of planning and reporting systems, risk management, and objectives, and lack of effort in aligning to national strategies and processes.
- Regional and national strategies development is supported by different, and not entirely consistent systems.
- Research, and the evaluation of the implementation of activities and of progress in achieving strategies is not sufficient to provide reassurance that strategies are appropriate and that funds are optimally directed.
- Systems to enable funding to be redirected or refocused, based on information from monitoring, evaluation and research, are not sufficiently responsive.

12. LESSONS LEARNT

HIV Programs in the Pacific

The lessons learnt from the implementation of PRHP over four years and from the implementation of PRSIP have been documented by PRHP and in the Mid-Term Review of the PRHS.

The key issues are listed below. Further information on these issues and how they are addressed in the design are detailed in Annex 7.

- Addressing gender inequality needs to be central to any response to HIV and STIs in the Pacific.
- National Strategic Planning and Coordination/ National Coordinating Mechanisms (NCMs) require ongoing technical support and need to be responsive to the situation of each country.
- A strong civil society response is needed and this requires funding and technical support.
- Absorptive capacity needs to be taken into account in deciding the amount of funding for country implementation and the processes for disbursing these funds.

- Regional technical assistance needs to link strongly with national needs and priorities and be jointly planned and coordinated.
- HIV needs to be linked more closely with sexual and reproductive health.
- A greater focus on monitoring and evaluation and operational research is required to ensure that interventions are effective and well targeted.
- There is a need to scale up universal access in the Pacific.

Other multi-donor projects in the Pacific

In addition to the lessons learnt from implementing HIV programs in the Pacific there have also been lessons learnt from implementing other capacity building initiatives across PICTs with funding inputs from multiple donors. One example of this is the PRIDE project which aims to “*Improve the capacity of the Pacific ACP States to effectively plan and deliver quality basic education through formal and non-formal means and to improve the coordination of donor inputs to assist countries implement their plans*”

A mid term evaluation (MTE) of PRIDE²⁵ found that this approach, delivered through a regional organisation (the University of the South Pacific), was valued by countries and had assisted them to make progress in planning and delivering education programs. The rate of implementation was however slower than expected and this is attributed to lack of time, personnel and organisational capacity within the countries. This further emphasises the need to link financial resources to appropriate technical support and to ensure that strategies are put in place to identify where additional action may be needed to address barriers to implementation.

The MTE also found that there was room for improvement in coordination between donors. One reason identified for this was the lack of engagement of bilateral programs with this regional initiative. The project itself was not able to address this issue and the MTE recommended that donors assess their role in the education sector as they plan new programmes with countries.

Design principles based on lessons learnt

The design recognises the following principles which take into account lessons learnt and are consistent with the approaches used in other AusAID HIV programs:

- According special consideration to promoting **gender** equality throughout all activities.
- **Sustainability** through encouraging long term approaches and building the capacity of government and non government agencies in the Pacific.
- Ensuring sufficient **flexibility** to respond to changing circumstances, including changes in the epidemic and changes in levels of support provided by PICT governments and other development partners.
- **Partnerships** through strengthening multisectoral approaches and encouraging full participation of people living with HIV/AIDS and other affected communities.
- **Alignment** with regional and national priorities, in keeping with the “Three Ones” principles.

²⁵ PIFS (2006) *Mid Term Evaluation of the Pacific Regional Initiatives for the Delivery of Basic Education Project (PRIDE)*

- **Harmonization** with other donors and development partners.
- **Leveraging** of extra investments from other donors and other AusAID sources (e.g.: bilateral funds).
- **Integration** where appropriate with sexual and reproductive health, and child and maternal health services.
- Promoting **evidence informed responses**, as indicated by epidemiological, social and economic data and research.

PART F: PROPOSED APPROACH

The form of aid proposed is *financial support for partner programs*. The recommended approach is a multi-donor pooled funding mechanism that finances both regional and national strategic plans, and is overseen by a Fund Committee responsible for ensuring that interventions are evidence based and that funds are used appropriately and effectively. The approach is described in the following sections headed Fund Governance and Funding Streams and the detailed Annexes associated with those sections (Annexes 8 and 9).

The proposed approach recognises that an effective response to HIV/STIs in the Pacific requires capacity building at regional, national (both government and civil society) and community levels. Capacity building includes training, technical support, organizational systems strengthening as well as financial resources. Providers of this capacity building support may be the regional technical agencies such as SPC, WHO and UNAIDS or may be drawn from other sources such as the UN Technical Support Facility or Australian based agencies participating in the HIV Workforce Capacity Building Consortium. Decisions on the most appropriate form and provider of capacity building will be determined at a country level and be supported through the national and regional funding allocations.

The proposed approach has been developed with the vision that all significant donor funding of HIV and STI responses is, within several years, directed through the proposed Fund and overseen by the proposed Fund Committee. The potential for the Global Fund and the ADB to participate have particularly been considered.

13. GOAL

The recommended goal is:

To contribute to the achievement of the goal of the Pacific Regional HIV and other STI Strategy which is:

“to reduce the spread and impact of HIV and other STIs, while embracing people infected and affected by HIV in Pacific Communities”.

The regional strategy was developed in 2003 for the period 2004-2008 and endorsed by the Forum Leaders. In late 2007 it was revised for the period 2009-2013 and now specifically includes STIs. Leaders at the 38th Pacific Islands Forum held in Tonga, 16-17 October 2007, "endorsed the extension of the current Pacific Regional Strategy on HIV/AIDS (2004-2008) for a further five years to cover 2009-2013 and agreed that it be amended to emphasise current and emerging trends of the epidemic, including other Sexually Transmitted Infections".

14. PURPOSE

The recommended purpose is:

To support the scale up of the response to HIV and STIs in the Pacific through an efficient, responsive multi-donor fund that supports effective implementation of regional and national HIV & STI plans, including the capacity building needs identified in those plans.

- The Pacific Regional Strategy Implementation Plan (PRSIP) is the underpinning document that guides the implementation process for the Strategy. It captures the activity that needs to take place under each area of the Strategy. The PRSIP was developed for the 2004-2008 Regional Strategy and includes a monitoring framework. A revised and restructured version is expected by mid 2008 which will reflect the 2009-2013 strategy and include a more comprehensive monitoring and evaluation framework, and costings.
- Most national plans need further development to be a sound basis for implementation. This development is included in PRSIP and will be financed from the Fund. It is not intended that countries which have current national plans should have to rework these. Instead yearly work plans, based on the current national plan, will be required. These will identify priorities for action, funding sources and gaps in funding that are being met by this Fund. As national plans expire countries will receive technical assistance to update them in a form that will maximise their efficiency. Ideally this will include a move to fully costed plans, a direction being supported by many donors including the Global Fund.

15. OBJECTIVES AND OUTCOMES

The planned outcomes in terms of the HIV and STI epidemics, are the outcomes of the regional and national strategies. But the objectives and outcomes of the recommended approach, which will facilitate those strategies, are best described in terms of the quality of implementation and support for that implementation. Thus the objectives, and the outcomes which can reasonably be expected following a period of five years of operation of the recommended approach, are:

Objective 1: To establish an efficient mechanism to finance regional and national HIV and STI strategies including the capacity building needs identified in these strategies.

Outcome 1.1 Transaction costs for governments and civil society organizations are minimized.

Outcome 1.2: National organizations' capacities for quality implementation, planning and monitoring improve.

Outcome 1.3: Implementation responses by national governments and civil society increase.

Objective 2: To establish cost effective fund governance arrangements which: promote Pacific ownership; ensure accountability and appropriate risk management; promote evidence based actions and multi-sectoral approaches; and encourage participation by multiple donors.

Outcome 2.1: Quality evaluation and research, including on gender issues guides funding to evidence based responses and adoption of best practice implementation.

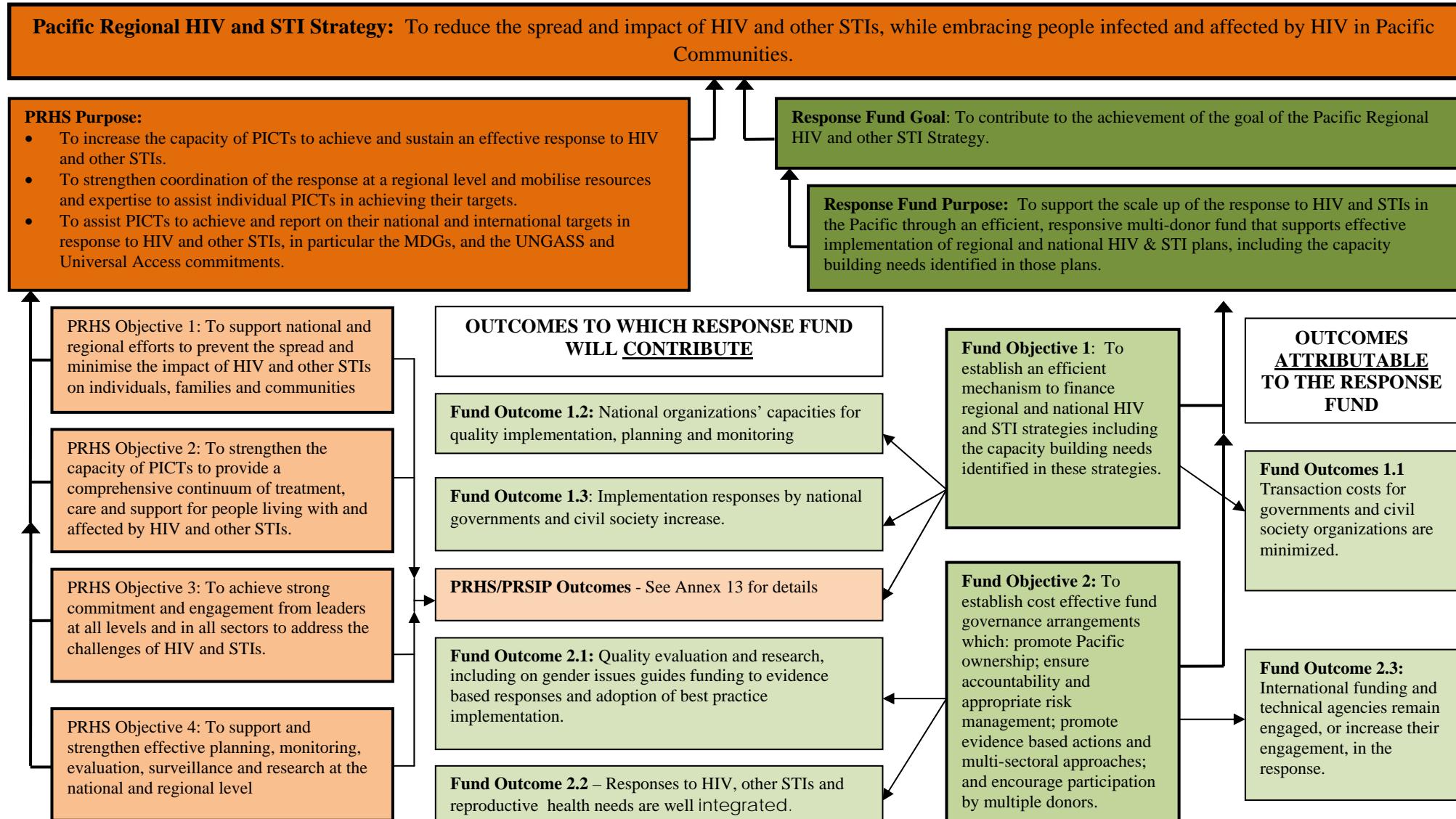
Outcome 2.2 – Responses to HIV, other STIs and reproductive health needs are well integrated.

Outcome 2.3: International funding and technical agencies remain engaged, or increase their engagement, in the response.

Figure 2 below shows the relationship between the Goals, Purpose, Objectives and outcomes of the PRHS and the proposed Fund. It shows the outcomes which the Fund will contribute to and those which will be attributable to the Fund.

Section G sets out the monitoring and evaluation framework for these outcomes

Figure 2: Relationship between the PRHS and Response Fund Goals, Purposes, Objectives, Outcomes. Outcomes contributed to by the Fund and outcomes attributable to the Fund are shown.



Seven funding streams

16. FUNDING STREAMS

Seven funding streams are recommended and are outlined below. Annex 8 details the funding streams and the rationale for each. Figure 1 shows the primary funding flows supporting national implementation.

NATIONAL IMPLEMENTATION

Three funding streams are recommended to directly fund national implementation:

Funding Stream I: Allocations for each Forum Island Government, plus Tokelau, to implement their national strategies.

- National strategies should form the basis for implementation, and where necessary should be further developed to improve their utility for managing and monitoring implementation.
- National governments should be encouraged, to include funding of national civil society activities, consistent with their national strategies.
- To the maximum extent possible funds would be managed through national systems and be planned and reported on using nationally focused systems and formats.
- While the intention is that this allocation will expand nationally managed implementation, the rate at which these allocations are increased, should be based on assessments of capacity (involving the countries and drawing on recent assessments by WHO and others) and specific support should be provided – either through this Funding Stream (where initiated by the country), or Funding Stream IV – to build that capacity.

Funding Stream II: Allocations (for selected countries) for distribution by National AIDS Committees (NACs) to support low cost initiatives of community groups (villages, schools, churches, women's groups etc) and small NGOs.²⁶

- These grants would initially be available to Forum Island Countries where a Capacity Development Organization (CDO) - a locally based NGO capable of supporting and administering the grants - has been identified. Grants could be extended to other PICTs where there is a need, and a suitable organization can be identified to support and administer the grants efficiently.
- Grants would be awarded by the National AIDS Committee against set criteria.
- Funds would be available within these allocations for the work of the CDOs.

Funding Stream III: Allocation for grants to civil society organizations in all PICTs, allocated on a competitive basis across the region.

- Grant proposals would have to be consistent with the relevant national strategies.
- Grants would be open to national and regional civil society organizations, would be limited to AUD50,000 per year, could be multi-year proposals, and would be awarded by a regional grant assessment panel against set criteria.

²⁶ The systems and processes developed under PRHP with AusAID and NZAID support should be continued and refined.

- Civil society organizations including NGOs, private sector, faith based, women's organisations and national academic organisations would be eligible to apply.
- An upper limit would be set for the total value of grants which could be awarded in any one year in each country. This would avoid excessive skewing of funding to a single country.
- An upper limit would be set on the total value of grants to regional civil society organizations.

REGIONAL IMPLEMENTATION AND SUPPORT

One funding stream is recommended for regional implementation and support including specific amounts for evaluation and research

Funding Stream IV: Allocation for implementation of high priority activities identified in PRSIP, by regional and international support organizations.

- The SPC and other regionally based technical and academic organizations would be funded to undertake the high priority regionally managed implementation and support activities identified via PRSIP.
- This would include program and strategy evaluations, regional elements of surveillance and operational research.
 - Target expenditure on research should take account of the recommendation included in the Sydney Declaration of the International AIDS Society Conference, May 2007, that 10% of funding should be allocated to research. It should also consider other research initiatives in the Pacific.

QUALITY ASSURANCE, URGENT CONTINGENCIES, ADMINISTRATION/ MANAGEMENT

Three funding streams are recommended to fund quality assurance, to provide for urgent contingencies, and for the costs of administration and management of the Fund.

Funding Stream V: Allocation for a program of quality assurance reviews examining the quality of implementation by national and regional/international organizations and identifying lessons.

- The Fund Committee Secretariat would manage this program.
- This allocation would also be for the costs of periodic comprehensive reviews of the Fund as recommended in Section 25 of this design.

Funding Stream VI: Contingency allocation for specific potentially urgent functions.

These might be of two sorts:

- Health – e.g. surveillance may reveal a cluster of previously unknown HIV or HIV/AIDS cases and an urgent response would be needed to provide treatment etc.
- Organizational – a breakdown in an organization critical to the response, such as a procurement provider, may need urgent investigation to correct or find an alternative.

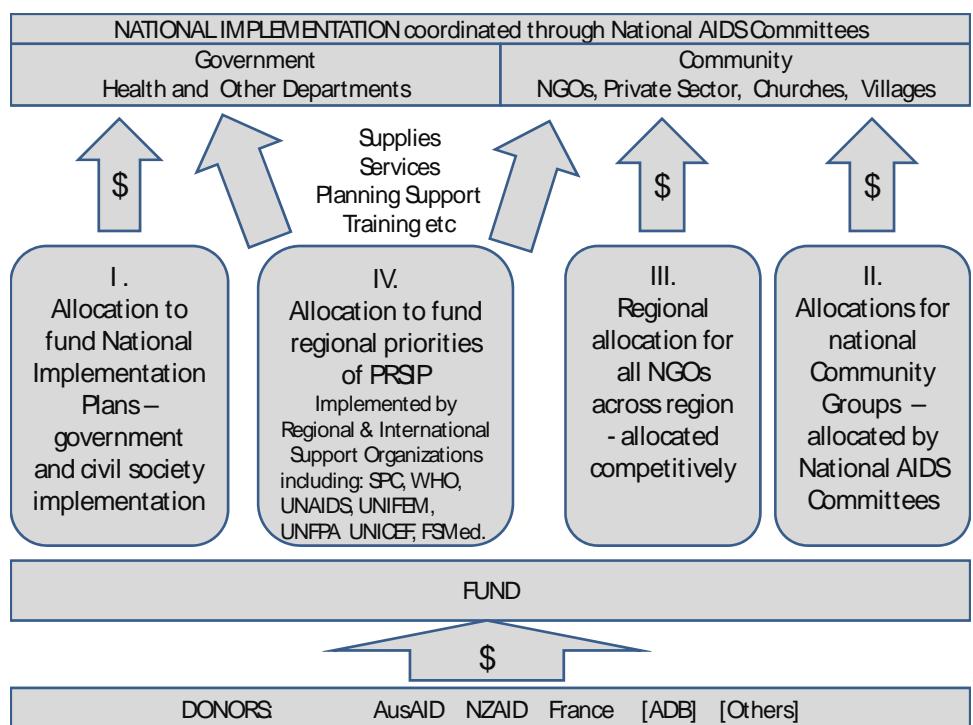
Funding Stream VII: Administration, Management and Fund Committee Secretariat costs.

Funds would be provided to SPC against a costed, appraised plan to meet the costs of:

- Fund administration (accounting, international transfers, audits etc).
- Management of the six funding streams above.
- Fund Committee Secretariat role (including costs of the Fund Committee).

FIGURE 3: This diagram shows the flow of funding and support for national implementation.

(Roman numerals refer to funding streams described above.)



Responsibility for deciding the quantum of funds in each funding stream will lie with the Fund Committee, whose role is outlined in the next section. However this Committee will not make decisions on which *individual* agency receives funding. These decisions will be made through the following processes and reported annually to the Fund Committee who will monitor the overall progress made in each funding stream.

Regional implementation and support: The planning processes associated with PRSIP will guide funding allocations. Implementing agencies will agree on priorities and responsibilities and allocate funding from within the budget set for this work. When consensus cannot be reached the Fund Committee Chair will make the decision drawing on documented advice from the PRSIP annual planning meetings.

NGO competitive grants: An Interagency Grants Assessment Panel (similar to the one established under PRHP) will be convened by SPC. This panel will make decisions on the successful funding submissions based on predetermined criteria set for these grants.

NAC grants: These small community grants will be managed at a country level by the Capacity Development Organisation in that country. Funding decisions will be made by the National AIDS Committee of that country.

Government allocations: A process will take place in 2008 to identify an appropriate level of funding for the government allocation for each relevant country, taking into account criteria such as population, evidence of vulnerability to HIV and STIs, burden of disease, geographic remoteness issues, other funding sources and country capacity to utilise funding. This will be monitored after implementation and continued funding levels will be conditional on meeting performance, expenditure and financial accountability requirements. It should be noted that this government allocation is for a multisectoral response and encouragement will be given to ensure a government response that is broader than the Health Ministry and includes civil society.

For more details on these processes see Annexes 8, 9, 11 and 16.

17. FUND GOVERNANCE

It is recommended that a Fund Committee be established with responsibility for setting policy for the HIV/STI Response Fund. This Committee will oversee, on behalf of donors and Pacific Island stakeholders, the effectiveness of implementation financed from the Fund and the effectiveness of the Fund mechanisms. This Fund Committee will receive technical advice from the Technical Working Group that advises the Global Fund Regional Coordinating Mechanism (PIRMCCM) and from the Monitoring and Evaluation Reference Group.

It is proposed that this Fund Committee have no more than 12 members, have a chair, independent of any implementing organization, and meet twice²⁷ a year.

The proposed roles and responsibilities of the Fund Committee include:

Roles of Fund Committee

- Identifying key investment and result areas based on PRSIP, as the basis for allocating Fund resources.
- Regular reporting on performance and financial accountability to Forum Leaders, donors, CRGA and the public.
- Allocating available funds between each funding stream.
- Establishing and overseeing processes for monitoring and evaluating of all funding streams.
- Monitoring progress made in addressing issues in gender inequality.
- Advocating for additional funding to meet important gaps in funding.
- Linking fund activity to other regional reference groups such as the Monitoring and Evaluation Reference Group and the Regional Strategy Reference Group.
- Appointing independent technical experts, when necessary, to ensure the integrity and impartiality of technical advice on which Fund Committee decisions are to be based.

The recommended roles of the Fund Committee are discussed in detail in Annex 9.

²⁷ In the first year additional meetings will be needed to establish policies and systems. The proposed focus of these additional meetings is outlined in Annex 1.

The proposed principles on which the Fund Committee should be established are:

- It must be able to add value to the implementation of PRSIP and national strategies.
- It must have a sound basis for its role in management and oversight including clear distinctions between the roles and responsibilities of the Fund Committee and of implementing organizations.
- The integrity of financial and programmatic reporting and evaluations should be verifiable through independent processes.

In developing the proposed membership of the Fund Committee, consideration was given to:

- The skills and knowledge which the Fund Committee needs to include.
- The critical stakeholders whose views should be represented in decision making by the Fund Committee.
- The skills, capacities and knowledge which the Fund Committee can depend on others to provide to it.

The recommended membership of the Fund Committee is shown below. The complete rationale for the proposed membership and proposed processes for establishing it are detailed in Annex 9.

Fund Committee skills,
representation and access
to advice

Fund Committee
membership

- One Independent Chair.
- Four PICT government representatives,
 - Given the critical significance of cultural issues to the responses to HIV and STIs, each of Melanesia, Micronesia, Polynesia and the French speaking Territories should be represented.
 - Ideally these representatives will be from several sectors of government including health, planning/finance, education and transport or tourism.
- One person actively involved in a Pacific organization representing people living with or affected by HIV, who is able to present the views of these people.
- One person from a civil society organization who can bring wide knowledge of Pacific civil society organizations and of the challenges they face.
- One person with the capacity to articulate the importance of taking gender specific analysis²⁸ into account in making decisions about both HIV and STIs and who has good understanding of the region's progress in empowering women, as relevant to the challenges of HIV and STI in their families and communities.
- One person who can represent the views and perspectives of youth.
- One person representing the views of all donors contributing to the Fund and able to present the views of other potential donors to the Fund.
- One representative of the SPC Director General.

²⁸ The inclusion of a gender specialist is to increase expertise in this important area however responsibility for monitoring and responding to gender issues will form part of the roles of all members of the Committee. It is also intended that there be gender balance on the Committee as far as possible.

- One representative of the UN family of organizations involved in HIV/AIDS and STI responses in the Pacific.

Annex 16 is a detailed table showing decision making responsibilities at all levels, including of the Fund Committee.

PERFORMANCE

The Fund Committee will oversee performance based funding to ensure that investments are made where impact in alleviating the disease burden can be achieved. Annual funding decisions will take account of reports including the annual PRSIP monitoring report, evaluations, and results of research, supplemented by a formal review following the end of year two. A system of performance based funding will be designed to:

- Serve as a management tool for implementers to identify early opportunities to expand effective efforts and to address potential performance issues.
- Furnish the Fund Committee with reliable and verifiable performance information against which future funding decisions can be made.
- Communicate progress to other constituencies.

The focus of performance monitoring at the Fund Committee level should be on:

- Percentage of budget and amount of funds spent on each key investment /key performance area.
- The key outputs, outcomes and impact achieved in each area versus targets.
- Performance against specific sex disaggregated targets.
- Key performance indicators by classification of implementing agency groups (NGO, FBO, government, inter-governmental agencies etc).
- The shift over time from regional implementation toward national implementation.
- The contribution of the program to Key Result Areas and the MDG's.

The Fund Committee should avoid monitoring implementation at activity level. This is better handled by the SPC as manager of the funding streams.

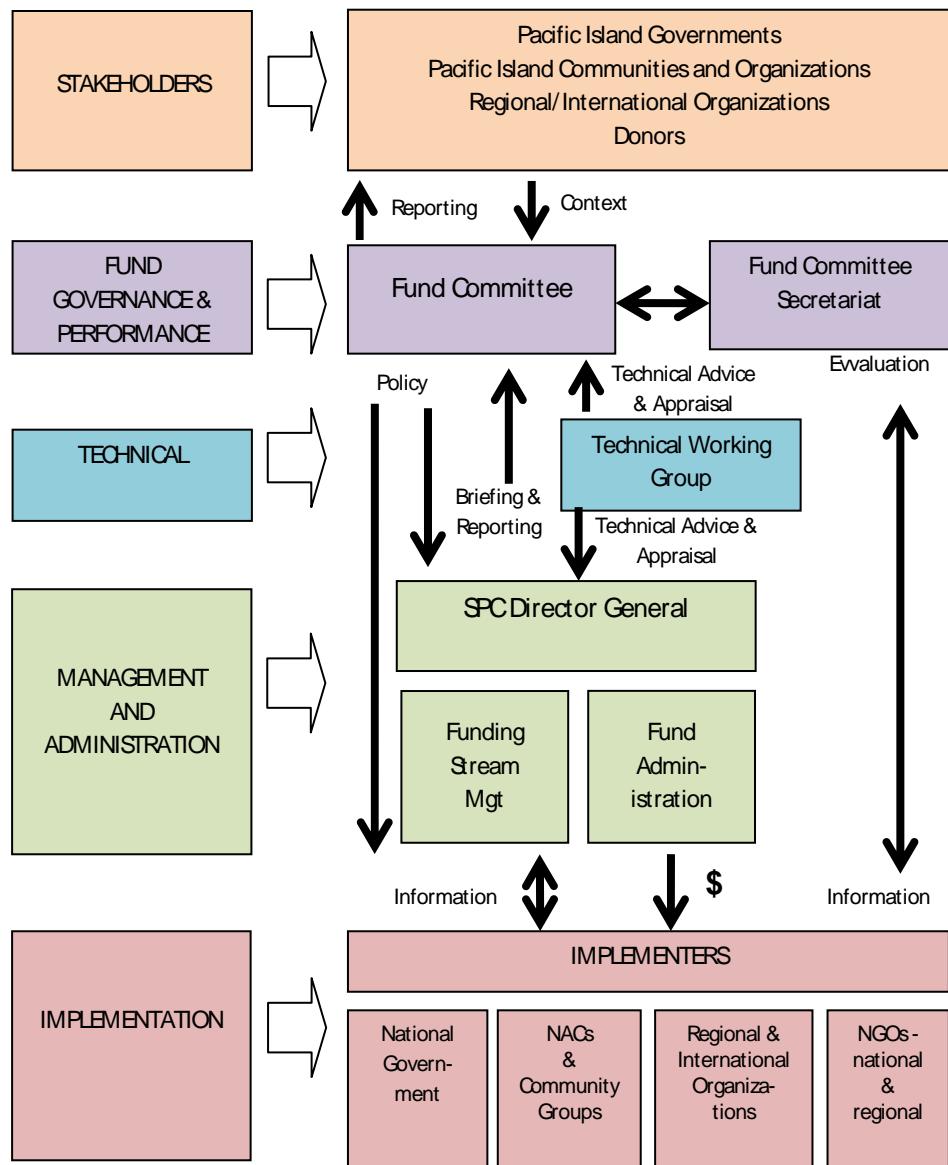
It is proposed that the Fund Committee report annually on the Fund, its management and its effectiveness, to the Forum Leaders through the Pacific Plan Action Committee, to the CRGA via the SPC Director General's report, and to contributing donors.

The Fund Committee would have access to advice from the Technical Working Group (which currently advises the PIRMCCM) and the Monitoring and Evaluation Group. The Fund Committee Secretariat will arrange these inputs

Oversee performance

Reporting link to Forum Leaders and CRGA

Figure 4: This diagram shows the general relationships and the types of information flows between the key organizational elements of the Fund



18. MANAGEMENT AND FINANCING

SPC ROLES

SPC will be responsible for three sets of functions of the Fund in addition to being one of the organizations implementing regional activities. These three sets of functions are:

- Fund administration – including banking, financial transfers, accounting and financial reporting.
- Funding stream management – including the management and support for funding streams: (i) national allocations; (ii) NAC grants; (iii) NGO grants; and (v) contingency allocation.
- Fund Committee Secretariat - will be under the direction of the Fund Committee through the Fund Chair but staffed and supported by the SPC.

Annex 10 contains detailed listings of the expected roles and responsibilities of the SPC under each of these functions. These listings are intended to assist the SPC and the Fund Committee during inception of the Fund and in developing systems to support it, rather than being prescriptive.

RESOURCES – BASIS FOR INITIAL AND ANNUAL DECISIONS

The Fund Committee will need to establish policies to guide the allocation of funds between the various funding streams, and this will need to take account of the realities of the funds available, the best means of achieving the most critical activities, the performance (or initially the expected performance) of implementers (governments, NGOs, regional and international organizations) and the value for money of different implementation methods.

By establishing a performance framework for funding at an early stage it should be possible, as experience accumulates, to base funding decisions to an increasing extent on past performance.

However the Fund Committee will also need to take account of the imperative to encourage implementation in all countries, even where commitment may be weak and capacity low. This will require a balanced approach, not to reward inaction but to support a shift to accelerated implementation. This implies that where performance is poor the form of support may need to change rather than the quantity of support change. This will require good information and analysis of the reasons for less than satisfactory utilization of funds or pace of implementation.

Annex 11 sets out factors which should be considered in setting policies for initial and ongoing allocations for national government implementation.

PROCUREMENT POLICY

In line with the Paris Declaration on Aid Effectiveness, procurement policy of the Fund should be untied wherever possible. The SPC's own procurement policy should form the basis of the procurement policy of the Fund, but these policies will need to be reviewed and strengthened particularly in relation to purchasing of pharmaceuticals and other medical supplies, and to address issues of quality assurance and patient safety. Until this revision has been undertaken, pharmaceutical and medical supplies procurement should be managed through other accredited processes such as those of the WHO.

Procurement from funds allocated to governments and civil society organizations should, in principle, be allowed to operate under the procurement policies of the relevant government or organization. However, funding agreements with these organizations should include key procurement principles (such as competition and transparency) and it may be appropriate for the SPC to assess the policies, and systems to implement them, particularly if significant procurement expenditure is planned.

Procurement from funds allocated to International Organizations should operate under those organizations' procurement policies.

Where potential donor contributors to the Fund have policies which constrain procurement policy and these absolutely cannot be varied for the purposes of the Fund, and the funding available warrants the implied overhead costs, individual

SPC and National procurement policies to apply – but revision needed.

arrangements will need to be negotiated to accommodate those policies. This should be done at the time that a contribution is offered and the issue arises.

SECTOR WIDE APPROACHES

Funding in line with SWAP procedures

Solomon Islands is expected to establish, by 2008, a sector wide approach (SWAP) to planning, funding and monitoring the development of its health sector. Australia has been supporting this development. Samoa is moving to multi-donor program funding of its health sector.

Where a SWAP or equivalent is in operation, regional funding for the health sector should, to the maximum extent possible, be harmonized with the SWAP. Thus planning and reporting on regional funding should utilize the systems agreed as part of donor financing of the SWAP, including financial accountability reporting. Separate, different requirements should not be imposed by the Fund. The Fund should effectively become a contributing party to the relevant SWAP.

NATIONAL GOVERNMENT FUNDING THROUGH MINISTRIES OF HEALTH

Government funding via Health Ministries

While HIV/AIDS requires a multi-sectoral response, the reality is that the lead Ministry in all countries is Health. Directing funding through an allocation controlled by the Health Ministry, with the explicit expectation that funds will be directed to other Ministries where they are responsible for priority implementation, is a pragmatic approach at this stage. As more truly multi-sectoral approaches develop, it would be appropriate to fund government implementation through a number of Ministries.

ADDITIONAL FUNDING FROM AUSAID AND OTHER BILATERAL PROGRAMS

Additional bilateral funding?

AusAID bilateral programs have directed funding through PRHP as an effective and efficient way to boost funding for HIV in particular countries. The Fund should, in principle, be able to accept such contributions and direct the funds to government allocations, without reducing the allocation to the country from other sources. That said, where the capacity of the country to manage the implementation of activities and report on this is already stretched, the Fund should not take responsibility for directing additional resources to that country.

If bilateral funding is managed by the Fund, an appropriate charge should be levied reflecting the costs of administering the funds, managing the relevant funding stream(s) and overseeing performance.

MANAGEMENT AND ADMINISTRATION FEES

Regional and International organizations normally include an administrative and management fee in the costing of activities they undertake utilizing donor funds. This is not unreasonable and all regional and international organizations proposing to implement activities with funding from Funding Stream IV: ‘Allocation for implementation of high priority activities identified in PRSIP’, should include such charges explicitly to enable comparisons of costs between agencies. In negotiating a reasonable fee of this type, both the organization and the Fund should take into account the streamlined nature of planning and reporting which it is intended the Fund will incorporate. It is expected that the rate of these fees will be relatively low because of this.

The SPC should only seek to include an administrative and management fee in costings for activities funded under Funding Stream IV. This would enable comparison of implementation costs with other regional agencies. For its other functions, the SPC should be funded against a costed plan for each function, which shows all costs.

PHASING

A phased establishment of the Fund Committee, funding streams and management arrangements was considered. This is effectively occurring:

- SPC has been funded to coordinate the PRHS and PRSIP for several years and as part of this has been managing and disbursing funding to different implementing agencies, including governments, NGOs and multilateral agencies.
- Four of the proposed funding streams have already operated for several years under the PRHP and the management of these is being transferred to SPC during 2007 and 2008 with a planned handover period.
- SPC is restructuring its Public Health Program, including the HIV/STI Section, to enable it to manage the activities of PRHP and other new programs.

Annex 1 proposes a timetable for establishment of the Fund and Fund Committee over the period Feb 2008 to mid 2009. Further extension of the period of establishment of the proposed Fund and Fund Committee would mean delays in the HIV and STIs response and is not recommended.

19. SPC CAPACITY

The proposed approach places a significant reliance on the SPC to be able to provide the systems, organizational and corporate support and technical capability needed to manage the funding streams, administer the Fund, support the Fund Committee and implement a range of regional support activities, including continuing to facilitate the planning and monitoring of the Regional HIV/AIDS and STIs Strategy.

A recent assessment of SPC performance²⁹ found that it is well managed, has a valuable pool of technical development expertise and is a constructive player in the region. It also found that SPC adds considerable value to the pursuit of the development interests of Australia and New Zealand.

It did find that SPC faces some key challenges that are linked particularly to its rapid expansion. Staff has grown from around 290 in 2005 to 340 in 2006 and 345 as of July 2007, and the budget has increased from USD 32.6 million in 2005 to 43.2 million in 2006 and is expected to be about 48 million in 2007. Australia continues to be the largest contributor to SPC, providing USD 11.2 million in 2006 (for core and non core activities).

The main issue to be addressed is to ensure that its corporate capacity matches the required increased level of activity. SPC has taken steps to address these issues

²⁹ Cable (unclassified) on SPC: Sixty Years On, prepared jointly by NZ and Australia DHOPs, as part of background materials for the Conference of the Pacific Community and Committee of Representatives of Governments and Administrations (CRGS) to be held in Apia 7-13th November.

through reviewing the role and function of its Public Health Program, creating more strategic management positions and reviewing its corporate systems. An organizational review was recently completed of the HIV/STI Section and plans are well underway to have staff from this section located in Suva and Pohnpei as well as Noumea. A new office has been identified in Suva and this will house staff from both the HIV/STI Section as well as the Adolescent Health Development Program, thereby linking this work more closely with SRH activity.

This risk can be further managed through ensuring sufficient resources are allocated to SPC to take on the additional roles required of it in this design and also by linking this initiative to others in AusAID which are supporting and monitoring SPC's capacity and performance.

AusAID should give consideration to developing, with SPC, a broader program of institutional capacity development for the organization to ensure it further develops the systems, structures, and processes to manage this and other donor funded activities and increase its credibility with PICTs in this role.

20. OTHER OPTIONS CONSIDERED

Options other than the recommended approach were considered including variations on the recommended approach:

CONTINUE PACIFIC REGIONAL HIV/AIDS PROJECT INCLUDING SUPPORT TO SPC

An obvious option to consider was continuation of the AusAID funded Pacific Regional HIV/AIDS Project. This project included funding essentially the same as the funding streams for civil society groups and for community groups proposed in this design, plus support for SPC to coordinate planning and support national planning, both of which are also expected to be funded under this design.

Despite general agreement that this project has been successful in most areas, three factors mitigated against continuing this approach:

- It would not facilitate joint funding by multiple donors through a single mechanism, thus reducing the likelihood of achieving coordinated funding with minimal transaction costs for Pacific Island governments and communities and their regional organizations.
- It would not be as consistent with the Australian Government's support for regional integration and, in accordance with the Pacific Plan, to aim to provide services on a regional basis.
- It would not take account of the aid management directions expressed in the AusAID Director General's Blueprint – AusAID 2010

PROVIDE FUNDING TO SPC TO IMPLEMENT PRSIP AND SUPPORT NATIONAL STRATEGIES

This would involve funding SPC in a fairly standard 'extra-budget' style with SPC being responsible for all aspects of planning and implementation and also for reporting, monitoring and evaluation.

The advantages of this option are:

- It is simple compared to all other options including the recommended option.

Option – continue PRHP

Option – 'extra-budget'
funding of SPC

- Because of its simplicity it may be a more efficient option if measured only in terms of the percentage of funds spent on administrative and management functions.
- New Zealand and France would most likely be prepared to be involved in joint funding of an activity structured in this way.

The disadvantages are:

- The likelihood is very low of attracting other donors to contribute in a harmonized way, especially donors which are not members of the SPC, and in particular the ADB.
- The WHO, an organization important to the HIV/AIDS and STI response in the region has expressed concerns about the SPC playing a role of decision maker on program funding while also being a major program implementer. Other UN agencies may hold a similar view. The Fund Committee oversight and the separation, within SPC, of potentially conflicting roles is expected to address these concerns to some extent. Failure to satisfy these concerns may have implications for coordination and joint implementation of programs.
- The robustness and independence of evaluation of implementation quality would not be as strong as under the recommended option.
- The SPC may face challenges in managing non-compliance by governments because they also form its governing body. This potential difficulty has been managed by the SPC for other activities by ensuring that, at the outset, clear documented agreements have been agreed specifically detailing expectations, responsibilities and the course of action to be taken in the event of non-compliance.

PROVIDE FUNDING TO SPC TO BE MANAGED USING EXISTING GLOBAL FUND SYSTEMS

Under this option, funds would be used to complement Global Fund financed activities using the systems established within SPC and the region for managing, monitoring and reporting on Global Fund financing, including the Principal Recipient, and Regional Co-ordinating Mechanism and possibly the Local Fund Agent.

The advantage of this approach would be integration of all significant funding into one performance based system, managed through one agency, monitored through one committee with a single reporting process.

The primary disadvantage is that, for a multi-country situation, the Global Fund's processes are prescriptive, with high transaction costs for governments and civil society groups. The Regional Coordinating Mechanism is a large cumbersome mechanism (currently 42 members) which in reality has limited capacity to reach an understanding of complex issues and to meaningfully monitor implementation. The systems as they operate under the Global Fund's supervision have limited capacity to respond to changed circumstances.

In addition, the current Global Fund arrangements do not include all the relevant countries, planning for Round Seven activities has already occurred and is relatively difficult to adjust and this option would still require a funding allocation process to be established.

Option – combine funding with Global Fund Round Seven

Option – fund governments which then buy services from regional organizations

DIRECT FUNDING TO NATIONAL GOVERNMENTS

This is a variation on the recommended option. It would involve allocating all the funds for government and regional organization implementation to governments. Governments could then purchase services from regional organizations in accordance with their own priorities.

This option is attractive because it places governments in clear control of what services they prioritize, and it places regional organizations in a position of service provider where they would have to be responsive to government needs or lose funding. This should be the vision for funding for all the larger FICs at some future time, but at this stage the option has the significant disadvantage that, without very high standards of planning by governments, the regional organizations would not be able to predict needs and ensure they have the required capacities in place when needed. In short this option is attractive in theory but impractical at this stage of national capacity development

Placing greater reliance on fragile national systems for planning and accounting, without also having a clear basis from which to provide capacity support would also increase the risk.

Option – fund NGOs through governments

PROVIDE NATIONAL ALLOCATIONS FOR BOTH GOVERNMENT AND NGO IMPLEMENTATION

This would be a variation on the recommended option. It would involve providing an allocation to each Country or each PICT, to fund government and civil society implementation, with the decisions on funding of government and civil society organizations being managed by the government, in consultation with the National AIDS Committee, or alternatively, by the National AIDS Committee.

This would have the advantage of responsibility for all national implementation in each PICT, being within the PICTs decision systems and in theory could lead to good coordination between those elements.

The disadvantages would be that each PICT would have to establish and manage systems for allocating, managing and monitoring implementation by its national civil society organizations. This would be a substantial drain on capacities which already struggle to maximise implementation within already established government systems. In addition, it was a clear message from consultations with civil society organizations in all countries visited, that directing funds for civil society through national governments causes very substantial delays and significant transaction costs for the organizations.

A shift to an arrangement such as this could be considered for some countries at a later date, if it there is evidence that it would be effective and efficient.

21. PACIFIC PRINCIPLES ON AID EFFECTIVENESS

In July 2007 Pacific Island Countries and Donor Partners in the region adopted seven Pacific Principles on Aid Effectiveness, derived from the Paris Declaration on Aid Effectiveness (2005).

The Fund and its governance, management and monitoring arrangements recommended in this design, are consistent with the Pacific Principles on Aid

Effectiveness. Annex 12 lists the Principles and assesses the design against each of the Principles.

22. RELATIONSHIP OF THE FUND TO GLOBAL FUND ROUND SEVEN GRANT TO PACIFIC ISLANDS

Pacific Island countries applied for Round Seven of the Global Fund. Twelve³⁰ countries are included in this proposal. Fiji and Solomon Islands applied individually. The Multi-Country proposal is for USD23, 903, 602 for the five year period from July 2008. The Global Fund Board approved the Multi-Country application, for funding up to the above amount and subject to certain clarifications, at its meeting on 12 and 13 November 2007. The final funding figure will depend on negotiations with the Global Fund and will not be known until about April 2008, and even then only the first two years will be firm funding.

The Fiji and Solomon Islands proposals were not approved.

Six regional agencies are included in the Multi-Country proposal: International Federation of the Red Cross (IFRC), Pacific Island AIDS Foundation (PIAF), Secretariat of the Pacific Community (SPC), UNFPA, Marie Stopes International and Fiji School of Medicine.

Key elements of the Round Seven Multi-Country proposal are:

- Major scale up of STI Services.
- National level capacity and coordination strengthening (up to 2 positions per country).
- HIV treatment, care and support.
- Surveillance.
- VCCT.
- Blood Safety.
- Condom distribution.
- Procurement and supply (including ARVs).
- Laboratory services.

IMPLICATIONS FOR FUNDING ALLOCATIONS

The approval of the Multi-Country Round Seven Global Fund Proposal will add significant funds for the response to HIV/AIDS and STIs in the Pacific. With appropriate attention to management and coordination, the different funding mechanisms should be able to work together. The activities included in the Multi-Country proposal are aimed at filling current and projected gaps and there should be minimal overlap in funding priorities. For example very little funding for the civil society response is included in the Round Seven Proposal. This leaves the proposed pooled Fund as the main source of funding for the civil society response.

There is some Global Fund funding that would go directly to Ministries of Health to implement activities, primarily for HIV Coordinator positions and additional support for STI/HIV testing and treatment. The initial grant agreement will define the exact budget and workplan for two years. This information will enable clear coordination of

³⁰ Cook Islands, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Note Solomon Islands is only included for the regional procurement elements of the proposal.

funding for activities financed from the Global Fund and activities identified as gaps and proposed for funding from the HIV/AIDS & STI Response Fund. At a national level this will occur through national plans and at a regional level through PRSIP, which will also identify other sources of funding including national allocations.

The amount of funding available to countries through the HIV/AIDS & STI Response Fund should be based on criteria of vulnerability, need and absorptive capacity. (These issues are discussed in some detail in Annex 11.) Given that the Fiji and Solomon Islands applications were not approved, the funding they receive from the HIV/AIDS & STI Response Fund will need to be proportionally higher. This is especially important as both have the potential for significant HIV epidemics and Fiji is already struggling to respond to the needs of the 249 people who have been diagnosed to date.

GOVERNANCE MECHANISMS

The Global Fund has its own requirements for accountability and performance funding linked to targets set in the grant agreement (based on the proposal). Accountability responsibilities are exercised at the level of the Principal Recipient (for the Multi-Country proposal this will be the SPC) verified by the Local Fund Agent, and Regional Coordinating Mechanism (in the Pacific this is called the Pacific Islands Regional Multi-Country Coordinating Mechanism PIRMCCM) which comprises 42 members representing government and civil society from all participating countries, plus donors, technical agencies and regional NGOs and academic organizations. The PIRMCCM has a role in monitoring implementation of grants for HIV, TB and Malaria. It meets once a year and its Executive meets at least once between these meetings.

The PIRMCCM has explored the option of expanding its role to include coordination for HIV activities funded through other donor sources. While there may be some advantages to having only one committee for all HIV activities in the Pacific, the PIRMCCM also has responsibility for TB and Malaria grants and is an unwieldy mechanism for robust oversight of performance. It would certainly not be an appropriate mechanism for the management of the proposed HIV & STI Response Fund.

At the November donor roundtable meeting it was agreed that the option of formally linking the PIRCCM and the Fund Committee should be explored. This may be through ensuring some joint membership (possibly the Chairs of each Committee could have a place on the other Committee), sharing briefing papers and minutes and through receiving a summary of progress being made through the different funding mechanisms. SPC will play a crucial role in these efforts as they will be providing secretariat services for both Committees.

OPPORTUNITIES FOR FURTHER HARMONIZATION

It would be ideal, and should be an objective, to bring together the management and governance arrangements for activities financed by both the Global Fund and the HIV/AIDS & STI Response Fund. It is unrealistic to think this could be achieved prior to commencement of the Multi-Country Round Seven proposal in mid 2008.

However, all programs funded by the Global Fund are reviewed towards the end of the two year grant (mid 2010). This would be an opportunity for the PIRMCCM to request a change to the implementation arrangements - namely to join the common funding arrangement - if suitable agreements between donors can be made on a

common framework for reporting and accountability that is also acceptable to the Global Fund.

This work could be progressed as part of the set up of the Fund in 2008 and through the implementation of the first year of that fund if PICTs, donors and implementing agencies believe one overall pooled funding is a desirable outcome. Consideration would also need to be given to how any transition process might be managed. To facilitate eventual bringing together of management and governance of activities funded by the Global Fund and the Fund, every effort should be made to develop joint reporting and monitoring systems.

In the absence of any immediate option to bring Global Funding within a pooled funding mechanism it is even more important that other donors act to harmonize their support. The proposed Fund will assist this as it will create a mechanism that can be used by different donors and is also flexible enough to complement rather than duplicate activities funded through the Global Fund.

PART G: PROGRAM PERFORMANCE AND MANAGEMENT - MONITORING FRAMEWORK

23. PRSIP MONITORING AND EVALUATION FRAMEWORK

AusAID supports the UNAIDS principle of a single agreed monitoring and evaluation framework for HIV/AIDS responses. The recommended approach takes the PRSIP monitoring and evaluation framework as the central element of its own monitoring, and has a goal which is congruent with the PRHS. PRSIP has been developed through consultation with all key partners and is reviewed regularly by the Monitoring and Evaluation Reference Group (MERG). This group was established in 2004 to assist with technical aspects of monitoring and evaluation in the region and contribute to efforts to ensure approaches are consistent at a national and regional level.

The structure of PRSIP, including its Goal, Impact level indicators (6), Purposes (3), Objectives (4) and Outcomes (18), are listed in Annex 13. Indicators are included in PRSIP against each Objective and Outcome. A monitoring report is produced twice yearly by the SPC. While some adjustments may occur in the current revision of PRSIP, this structure is expected to be the basis for monitoring and evaluation of progress in addressing HIV/AIDS and STIs across the Pacific Islands for the period 2009 to 2013.

All parties interested in the achievement of the PRHS goal have access to the reporting on progress of its implementation. Thus the Fund Committee and other stakeholders can have access to the full range of PRSIP indicators.

24. FUND MONITORING AND EVALUATION FRAMEWORK

The monitoring and evaluation of *the Fund, funding mechanisms and systems* recommended in this design should sit beside, and be separate from, the PRSIP and not distract Pacific Islands governments, communities and regional organizations from a focus on HIV and STI response implementation and on improving implementation. It should be structured against the six outcomes proposed in this design. All donors should participate in and rely on the monitoring and evaluation of the Fund led by the

Fund Committee rather than constructing separate processes. This will ideally involve continuity of engagement with the Fund Committee by donors.

The following monitoring framework proposes indicators for assessing each of the six proposed outcomes:

Table 1: Framework for Monitoring against Outcomes

Objective/ Outcome	Indicator	Source of data	Responsibility for collecting/ presenting data	Frequency of reporting
Objective 1: To establish an efficient mechanism to finance regional and national HIV and STI strategies including the capacity building needs identified in these strategies.				
Outcome 1.1 Transaction costs for governments and civil society organizations are minimized.	Ratio of salary value of estimated time spent on accounting, acquittal and reporting by each government and civil society organization, to Fund expenditure by each organization.	Specific assessment of sample of organizations.	Fund Committee commissioned assessment.	Two-yearly
Outcome 1.2: National organizations' capacities for quality implementation, planning and monitoring improve.	Funds disbursed by each organization as proportion of planned expenditure, for which funds were provided.	Assessment of studies.	Fund Committee Secretariat	Three yearly
	Assessment of implementation systems by relevant national and regional organization staff.	Structured questionnaire - Most Significant Change assessment against baseline.	Fund Committee commissioned assessment	Annual for sample.
Outcome 1.3: Implementation responses by national governments and civil society increase.	Change in quantum of national and international funds and in proportion of national budgets spent by PICT governments to responses to HIV and other STIs each year (disaggregated by PICT, and funding source).	PRSIP M&E data.	SPC with governments and administrations.	Annual

Objective/ Outcome	Indicator	Source of data	Responsibility for collecting/ presenting data	Frequency of reporting
Objective 2: To establish cost effective fund governance arrangements which: promote Pacific ownership; ensure accountability and appropriate risk management; promote evidence based actions and multi-sectoral approaches; and encourage participation by multiple donors.				
Outcome 2.1: Quality evaluation and research, including on gender issues guides funding to evidence based responses and adoption of best practice implementation.	a. Number of quality research and evaluation studies undertaken and available to governments and other implementation organizations. b. Funds disbursed on each of evaluations and research as proportion of targets set by Fund Committee.	Records of Fund Committee and PRSIP M&E framework. SPC financial data	Fund Committee commissioned assessment. Fund Secretariat	Three yearly. Annual
Outcome 2.2 – Responses to HIV, other STIs and reproductive health needs are well integrated.	Percentage of funds allocated to streams I and IV which are used to address issues relevant to both reproductive health and HIV/STIs.	National Government and Regional Organization activity plans and annual reports.	Fund Committee commissioned assessment.	Annual
Outcome 2.3: International funding and technical agencies remain engaged, or increase their engagement, in the response.	a. Number of agencies providing significant funding or support in kind. b. Proportion of total funding provided by largest, and by two largest, funders.	PRSIP data on funding	Fund Secretariat	Annual

25. PERIODIC REVIEW

It is recommended that the Fund Committee initiate regular comprehensive independent reviews of the Fund, its effectiveness and its efficiency which should include assessment against the Goal, Purpose and Outcomes. Ideally this should be timed to link to the proposed reviews of the PRHS in early 2011 and in 2013. There should not be longer than 3 years between these comprehensive reviews.

AusAID should support and engage with these reviews and use the results for its internal government reporting on development effectiveness. In line with the intention of utilizing a single system for monitoring and evaluation, separate Independent Completion Reports or similar reviews should not be commissioned.

26. AUSAID MONITORING

As discussed, the overall effectiveness of the progress in responding to the HIV/STIs in the region will be assessed through the PRSIP monitoring and evaluation framework. AusAID should rely on the Fund Committee evaluation and review processes for monitoring and evaluation of the operation of the Fund and the Fund Committee rather than set up separate systems.

There is a need however to have a dedicated person within AusAID who is engaged with and understands the operations of this Fund and other HIV/STI initiatives within the region. It is therefore recommended that a new AusAID position of Pacific HIV/STI Coordinator be created in Suva, consistent with the devolution process currently taking place for Pacific regional programs within AusAID. This person will work closely with other regional AusAID Health and HIV Advisers and AusAID posts on activities that support the implementation of this program. The position will also need to be supported by a program officer.

The primary responsibilities of this position will be to:

- Provide managerial and technical inputs to ensure activities are strategically focused on agreed priorities.
- Represent AusAID on regional coordination mechanisms such as those established under Global Fund.
- Contribute to the closer integration of sexual and reproductive (SRH) health, maternal and child health and HIV/AIDS programs.
- Contribute to addressing issues of gender inequality as they relate to HIV/STIs in the region.
- Represent AusAID on the Fund Committee as required.
- Liaise with other donors and multilateral agencies.
- Liaise with the HIV/Health Thematic group on the implementation of the HIV Workforce Capacity Building Project, the HIV Research Program in the Pacific and other relevant issues.
- Support AusAID posts in their HIV/STI and SRH related work.
- Engage technical experts as and when required to assist with additional research and monitoring and evaluation activities.
- Ensure AusAID performance and reporting requirements for this program are met.

PART H: FEASIBILITY, RISK AND SUSTAINABILITY

27. FEASIBILITY

The technical approach builds on and utilizes existing programs of support for HIV/AIDS and STI activities in the Pacific. These are informed by international standards of best practice adapted as necessary to the issues and capacities of the Pacific context.

The financial feasibility of the approach is almost entirely dependent on donor funds, which is appropriate at this time when it is recognized that Pacific Island communities and governments do not perceive the threat of HIV/AIDS as immediate and the overall resource base is poor and would necessitate allocating resources away from other

priority areas. A broad range of actions are being taken to build understanding and, as this develops, Pacific Island governments should be expected to meet a greater part of the costs of responding to the epidemic. Monitoring of the financial evidence for this is included in the proposed approach.

The approach is regionally based, utilizing the already demonstrated capacities of regional and international agencies based in the region to provide support to PICTs. The capacities of PICT governments and communities will be challenged as they seek to respond. They will need support with systems, organization, processes and procedures. The proposed approach recognises this through linking HIV capacity building with the other financial, material and technical support required to meet planning and M&E requirements.

The economic feasibility has not been assessed through a formal cost benefit analysis. However there is research evidence that shows that HIV/AIDS has extreme impacts on the financial situation of an affected household and this in turn has a negative effect on the development outlook for the whole country³¹. There is therefore economic as well as humanitarian justification to act to limit the spread of HIV in the Pacific and to respond to the needs of people already infected.

28. RISK

Annex 14 is a risk management matrix which identifies risks and assesses their likelihood and potential impact. Ways to manage each risk are identified and responsibilities for risk management are also identified. The risk assessment suggests that the possibility of serious failure of the Fund operation and mechanisms is not high and can certainly be reduced with responsive engagement by stakeholders. The more serious risks are those related to the commitment of national governments and the capacities of national systems to respond to the serious challenges which must be met if HIV/AIDS is to be halted and reduced in the Pacific Islands. These risks, especially those related to national capacities (organizational, systems, management and technical) are well known and are common to most development activities in the Pacific. Many government and donor funded programs are addressing these issues through reforms, health systems strengthening, education, training, and investments.

The proposed Fund cannot be the primary vehicle to address these risks and must work in association with other mechanisms, especially national initiatives, to make progress. But the structure of the proposed Fund and its governance should enable key constraints in the response to be identified at an early stage, and resources and support made available, where this can be effective.

The monitoring and evaluation framework proposed for the Fund, together with the comprehensive monitoring and evaluation framework of PRSIP, will provide useful information for the Fund Committee, Fund managers and stakeholders to enable any necessary adjustments to take place in a timely manner. This should minimize the risk to success in achieving the goal and outcomes of the Fund.

31 Asian Development Bank 2004, *Poverty implication of HIV/AIDS in the Pacific*

29. SUSTAINABILITY

This design recommends that the proposed Fund continue as required, based on the results of periodic assessments of its value and performance, rather than having a fixed term. (Donors' financial commitments would however be for fixed, potentially renewable, periods.) Long term external funding is likely to be needed to address HIV/AIDS in the Pacific, - decades at least given the intractable nature of the global HIV epidemic and the development issues faced by PICTs.

Sustainability in this design context is related to the sustainability of processes, activities, institutions and funding. The features of the proposed Fund which make this a sustainable strategy for Pacific Island Countries and Partners to address HIV/AIDS and STIs include:

- Its goal is congruent with the Pacific Islands' own goal for HIV and STIs.
- It will be administered and managed by the SPC a Pacific body with a sixty year history of providing support and facilitating cooperation.
- It will build on existing regional level institutions and systems for providing technical support, financial administration, procurement, planning, monitoring and joint evaluation.
- The governance arrangements, while new, will be strongly linked to regional governance structures and to existing technical advice arrangements. The Fund Committee will be a body of Pacific Island governments and communities.
- It will harmonise funding from several major sources, and there is potential, and sufficient flexibility, for other sources to be brought within the system over time.
- The activities the Fund will finance will be planned and prioritized through regional and national planning systems. At the regional level and in some countries these are already operating well and are proving robust.
- Monitoring and evaluation of the activities the Fund finances and progress toward the goal, will be based entirely on existing systems which are in operation and are being continually refined.
- National level systems for planning, management and reporting will be utilized to the maximum extent possible. This will reinforce the value of these systems and foster their further improvement.
- The provision of specific allocations to finance implementation of national strategies and plans will encourage national implementation and reinforce coherence of national systems.
- By utilizing existing regional and national planning and monitoring systems, it will reinforce the role of those systems in coordinating all inputs, financial and technical, including those not directly associated with the Fund.
- Use of national systems will help ensure that links are made to national and donor funded efforts to build the broader capacities of national health systems.
- The direct support of civil society in the mechanisms the Fund will support will continue to build resilience in the response to HIV/AIDS and continue to build the political environment for stronger government commitments to

leadership and financing.

HIV has the potential to break down the capacities of the Pacific Island governments and institutions. The small size of every PICT means their societies and cultures are at risk if this epidemic is not successfully halted and reversed. Thus success in halting the HIV epidemic is essential to achieving sustainability in a broader sense, of Pacific Island countries.

PART I: STEPS TO IMPLEMENT

30. APPROVAL OF DESIGN

formal agreement of all stakeholders not essential

approval in two stages

Because this program involves a number of donors, countries and regional/international organizations, approval of the design is potentially complex. While formal agreement of all stakeholders would be ideal it is not essential. It is suggested that the approval is handled in two stages.

First, in relation to the SPC, AusAID should seek agreement in principle as soon as possible. Some issues of detail will not be able to be resolved at this stage because the quantum of funding will not be known and there may be doubts about which PICTs will participate. The resources and staffing which the SPC would require for its roles will thus be uncertain.

Secondly, and simultaneously, Pacific Island Governments and Administrations, donors, regional/international organizations other than the SPC should be formally advised of the proposed Fund and its general features.

In relation to Pacific Island Countries and Territories, it is suggested that the SPC Director General write to governments and administrations asking if they wish to participate in the Fund and be eligible for funding and support as proposed in the design. Country comments on the design should be requested. Any comments should be considered by the design team together with SPC, and the design adjusted as appropriate.

In relation to donors, AusAID should take the lead in writing to donors inviting them to agree in principle to the Fund and to consider the level of contribution they may be prepared to make.

The fund could operate with Australia as the only contributor. But it is expected that both New Zealand and France will be prepared to contribute at an early date and their agreement should therefore be obtained if possible. The ADB is unlikely to contribute until after the current ADB TA Grant is completed in 2010. The ADB's immediate agreement is therefore not as critical, but, to maximise the possibility of the ADB contributing at a later date, the ADB's comments on the design should be taken into account, and their involvement should be encouraged in the processes for setting up the Fund, and Fund Committee.

The donor meeting held in Nadi on November 22nd & 23rd 2007, discussed this draft design and the consensus record (attached as Annex 15) shows that it:

“.....supported in principle the establishment of the proposed Response Fund (2009-2013). Participants also noted the need for further refinement of systems,

policies, structures and linkages outlined in the draft design and participants agreed that:

(a) a working group should be established to contribute to this refinement during 2008.

(b) the working group membership would include AusAID (Convenor), NZAID, ADB, GFATM, SPC and UNAIDS.

Participants also noted the commitment of donors to work together to develop processes that will maximize the opportunity for donor participation in the Fund to ensure that Aid Effectiveness values and principles are advanced.”

In relation to relevant regional and international organizations other than the SPC, AusAID should write to each asking if they wish to participate in the Fund as implementing organizations in accordance with the design. Having AusAID lead discussions with these organizations will limit the impact of sensitivities which some, especially WHO, have expressed about receiving funding via the SPC rather than direct from donors.

The steps to establish the fund should commence as soon as: agreement in principle with the SPC has been obtained; responses have been received from the New Zealand, France and the ADB; and letters have gone to PICTs and international organizations.

31. SET UP RESPONSIBILITIES AND PROCESS

The key steps to establish the Fund and bring it into operation, over the period January 2008 to July 2009, are listed in Annex 1 with the responsible entity, ideal commencement date and estimated completion date shown. Extensive planning has already taken place on the transition of the current PRHP activities to the management of SPC by September 2008. This has necessitated a review of the organizational structure of the HIV/STI section at SPC which has taken into account the new roles and responsibilities that will be required in relation to grant management, national planning support and capacity building.

The establishment of the fund and bringing it into full operation in 2009 will require significant focused effort by the SPC but also by AusAID which has to take a lead role in early steps, all of which are critical to establishing the fund. AusAID has already provided additional resources to assist with the transition of PRHP activities and SPC will shortly be appointing a transition coordinator who may also be able to take on some of the responsibilities for the processes involved in setting up this Fund.

AusAID has a lead role in early steps, all of which are on the critical path to establishing the fund.

ANNEX 1: SET UP RESPONSIBILITIES AND PROCESS – KEY STEPS

The following is provided to guide planning for the set up of the Fund and the Fund Committee and of the significant systems and processes needed to have the Fund disbursing money by 1 January 2009. There are some elements of the set up which overlap with work already underway in the SPC associated with the transfer of PRHP management to the SPC or with organizational changes already underway in the SPC.

The timings shown are indicative and very dependent on initial approvals from, in particular, contributing donors and the SPC. They do however indicate that there is much work to be done in a short time to establish the Fund. These timings should be reviewed regularly as set up proceeds.

Action	Responsibility	Start	Complete
Sign agreement between donors and SPC covering fund management and funding component management	Donors – facilitated by AusAID – and SPC Director General		Feb 2008
Identify essential initial set up costs of SPC	SPC management	Dec 2007	Feb 2008
Allocate funds to SPC for initial set-up costs	Donors – facilitated by AusAID		Feb 2008
Advertise for Chair of Fund Committee	Forum Secretary General		Jan 2008
Select Chair of Fund Committee	Forum Secretary General (in consultation)		Mar 2008
Contract Chair of Fund Committee	Forum Secretary General		Mar 2008
Finalise TORs for Fund Committee members	Fund Committee Chair		Mar 2008
Write to each set of sub-regional governments and administrations seeking nomination of one person to represent governments of the sub-region	SPC Director General with Fund Committee Chair		Mar 2008
Advertise for nominations/expressions of interest in the non-government positions on the Fund Committee	Fund Committee Chair		Mar 2008
SPC develops costed proposal for fund management including management information and reporting systems	SPC Management	Feb 2008	Apr 2008
SPC develops costed proposal for staffing of HIV-STI Section to manage Country allocations and grant schemes, and develops recruitment schedule.	SPC Management	Feb 2008	Apr 2008
Approval of initial funding for SPC essential staffing and systems development and policy drafting	Fund Committee Chair with donors		Apr 2008
SPC advertise for initial minimum staff	SPC management		April 2008
Select and appoint non-government members of the Fund Committee	Fund Committee Chair		May 2008

Finalise appointment of government members of the Fund Committee	SPC Director General with Fund Committee Chair		May 2008
Inform all stakeholders of Fund Committee membership.	Fund Committee Chair		May 2008
SPC finalises costing of PRSIP	SPC	Jan 2008	May 2008
Fund Committee Secretariat operational	SPC		May 2008
Develop draft key policies for consideration by Fund Committee	SPC or consultant, with Fund Committee Chair	May 2008	June 2008
Donors advise expected contributions to the fund for first three years	Donors		June 2008
First Meeting of Fund Committee focused on: <ul style="list-style-type: none"> developing shared understanding of Fund Committee's role. developing understanding of HIV/AIDS & STIs in the Pacific and of PRHS and PRSIP. developing initial policies. deciding initial funding allocation for SPC management of fund and funding streams. 	Chair and Fund Committee Secretariat		June 2008
Assess risk of using government systems for fund accounting and reporting and for procurement in each FIC and identify appropriate risk management needs for each FIC.	SPC – through specialist consultant	Mar 2008	July 2008
Confirm donor contributions for 2009	Donors – facilitated by Fund Committee Chair		Jul 2008
New initial SPC staff commence work	SPC Mgt		Jul 2008
Develop draft criteria and procedures for govt allocations and grant schemes including draft forms of agreement between: <ul style="list-style-type: none"> SPC and governments, SPC and Civil Society Organizations SPC and other Regional Organizations. Fund Committee Chair and SPC. 	SPC	Jul 2008	Aug 2008
Second Fund Committee Meeting focused on: <ul style="list-style-type: none"> Endorsing PRSIP as basis for funding priorities. approving criteria for allocations, grants and reporting. approving forms of agreement. deciding system for funding through government for each FIC. deciding funding allocations for 2009. 	Fund Committee Chair and Fund Committee Secretariat		Sep 2008
FIC governments advised of allocations	SPC Funding Stream Managers		Sep 2008
PRSIP work planning meeting leading to decisions on funding for regional/international organization activities from within the allocation for regional implementation and support.	Chair and SPC HIV/STI		Sep 2008

SPC develops management information and reporting systems	SPC management	May 2008	Oct 2008
Assess, revise and extend SPC procurement policies and procedures to meet full breadth of Fund needs – also taking account of requirements of major potential donors.	SPC – through specialist consultant	Mar 2008	Oct 2008
Agreements signed between SPC and FIC governments covering procedures for allocations	SPC Fund Admin	Sep 2008	Oct 2008
Agreements signed between SPC and other regional organizations covering procedures for funding	SPC Fund Admin	Sep 2008	Oct 2008
Agreement signed between Chair and SPC covering procedures for funding.	Chair and SPC		
Competitive Grants advertised	SPC HIV/STI		Nov 2008
Regional/international organization costed plans distributed for peer review.	Regional/Int'l Organizations		Nov 2008
Third Fund Committee meeting focused on: <ul style="list-style-type: none"> • approving risk management, communications and other policies. • developing future meetings schedules and agendas. 	Fund Committee Chair and Fund Committee Secretariat		Nov 2008
Funding of agreed Regional/Int'l org plans approved	Fund Committee Chair – with all orgs		Dec 2008
Government plans received and assessed	FIC Govts & SPC HIV/STI	Dec 2008	Feb 2009
Competitive Grants received and assessed	Applicants & SPC HIV/STI with panel	Jan 2009	Mar 2009
Government funds forwarded to governments	SPC Fund Admin		Mar 2009
Agreements signed between SPC and Grant recipients	SPC Fund Admin	Feb 2009	Mar 2009
Competitive grants forwarded to organizations	SPC Fund Admin		Apr 2009
Fourth Fund Committee meeting focused on: <ul style="list-style-type: none"> • review of 2008 including annual M&E report. • developing performance review plan. • developing a research plan. • developing an evaluation plan. 	Fund Committee Chair and Fund Committee Secretariat		April 2009
Fifth Fund Committee meeting focused on: <ul style="list-style-type: none"> • endorsement of updated PRSIP. • allocations to funding streams for 2010. 	Fund Committee Chair and Fund Committee Secretariat		July 2009

ANNEX 2: KEY DESIGN CONSIDERATIONS

The AusAID Concept Paper identified the following key considerations that should be examined during the design stage:

- SPC's capacity to manage the fund, including identification of any supporting structures or resources required to support SPC in their role as regional coordinator.
- Fund governance including decision-making and accountability mechanisms and other donors' willingness to contribute.
- Links between the implementation fund and other donors including Global Fund.
- Means for countries to access the fund e.g. national planning processes.
- How funded activities are best implemented in-country, including the role of government, CDOs and other non-government bodies, and whether grants should continue to be used to fund implementation.
- Monitoring and evaluation, including how individual donors should collect agency-specific information.
- Role of the HIV Coordinator position and AusAID Posts.
- Appropriate level of funding for the implementation fund given absorptive capacity issues identified in the paper.
- Technical resources required by SPC to improve planning and coordination processes with countries.
- Any other resources required including developing brief terms of reference for new positions identified.
- Lessons learnt from PRHP.
- Linkages with existing and future health programs (both AusAID's and other)
- How to build gender equality issues into initiative design.
- How to build countries' capacity for planning, coordination and implementation.
- How to build in flexibility to respond to Global Fund funding (or lack thereof, depending on the funding round outcome).

ANNEX 3: PEOPLE CONSULTED

Name and Position	Date	Contact Details
CHINA		
Mr Fei MingXing Counsellor	21-24 Aug 2007	Chinese Embassy (Fiji) Email: fei_mingxing@mfa.gov.cn
FIJI		
Mr Alan Garvez Consultant Physician	21-24 Aug 2007	CWM Hospital, Ministry of Health Email: agarvez@health.gov.fj
Mr Paul Lum On Project Officer	21-24 Aug 2007	Fiji HIV/AIDS Prevention in Prisons Project Email: Paul.lumon@php.org.fj
Ms Kuini Lutna	21-24 Aug 2007	Fiji Nursing Association Email: fna@connect.com.fj
Ms Mary Kama Project Officer, Global Fund Procurement Section	21-24 Aug 2007	Fiji Pharmaceutical Service, Ministry of Health Email: Mary.kama@govnet.gov.fj
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Mr Eric Rafai Acting National Adviser Communicable Disease	21-24 Aug 2007	Ministry of Health - Fiji Email: erafai@health.gov.fj
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Ms Makito Konahara JICA Volunteer	21-24 Aug 2007	Ministry of Health – Fiji Email: Makito.konahara@govnet.gov.fj
Ms Toakase Ratu	21-24 Aug	Ministry of Health – Fiji

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Ms Marion Namina Chairperson	28-29 Aug 2007	Kiribati Seafarers Wives and Parents Association
Mr Tearanibo Taateanna Secretary	28-29 Aug 2007	Kiribati Seafarers Wives and Parents Association
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Mr Timi Kaiekieki Chief Economist	28-29 Aug 2007	Ministry of Finance and Economic Planning Email: ce@mfp.gov.ki
Mr Eliot Ali Secretary	28-29 Aug 2007	Ministry of Foreign Affairs

Mr Riteti Maniraka Secretary	28-29 Aug 2007	Ministry of Health
Ms Mamao Robate HIV Coordinator and Taskforce Secretary	28-29 Aug 2007	Ministry of Health
Ms Emaima Tauebwa	28-29 Aug 2007	Red Cross Society (Kiribati) redcros@tskl.net.ki
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ANNEX 4: PACIFIC CUMULATIVE REPORTED HIV, AIDS AND AIDS DEATH CASES AND INCIDENCE RATES, EXCLUDING PNG

Region/Country	Mid year Population (2006)	Cumulative Cases			HIV Cumulative Incidence per 100,000	HIV		
		HIV (including AIDS)	AIDS (incl. deaths)	AIDS related Deaths		M	F	UK
MELANESIA	1,777,952	542	148	65	6.8	356	184	2
Fiji Islands	831,263	236	34	11	28.4	135	83	0
New	238,035	295	108	50	123.9	217	76	2
PNG								
Solomon Islands	487,237	8	3	3	1.6	3	5	0
Vanuatu	221,417	3	3	1	1.4	1	2	0
MICRONESIA	541,938	307	174	92	57	232	71	4
Federated States of	110,218	32	27	27	29.0	22	10	0
Guam	167,371	178	100	26	106.4	153	25	0
Kiribati*	93,706	46	28	23	49.1	30	16	0
Marshall Islands	55,981	12	2	2	21.4	4	4	4
Nauru	10,131	2	1	1	19.7	2	0	0
Northern Mariana Islands	84,487	29	12	10	34.3	16	13	0
Palau	20,044	8	4	3	39.9	5	3	0
POLYNESIA	648,072	317	124	81	48.91	224	93	0
American Samoa	63,308	3	1	0	4.7	2	1	0
Cook Islands	13,572	2	0	0	14.7	1	1	0
French Polynesia	258,709	275	103	63	106.3	197	78	0
Niue	1,591	0	0	0	-	0	0	0
Pitcairn Islands	50	0	0	0	-	0	0	0
Samoa	185,234	12	8	8	6.5	8	4	0
Tokelau Islands	1,398	0	0	0	-	0	0	0
Tonga	99,298	14	9	8	14.1	7	7	0
Tuvalu	9,652	9	2	2	93.2	8	1	0
Wallis and Futuna	15,260	2	1	0	13.1	1	1	0
PICTs (exc PNG)	2,967,962	1,166	446	238	12.7	812	348	6

Reporting to 31 Dec 2006 except Kiribati (Dec 2004) and Tuvalu (Dec 2005), Data subject to revision.

Table Date: 1 December 2007, Source SPC HIV/STI Section.

ANNEX 5: SUMMARY OF FORUM ISLAND COUNTRY RESPONSES TO HIV/AIDS and STIs

PICT	Population ³	Land Area	Cumulative number of people diagnosed with HIV	Current number of people on ARVs	Known STI Surveillance in pregnant women (SGS data) #	Adolescent Fertility Rate (births per 1,000 women aged 15 - 19yrs)	Current National Plan/Strategy	CDO Agency	Comment
Fiji	831,600	18,272km ²	249	23	29% c 2.6% s 1.7% g	43	yes	Fiji Council of Social Services	Fiji currently putting FJD 500,000 per year into plan.
Solomon Islands	409,042	28,370km ²	8	2	6.4% c 10.0% s 0.5% g	72	yes	Oxfam	
Vanuatu	186,678	12,190km ²	3	2	13.2% c 2.8% s 2.4 % g	59	yes	Wan Smolbag Theatre	
Federated States of Micronesia	107,008	701km ²	32	3	-	48	Five state plans being developed.	No, but identified as need.	
Samoa	176,186	2,935km ²	12	5	26.8% c 0 s 2.3%g	45	Yes, Women and HIV Plan.	CDO was set up in Samoa but had difficulties.	
Tonga	101,991	650km ²	14	2	14.5 % c 3.2% s 2.5 % g	24	Expired in 2005	Tonga Family Health Association	

PICT	Population ³	Land Area	Cumulative number of people diagnosed with HIV	Current number of people on ARVs	Known STI Surveillance in pregnant women (SGS data) #	Adolescent Fertility Rate (births per 1,000 women aged 15 - 19yrs)	Current National Plan/Strategy	CDO Agency	Comment
Kiribati	92,533	811km ²	46	6	13% c 2.1% s 0 g	39	yes	A CDO was set up in Kiribati but had difficulties. Alternative mechanism is being set up for grant dispersals	HIV infection mainly in seafarers, spouses and children
Palau	19,907	488km ²	8	3	-	35	yes	No	
Tuvalu	9,561	26km ²	10	0 (to be available by end of 2007)	-	40	Draft action plan	Tuvalu Assoc of NGOS (TANGO)	HIV infection mainly in seafarers, spouses and children
Cook Islands	13,500	237km ²	2 people diagnosed overseas	1	-	68	yes	Cook Islands Red Cross	
Nauru	9,429	21km ²	2	0 (not currently required)	-	93	No, will develop HIV action plan instead	No	
Tokelau	1,200	12km ²	0	0	-	43	No, will develop HIV action plan instead	No	Not a Forum Island Country
Niue	1,600	259km ²	0	-	-	28	No, will develop HIV action plan instead	No	

c = Chlamydia, s = syphilis and g = gonorrhoea

⁴HIV Cumulative cases are drawn from SPC data (see Annex 4) plus other available sources such as Strategic Plans and Global Fund proposal.

ANNEX 6: AUSTRALIAN SUPPORT FOR HIV RELATED ACTIVITIES IN THE PACIFIC

Program area	Funding	Comment
Core grants to global programs		
UNAIDS	\$4.5 million (07/08)	Includes \$1 million for Asia/Pacific Leadership Forum
Global fund	\$45 million (07/08)	In addition, \$93 million over 2008-09 and 2009-10.
UNFPA	\$6 million (07/08)	In addition UNFPA is receiving bilateral funds from Kiribati for the following ; \$350,000 for Emergency Obstetric Care and \$150,000 for Adolescent Health Dev program
Clinton Foundation	\$25 million (over four years, 2006-09)	To assist with rollout of anti retrovirals in the Asia/Pacific region.
IPPF	\$3.75 million (07/08)	Includes an extra \$1 million for IPPF to support Family Health Associations in the Pacific. Program will be implemented over 5 year (\$1million per year)
Programs managed through HIV/Health Thematic group		
AusAID HIV/AIDS Research Program	\$6 million (2007-11)	Asia/Pacific focus
AusAID Regional HIV/AIDS Capacity Building Program	\$13 million (2007-11)	Asia/Pacific focus
Pacific Regional HIV/AIDS Project Funds		
Pacific Regional HIV/AIDS Project	\$12.5 million (2003 -2008)	Initial allocation was \$12.5 million. NZAID provided further \$2 million for the PRHP grants. Other funding has been added for activities such as mid term review, which brings the current total allocation to \$16.4 million
Bilateral funds	\$85,000 Fiji \$361,898 Vanuatu \$252,761 Sol Islands	Bilateral funds have been directed through PRHP to enhance specific elements of country responses.
Funding for PNG program		
<i>Sanap Wantaim: support of PNG National Strategic Plan on HIV/AIDS 2006 – 2010.</i>	\$100 million (2006-2010)	An additional \$50 million over seven years goes into the health sector's response to HIV/AIDS in PNG.
PNG Australia Sexual Health Improvement Program (PASHIP)	\$25 million (2007 – 2012)	

ANNEX 7: DESIGN RESPONSE TO LESSONS LEARNT

ISSUE 1: ADDRESSING GENDER INEQUALITY NEEDS TO BE CENTRAL TO ANY RESPONSE TO HIV AND STIS IN THE PACIFIC.

The issue of gender inequality is recognised as one of the main issues to be addressed in the Pacific. The low status of women in Pacific countries makes them vulnerable to infection through forced or unprotected sex and also can contribute to experiencing difficulties accessing treatment, care and support services due to domestic responsibilities and fear of stigma³².

The Mid Term Review of PRHS identified that gender issues have been addressed to some extent through targeted grants that aim to increase access to programs and services for women and that also challenge values and attitudes that contribute to the vulnerability of women. These interventions have extended the ‘information-dissemination’ approach to focus more strongly on community engagement and behaviour change and communication. There have been two innovative HIV behaviour-change and gender-sensitive communications in the Pacific. Wan Smol Bag has developed a 10-part television ‘soap’ series called “Love Patrol”, which is showing, to popular endorsement, on TV in Vanuatu and will be shown on Fiji TV from late 2007. The second innovative strategy is the community-based “Stepping Stones” approach that facilitates HIV-related behaviour and attitudinal change as well as promoting gender equality. Community-based facilitators of the Stepping Stones process from Fiji, Solomon Islands, Kiribati, Tuvalu and Vanuatu are now trained.

The low participation rate of women in political and leadership roles in the Pacific reflects the lack of progress being made on changing the power relations between men and women. The future response will need to build a stronger focus on gender inequality and encourage gender equality issues to be addressed at all levels of the response to HIV/AIDS and STIs.

DESIGN RESPONSE

The Fund Committee will include an expert in gender analysis to ensure that policies, approaches and evaluations fully address gender inequality issues. All data that is collected will be sex disaggregated and criteria for funding will explicitly require information on how issues for men and women will be addressed. This will encourage initiatives that explicitly address gender inequality, such as Stepping Stones, to continue

Outcome seven of this design specifically includes gender as an issue for research.

³² O’Keeffe A, Godwin J, Moodie R (2005) HIV/AIDS in the Asia Pacific Region, Analytical Report for the White Paper on Australia’s Aid Program, AusAID.

**ISSUE 2: NATIONAL STRATEGIC PLANNING AND COORDINATION/
NATIONAL COORDINATING MECHANISMS (NCMS) REQUIRE
ONGOING TECHNICAL SUPPORT AND NEED TO BE RESPONSIVE TO
THE SITUATION OF EACH COUNTRY.**

The experience of PRHP³³ in providing support over the last four years indicates that:

- ownership of the national strategic planning processes by the country is important.
- the quality of plans varies as does the capacity of personnel in NACs.
- nurturing stakeholders is time-consuming.
- countries need the experience of implementing the plans to identify how to improve them.
- other funding/donors often do not use the plans, in part because of timing but also because of conflicting priorities and agendas.
- plans need to be realistic, acknowledging the HIV situation in each country and the capacity of NACs (and other agency) personnel to ‘absorb’ funds and deliver programs.

Arguably, successful capacity development of each NCM in the Pacific calls for very concentrated external technical assistance and national commitment of motivated and talented staff and funding over substantial period. This requires at least one dedicated position and partnership between government and non government agencies.

DESIGN RESPONSE

Responsibility for technical support for national strategic planning and coordination will be with the HIV/STI Section at SPC which will work closely with other partners such as UNAIDS. This team will support the development of both the National Strategic Plans and the yearly work plans. Funding will be attached to the yearly work plans to encourage and facilitate implementation. SPC will also link these plans to the capacity development issues identified in undertaking implementation and will liaise with other technical support agencies. This will contribute to technical assistance being based on national needs.

Countries will be encouraged to use some of their allocation to employ a dedicated coordinator where one does not exist.

**ISSUE 3: A STRONG CIVIL SOCIETY RESPONSE IS NEEDED AND THIS
REQUIRES FUNDING AND TECHNICAL SUPPORT.**

The response to HIV/AIDS has been reasonably strong in civil society in the Pacific. While the competitive grants were available to both government and on government agencies, very few applications were received from government agencies. This is one of the reasons that a separate funding stream is being created for government activities.

Civil society agencies are better able to access vulnerable groups and play an important advocacy role for a stronger government response to HIV/AIDS. Consultation with civil society organizations indicated a strong preference for separate funding streams using similar processes to those developed under PRHP.

One mechanism established under PRHP to address country capacity issues was the establishment of eight Capacity Development Organizations (CDOs). These are non government organizations that provide on-going support and capacity building for all local grant project participants. In 2006 a review was undertaken of these CDOs and this found that 6 of the CDOs were functioning well and are “considered to make substantial contributions to the co-ordination, implementation, monitoring and evaluation of national HIV responses at an individual, organizational and national level”³⁴.

Those countries with a CDO demonstrated a greater draw down on their funding allocation than countries without a CDO. The CDOs in Melanesian countries were particularly strong performers. PRHP attributes this to the particular strengths of the organizations and their coordinators and also to the positive influence of their partner international NGOs (such as Oxfam in the Solomon Islands and Red Cross in the Cook Islands).

PRHP grants have increased the focus on preventing HIV infection among vulnerable (and sometimes marginal) populations, including: sex workers (Fiji, Vanuatu, Marshall Islands and Solomon Islands), MSM and transgender (Samoa and Fiji), prisoners and families (Fiji), seafarers (Kiribati and Tuvalu). This has included locally based research into issues facing vulnerable groups as well as awareness education and behaviour change programs.

DESIGN RESPONSE

Two separate funding streams will be maintained for civil society organizations. These grants will include those for CDOs, small NGO grants managed by the CDOs and regionally competitive grants. Management of these grants and ongoing technical support will be provided by the HIV/STI section at SPC.

All grants will need to be endorsed by the National AIDS Coordination Mechanism to ensure that activities are consistent with national priorities. Civil Society will be represented on the Fund Committee as will PLWHA.

ISSUE 4: ABSORPTIVE ISSUES NEED TO BE TAKEN INTO ACCOUNT IN DECIDING THE AMOUNT OF FUNDING FOR COUNTRY IMPLEMENTATION AND THE PROCESSES FOR DISBURSING THESE FUNDS.

The Global Fund process has revealed some absorptive issues in PICTs with only 72% of available funds being drawn down by countries for their use. The HIV component of the Global Fund grant has been the major contributor to this issue. This sometimes relates to the absence of a dedicated HIV Coordinator position with responsibility to initiate action but also can be a result of the lack of key staff that are needed to implement activities. For example one country has not scaled up access to STI services as proposed due to the lack of an STI trained doctor.

Absorptive issues have also been found in the PRHP grants process. Although the total allocation of the grants has taken place and the project is 12 months from completion, only 42% of the grants have been disbursed. This again reflects the difficulties in both

³⁴ PRHP (2006) Milestone 14, Grant Scheme Report 2006

managing and implementing the grants at a country level and the absorptive capacity of countries.

DESIGN RESPONSE

The total funding required will be determined by the projected real expenditure and will take into account other available funding such as Global Fund. This detailed analysis will take place during the set up period of 2008 and will be provided to the Fund Committee to assist with their determination of the allocations required for each funding stream of the Fund.

Policies for funding disbursement will be informed by lessons from the Global Fund and PRHP and will be closely monitored. Capacity building for implementation will be closely linked to funding disbursement to maximise implementation and utilisation of funds.

ISSUE 5: REGIONAL TECHNICAL ASSISTANCE NEEDS TO LINK STRONGLY WITH NATIONAL NEEDS AND PRIORITIES AND BE JOINTLY PLANNED AND COORDINATED.

One criticism of the current program of support is that national needs and priorities are often not met by regional programs. Regional technical agencies are often stretched to respond in a timely manner to all requests and regional work plans can sometimes dictate responses that may not match with national need.

It is vital that joint analysis, coordination and programming across technical agencies takes place and that this takes into account national needs.

DESIGN RESPONSE

Funding for regional activity will be based on an updated Implementation Plan for the Regional Strategy. This will set out the regional technical priorities based on country priorities. The national annual work plans will also identify the technical support required for national implementation and this will inform the annual planning for regional agencies.

The Fund Committee will include regular review of regional support functions to monitor the extent that they are meeting national needs. The direct funding of national plans will also assist countries to contract additional technical support where it may not be available from regional technical agencies.

ISSUE 6: HIV NEEDS TO BE LINKED MORE CLOSELY WITH SEXUAL AND REPRODUCTIVE HEALTH

The Mid Term Review called for a closer alignment between HIV, STIs and reproductive health programs. It is evident that this work is progressing but that more attention is needed to maximise the opportunities to strengthen the response in both interrelated areas. The current approach to HIV in the Pacific links HIV closely with STIs and to a lesser extent to broader sexual and reproductive health (SRH). For example condom marketing campaigns (such as those delivered through Marie Stopes) serve to prevent HIV/STIs and also unwanted pregnancy. Many of the national plans and strategies include a focus on STIs as well as HIV.

One new initiative that will assist with creating greater links is the new AusAID program for building the capacity of Family Health Associations (FHAs) in the Pacific, which is being implemented through the International Planned Parenthood

Federation (IPPF). One key area of the work of IPPF will be to support FHAs to increase the focus on HIV and other STIs in their reproductive health clinical and education programs.

DESIGN RESPONSE

The Pacific Regional HIV Strategy is being updated to include STIs. The pooled funding mechanism will be used to support a scaling up of STI services which will have a positive impact on other SRH issues. In many countries the scale up of STI services will be through those organizations already providing SRH services. In addition SPC is undergoing an organizational restructure that will link its work more closely to the Adolescent Sexual and Reproductive Health Program managed jointly with UNFPA and UNICEF.

The Fund Committee will be provided with relevant reports on SRH activity in the region (such as through IPPF and UNFPA) to ensure that resources are used effectively and are integrated as much as possible. The level of integration of HIV with SRH is one identified outcome of this funding mechanism and will be a specific one for monitoring and evaluation.

ISSUE 7: A GREATER FOCUS ON MONITORING AND EVALUATION AND OPERATIONAL RESEARCH IS REQUIRED TO ENSURE THAT INTERVENTIONS ARE EFFECTIVE AND WELL TARGETED.

There is a lack of operational research in the Pacific and monitoring and evaluation systems are still being developed. This impacts on planning and implementation as the scope of the problem is difficult to determine. The Second Generation Surveillance Study conducted in six countries and completed in 2005 provided useful information on STIs in the Pacific. This was a collaboration between Ministries of Health, WHO, SPC, University of NSW and the Global Fund. This study is being repeated again in 2008.

However the July 2007 six monthly report on the PRSIP identified a number gaps in strategic information and recommended that a system wide integrated approach to conducting surveys such as SGS is required. The lack of current HIV and AIDS epidemiology for all Pacific countries is also an indicator of both system and capacity limitations in the Pacific.

DESIGN RESPONSE

A proportion of funds will be allocated for operational research and monitoring and evaluation activities. This is consistent with the Sydney declaration at the International AIDS Society Conference which called for 10% of HIV program funds to be directed to research.

The Fund Committee will develop a strategic evaluation work plan and this will be undertaken by relevant technical agencies. The Fund Committee will also have close links with the Monitoring and Evaluation Reference Group and seek their advice on monitoring and evaluation issues for the Pacific Regional Strategy.

In addition the AusAID HIV/STI Coordinator will identify any opportunities offered through the Regional HIV/AIDS Capacity Building Program and the HIV Research Program to strengthen operational research and evaluation.

ISSUE 8: THERE IS A NEED TO SCALE UP UNIVERSAL ACCESS IN THE PACIFIC.

On 2 June 2006 the UN General Assembly committed to scale up towards the goal of universal access to comprehensive HIV prevention programs, treatment, care and support in PNG and the Pacific by 2010. The obstacles identified to achieving this universal access were: poor planning and coordination, insufficient financial resources, inadequate human capacity, weak systems, expensive medicines and prevention commodities, lack of respect for human rights, stigma and discrimination and insufficient accountability for results. These obstacles apply in the Pacific context along with a particular cultural conservatism that hinders a strong response³⁵.

Australia has made a commitment to take a leadership role to provide as close as possible to universal access to HIV treatment by 2010. There are improvements in HIV treatment & care for people living with HIV in the Pacific : the number of Pacific Island countries providing anti-retroviral treatment (ART) for people living with HIV has increased from two³⁶ to seven³⁷. The number of people on ART has increased significantly from 20, in 2006, to 49 in 2007. Funding for ART comes from the Global Fund with technical support provided by SPC. Currently all people with HIV in the Pacific who require ART are able to access it. However if the Global Fund Round Seven proposal is unsuccessful alternative funding sources for ART will be needed.

DESIGN RESPONSE

The design aims to address the above barriers to universal access identified by the UN. It will increase financial resources and link these resources to existing regional and national planning and coordination systems. It also recognises that ongoing capacity building support is required to ensure these systems work and that outcomes are achieved in the areas of prevention and treatment, care and support. The Fund Committee will provide an increased level of accountability for results.

The issue of drug availability is complex. SPC is currently exploring a revolving fund for ARVs with funding from the current Global Fund Round 2. If the Round Seven proposal is not successful then further planning and consultation will need to take place between donors, countries and other regional/technical partners on the best way to support a reliable source of funding for ARVs and other necessary drugs. In principle the Fund should be able to finance procurement of these drugs but further analysis of this is required.

³⁵ Buchanan J (2006) *UNAIDS Pacific Report on Scaling Up to Universal Access in the Pacific*, UNAIDS

³⁶ Fiji and Samoa

³⁷ Fiji, FSM, Marshall Islands, Kiribati, Palau, Solomon Islands and Vanuatu

ANNEX 8: DETAILS OF PROPOSED FUNDING STREAMS

FUNDING STREAM I: ALLOCATIONS FOR EACH FORUM ISLAND GOVERNMENT, PLUS TOKELAU TO IMPLEMENT THEIR NATIONAL STRATEGIES	
CHARACTERISTICS	RATIONALE
<p>An allocation for each FIC Government plus Tokelau (& excluding PNG) on a two or three year rolling basis. The funding period for each country should match the financial year of the country.</p> <p>Allocations to individual countries should be made taking into account advice from the SPC (as Funding Stream Manager) and comment on that advice from the Technical Working Group.</p> <p>National allocations could fund implementation by government and by civil society. Criteria for plans should encourage inclusion of civil society while recognizing that it may take some time for governments to achieve this.</p> <p>While the intention is that this allocation will expand nationally managed implementation, the rate at which these allocations are increased, should be based on assessments of capacity (involving the countries and drawing on recent assessments by WHO and others) and specific support should be provided – either through this Funding Stream (where initiated by the country, or Funding Stream IV – to build that capacity.</p> <p>National government capacity to expand the response to HIV and STIs is dependent on capacity in a range of government functions and the Fund should support building of capacity, but the Fund should not be used to finance capacity building not reasonably directly related to HIV and STIs. Where broad health systems or central agency financial systems are a weakness impeding the response, other more suitable funding options (eg bilateral programs) should be explored.</p>	<p>By making an allocation, (rather than having a competitive pool of funds) governments would be assured of receiving funding provided their plan met basic criteria. Under PRHP where governments could compete for grants, few applied. Consultations suggested this was because of the effort needed for an application when funding was uncertain and the difficulty in getting sign-off within government for a grant proposal.</p> <p>Provisional allocations for future years will help encourage longer term planning and facilitate continuity of implementation.</p>
Each government would prepare a costed plan which would be drawn directly from national HIV and STI plans or would demonstrate direct links to national HIV and STI strategies. Plans would be shared with the National AIDS Committee for information.	Use of standard national planning formats should enable governments to prepare a single implementation plan for funding by both government and the Fund.

<p>Ideally the plan format would be a standard planning format of the relevant government, with a format specified by SPC as the fund manager only being used where no suitable national format exists.</p> <p>National planning, including preparation of plans for utilisation of the allocations from the fund, would be supported by SPC (or other organizations where available).</p> <p>Plans would have to meet basic criteria before funding, including explicitly requiring information on how issues for men and women will be addressed. In addition criteria should encourage (but not initially require) demonstration of a multi-sectoral approach and inclusion of civil society implemented activities</p>	<p>TA provided to assist planning of implementation should support use of national systems and only require additional information where the basic criteria for approval requires that information.</p> <p>It would be best for the costed plans to be prepared in consultation with NACs but as a minimum they should be made available to NACs for information.</p> <p>The basic criteria should be approved by the Fund Committee rather than the SPC to reduce the risk of the SPC becoming overcautious in its risk management.</p> <p>Multi-sectoral approaches should be encouraged. Nationally coordinated implementation by both government and civil society should be the vision but government resistance to this, or government weaknesses in being able to manage funding of civil society groups, should not be allowed to slow national government implementation. Note that Funding Streams II and III provide alternative means to fund civil society.</p>
<p>Wherever possible funds would be managed through central government expenditure, accounting, reporting and auditing systems. Governments would have to agree at the time of accepting the grant, to an external audit if required by the Fund.</p> <p>Annual (only) reporting on expenditure and implementation would be required, unless a risk assessment, taking account of capacity indicates that closer supervision is necessary. In this case consideration should be given to the best way for this supervision to occur, which may not be, or may not only be, increased reporting frequency.</p> <p>The format for annual reporting would ideally be one already utilised for reporting to national Cabinet/Government on the national response. Where no such format is in use the SPC would facilitate the development of a format appropriate to reporting to the national cabinet/government as well meeting Fund reporting criteria. Support should be provided at an early stage to ensure responsibility is assigned and systems are in place to efficiently collect information for reporting.</p>	<p>The use of government systems where possible will help reinforce those systems, reduce complexity of multiple systems and facilitate simpler coordination of funding of government implementation.</p> <p>Annual reporting in appropriate national formats will reduce complexity for government, ideally allowing a single report to be prepared on all national strategy implementation.</p> <p>Minimising complexity of reporting should facilitate effort being placed on implementation. Where reporting is delayed or poor the response should not be to increase frequency or complexity of reporting, but to increase the support provided – with the cost deducted from the government allocation.</p> <p>A risk approach should be taken to funding which enables funding to flow for implementation while avoiding misuse of funds. Risk management should include a credible threat of prosecution where intentional fraud is apparent.</p> <p>Analysis of impacts and development of lessons learnt is dependent on good data including on differential impacts on women and men and on different age groups.</p> <p>Funding in two tranches and adjustment of tranches in response to under expenditure will maximise the funds</p>

<p>Reporting would include sex and age disaggregated data and analysis.</p> <p>Funds should be provided in two tranches, with tranches dependent on receipt of reporting. Reporting other than annual would be limited to certification of expenditure to date. Tranches would be adjusted down in response to under-expenditure. Poor financial management should be considered as a factor in revising allocations.</p> <p>National AIDS Committees should receive copies of reports for information.</p> <p>Funding would be under an agreement with the Director General of the SPC, in a form required by the Fund Committee. These agreements would include each organization agreeing to performance assessments and, if warranted, external audit by SPC, Fund Committee or any contributing donor. The agreement should make it clear that the SPC will take court action where deliberate misuse of funds is detected. This is consistent with Australia's approach to misappropriation and other corrupt behaviour.</p>	<p>which can be allocated and applied to implementation.</p> <p>National AIDS Committees' coordination role would be informed by information about all activities including government implementation.</p>
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FUNDING STREAM II:

ALLOCATION FOR DISTRIBUTION BY NATIONAL AIDS COMMITTEES TO SUPPORT LOW COST INITIATIVES OF COMMUNITY GROUPS (VILLAGES, SCHOOLS, CHURCHES ETC) AND SMALL NGOs.

(Only in selected Forum Island Countries where efficient support is available.)

CHARACTERISTICS	RATIONALE
<p>An allocation for each country but only where an appropriate country-based NGO (Capacity Development Organization - CDO) has been identified which can provide capacity development support and efficient administration of the grants. (Currently six)</p> <p>Operation would be broadly similar to the operation of NAC grants under PRHP.</p> <p>Multiple funding rounds per year from allocation if appropriate to spread activity across the year</p> <p>CDO would be funded to provide support and</p>	<p>Intended to enable small and informal groups to initiate local responses. Expected to build momentum for action, and enable community participation in addressing a threat they are hearing about.</p> <p>Locally based capacity support will be needed and should be funded, from this funding stream.</p> <p>SPC should be alert to opportunities for countries other than the current six to participate and encourage participation where there is a reasonable possibility of an organization being able to fill the role of CDO without excessive administrative cost and support.</p>

administer the grants.	
<p>Funding in single annual tranche to Capacity Development Organization (CDO).</p> <p>Recipients acquit and report after scheduled completion of activity.</p> <p>CDO reports annually – copied to National AIDS Committee.</p> <p>Risk approach commensurate with funds at risk.</p>	The administrative complexity for the CDO should be minimised.

FUNDING STREAM III: GRANTS FOR CIVIL SOCIETY ORGANIZATIONS IN ALL PACIFIC ISLAND COUNTRIES AND TERRITORIES, ALLOCATED ON A COMPETITIVE BASIS ACROSS THE REGION	
CHARACTERISTICS	RATIONALE
<p>Civil society organizations in all Pacific Island Countries and Territories (PICTs) eligible. Regional civil society organizations also eligible.</p> <p>Operation would be broadly similar to the operation of competitive grants under PRHP.</p> <p>Multi-year funding for activities possible.</p> <p>\$50,000 limit per grant per year. Some flexibility in this limit may be appropriate for regional civil society organizations and for activities with regional impact (e.g. Love Patrol), and where a regional NGO has affiliated national groups which it is able to support and build their capacity.</p> <p>A panel, (similar to the Independent Grant Assessment Panel under PRHP) would assess and award applications against criteria which can be adjusted each round by SPC grant manager, consistent with policies of the Fund Committee. Proposals would be in a standard regional format and should be consistent with all relevant national strategies. National AIDS Committees should receive copies of proposals. Criteria would include specific requirements for information on how issues for men and women will be addressed.</p>	<p>Having all PICTs eligible allows for civil society responses across the region. But if funding is constrained and France and USA do not contribute to this funding stream, it may be necessary to restrict eligibility to organizations in Forum Island Countries and regional civil society organizations.</p> <p>The possibility of multi-year funding will enable organizations to plan on a longer term basis.</p> <p>Adjustment of the application criteria by SPC will enable a responsive approach to encourage focus in a variety of areas over time.</p>
<p>One annual funding round unless insufficient eligible applications to utilize allocated funds.</p> <p>Funds should be provided in two tranches, with tranches dependent on receipt of reporting. Tranches</p>	<p>A risk approach should be taken to funding which enables funding to flow for implementation while avoiding misuse of funds. Risk management should include a credible threat of prosecution where</p>

<p>would be adjusted in response to under-expenditure. Annual reporting would be required. Requirements for reporting more frequently than annual should be minimised consistent with an assessment of risk based on knowledge of each organization and the value in encouraging new organizations without a track record of funds management to participate.</p> <p>Reporting would include sex and age disaggregated data and analysis.</p> <p>National AIDS Committees should receive copies of annual reports.</p> <p>Funding would be under an agreement with the Director General of the SPC, in a form required by the Fund Committee. These agreements would include each organization agreeing to performance assessments and, if warranted, external audit by SPC, Fund Committee or any contributing donor. The agreement should make it clear that the SPC will take court action where deliberate misuse of funds is detected. This is consistent with Australia's approach to misappropriation and other corrupt behaviour.</p>	<p>intentional fraud is apparent.</p> <p>Training and systems for record keeping and reporting should be provided at an early stage where this is needed. Where possible this could be provided by the CDO administering the small grants.</p> <p>Funding in two tranches and adjustment of tranches in response to under expenditure will maximise the funds which can be allocated and applied to implementation.</p>
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FUNDING STREAM IV:
FOR IMPLEMENTATION OF HIGH PRIORITY ACTIVITIES IDENTIFIED IN PRSIP, BY
REGIONAL AND INTERNATIONAL SUPPORT ORGANIZATIONS

CHARACTERISTICS	RATIONALE
<p>Funding would be restricted to Pacific regional agencies and multilateral agencies with Pacific programs. Regional civil society organizations would not be eligible under this Funding Stream. (They can access Funding Stream III.)</p> <p>Funding would be against a fully costed plan for the proposed period of implementation, prepared by the implementing agency. Independent and/or peer organization appraisal of proposals and their costings should normally occur.</p> <p>Relevant countries and territories should be involved or consulted in development of the plans.</p> <p>Governments and National AIDS Committees would be provided with copies of funded proposals. Plans would be required to analyse relevant gender issues and include information on how issues for men and</p>	<p>Agencies should have to cost their plans just as governments and civil society organizations.</p> <p>The option of multi-year funding will be essential for efficient longer term implementation, allowing staff to be recruited/contracted and for phased programs across countries to be developed and implemented.</p>

<p>women will be addressed.</p> <p>Activities could be funded on a multi-year (3 year maximum) basis with second and third year funding being provisional.</p>	
<p>The priority activities for funding and the organizations to be funded to undertake them would be based on PRSIP and the PRSIP annual planning process. All agencies eligible for funding would be expected to be involved. This would enable collective prioritization of the outputs and/or outcomes that are considered to be the highest priorities (or most urgent needs) in the coming year.</p> <p>The PRSIP annual planning process is also expected to be the process for identifying the agency best able to undertake the work given current mandates and current, <u>already funded</u> programs underway.</p> <p>The consensus decision of the PRSIP annual planning process would have to be approved by the Fund Committee Chair. Where no consensus is reached, the issues should be documented by the parties involved in the PRSIP annual planning and a decision would be made by the Fund Committee Chair – in consultation with other members as appropriate.</p> <p>Funding for the costs of SPC's role (mandated by the Forum) in coordinating the PRS and PRSIP should be provided for through this funding stream, based on the priority of that work. As for other activities funded under this funding stream a costed plan would be required.</p>	<p>The collective input of the technical agencies is seen as the most effective means to make decisions on priorities and determine the best organization to implement. As evaluation data on agencies' performance becomes available this should also be a factor in the decisions on selecting an organization.</p> <p>In this process organizations would generally be expected to maintain current mandates and traditional areas of work. If proposing work in field new to the organization in the Pacific, some demonstration of capacity should be expected.</p>
<p>Funds provided in two tranches, with tranches dependent on receipt of reporting. Tranches would be adjusted in response to under-expenditure.</p> <p>Annual reporting required on implementation and expenditure in a standard format agreed between agencies which meet the Fund Committee's criteria. This format should facilitate use of the reports by national governments and NACs, including reporting on implementation and expenditure on a country by country basis.</p> <p>Reporting would include sex and age disaggregated data and analysis.</p> <p>Agencies would be responsible for providing information to countries on implementation as needed, including by contributing to national reporting on the</p>	<p>Funding in two tranches and adjustment of tranches in response to under expenditure will maximise the funds available to be applied to actual implementation.</p> <p>Annual reporting by agencies should have a country focus recognising that coordination at national level is critical.</p> <p>The Fund must have the right to evaluate the performance of agencies in utilising Fund resources. This evaluation should be collegiate between the agency whose program is being evaluated, the fund and other regional agencies, but may be carried out by an independently contracted person or team.</p>

<p>response – in a format and level of detail consistent with the national format.</p> <p>Financial reporting other than annual would be limited to certification of expenditure to date.</p> <p>Funding would be under an agreement with the Director General of the SPC, in a form required by the Fund Committee. In the case of the SPC funding would be under a documented form of agreement with the chair of the Fund Committee in a form required by the Fund Committee. The agreement should make it clear that the SPC will take court action where deliberate misuse of funds is detected. This is consistent with Australia’s approach to misappropriation and other corrupt behaviour. These agreements would include each organization agreeing to performance assessments and, if warranted, external audit by SPC, Fund Committee or any contributing donor. NACs and governments to receive plans and copies of reports.</p>	
<p>Specific Allocations – probably based on a percentage of total annual allocations – would be made for strategy evaluations and for operational research. The actual evaluation programs and research programs would be determined based on advice from the MERG and from the HIV technical working group.</p>	<p>Ensures an appropriate level of focus on evaluation</p> <p>Ensures an appropriate level of focus on research</p>

FUNDING STREAM V: ALLOCATION FOR A PROGRAM OF EVALUATIONS OF QUALITY OF IMPLEMENTATION	
CHARACTERISTICS	RATIONALE
Fund Committee would approve a program of review of implementation performance by implementing organizations – including regional and international organizations and national governments. The Fund Committee Secretariat would manage this program.	Performance review is part of improving implementation quality and building a performance approach to funding. Ensures all organizations are subject to performance review in a supportive context.

FUNDING STREAM VI: CONTINGENCY ALLOCATION FOR SPECIFIC, POTENTIALLY URGENT FUNCTIONS	
CHARACTERISTICS	RATIONALE
Fund Committee would allocate an amount for specific types of potentially urgent functions . These might be of two sorts: <ul style="list-style-type: none"> ➤ Health – e.g. surveillance revealed a cluster of previously unknown HIV or HIV/AIDS cases and an urgent response would be needed to provide treatment or extend VCCT. ➤ Organizational – a breakdown in an organization critical to the response such as a procurement provider, may need urgent investigation to correct or find an alternative. Approval of use would be by Fund Committee Chair within set policy and in consultation with Fund Committee members when possible, and taking account of all relevant advice.	Small allocation for these potentially urgent functions would enable action to be commenced quickly on the initiative of the Fund Committee or any stakeholder.

FUNDING STREAM VII:
FUND ADMINISTRATION, FUNDING STREAM MANAGEMENT AND FUND COMMITTEE SECRETARIAT

CHARACTERISTICS	RATIONALE
<p>Fund Committee would negotiate with SPC the funding needed for the fund <u>administration</u> services based on a costed plan prepared by the SPC for three years with annual reviews of allocations taking account of reporting on actual costs of these services.</p> <p>Similarly the Fund Committee would negotiate with SPC the funding needed for the <u>management</u> of the funding streams based on a costed plan prepared by the SPC. Three year funding with annual reviews.</p> <p>Funding would be released for SPC use for each of these functions in two tranches. The release of each tranche would be dependent on receipt of reporting. Tranches would be adjusted in response to under expenditure when compared to planned expenditure.</p>	Funding should be managed on a similar basis to that being provided to governments and regional and international support agencies.
Annual reporting by SPC for each function – fund administration and funding stream management.	
<p>Fund Committee would approve an allocation for operation of the Fund Committee, and a separate amount for the operation of the Fund Committee Secretariat. The donor representative on the Committee should have a veto power over both these allocations.</p> <p>Fund Committee Secretariat would report on activities of the Fund Committee and Fund Committee Secretariat, including these allocations.</p>	Giving the donor representative on the Committee a veto over these allocations would reduce the risk of the Committee being self serving in allocating resources for its own use.

ANNEX 9: FUND COMMITTEE – MEMBERSHIP, ESTABLISHMENT AND OPERATION

PRINCIPLES

Principles on which to establish Fund Committee

The principles on which the proposed roles of the Fund Committee are based and the reasons for proposing these principles are:

- The Fund Committee must be able to add value to the implementation of PRSIP and national strategies. Its membership should collectively:
 - Have a proper understanding of, and competence to deal with the current and emerging issues associated with HIV/AIDS and STI in the region.
 - Exercise independent and unbiased judgement.
 - Ensure that decisions on programming are evidence based and prioritized according to local needs.
 - Contribute to improved performance and implementation of the PRHS (financial, programmatic etc) and utilization of resources with an emphasis on outputs, outcomes and impact.
 - Be able to effectively review and challenge the performance of key organizations throughout implementation of the PRSIP II.
 - Ensure a balance of authority so that no individual has excessive power.
- The Fund Committee must have a sound basis for its role in management and oversight including clear distinctions between the roles and responsibilities of the Fund Committee and of implementing organizations:
 - By having explicit its relationship to the Form Leaders, CRGA and donors.
 - To minimise conflicts of interest, and perceptions of conflicts of interest, between those allocating funding and those receiving funding.
 - To avoid Fund Committee involvement in the details of implementation while ensuring that it has access to quality information to monitor implementation.
 - To enable the Fund Committee to provide strategic guidance.
 - To help ensure both the Fund Committee and senior level implementers are accountable to stakeholders, by ensuring clarity of roles
 - To avoid duplication of functions and consequent inefficiencies.
- The integrity of financial and programmatic reporting and evaluations should be verifiable through independent processes:
 - To ensure implementation systems and changes to implementation are evidence-based and to maintain confidence amongst all stakeholders including donors.

PROPOSED ROLES

Roles of Fund Committee

The proposed roles and responsibilities of the Fund Committee include:

- Influence policy and institutional changes within the strategic policy environment to ensure the successful implementation of the PRHS;
- Identify key investment and result areas based on PRSIP, as the basis for allocating Fund resources.

- Develop a framework for periodic monitoring, independent evaluation and reporting of top-level performance and financial accountability to Forum Leaders, CRGA and the public;
- Establish and implement a communications strategy to raise awareness of issues under consideration by the Fund Committee, grant performance and other information that would encourage active engagement of other stakeholders and ensure accountability of the board to the wider community;
- Establish policies for the allocation and utilization of funds, including performance based funding, and for monitoring compliance with those policies;
- Defining the level of delegated authority from the Fund Committee to implementers and monitoring compliance with those policies;
- Establish performance measures for key implementing partners and the periodic review of implementers performance;
- Establish and monitor a risk management strategy;
- Establish minimum standards for financial accountability;
- Establish a framework to ensure ‘value for money’ at all levels of planning and implementation;
- Develop and oversee a program of evaluations and research.
- Establish systems to ensure that equitable distribution of program benefits, gender issues, outreach to vulnerable and marginalized population are regularly analysed, reported on and reviewed by the Fund Committee.
- Allocate available funds between each funding stream.
- Establish and overseeing processes for monitoring and evaluating of all funding streams.
- Appoint independent technical experts, when necessary, to ensure the integrity and impartiality of technical advice on which Fund Committee decisions are to be based.
- Institute systems to alert the Fund Committee to new gaps in funding brought about through changes in donor investment levels, a requirement to further scale up interventions proposed under PRSIP II, or a change in scope as a result of new or emerging needs not previously anticipated in PRSIP II;
- Advocate for additional funding to meet important gaps in funding.
- Further strengthening efforts to harmonize and coordinate approaches between donor partners and others;
- Approve TORs, appoint external auditors and receive and act on the findings of the regular audits and Management Letter;
- Appoint sub-committees³⁸ as required to complement the work of the Fund Committee in specific areas of expertise;

FUND COMMITTEE MEMBERSHIP

The membership of the Fund Committee should take account of:

- The principles set out above.
- The proposed roles and responsibilities of the Fund Committee.
- The collective skills which the Fund Committee will need.

³⁸ Sub-Committees can be newly established or building on existing working group structures through formalized linkages to the Fund Committee.

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- The importance of the views of critical stakeholders being available to the Fund Committee in its decision making.

The skills and knowledge which the Fund Committee needs to include are:

Fund Committee skills and capacities

- Understanding of the variability of implementation capacity in the region.
- Knowledge of the HIV epidemic and its potential impacts.
- Understanding of the importance of gender issues to the progress of the epidemic and to the responses required.
- Sensitivity to the cultural and religious contexts in Pacific countries.
- Understanding of accountability and risk management principles and processes.
- Ability to understand technical information, including technical health information from advisers, and to take account of this information in decision making.
- Understanding of probity issues relevant to decision making on behalf of stakeholders, especially in relation to potential conflicts of interest, and commitment to put in place and respect processes designed to ensure the confidence of all stakeholders.

The critical stakeholders whose views should be represented in decision making by the Fund Committee:

- Pacific Island Governments.
- People living with or affected by HIV/AIDS.
- The civil society community active in responding to the diseases.
- Women and Youth, as parties fundamental to HIV and STI issues.
- Donors.

The skills, capacities and knowledge which the Fund Committee can depend on others to provide to it are:

- Detailed knowledge of the management of funded activities.
- Detailed knowledge of the relevant planning processes being used in the region and of the activities being implemented from other funding sources.
- Technical health expertise.
- Technical financial expertise.
- Technical probity and process expertise.
- Technical monitoring, evaluation and research expertise.

Fund Committee of twelve

Based on these criteria it is recommended that the Fund Committee membership be comprised of the following 12 positions:

- One Independent Chair.
- Four PICT government representatives.
 - Given the critical significance of cultural issues to the responses to HIV and STIs, each of Melanesia, Micronesia, Polynesia and the French speaking Territories should be represented.
 - Ideally these representatives will be from several sectors of government including health, planning/finance, education and transport or tourism.

- One person actively involved in a Pacific organization representing people living with or affected by HIV, who is able to present the views of these people.
- One person from a civil society organization who can bring wide knowledge of civil society organizations and of the problems they face.
- One person who can bring a capacity to present the importance of taking gender specific analysis into account in making decisions about both HIV and STIs and who has good understanding of the region's progress in empowering women, as relevant to the challenges of HIV and STI in their families and communities.
- One person who can represent the views and perspectives of youth.
- One person representing the views of all donors contributing to the Fund and able to present the views of other potential donors to the Fund.
- One representative of the SPC Director General.
- One representative of the UN family of organizations involved in HIV/AIDS and STI responses in the Pacific.

As one way to encourage coordination between the Fund Committee and the PIRMCCM (which oversees the Global Fund grants), preference should be given to selecting Fund Committee members who are also members of the PIRMCCM when their candidature is otherwise equal.

For the same reason the Fund Committee should invite the chair of the PIRMCCM to attend Fund Committee meetings as an observer, and the PIRMCCM should be encouraged to reciprocate.

TENURE OF MEMBERSHIP

Membership should be for a three year term (renewable), with one third of the positions coming up for renewal each year.

- This will allow for the building of institutional memory within the Fund Committee over time.
- On initial establishment approximately one third of positions should be appointed for each of four years, three years and two years so that the pattern is established for an orderly changeover of one third of members per year.
 - It is recommended that the Chair, Women and Youth representatives be appointed for an initial period of four years and that two of the government representatives and the donor representative be appointed for an initial period of two years.

ESTABLISHING THE FUND COMMITTEE

The suggested processes for selecting the Fund Committee members are:

Selection of members

- One Independent Chair
 - The Chair should be selected by the Pacific Islands Forum Secretary General in consultation with PICT governments and administrations and donors based on a transparent advertising and selection process.
- Four PICT government representatives

- The Chair should facilitate a process, in consultation with the SPC Director General, for each group to nominate a representative, taking account of the documented characteristics and skills required.
- One person actively involved in a Pacific organization representing people living with or affected by HIV, who is able to present the views of these people.
 - The Chair should facilitate a process for selection between the relevant organizations active in the region.
- One person from a civil society organization who can bring wide knowledge of civil society organizations and of the problems they face.
 - The Chair should manage a process of selection including advertising for nominations based on documented characteristics required.
- One person who can bring a capacity to present the importance of taking gender specific analysis into account in making decisions about both HIV and STIs and who has good understanding of the region's progress in empowering women, as relevant to the challenges of HIV and STI in their families and communities.
 - The Chair should manage a process of selection including advertising for nominations based on documented characteristics required.
- One person who can represent the views and perspectives of youth.
 - The Chair should manage a process of selection including advertising for nominations based on documented characteristics required.
- One person representing the views of donors contributing to the Fund and able to present the views of other potential donors to the Fund.
 - Selected by the donors.
- One representative of the SPC Director General,
 - Nominated by the Director General.
- One representative of the UN family of organizations involved in HIV/AIDS and STI responses in the Pacific,
 - Selected by the relevant UN Organizations.

FREQUENCY OF MEETINGS

The Fund Committee will normally³⁹ meet twice per year with the standard agenda providing the framework for the meeting. One meeting will be held in April/May and one in July.⁴⁰

³⁹ In the first year additional meetings will be needed to establish policies and systems. The focus of these additional meetings is outlined in Annex 1.

⁴⁰ The level of detail contained in the PRSIP II will ultimately dictate the frequency of Fund Committee inputs and decisions. If PRSIP II is fully detailed (including allocation of funding etc;) and the Fund Committee has clarified its policies and the policies are being adhered to, then providing implementation does not vary outside of the limits imposed by the Fund Committee, there would be no need for Fund Committee decisions in between annual meetings.

- The July meeting will have as its primary focus the setting of allocations for funding streams for the following year so that planning can be completed and funds made available prior to the start of the year.
- The April Meeting will focus on performance assessment drawing on analysis provided by the PRSIP monitoring and evaluation report, analysis undertaken of reporting on all funding streams (which would generally be due by March each year), and any reports on evaluations and research. This meeting should also approve and monitor a program of evaluations and research.

In year one (2008) it is proposed that three meetings each of extended duration will be needed to enable time for orientation of the Committee to its roles, briefing of the Committee and initial decisions on delegations and policies and other matters. Annex 1 lists some of the issues which each of these meetings should consider.

STANDARD AGENDA

A standard agenda will be adopted for meetings, that could include:

- Adoption of the Agenda.
- Minutes of previous meeting.
- Matters Arising from minutes of previous meeting.
- Disease update.
- Performance review against agreed prior year work plan, budget and key result areas:
 - Implementation: Percentage of planned activities implemented and completed in each key investment/key performance area.
 - Financial: Percentage of budget and amount of funds spent on each key investment /key performance area.
 - Results: The key outputs, outcomes and impact achieved (including quality of them) in each key investment/performance area versus targets.
 - Impact: The contribution of the program to Key Result Areas and the MDG's and impact on the underlying health systems.
 - Periodic Assessment of whether the strategic plan is working
- Discussion on other factors affecting implementation
- Reports from special committees as necessary (if established by the Fund Committee to attend to specific matters of importance) and report from the Independent Technical Advisory Panel
- Review and decision on current years' work plan, budget and key deliverables and conversion of pledge to cash. Approval in principle of next years' work plan and budget.
- Discussion and approval of auditor's report
- Commissioning of evaluations of the Fund and the Fund Committee (years two and five)
- Other business

ANNEX 10: PROPOSED ROLES OF SPC – DETAIL

Note Annex 16 complements this Annex and summarizes decision making responsibilities at all levels.

1. SPC ROLE AS FUND ADMINISTRATOR

The proposed roles and responsibilities of the SPC as administrator of the Fund are:

I. With respect to the allocations for Forum Island Governments:

- Develop and recommend to the Fund Committee for noting, the form of agreement which the SPC and governments would enter into, prior to funds being forwarded.
- Negotiate and sign funding agreement.
- Forward funds on advice from SPC funding stream manager.
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting.

II. With respect to Small Grants for community groups and small NGOs:

- Forward funds on advice from SPC funding stream manager
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting.

III. With respect to Grants for civil society organizations:

- Develop and recommend to the Fund Committee for noting, the form of agreement which the SPC and civil society organizations would enter into, prior to funds being forwarded.
- Forward funds on advice from SPC funding stream manager.
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting

IV. With respect to funding of regional and international support agencies:

- Develop and recommend to the Fund Committee for noting, the form of agreement which the SPC and other regional and international organizations would enter into, prior to funds being forwarded.
- Develop and recommend to the Fund Committee for approval, the form of agreement which the Fund Committee Chair and SPC would enter into prior to funds being accessed.
- Negotiate and sign agreements with each regional and international organization.
- Forward funds to non-SPC organizations on advice from SPC funding stream manager
- Release funds to SPC for PRSIP implementation activities on advice from Fund Committee Chair.
- Adjust releases of funds to SPC for PRSIP implementation on advice from Fund Committee Chair.

- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting.

V. With respect to allocations for quality assurance reviews

- Make payments on advice from Fund Secretariat.
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting.

VI. With respect to contingency allocations.

- Make payments on advice from Fund Secretariat.
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting.

VII. With respect to funds for SPC costs of Fund administration, funding stream management and Fund Committee Secretariat.

- Monitor costs and commitments.
- Make payments
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).
- Report to Fund Committee on disbursements, expenditure and reporting.

2. SPC ROLE AS MANAGER OF FUNDING STREAMS

The proposed roles and responsibilities of the SPC as manager of funding streams are:

I. With respect to allocations for Forum Island Governments:

- Develop and recommend to the Fund Committee for approval, the minimum criteria against which implementation plans should be assessed and the criteria against which reports on expenditure/finances and implementation should be assessed.
- Develop and recommend to the Fund Committee for approval risk management strategy for funding of governments.
- Develop and recommend to the Fund Committee for approval a performance framework for governments' use of funds.
- Advise governments of:
 - The allocations which the Fund Committee has made.
 - The procedures for governments to access the funds including the criteria against which plans will be assessed and any required formats.
 - The requirements for reporting on funds provided and on implementation utilising the funds.
 - The requirements for financial accountability including auditing.
 - The form of agreement proposed, for signing prior to funds being forwarded.
- Provide assistance as appropriate to governments to develop their implementation plans for funding.
- Assess governments' implementation plans against the approved criteria.
- Advise governments of funding of implementation plans.
- Advise Fund Administrator to forward funds, assuming funding agreement has been negotiated and signed..
- Support governments, as appropriate, to establish systems for administration of funds and for management of implementation.
- Support governments, as appropriate, to establish systems for reporting on funds and on implementation.
- Monitor and support, as appropriate, governments in their use of the above systems.
- Remind governments of reporting due.
- Monitor receipt of reports.
- Advise Fund Administrator to adjust subsequent funding tranches in response to reporting and non-reporting.
- Analyse reports received for Fund Committee.
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).

II. With respect to Small Grants for community groups and small NGOs:

- Identify organizations which can fill the role of Capacity Development Organizations (CDO)in each Forum Island Country
- Develop and recommend to the Fund Committee for approval the minimum criteria against which small grant proposals should be assessed and the criteria

against which reports on expenditure/finances and implementation should be assessed.

- Develop and recommend to the Fund Committee for ?approval/noting? a risk management strategy for small grant funding of community groups and small NGOs.
- Support CDO to establish systems for the management of small grants and the support of applicant groups, including procedures, record systems, accounting, banking, staffing, training and equipment.
- Determine funding appropriate for each CDO to meet the costs of managing the small grants.
- Develop form of agreement with each CDO for the work to be undertaken and the funding to be provided for the role of CDO.
- Negotiate and sign agreements.
- Advise Fund administrator to forward funds for CDO role and for Small Grants.
- Support CDOs to develop annual reporting on Small Grants.
- Remind CDOs of reporting due.
- Receive and assess reports against criteria and agreements.
- Report to the Fund Committee on the reporting received.

III. With respect to Grants for civil society organizations:

- Establish a Grant Assessment Panel.
- Develop and recommend to the Fund Committee for approval the minimum criteria against which grant proposals should be assessed and the criteria against which reports on expenditure/finances and implementation should be assessed.
- Develop and recommend to the Fund Committee for ?approval/noting? a risk management strategy for funding of civil society organizations.
- Develop and recommend to the Fund Committee for approval a performance framework for civil society organizations' use of funds.
- Develop annual funding round guidelines via which the focus of activities can be directed/shifted.
- Develop a format for civil society proposals.
- Advertise for proposals
- Provide information for potential applicant organizations (via website) about the procedures for applying, criteria, guidelines, form of agreement required and reporting and accountability requirements.
- Provide advice to intending applicants about applying.
- Receive proposals and organize for assessment by the Grant Assessment Panel.
- Service the Grant Assessment Panel.
- Advise unsuccessful applicants.
- Advise successful applicants and negotiate grant agreement with each.
- Advise Fund Administrator to forward funds.
- Support recipients, as appropriate, to establish systems for administration of funds and for management of implementation.
- Support recipients, as appropriate, to establish systems for reporting on funds and on implementation.

- Monitor and support, as appropriate, recipients in their use of the above systems.
- Remind recipients of reporting due.
- Monitor receipt of reports.
- Advise Fund Administrator to adjust subsequent funding tranches in response to reporting and non-reporting.
- Analyse reports received for Fund Committee.
- Maintain information in SPC management system (developed during 2008 prior to commencement of Fund).

IV. With respect to funding of regional and international support agencies:

- Develop and recommend to the Fund Committee for approval, the minimum criteria against which implementation plans should be assessed and the criteria against which reports on expenditure/finances and implementation should be assessed.
- Develop and recommend to the Fund Committee for approval, a risk management strategy for funding of regional and international agencies.
- Develop and recommend to the Fund Committee for approval, a performance framework for regional and international organizations' use of funds.
- Facilitate the PRSIP annual planning meeting involving all regional and international support agencies and record the decisions.
- Advise the Fund Committee members of the outcomes of the meeting.
- Advise organizations identified for receipt of funding, of the implementation plan documentation requirements set by the Fund Committee.
- Assess implementation plan documentation received, against the criteria approved by the Fund Committee.
- Provide SPC PRSIP implementation plans to Fund Committee Chair for assessment against agreed criteria.
- Advise organizations of the outcome of assessments.
- Advise Fund Administrator to release funds.
- Remind recipient organizations of reporting due.
- Provide reports on SPC PRSIP implementation to Fund Committee Chair for assessment against the criteria.
- Monitor receipt of reports.
- Advise Fund Administrator to adjust subsequent funding tranches in response to reporting and non-reporting.

V. With respect to allocations for quality assurance reviews.

- No role

VI. With respect to contingency allocations.

- Identify any serious issues arising which would warrant use of these funds.
- Manage action on the issue if use of these funds is authorized.

VII. With respect to funds for SPC costs of fund administration, funding stream management and Fund Committee Secretariat.

- Manage funding allocated for funding stream management appropriately.
- Analyse and report on issues arising in relation to funds allocated, including constraints.

3. SPC ROLE AS FUND COMMITTEE SECRETARIAT

The proposed roles and responsibilities of the Fund Committee Secretariat as manager of Fund management, fund decision making and evaluations of implementation and performance the five funding streams are:

- I. With respect to allocations for Forum Island Governments:**
 - No role.
- II. With respect to Small Grants for community groups and small NGOs:**
 - No role.
- III. With respect to Grants for civil society organizations:**
 - No role.
- IV. With respect to funding of regional and international support agencies:**
 - No role.
- V. With respect to allocations for quality assurance reviews.**
 - Develop costed program of quality assurance reviews and TORs for reviews, for approval by the Fund Committee.
 - Develop costed program of periodic comprehensive reviews of the Fund, its effectiveness and efficiency, and TORs for reviews, for approval of the Fund Committee.
 - Manage quality assurance reviews and periodic comprehensive reviews.
- VI. With respect to contingency allocations.**
 - Support the Fund Committee Chair and members in assessing issues raised which may warrant use of these funds.
- VII. With respect to funds for SPC costs of fund administration, funding stream management and Fund Committee Secretariat.**
 - Develop draft policies for the administration of the Fund Committee, for approval by the Fund Committee.
 - Prepare costed plan for the operation of the Fund Committee and the Fund Committee Secretariat for approval by the Fund Committee.
 - Manage expenditure within the approved allocation.
 - Analyse and report to the Fund Committee on the operations of the Fund Committee and expenditure.

4. SPC ROLE AS PROGRAM IMPLEMENTER

I. With respect to allocations for Forum Island Governments:

- Coordinate regional implementation activities with national government programs and provide support as appropriate.
- Provide advice as requested.

II. With respect to Small Grants for community groups and small NGOs:

- No role.

III. With respect to Grants for civil society organizations:

- Ad hoc support.
- Coordination with activities where appropriate.
- Capacity building support.
- Participate in technical assessment panel.

IV. With respect to funding of regional and international support agencies:

- Manage the development and updating of PRHS and PRSIP including its M&E framework and costings.
- Develop costed plans for priority activities proposed for implementation by SPC.
- Participate in PRSIP annual planning with other agencies.
- Provide peer review comment on costed proposals of other agencies.
- Implement and report on funded activities.
- Manage funds allocated for implementation.

V. With respect to allocations for quality assurance reviews.

- Cooperate in or lead these reviews.
- Assist in identifying lessons from reviews and apply lessons where relevant to SPC.

VI. With respect to contingency allocations.

- Identify and bring to a notice issues which may warrant use of these funds.
- Provide advice on issues.
- Manage a response if appropriate and approved.

VII. With respect to funds for SPC costs of fund administration, funding stream management and Fund Committee Secretariat.

- Coordinate technical advice to the Fund Committee, in association with the Fund Committee Secretariat.
- Provide advice as appropriate

ANNEX 11: ISSUES RELEVANT TO ALLOCATIONS FROM THE FUND

The approach proposed includes specific allocations for each Forum Island Country plus Tokelau (but excluding PNG), to contribute to the financing of national HIV/AIDS and STI strategies and plans. The Fund Committee will need to develop policies for the quantum of the total allocation to this Funding Stream and for the relative amounts for each country.

Within available resources, the total allocation should be primarily governed by an assessment of the capacities of countries to effectively utilize the funds within the relevant period. As experience develops, the record of countries in utilizing funds and analysis of the constraints to utilization will help guide future allocations.

In setting policies for allocating funds between countries the following list of factors should be considered:

GENERAL FACTORS

- Population.

RISK FACTORS AFFECTING THE LIKELIHOOD OF INCREASED INCIDENCE

- Percentage of population in 15 to 29 year age cohort
- Status of women or levels of sexual violence (as estimated using an international standard).
- High risk cultural practices.
- HIV prevalence.
- Other STI prevalences.
- Enclave industries.
- International travel, seafarers, fishing industries.

FACTORS AFFECTING THE COST OR DIFFICULTY OF THE RESPONSE

- Number of islands.
- Quality of internal communication systems.
- Extent and costs of internal transport systems.
- Literacy levels.
- Number of languages needed to reach (say) 90% of the population.
- International transport and travel costs.
- Current health system capacity.

OTHER SOURCES OF FUNDING

- GDP per capita.
- Funding allocated from Global Fund and other donors not currently contributing to the Fund.

Note:

Allocations to HIV/AIDS and STI activities from national resources or from bilateral aid programs should not reduce the funds allocated from the Fund, as these allocations represent a commitment by that country which should be encouraged. This is discussed in the body of the design under the heading ‘ADDITIONAL FUNDING FROM AUSAID AND OTHER BILATERAL PROGRAMS’.

ANNEX 12: PACIFIC PRINCIPLES ON AID EFFECTIVENESS – DOES THIS DESIGN COMPLY?

Following the 2004 Pacific Island Countries-Partners (PIC-Partners) meeting, a study on Aid Effectiveness in the Pacific was commissioned by the Pacific Islands Forum Secretariat which proposed a number of key principles that would enable effective planning and delivery of development assistance to the Pacific. At the 2007 PIC-Partners meeting, a set of seven Pacific Principles on Aid Effectiveness was presented and endorsed. The principles are derived from the Paris Declaration on Aid Effectiveness (2005).

The seven principles are listed below and, in the paragraph following each, an assessment of the Approach recommended in this design is made.

Principle 1: Country leadership and ownership of development through an accountable and transparent national development planning and financial management system/mechanism which is adequately resourced from the national budget - including longer term operation and maintenance of donor sponsored development. (Paris Declaration Section 14, 19; Indicator 1, 2)

Assessment: The proposed Fund is structured to support nationally developed plans for HIV/AIDS and STIs, to support their development and refinement where needed, and to direct funding through national systems to the maximum extent feasible. The Approach proposes three year indicative allocations for national governments (subject to annual revision based on performance) and multi-year funding of civil society organizations where appropriate.

Principle 2: Multi-year commitments by development partners and countries aligned to nationally identified priorities as articulated in national sustainable development strategies, or the like, with agreement on performance indicators and monitoring and evaluation mechanisms. (Paris Declaration Section 16, 26; Indicators 3, 5, 7)

Assessment: The recommended approach proposes five year funding commitments by contributing donors, to be renewed every three years. It proposes that funding be directly tied to national strategies for HIV/AIDS and STIs and to the Pacific Regional HIV/AIDS and STIs Strategy (PRHS) noting this has been developed through a consultative regional processes.

Principle 3: Greater Pacific ownership of regional development, Development Partners' Pacific Regional Strategies designed and formulated with the Pacific Plan and other Regional Policies as their corner stone. (Paris Declaration 14, 15; Indicator 1)

Assessment: The goal of the proposed Fund is congruent with the goal of the PRHS. The PRHS and its implementation plan, were both developed under the direction of, and endorsed by, the Forum leaders and are linked to the Pacific Plan.

Principle 4: Pacific Development Partners and Countries pursue a coordinated approach in the delivery of assistance. Encouraging harmonization will be a priority for both. (Paris Declaration 32 - 42; Indicators 9, 10)

Assessment: The proposed Fund seeks to bring together into one funding, management and monitoring system all significant donor funding for HIV/AIDS and STIs. The possibility of Global Fund resources also being included needs further examination, but the basic structures of the proposed Fund have been developed to enhance this possibility.

Principle 5: Strengthened institutional mechanisms and capacity in countries to enable increased use of local systems by development partners. (Paris Declaration 17, 21, 22-24, 31; Indicator 4, 6, 8)

Assessment: The Funding streams proposed are intended to use national systems to the maximum extent feasible. The success of this will depend to a great extent on national commitments to demonstrate the viability of the approach.

Principle 6: (i) Provision of technical assistance (TA), including in aid coordination/management, in such a way that ensures that capacity is built with tangible benefits to the country to support national ownership. Provision of an appropriate level of counterpart resources through established procedures and mechanisms. (ii) Short term TA, that address local skills gaps to conduct studies, are culturally sensitive. (Paris Declaration 22-24; Indicator 4)

Assessment: The provision of TA primarily through regionally based, and in the case of SPC regionally governed, organizations increases the likelihood of these characteristics being incorporated in TA. The use, wherever feasible, of the national systems of each PICT for planning, monitoring, financial management and reporting maximises the possibility of national ownership and linkage to nationally funded or sourced resources.

Principle 7: Use of an agreed monitoring and evaluation framework that will ensure joint assessments of the implementation of agreed commitments on aid effectiveness. (Paris Declaration 43-46; Indicator 11)

Assessment: At the regional level a single M&E framework exists and is being used and refined. Training and support for national M&E is being provided at a national level, including through the MERG. The use of this M&E Framework by the Fund and contributing donors as the basis for assessing progress in the response will reinforce the value and robustness of the framework.

ANNEX 13: PACIFIC REGIONAL STRATEGY IMPLEMENTATION PLAN (PRSIP)
- GOAL, IMPACT INDICATORS, OBJECTIVES AND OUTCOMES

GOAL

To reduce the spread and impact of HIV and other STIs, while embracing people infected and affected by HIV in Pacific Communities

IMPACT INDICATORS

- Percentage of young women and men aged 15-24 who are HIV infected.
- Percentage of key populations who are HIV infected.
- Percentage of adults and children with HIV known to be on treatment 12 months after initiation of antiretroviral treatment.
- Percentage of infants born to HIV infected mothers who are HIV infected.
- Percentage of young women and men aged 15-24 with a sexually transmitted infection (by infection)
- Percentage of pregnant women with a sexually transmitted infection (by infection).

PURPOSES

- To increase the capacity of PICTs to achieve and sustain an effective response to HIV and AIDS.
- To strengthen coordination of the regional level response and mobilise resources and expertise to assist countries to achieve their targets.
- To help PICTs achieve and report on their national and international targets in response to HIV and AIDS.

OBJECTIVES AND OUTCOMES

Objective 1: To strengthen Pacific Island country and territory leadership and governance, to establish and maintain an enabling environment for the response to HIV and other STIs

- **Outcome:** Leadership in all sections of society in relation to HIV and other STIs supported and maintained.
- **Outcome:** Strengthened capacity in Pacific Island countries and territories to develop, implement, monitor and evaluate multi-sectoral national strategic plans in relation to HIV and other STIs.
- **Outcome:** Supportive environment for responses to HIV and other STIs improved and people living with HIV are effectively engaged according to the 'Greater Involvement of People with AIDS' principles.

Objective 2: To strengthen the capacity of Pacific Island countries and territories to deliver services in relation to HIV and other STIs.

- **Outcome:** People living with HIV in Pacific Island countries and territories have access to evidence-based treatment care and support.
- **Outcome:** National and regional decision makers have access to reliable information about HIV and other STI epidemiology, transmission patterns and vulnerability factors in the Pacific.
- **Outcome:** People in Pacific Island countries and territories have access to community-specific information and opportunities to build the skills necessary to prevent transmission of HIV and other STIs.

- **Outcome:** People in Pacific Island countries and territories have access to effective counselling in relation to HIV and other STIs including voluntary and confidential counselling and testing for HIV (VCCT).
- **Outcome:** Health care services in Pacific Island countries and territories have access to the information and commodities required to prevent the transmission of blood-borne viruses in health care settings.
- **Outcome:** Prevention of mother to child transmission of HIV in the Pacific.
- **Outcome:** People in Pacific Island countries and territories have ready access to male and female condoms and lubricant, and the information and skills to use them, in order to prevent the transmission of HIV and other STIs.
- **Outcome:** Key populations in Pacific Island countries and territories have access to the information and commodities they need to prevent transmission of HIV and other STIs.
- **Outcome:** People in Pacific Island countries and territories have access to evidence-based services for the detection and management of other STIs.
- **Outcome:** Pacific Island countries and territories have access to effective regional mechanisms for the procurement and supply of drugs and other commodities in relation to HIV and other STIs.
- **Outcome:** Health care workers in Pacific Island countries and territories have access to effective national and regional laboratory services for essential testing in relation to HIV and other STIs.

Objective 3: To intensify regional cooperation and coordination in relation to HIV and other STIs.

- **Outcome:** Regional partnerships, networks and communication expanded and strengthened.
- **Outcome:** Enhanced regional cooperation on resource mobilisation and monitoring in relation to HIV and other STIs.

Objective 4: To manage implementation of the Pacific Regional Strategy on HIV/AIDS effectively and efficiently.

- **Outcome:** Regional Strategy implementation is effectively coordinated.
- **Outcome:** Regional strategy is monitored and evaluated effectively.

ANNEX 14: RISK AND SUSTAINABILITY MANAGEMENT MATRIX

#	Likelihood 5= Almost certain 4= Likely 3= Possible 2= Unlikely 1= Rare	Impact 5= Severe 4= Major 3= Moderate 2 = Minor 1= Negligible	Rating 4= Extreme 3= High 2= Medium 1= Low	Risk event	Impact on the Program	How the risk is managed	Who manages the risk
1	5	4	4	Human resource and organizational capacities of national governments constrain implementation rates.	Slow implementation. Increasing burden of disease.	Ensure good links are made with other initiatives (AusAID and other) that are aimed at building the capacity of the health, education, legal and governance systems within PICTs. Consider options for providing staff, especially where an emergency response is needed. Strategic use of short and long term advisers with a particular focus of building counterpart skills or organization and systems capacities.	SPC management AusAID and other donors. Fund Committee

#	Likelihood 5= Almost certain 4= Likely 3= Possible 2= Unlikely 1= Rare	Impact 5= Severe 4= Major 3= Moderate 2 = Minor 1= Negligible	Rating 4= Extreme 3= High 2= Medium 1= Low	Risk event	Impact on the Program	How the risk is managed	Who manages the risk
2	3	4	3	National government commitments to respond to HIV/AIDS and STIs is weak.	Slow implementation. Increasing disease prevalences.	Advocacy at political, technical, community and management levels. Provision of relevant evidence and analysis.	Regional leaders. Technical agencies.
3		3	3	Fund displaces existing, or discourages additional, national funding.	Financial sustainability of HIV/AIDS and STI funding is not achieved or even progressed. Countries become ineligible for Global Fund because they cannot meet counterpart funding requirements.	Advocacy at political, technical, community and management levels.	Regional leaders. Technical agencies.
4	3	4	3	Fund structures and procedures discourage engagement by technical agencies other than SPC, and/or contributions from other donors.	Breadth of technical support available to the region is reduced. Less funding available.	Careful and on-going consultation with technical agencies and potential and current donors.	Fund Committee. SPC Management Donors and technical agencies.

#	Likelihood 5= Almost certain 4= Likely 3= Possible 2= Unlikely 1= Rare	Impact 5= Severe 4= Major 3= Moderate 2 = Minor 1= Negligible	Rating 4= Extreme 3= High 2= Medium 1= Low	Risk event	Impact on the Program	How the risk is managed	Who manages the risk
5	5	3	3	Governments don't report on expenditure and implementation.	Expenditure slows to a halt after 1 or 2 years.	Ensure reporting criteria fit with each national system and that responsibilities are clear and documented. Provide systems, support and training and monitor closely in initial years. Ensure staff are allocated on a continuous basis and fund positions if necessary from national allocations.	SPC HIV/STI Section. Fund Committee should be monitoring trends in reporting on an annual basis.
6	4	4	3	National capacities overwhelmed by combination administrative and reporting requirements of Global Fund Round Seven (or later) and of this Fund.	Capacities of national systems diverted to administrative work and away from implementation.	Fund Committee, SPC, donors and Global Fund to work together to maximise the harmonization of systems and to seek to have a single coordinated system operating from mid 2010 (Phase 2 of Round Seven).	Fund Committee, SPC, donors and Global Fund.

#	Likelihood 5= Almost certain 4= Likely 3= Possible 2= Unlikely 1= Rare	Impact 5= Severe 4= Major 3= Moderate 2 = Minor 1= Negligible	Rating 4= Extreme 3= High 2= Medium 1= Low	Risk event	Impact on the Program	How the risk is managed	Who manages the risk
7	3	3	2	Fund Committee fails to set clear policies.	SPC not having a sound and defendable basis on which to make decisions. Would lead to overcautious approach and slow disbursement and implementation.	Initial establishment of Fund Committee should be supported by Secretariat to identify required policies and develop these.	SPC as Fund Secretariat.
8	3	3	2	SPC management capacity or responsiveness constrains implementation and negatively affects relationships with implementing organizations.	Slow and inefficient implementation.	Good planning by SPC supported by Fund Committee, donors and other stakeholders.	SPC management
9	4	3	2	Fund Committee involves itself in implementation decisions rather than policy decisions.	Decision making and thus implementation rate slowed. SPC authority to make decisions undermined leading to fund recipients to accepting SPC views.	Good orientation of Fund Committee at inception and on an on-going basis, particularly as new individuals take up positions. Continuing advocacy by SPC senior management.	SPC management. Fund Chair. Fund Committee. Donors.

#	Likelihood 5= Almost certain 4= Likely 3= Possible 2= Unlikely 1= Rare	Impact 5= Severe 4= Major 3= Moderate 2 = Minor 1= Negligible	Rating 4= Extreme 3= High 2= Medium 1= Low	Risk event	Impact on the Program	How the risk is managed	Who manages the risk
10	2	4	2	Perceived Australian dominance of funding discourages contributions from other donors.	Less funding available. Over-dependence on a single donor.	Careful consideration of allocations in consultation with other donors.	AusAID
11	4	3	2	Fund Committee and/or donors do not adopt and advocate a risk management approach to funding, implementation and reporting.	SPC develops a risk averse approach to funding and reporting, particularly of Governments and NGOs, resulting in slow scale up of implementation and tendency for funds to shift to regional implementation organizations.	Good orientation of Fund Committee and donor representatives at inception and on an on-going basis, particularly as new individuals take up positions. Continuing advocacy by SPC senior management with donor representatives and Fund Committee.	Donor program managers, Fund Committee and SPC management.
12	3	3	2	Response does not develop to be multi-sector rather than health focused.	Less effective impact on reducing HIV and STIs.	Develop and promote understanding of importance of multi-sectoral approaches. Develop funding criteria which encourage multi-sectoral activities.	SPC HIV/STI Section plus other technical agencies and governments. Fund Committee.

#	Likelihood 5= Almost certain 4= Likely 3= Possible 2= Unlikely 1= Rare	Impact 5= Severe 4= Major 3= Moderate 2 = Minor 1= Negligible	Rating 4= Extreme 3= High 2= Medium 1= Low	Risk event	Impact on the Program	How the risk is managed	Who manages the risk
13	2	3	1	WHO concerns about receiving funding via SPC reduce WHO engagement or cause inefficiencies in management of the Fund.	Reduced engagement by WHO leading to reduced range and/or quality of technical advice.	Careful and on-going consultation with technical agencies.	SPC management Fund Committee Donors

ANNEX 15: DRAFT CONSENSUS – DONOR ROUNDTABLE CONSULTATION AND COORDINATION MEETING 22-23 NOVEMBER 2007, MOCAMBO HOTEL, NADI, FIJI

INTRODUCTION

A two day donor roundtable consultation and coordination meeting was jointly facilitated by the Secretariat of the Pacific Community (SPC) and Joint United Nations Programme on HIV/AIDS (UNAIDS) which aim to further progress initiatives to harmonise, align, and coordinate donor technical and financial resources to HIV and other Sexually Transmissible Infections (STIs) responses in the Pacific.

Specifically, the meeting discussed issues relating to:

- Progressing agreements and outstanding issues from the Donor Roundtable Consultation Meeting held in Noumea, 30-31 July 2007.
- Providing an opportunity to exchange information and feedback on key design and planning processes with and between donors and the regional and multilateral stakeholders responding to HIV and STIs in the Pacific.
- Exploring critical programming and management issues relating to harmonisation at national and regional levels.

Participants included the Asia Development Bank (ADB), Australian Agency for International Development (AusAID), Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), New Zealand Agency for International Development (NZAID), and UN Technical Agencies, namely: UNAIDS, WHO, UNDP (Pacific Office), UNICEF, and UNFPA

Pacific Islands AIDS Foundations (PIAF) also attended the meeting as an observer.

This document records the consensus reached between participants during the meeting.

DONOR HARMONIZATION

Participants acknowledged that:

- (a) the Rome and Paris Declaration and recent development of the Pacific Aid Effectiveness Principles, as adopted by the Pacific Islands Forum (PIF) and their applicability to the discussion during the meeting.

Participants agreed that:

- (b) the development of a PRSIP reporting Framework that would ensure that the minimum requirements of all donors and other stakeholders be incorporated. This should include narrative as well as programme performance and financial reporting.

- (c) over time the reporting systems and other mechanisms around the proposed Fund should be aligned with national mechanisms as far as practical and possible.

HIV AND STI RESPONSE FUND AND MECHANISMS

Participants discussed the draft design, presented by the AusAID-led team, for the Pacific Island HIV & STI Response Fund and supported in principle the establishment of the proposed Response Fund (2009-2013). Participants also noted the need for further refinement of systems, policies, structures and linkages outlined in the draft design and participants agreed that:

- (a) a working group should be established to contribute to this refinement during 2008.
- (b) the working group membership would include AusAID (Convenor), NZAID, ADB, GFATM, SPC and UNAIDS.

Participants also noted the commitment of donors to work together to develop processes that will maximize the opportunity for donor participation in the Fund to ensure that Aid Effectiveness values and principles are advanced.

NATIONAL STRATEGIC PLANNING

Participants agreed that:

- (a) there is a need for support to countries to review and develop costed national strategies to operationalise the implementation of these plans.
- (b) regional implementers are to explore options to be able to provide a range of alternatives from which countries can access support to develop, review and/or implement their plans.
- (c) there needs to be better understanding of what constitutes a regional or a national initiative in reference to the Pacific Plan and agreed that communication strategies and tools should be developed to help countries better understand the complimentarity of both approaches.

Participants further noted that:

- (d) the Fund should set criteria for support to national planning and implementation that strengthens a civil society and multi-sectoral response.

ANNEX 16: DECISION MAKING SUMMARY

The following table summarises the proposed responsibilities for making decisions.

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Select and appoint Fund Committee Chair		✓ In consultation with governments and donors								
Select and appoint other Fund Committee Members					✓ Through inclusive process as described					
Select Fund Auditor			✓							
Approve audit TOR					✓					
Approve action based on audit reports					✓					
Approve delegations for decision making including financial delegations			✓							
Approve risk Management policy			✓							
Endorse PRHS and PRSIP as basis for funding			✓							

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section – ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Approve Fund Committee agendas and meeting schedules					✓					
Approve performance framework for fund			✓							
Approve program of routine performance assessments of organizations			✓							
Approve action based on performance assessments				✓						
Approve evaluation program			✓							
Approve research program			✓							
Approve communications strategy			✓							
Approve records of Fund Committee meetings				✓						
Endorse form of funding agreements between SPC and implementing organizations - governments, civil society organizations and regional/international organizations.					✓					
Approve individual funding agreements (in approved form) between SPC and implementing organizations - governments, civil society organizations and regional/international organizations.						✓				

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section – ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Approve funding agreement between Fund Committee and SPC for functions SPC is to perform including: Fund Administration, Funding streams management, Fund Committee Secretariat, and program implementer.					✓					
Endorse procurement of legal advice relevant to the Fund.					✓ in consultation with SPC DG.					
Endorse contracts with organizations for performance evaluations, independent technical advice etc.					✓ in consultation with SPC DG.					
Funding available	✓ in consultation with Fund Committee									
Approve allocations to Governments – both total and individual allocations			✓ On advice from Secretaria t and TWG							

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section – ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Approve allocation to Competitive Grants (total regional amount)			✓ On advice from Secretariat and TWG							
Approve allocations to NAC grants (total amount and individual country allocations)			✓ On advice from Secretariat and TWG							
Approve allocation to Regional Organization implemented activities (total)			✓ On advice from Secretariat and TWG							
Approve allocations to evaluation and research programs			✓ On advice from Secretariat and TWG							
Approve allocations to Administration (Secretariat, Funds Management, Fund Committee meetings, etc)			✓ in consultation with donors							

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Approve minimum criteria for Government plans				✓						
Approve minimum criteria for Government reporting				✓						
Assess whether Government plan submitted meets criteria							✓			
Assess whether Government report submitted meets criteria							✓			
Initiate of payment of tranche to government/Adjustment of tranche based on reporting							✓			
Approve criteria for competitive grants							✓ In consultation with Fund Committee Chair			
Approve format for competitive grant applications							✓			
Decide which competitive grant applications to fund									✓	
Approve criteria for Competitive grant reporting (and model format)					✓					
Determine if reporting on competitive grants meets criteria								✓		
Initiate payment of tranche to competitive grant applicant/Adjustment of tranche based on reporting							✓			

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Approve criteria for NAC grants								✓		
Decide which NAC grant applications to fund									✓	
Approve criteria for NAC grant reporting (and model format)							✓			
Decide if NAC grants report meets criteria									✓	
Payment of NAC grant/Require return of funds from NAC grant									✓	
Approve criteria for CDO plan (and model format)						✓				
CDO plan meets criteria								✓		
Approve criteria for CDO report on NAC grants (and model format)							✓			
Determine if reporting from CDO on NAC grants meets criteria								✓		
Initiate payment of tranche to CDO /Adjust tranche based on reporting								✓		
Approve set of activities to be funded from regional allocation – guided by PRSIP priorities and consensus from PRSIP annual planning				✓						

Decisions	Donors	Secretary General Forum Secretariat	Fund Committee	Fund Committee Chair	Fund Committee Chair in consultation with Fund Committee	SPC Director General	SPC HIV Section Head	SPC HIV Section – ‘country desk officer’	CDO – authorised officer	Grant Assessment Panel
Approve organizations to undertake approved set of activities funded from regional allocation – guided by PRSIP priorities and consensus from PRSIP annual planning					✓					
Approve criteria for regional/international organization implementation plans					✓					
Decide if Regional/International organization (not-SPC) implementation plans meet criteria						✓				
Decide if SPC implementation plans meet criteria				✓						
Approve criteria for regional/international organization reporting					✓					
Decide if Regional/International organization (non-SPC) reporting meets criteria						✓				
Decide if SPC reporting meets criteria				✓						