

## **STOP TB HOSTING REVIEW REPORT – ANNEXES**

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## ANNEX A - SUMMARY OF STOP TB PARTNERSHIP GOALS AND OBJECTIVES

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1. ***To facilitate meaningful and sustained collaboration amongst partners***, through (a) a partner engagement and communication strategy, (b) strengthening support to Partnership Working Groups and facilitating collaboration between them, and (c) facilitating dialogue, engagement and consensus around achievements of the current MDGs and Global Plan and on the post-2015 agenda (TB Strategy, Global Plan 2016-2020 and post-2015 development targets)
2. ***To increase political engagement by world leaders and key influencers to double external financing for TB from 2011 to 2015***, through (a) developing compelling advocacy messages for and with TB advocacy partners and aligning partner efforts in global advocacy and resource mobilization, (b) influencing Global Fund financing and grant management policies through partner coordination and community engagement, and (c) mobilizing resources for Global Plan funding gaps by developing new streams of external financing and maintaining and broadening the existing TB donor base.
3. ***To promote innovation in TB diagnosis and care through TB REACH***, through (a) continuing to support and fund innovations in TB case detection/care, (b) increasing support for continuity, scale-up, and policy change for successful interventions, and (c) sharing best practices and successful approaches broadly to lead to evidence-based policy change and ensure scale-up at country level.
4. ***To ensure universal access to quality assured TB medicines and diagnostics in countries served by the Global Drug Facility (GDF)***, through (a) ensuring that the GDF services and procurement model have a market-shaping effect, (b) promoting new TB tools by building on experience with promotion of FDCs, patient and diagnostic kits, pediatric formulations, (c) strengthening partner linking for technical and financial support to respond to client TB program needs, (d) capacity building through strong collaboration with key partners, (e) improving the provisions of services and products through evidence from countries and better forecasting and (f) continuing to ensure product quality assurance.

## ANNEX B – HUMAN RESOURCES ELEMENTS OF WHO HOSTING

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### 1. Background

1.1 The WHO Secretariat's report to the last WHO Executive Board meeting in January 2013 on its arrangements with hosted partnerships sets out the various challenges emanating from the hosting relationships. In the area of Human Resources, the report notes: "*...over the years a number of inconsistencies relating to the application of the Staff Rules and human resources policy have arisen, notably in the following areas:*

- *the role of the partnership's board in the selection and performance appraisal of the Executive Director of a hosted partnership secretariat;*
- *the reporting line for partnership Executive Directors and their delegation of authority;*
- *the gender balance and geographical distribution policies in relation to recruitment of partnership secretariat staff;*
- *the reassignment rights of partnership secretariat staff to positions within WHO as well as reassignment of WHO staff to partnership secretariats as part of WHO departmental restructurings;*
- *the speed of recruitment and the length and cost of re-profiling exercises<sup>1</sup>.*"

1.2 These challenges have equally arisen in the context of the Stop TB Secretariat. WHO aims to address these challenges in the wider context of the hosted partnerships, in consultation with an internal joint committee comprising representatives of the hosted partnerships, including the Stop TB Partnership.

1.3 The Stop TB Secretariat, like all WHO-hosted partnerships secretariats, derives its legal status from WHO and as such needs to operate within WHO's human resources regulatory framework. The Secretariat's staff are employees of WHO and enjoy the same remuneration and benefits package, depending on their category and grade, as well as privileges and immunities granted to WHO staff members in the performance of their functions.

1.4 Unlike other WHO-hosted partnerships, Stop TB does not have a written agreement with WHO setting out any special terms, flexibilities or authorities of the Executive Secretary in relation to the staffing of the Secretariat. As such, with respect to managing her staff, the Executive Secretary operates under the same authority applicable to managers at her level (D-1) within WHO and staffing decisions are subject to clearance and authorization procedures by the Executive Secretary's line management.

1.5 In managing its human resources WHO aims for consistency in the application of its staff rules, policies and practices across departments and the hosted partnerships. WHO considers that as WHO employees Secretariat staff should be treated in all respects in the same way as other WHO staff, and that they owe the same obligations and duties to WHO.

1.6 This Annex sets out the human resources processes relevant to the Stop TB Secretariat, highlighting both the benefits and the challenges of operating within WHO pursuant to its current hosting arrangement.

### 2. The Stop TB Secretariat is able to offer a competitive compensation and benefits package

2.1 As WHO employees the Stop TB Secretariat staff enjoy the same rights and benefits, including tax privileges on their salaries and emoluments that all WHO staff members have. Secretariat staff are international civil servants subject to WHO's high standards of conduct, including impartiality and independence from governments and other stakeholders.

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<sup>1</sup> See EB132/5 Add.1.

2.2 WHO applies the same system of salaries, allowances and benefits as is applied by the UN common system of organizations. Salaries and related allowances differ between two main categories of staff: the professional and higher graded staff (generally referred to as Professional staff) and the general service staff who are normally locally recruited. Professional staff are paid on the basis of salary scales applied worldwide and established by the UN General Assembly on the recommendation of the International Civil Service Commission (ICSC). A common job classification system developed by the ICSC provides the structure for the salary scale. A post adjustment is used to adjust the net base salary of Professional staff in accordance with variations in cost-of-living indices of the various official stations.

2.3 The Stop TB Secretariat professional staff enjoy the same competitive salaries and international benefits as those of the UN common system. WHO staff also enjoy worldwide privileges and immunities. This means that remuneration, including any indemnities, payable to WHO employees are not subject to income tax. Secretariat professional staff at the P-5 level and above enjoy additional tax privileges in Switzerland.

2.4 The basic package for internationally recruited professional staff at headquarters includes, where applicable:

- Relocation costs, including the shipment of household goods;
- Dependants' allowance for family members who are recognized by WHO as dependants of the staff member;
- Education grant per child of 75% compensation of admissible expenses incurred for educating their children at primary, secondary and post-secondary education institutions;
- Leave entitlements, including maternity/paternity rights;
- Health insurance under WHO's Staff Health Insurance Plan;
- Sick leave under insurance cover for 2 years and long-term disability cover;
- Repatriation costs, including shipment of goods; and
- Pension benefits under the United Nations Joint Pension Fund.

2.5 Moreover WHO provides the same travel and identification documents to Secretariat staff that are provided to all WHO staff making international travel much easier.

2.6 In terms of career progression, the Secretariat staff are considered WHO internal candidates for selection to vacant positions, including for promotion purposes. They have the same rights to be considered for inter-agency transfers, loans and secondments within the UN common system of organizations. The Secretariat staff have training and other career development opportunities available to them.

2.7 In terms of job security, Secretariat staff hired on short-term appointments<sup>2</sup>, which account for about 30% of the Secretariat positions, have less job security than staff members appointed to fixed-term positions.<sup>3</sup> In practice, however, WHO has authorized, on an exceptional basis, the extension of individuals hired on short-term appointments. Secretariat staff are equally eligible to be considered for continuing appointments in line with WHO's staff rules, although such appointments will be phased out under the most recent Staff Rules changes. Additionally, Secretariat staff<sup>4</sup> other than the Executive Secretary, have a right to benefit from the reassignment policy<sup>5</sup> pursuant to which WHO would need to make reasonable efforts to find an alternative position in the event of abolition of his or her post.

2.8 In sum, a clear advantage to the Secretariat in being hosted by WHO lies in its ability to offer an attractive remuneration and benefits package with relative job security. Secretariat staff also benefit from easier travel as a result of WHO's visa privileges with governments.

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<sup>2</sup> Short-term (temporary) appointments are for any period up to a maximum of 24 months and are non-renewable beyond that period.

<sup>3</sup> Fixed-term appointments are granted for posts approved in the Human Resources work plans as being of a longer-term duration. Fixed-term appointments may be given for periods up to 2 years and are renewable.

<sup>4</sup> Under MoUs concluded by other hosted partnerships, staff are recruited only to the hosted secretariat and have no rights of reassignment into WHO.

<sup>5</sup> WHO's Reassignment Policy provides that when a position held by a staff member with a continuing appointment, or by a staff member who has served on a fixed-term appointment for a continuous and uninterrupted period of five years or more, is abolished or comes to an end, reasonable efforts shall be made to reassign the staff member occupying that position (Staff Rule 1050.2).

### **3. The Secretariat's ability to hire staff is constrained by WHO's processes**

3.1 The Executive Secretary has not been delegated the authority to select the staff of the Stop TB Secretariat. A candidate recommended for selection by the Secretariat must be authorized by the ADG, HTM, following clearance by the Director, TB Department.<sup>6</sup>

3.2 As with all vacant positions at WHO, recruitment by the Secretariat can only begin once the Secretariat has made financial provision for a staff position in its human resources work plans, and has determined whether the functions of the post shall be of a short- or longer- term duration. The WHO Human Resources department classifies positions by application of relevant classification standards on the basis of guidance produced by the International Civil Service Commission (ICSC) applicable to the UN common system as a whole.

3.3 Under WHO's rules a competitive process must be initiated to recruit a professional staff member up to and including an individual at the director level. A vacancy notice must be announced<sup>7</sup> internally within WHO and normally also externally. The Executive Secretary requests the WHO Human Resources department to issue a vacancy notice and she and/or her team managers decide on the terms of reference.

3.4 WHO's recruitment policies provide the Secretariat with some flexibility to engage staff without a competitive process if a position needs to be filled on an urgent basis and the role is limited to a maximum of six months. If the functions of the position are anticipated to continue beyond the initial six months however, WHO requires that the position be advertised in good time before the expiry of the six months period. The Secretariat has made use of this flexibility to fill certain short-term positions.

3.5 Other than for employees recruited on such short-term basis of six months or less, employees hired to the Secretariat must be selected following an open competition irrespective of whether they are needed on a short-term or longer-term basis. A selection panel is established for each vacant post. For short-term hires the selection process is coordinated within the Secretariat. For longer-term hires the selection process is coordinated through the WHO Human Resources department and the selection panel includes a member of the staff association.

3.6 WHO's policy is to encourage all its departments and the hosted partnerships to hire internal candidates where possible.<sup>8</sup> In practice this means that the Secretariat needs at a minimum to consider any internal candidates that have either applied to the position or have been put forwarded by the WHO Human Resources department (e.g. because their post is being abolished) and to justify any decision to recommend an external candidate. This policy was particularly applied over the period 2010-2012 because WHO underwent a period of financial constraint resulting in restructuring of departments and a substantially higher increase in the number of redundancies.

3.7 In 2010, the Director General mandated that WHO make all reasonable efforts to retain staff who had long service with WHO, particularly staff who had fixed-term and continuing appointments. Guidelines were issued on the selection of staff for fixed-term positions at Headquarters,<sup>9</sup> pursuant to which managers of vacant posts were required to give priority consideration to internal staff members and to staff members whose positions were abolished and who had the right to be considered for reassignment.

3.8 As a consequence, the filling of vacant positions over the last few years was subject to greater scrutiny. In particular, decisions not to appoint internal WHO candidates needed appropriate justification.

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<sup>6</sup> See Annex C – Human Resources hiring processes flowcharts.

<sup>7</sup> A vacancy must be advertised for 3 weeks for a temporary position and normally for 6 weeks for a fixed term position.

<sup>8</sup> Staff Regulation 4.4 provides: "*Without prejudice to the inflow of fresh talent at the various levels, vacancies shall be filled by promotion of persons already in the services of the Organization in preference to persons from outside.*"

<sup>9</sup> Information Note 33/2010.

3.9 As with all UN agencies, WHO is mandated by its Member States to ensure geographical distribution amongst its staff. The staffing profile of the Stop TB Secretariat is not reflected in the statistics provided to Member States. Accordingly, positions in the Secretariat would not be blocked on the basis that a recommended candidate comes from an overrepresented country. However, WHO's policy is that the staffing profile of the Stop TB Secretariat should follow the same diversity and gender balance principles as applied to WHO as a whole, and that this is applied on a Secretariat basis.

3.10 Finally, bringing in additional staffing needs and expertise through the use of secondments is open to the Stop TB Secretariat. In practice, secondments at WHO are largely government sponsored. Bringing in staff or expertise through secondments from non-governmental partners and/or from commercial enterprises is very difficult. The application in practice of WHO's guidelines on interaction with commercial enterprises to achieve health outcomes<sup>10</sup>, in particular that there be no conflict of interest between the individual's proposed activities for WHO and his or her activities for the releasing organization, means that in practice such secondments are near impossible for WHO to authorize.

#### **4. The Stop TB Secretariat's management of its staff is assessed against the reputational risk to WHO**

4.1 The Executive Secretary has no special authority in respect of non-confirmation of an individual on probation, or terminating an individual on the basis of poor performance or redundancy. These decisions must be authorized by the ADG, after review by the Director, TB Department and clearance by WHO Human Resources department and, where appropriate, the Legal department in line with WHO's clearance procedures.

4.2 Under WHO's rules, Stop TB Secretariat staff including the Executive Secretary are periodically appraised on their performance, suitability for international service and conduct. Performance appraisal for the Executive Secretary is conducted through her line managers, with input from the Board as necessary through her first level supervisor.

4.3 The Executive Secretary may look critically at performance of her staff and make recommendations to terminate a Secretariat staff member. However, any such decision to terminate a staff member is assessed very cautiously due mainly to concerns around the potential for litigation against WHO.

4.4 Similarly, the Executive Secretary may – as is currently the case – pursue a restructuring of the Secretariat. Such restructuring is subject to additional WHO requirements since 2011.<sup>11</sup> Any restructuring which involves the creation or abolition of organizational units are referred to the Director-General for approval.

4.5 WHO assesses a decision to terminate a Stop TB Secretariat staff member either for poor performance or on the basis of redundancy against the risk of litigation. A challenge to an administrative decision by a Secretariat employee before the ILO Administrative Tribunal (ILOAT) is brought against WHO, and it is in WHO's name that the case is defended.

4.6 Any damages and costs awarded against WHO by the ILOAT are payable by the Secretariat. Moreover, at WHO's request the Secretariat has set aside funds for termination indemnities in case of abolition of Secretariat posts. Nonetheless, WHO considers that such decisions must be carefully assessed against the risk of both reputational and financial damage to it. As a result, terminating an employee within the WHO system is often a difficult, protracted and costly matter. Any settlement offer would need to be approved by the Director General, and payment of it would appear in WHO's financial statements as a legal liability needing to be fully explained.

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<sup>10</sup> EB107/20 (Annex).

<sup>11</sup> In 2011, in view of financial constraints on WHO, the Director-General established a Road Map Review Committee (RMRC) to review proposals for the abolition of a significant number of longer-term positions in the context of a restructuring of a department. In principle, if the restructuring involves 5% or 5 positions filled by holders of longer-term appointments then the Committee needs to review the relevant documentation and convey its views to the ADG.

## **5. Conclusion**

5.1 In conclusion, the distinct advantage of the hosting arrangement in terms of human resources is the Secretariat's ability to offer the type of compensation and benefits package that can attract the talent it needs to fulfill its mandate.

5.2 That said, the very nature of being hosted by a large bureaucracy carries with it the challenges of having to apply organization-wide policies and be subject to hierarchal decision-making clearances and authorities. These challenges are made more difficult when the host appears to be placing greater emphasis on the risks to it over the interests of the hosted partnership.

# ANNEX C – OPERATIONAL MANAGEMENT ELEMENTS OF WHO HOSTING

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## 1. Background

1.1 The WHO Secretariat’s report to the last WHO Executive Board meeting in January 2013 on its arrangements with hosted partnerships explains the challenges for the hosting relationships in the area of administration:

*“From the perspective of hosted partnerships, it has been stressed that their operating and financing model necessitates a degree of flexibility and agility in relation to human resources recruitment and termination, contracting with third parties, and communications, that WHO’s rules and regulations do not cater for. That said, the need for such flexibility has to be balanced with the importance of ensuring a coherent and robust implementation of WHO’s administrative system.”*

1.2 As noted in this Report, WHO clearance and authorization are required for a wide range of day-to-day operational Secretariat decisions through a complex system of internal controls, including parallel GSM computerized control systems and paper-based “red book” clearance systems. This Annex seeks to explain these clearances and processes in greater detail.

## 2. WHO Internal Controls

### GSM, the “Red Book” System and WHO Kuala Lumpur

2.1 WHO has established an electronic enterprise resource planning (ERP) system for internal controls, known as the GSM. GSM has been built in line with WHO rules and regulations, with designated staff receiving credentials to authorize transactions in the GSM computer system up to their delegated authority levels. GSM has been integrated across WHO for all financial transactions. The GSM system was intended to replace the paper-based “red book” system of internal approvals (whereby the transaction documents, including justification memos is sent around to the relevant authorities for sign-off). However, as an operational supervisory imperative, the first line supervisor may impose at any time a directive to have all financial transactions cleared manually via the “red book” process in parallel to GSM. In practice, for a number of reasons, this additional supervisory control is used regularly. This effectively results in situations where clearance for the same transaction is sought twice, resulting in delays.

2.2 Once all clearances have been given and a financial transaction has been approved, the vast majority of contractual processes are handled by WHO Kuala Lumpur. WHO Kuala Lumpur has its own standard operating procedures in addition to those within WHO headquarters. This tends to add to the complexity of the administrative processes and, due to the substantial time difference and the inability to have face-to-face meetings to resolve issues, can lead to additional delays.

### WHO Clearances and Authorizations

2.2 The Stop TB Secretariat is situated within the Global TB Programme (the WHO TB Department) within the HIV, Tuberculosis and Malaria (HTM) Cluster. The Executive Secretary is on a par with the coordinator level within the WHO TB Department and reports to the Director of the Department. Her second line supervisor is the Assistant Director General (ADG) of the HTM Cluster. She has the level of clearance/signing authority accorded to managers at her grade (D-1).

2.3 WHO clearance and authorization is required for the following illustrative list of matters:

- *Resource Mobilization*: All proposals for funding must be approved and signed by the ADG and contribution agreements must also be cleared and signed by the ADG. (This is in addition to clearance through Legal and GMA/Partnerships units). In practice, the ADG requires consultation with the TB Director as well.

- *Expenditure above \$70,000*: All expenditure above \$70,000 must be authorized by the ADG. The ADG systematically requires the TB Director to clear requests for his authorization from the Secretariat. (The TB Director in turn asks his Programme Management Unit (PMU) to review these). In addition, all agreements or contracts (including all TB REACH grant agreements) for such expenditure must be signed by the ADG.
- *Travel*: Executive Secretary travel is subject to authorization through both the TB Director and the ADG, based on a quarterly travel plan approved by the TB Director and ADG.
- *Human Resources*: Human resources decisions (such as hiring staff, transfers or reassignments, or termination of staff) must be authorized by the ADG before processing and clearance through the HR department (irrespective of duration of service or seniority). In addition, the ADG systematically requires the TB Director to clear requests for his authorization from the Secretariat. In addition, the TB Director, as second level supervisor, reviews and must sign off on every performance management assessment of senior Secretariat staff that report to the Executive Secretary. See Annex B for more detail.
- *Communications*: All Partnership advocacy communication and messaging must be cleared by the TB Director.

### **Flow Diagrams**

2.4 The diagrams attached as Attachment 1 to this Annex C are included to illustrate the clearance processes for the Stop TB Secretariat. These diagrams set out the process and clearance flow for three key administrative transactions: (a) contracts for services and products (known as APWs), (b) fixed term HR contracts and (c) short term HR contracts.

## **3. Secretariat Administrative and Management Function**

3.1 The Stop TB Secretariat maintains a substantial administrative and management function within the Secretariat to meet the administration and corporate management needs of the Secretariat (although it currently has a number of key positions vacant)<sup>1</sup>. This includes financial, accounting, IT and human resources staff as well as operational management staff for GDF and TB REACH. (GDF is fully self-sufficient in terms of administrative and operational management). The purpose of maintaining the administrative and support function within the Secretariat is to minimize the administrative burden on WHO and help smooth administrative process flow and to meet needs of the Secretariat that cannot be met within the WHO function (in particular, for GDF).

3.2 The administrative and management staff are responsible for all aspects of administration work and for corporate management of the Secretariat. They are responsible for ensuring that all business processes of Stop TB run smoothly, funds are received in a timely manner based on long-term donor agreements and WHO rules and regulations are followed for all financial, HR, contractual matters.

- *Administrative responsibilities include*: interfacing with GSM and Central Accounts for entering, monitoring and managing financial transaction; preparing annual detailed financial reports for the Coordinating Board and donors; managing IT systems used by Stop TB; dealing with HR matters; preparing all dossiers for hiring staff; the staff performance management process for Secretariat staff. This also includes managing the all “red book” processes and entering all “red book” transaction data and documents into GSM.
- *Corporate management responsibilities include*: resource mobilization; donor reporting; grant management (both TB REACH and civil society grants); oversight of Stop TB Secretariat; negotiating contracts prior to WHO Legal clearance; administering and managing all contractual

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<sup>1</sup> This team reached its full strength in 2007, but since 2012 has had key vacancies not filled.

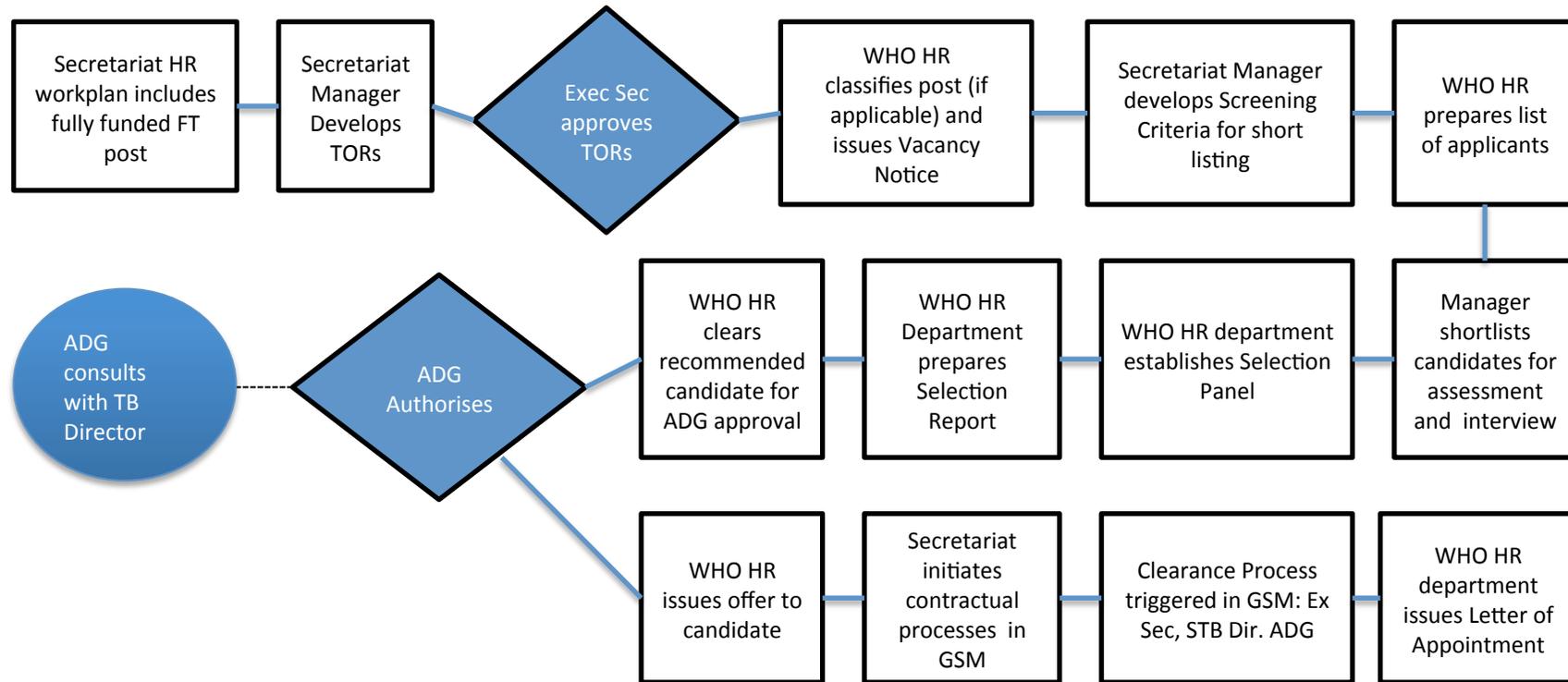
processes; monitoring implementation rates for technical programmes; payment of invoices; developing and implementing financial strategy; interacting with external parties.

3.3 Examples of key elements of the Secretariat administrative and management function include:

- The Secretariat is able to pay within 30 days of receipt of a valid invoice. TB REACH's track record for prompt payment has helped TB REACH to be efficient and negotiate better terms.
- GDF maintains a full management reporting system and tracks several key performance indicators through its carefully structured database and reporting systems. It maintains performance dashboards and keeps a strong control of its information flow so that drug movements and stocks in countries can be monitored throughout the supply chain and synchronized with programmatic needs. This is particularly important for TB REACH which is managing a major scale-up of GeneXpert (an innovative TB diagnostic tool) in countries.
- The Secretariat IT sub-team has dedicated IT officer and support staff who maintains custom-made, complex Partnership IT systems, particularly for GDF and TB REACH and its electronic social media in a dynamic manner.

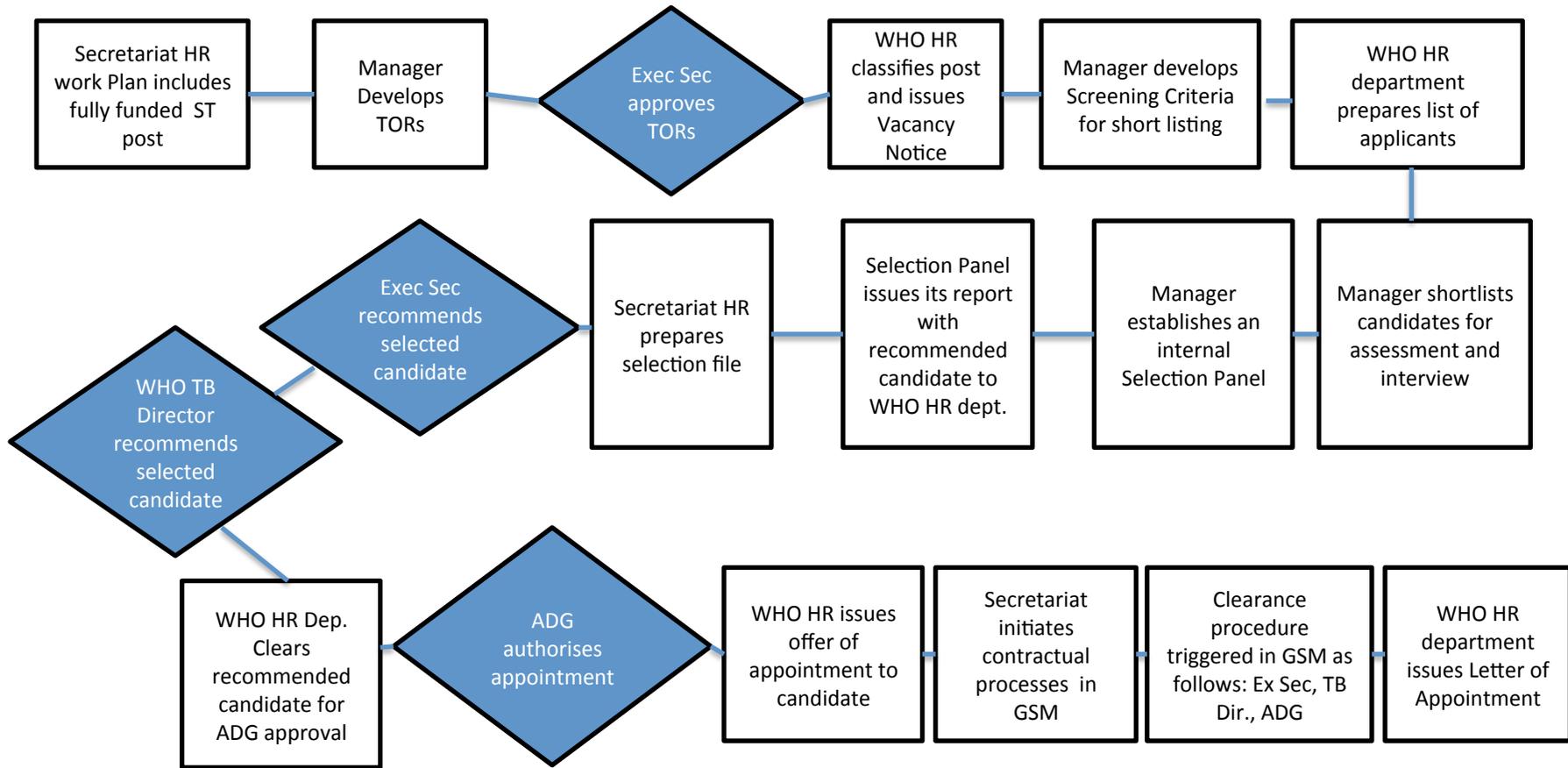
**ANNEX C – ATTACHMENT 1 – PROCESS FLOWCHARTS**

**Operational Management Flow Chart: Hiring process for Fixed Term (FT) Position**



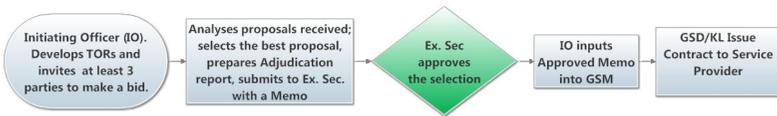
- The Stop TB Secretariat HR workplan is developed by the Stop TB Secretariat and approved by WHO TB Director.
- At least six months’ funding for the position must be in place as well as the total HR plan being fully funded.

## Operational Management Flow Chart: Hiring process for Short Term (ST) Position



**Operational Flow Chart No 3: Contract for Services and Products ( APWs)**

**A. Contract for Services between \$ 25,000 and \$ 70,000**



**B. Contract for Services between \$ 70,000 and \$ 200,000**



**C. Contract for Services for \$ 200,000 and above**



- N.B.**
1. The APW contract may not be used for work that should be done by core STBP/WHO staff.
  2. The ADG consults with Dir. STB before approving APW's above 70,000 and seek his clearance as a supervisory control.
  3. The Dir STB would ask his Programme Management Unit (PMU) to provide an input before he clears it.
  4. The majority of APW's are below \$ 25,000.
  5. Many of the Processes depicted above have sub-processes that have not been shown for simplifying the flow chart.

CPS: Central Procurement Unit of WHO  
 GSD/KL: WHO Global Service Desk in Kula Lumpur  
 RFP: Request for Proposals  
 TOR: Terms of Reference  
 IO: Initiating Officer is the technical Officer/medical officer responsible for the Area of Work which needs the services of an external service Provider

## **ANNEX D – FINANCIAL ELEMENTS OF THE STOP TB PARTNERSHIP**

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To understand the financial implications of the hosting arrangements, it is first necessary to understand the current funding model of Stop TB and the financial context in which it operates. This Annex provides a description of the current funding model of Stop TB and assesses the implications of this model within the hosting environment provided by WHO. It also describes the costs of its operations, issues of resource mobilization and the budgetary control processes. Finally, it explains the cost considerations in a transition away from WHO.

### **1. Income**

#### **Sources of Income**

1.1 The sources of income received by the Stop TB Partnership mainly comprise contributions from governments and their agencies, multilateral organisations, and private foundations. Stop TB does not receive any funds from WHO, whether from voluntary contributions received by WHO from various donors, or from the assessed contributions made to WHO by its Member States<sup>1</sup>.

1.2 Stop TB's main donors can be classified as follows:

- Governments and their agencies;
- Multilaterals agencies;
- Private foundations;
- Public/Private Partnerships; and
- Private sector enterprises.

1.3 These contributions are received as specified or unspecified funds, which affect the way the Secretariat operates, as described below.

#### **Specified Funds**

1.4 Specified funds (also often referred to as restricted or ear-marked funds) can only be used for the purposes for which they were provided by donors. The amount given is delineated line by line for specific activities and staff cost, if any<sup>2</sup>. All donors of such funds tightly define the line items for which they may be used; moving unused funds from one budget line to another requires negotiation and written approval. The vast majority of Stop TB's income is received as specified funds.

1.5 Examples of specified funds include those provided to Stop TB (i) for use by GDF for health product procurement, (ii) for use by TB REACH to make grants and (iii) for use by the Secretariat for the Kochon prize. In each case, the donor agreement clearly sets out how much of the contribution can be used to fund activities and how much to fund staff positions. A high proportion of such specified funding is for activities. In the case of GDF, further restrictions apply, for instance how much may be used for diagnostics, for first-line drugs (FLD), and for second-line drugs (SLD).

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<sup>1</sup>WHO has two sources of funds itself: (i) Assessed contributions (AC) made by member states on the basis of a formula which includes considerations of their GDP, burden of disease and development status and (ii) flexible (i.e. un-specified) Voluntary contributions (CVCA) from member states. The distribution across the organization of those funds is decided by DG. Currently, the majority of AC and CVCA are distributed to finance WHO Country Offices (COs) and Regional Offices (ROs) and corporate functions of the organization. The Stop TB department and Stop TB do not receive any of these funds. Both these entities, along with other departments of the HTM cluster of WHO, raise Specified Voluntary contribution (VCS). These funds are earmarked for specific projects and activities of the TB department and the Stop TB Partnership. On the VCS, a Programme Support Cost (PSC) fee (ranging from 7 to 13%) is paid to WHO to recover part of its administration and management costs. This money is not distributed to the WHO TB department. It serves to finance WHO's general administration. Distribution of PSC collected by WHO is managed centrally.

<sup>2</sup> For example, a 3-year, US\$30 million grant from UNITAID for diagnostics, formalised in January 2013, allows only 1.3 staff positions to be funded.

## **Unspecified Funds**

1.6 These are funds provided by donors that are for the general purposes of Stop TB (also referred to as “unrestricted funds”). These funds can be used flexibly for core costs or to support other activities of Stop TB as the Secretariat deems necessary in order to deliver on its workplan. Unspecified funds also give the Secretariat the flexibility to respond to immediate identified needs or take advantage of time-sensitive opportunities.

1.7 In general, unspecified funds are used to support the core functions of the Secretariat. Such functions underpin the work of the Secretariat and are essential for the existence of the partnership it services. The work supported by such funds needs to be undertaken irrespective of what special projects are run by the Secretariat. Unspecified funds have to be secured on a long-term basis to allow the Secretariat to operate.

1.8 Any remaining unspecified funds have been used in the past to finance advocacy, governance and country-based social mobilization activities and supporting the 7 Working Groups of Stop TB. They were used for launching the Challenge Facility of Stop TB to support small civil society organisations and holding the five yearly Partners Forum that brings all partners together to provide recommendations on the future direction of Stop TB. They can be, and have been, used to undertake special projects for which there may be a shortfall in specified funds, or for which bridging funds are needed due to a delay in the formalising of grant agreements, or when specified funds are subject to additional restrictions.

1.9 Stop TB has been experiencing a steady decline in unspecified funds for some years, which was one of considerations taken into account in the development of the Operational Strategy and was identified as a risk to Stop TB’s funding model in the Operational Strategy<sup>3</sup>.

## **Securing new sources of revenue**

1.10 Stop TB has enjoyed the benefit of a small but committed group of donors<sup>4</sup> and has until recently benefited from multi-year donor agreements. With the exception of the multi-year DFID agreement signed in 2011, Stop TB’s multi-year donor agreements are now expiring or have expired. In the time between the signature of those multi-year donor agreements and their expiry, the resource environment has changed significantly. There are fewer resources to go around, and donor’s expectations of efficiency, transparency and value have increased. Contributions from some of Stop TB’s key donors are under pressure (for example, the World Bank has indicated a slow pulling out from global partnerships and USAID is currently operating under a sequestration). Stop TB has attempted to address this changing donor landscape through consolidating its existing donor base and seeking new sources of funding.

1.11 Resource mobilization is challenging with a PSC of 13% where there is little understanding as to what that 13% covers. (Responding to donor demands for greater transparency, other organizations are moving towards a direct cost modality or at least providing detailed explanations of what the fee covers, including for example UNDP and UNOPS). Moreover, fundraising for unspecified funds is difficult especially when the 13% is in addition to HR costs.

1.12 WHO has an established policy for engagement with the private sector (on all matters, including resource mobilization but also other types of collaboration). A key concern for WHO is in protecting WHO’s reputation and minimizing any actual or perceived conflict of interest. WHO uses a case-by-case approach in considering the risks associated with any private sector engagement,

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<sup>3</sup> See Operational Strategy, page 26.

<sup>4</sup> USAID, the Gates Foundation, CIDA, DFID, UNITAID, the World Bank, Eli Lilly.

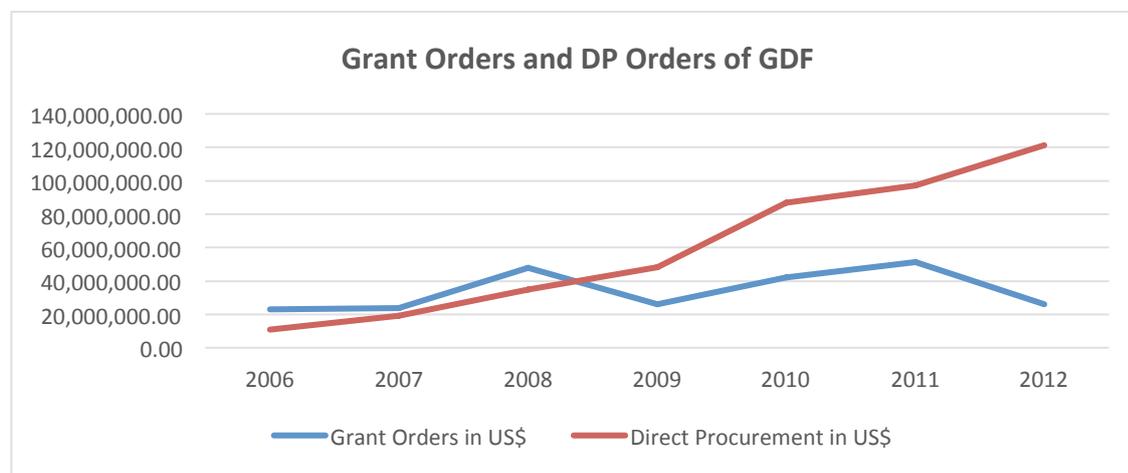
which means that there is no clear practice or precedent on which Stop TB can rely for private sector collaborations and fund-raising. These two factors make it difficult for Stop TB to engage with the private sector, especially in relation to fund-raising for Stop TB. The WHA recently considered a revised policy for engagement with the private sector, and provided guidance for revisions to be presented at the next WHA.

1.13 Other avenues of funding, such as, public appeals, regular monthly donations from individuals and equivalent sources is not possible at WHO<sup>5</sup>.

#### Revenue generation - GDF

1.14 GDF provides a unique package of services, including technical assistance in TB drug management and monitoring of TB drug use, as well as procurement of high-quality TB drugs at low cost. GDF offers these services to countries through two distinct lines of operation: (a) the Grant Service (GS) line which grants commodities to programmes following an application process at no charge to grantees and (b) the Direct Procurement Service (DP) line whereby countries can access GDF services subject to paying procurement agency fees directly to GDF's procurement agent.<sup>6</sup> As GDF is unable to charge for its services, the Direct Procurement Service line of operation is unfunded, with donor contributions to the Grant Services line effectively subsidizing the work necessary for the Direct Procurement Services line<sup>7</sup>. With the Grant Services line declining, and the rapid rise in the Direct Procurement Services line (see Figure 1) (which trends are expected to continue) this model of funding for GDF is not optimal.

**Figure 1: Grant Orders and Direct Procurement Orders of GDF**



1.15 Consistent with the standard funding model for other organizations that provide procurement services,<sup>8</sup> GDF could charge Direct Procurement Service clients a fee that makes the Direct Procurement Service self-sustaining.

1.16 However, under WHO hosting arrangements, this is not possible for the following reasons:

- GDF is not permitted to procure directly from suppliers and must use a procurement agent. WHO's assessment is that the risks of direct procurement outweigh the benefits. WHO

<sup>5</sup> For instance, a number of corporate partners have made funding offers to Stop TB provided that the funds could be transmitted through a direct web-based donation portal which could accept payments by identified corporations and individuals. WHO advised that such an arrangement would not be possible within the WHO system. As a result, several sources of unrestricted income from the private sector could not be brought on-stream by Stop TB.

<sup>6</sup> A negative side effect of this is that stakeholders are under the misapprehension that the procurement agency fee goes to GDF. See, for example, the Global Fund guidance to LFAs on budget review.

<sup>7</sup> The annual \$50,000 allocation in Global Fund TB grants goes to GLC, not GDF.

<sup>8</sup> UNICEF, UNDP, UNOPS and others.

considers that using a third party mitigates risks in such procurement, as there is an intermediary between WHO and the actual supplier.

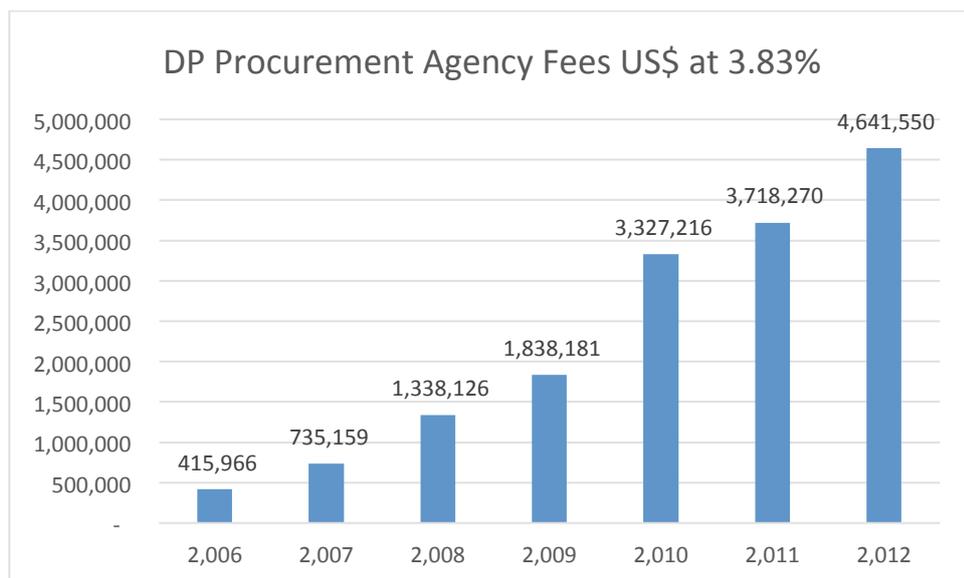
- The only exception is for GeneXpert, where it was decided that GDF could procure directly from the Supplier on an exceptional basis as it was a single product from a sole supplier, subject to a limit of US\$50 million<sup>9</sup>.

What this means is that the fee that DP clients are willing to pay goes to procurement agents instead of GDF, even though GDF carries out most of the process (e.g. preparing detailed orders for suppliers, tracking movement of drugs throughout the supply chain). Furthermore, GDF is not in a position to charge any additional fees on top of the fees paid to procurement agents because the benefits of those fees would not flow to GDF and would potentially raise the charge to DP clients to an unacceptable level. The financial impact of these constraints of the hosting arrangement on the GDF funding model are described below.

1.17 *Direct Procurement Services:* In the period 2006 to 2012, on a total of US\$419 million of orders placed, GDF’s Direct Procurement Services clients paid a total of US\$16 million to procurement agents based on average fees of 3.83% on DP orders placed. The income that could have been earned per year since 2010 though this potential source would have been sufficient to pay for GDF staff, to contribute to GDF system development costs and to flow to the Grant Services line to procure more anti-TB drugs.

1.18 As shown in Figure 2 below, the amount paid to GDF’s procurement agents by Direct Procurement Services clients has risen significantly since 2006. Assuming that GDF could charge this fee to clients instead of requiring them to pay the fee to procurement agents, this represents a substantial potential revenue stream for GDF.

**Figure 2: GDF Procurement Agency Fees**



1.19 *Grant Services:* During the period 2006 to 2012, GDF paid US\$7 million to its various procurement agents for grant orders that it placed with them using donor funds. The ability to procure directly from suppliers would mean saving on the cost of procurement agency fee and thereby freeing up resources for other activities.

1.10 GDF has over 30% of the market for first-line drugs and nearly 50% for second-line drugs (both based on notified/public cases)<sup>10</sup>. By being able to control the orders directly, GDF may be

<sup>9</sup> Due to the single source nature of the GeneXpert supplies, WHO rules require review by the Contract Review Committee.

better placed to achieve its market shaping goals as set out in the GDF Strategy and could consolidate its position as the main buyer to force prices down. This is of particular importance for second-line drugs where prices remain very high.<sup>11</sup>

## 2. Costs of Operations of Stop TB

### Cost Drivers

2.1 The main cost drivers for the work of Stop TB are: (i) Programme Support Cost (PSC); and (ii) Human Resources costs.

#### Programme Support Cost (PSC)

2.2 This is a fee charged by WHO to cover indirect support services that WHO provides, such as finance, legal, HR, and administrative services, all of which are centralized in WHO. All WHO departments and hosted partnerships are required to contribute towards the indirect costs of WHO<sup>12</sup> by paying a PSC. Currently the WHO standard PSC rate is 13%. However, WHO utilizes a wide range of PSC rates for different programmes (Table 1 does not take into account that the PSC applicable to Stop TB is now 13%).

**Table 1: Variety of PSC WHO charges to different entities and Programmes**

Rate	Programme
20%	European Commission. DG Research
Up to 15%	Bill & Melinda Gates Foundation
13%	Interagency agreement for Associate Professional Officers
7%	<ul style="list-style-type: none"> <li>• European Commission (Financial &amp; Administrative Framework)</li> <li>• Specific Emergencies (except preparedness)</li> <li>• Partnership Trust Funds in which donors bear a significant portion of funding administrative costs (including Stop TB<sup>13</sup>)</li> <li>• Funding for activities exclusively at the WHO Centre for Health Development /Kobe and WHO Lyon Office for National Epidemic Preparedness and response.</li> <li>• Polio Eradication Programme (except Rotary Foundation)</li> <li>• UN agencies (e.g. UNDP, UNEP, UNDCP, UNFPA, UN Foundation). Applies for all funding from UN Agencies in which WHO is the implementer, except UNAIDS and pass-through funds.</li> </ul>
6.5%	Rotary Foundation contributions for polio eradication.
6%	UNAIDS
3%	<ul style="list-style-type: none"> <li>• Non-emergency supply services to Member States under Resolution EB33.R44</li> <li>• TB control drugs procured by GDF</li> <li>• UNICEF procurement</li> </ul>
1%	Pass-through Funds for UN Joint Programmes when WHO acts as the Administrative Agent channelling funds to implementing partners.
0%	<ul style="list-style-type: none"> <li>• UNEP, UNHCR, UNFPA procurement, where there is a reciprocal agreement with UN agencies</li> <li>• Emergency supply services to Member States under resolution EB33.R44</li> </ul>

*Source: PwC Report- Administration and Management cost study<sup>14</sup>.*

<sup>10</sup> The Global Drug Facility and its role in the market for tuberculosis drugs, Nimalan Arinaminpathy, Thierry Cordier-Lassalle, Anant Vijay, Christopher Dye, 29 May 2013, available at

[http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(13\)60896-X/fulltext#fig1](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(13)60896-X/fulltext#fig1)

<sup>11</sup> \$5,822 for high-end MDR treatment, and \$1,516 for low-end MDR treatment – despite a reduction of 26% from 2011.

<sup>12</sup> These indirect costs comprise payments for the provision of infrastructure and related services by WHO, such as office space, security and IT and support services such as legal, financial, procurement and human resources.

<sup>13</sup> This 7% PSC rate will not be available to Stop TB in the future. From 2012 all new agreements will bear a PSC of 13%.

<sup>14</sup> See PwC Report on administration and Management Cost Study, January 31, 2013 available at [http://apps.who.int/gb/pbac/pdf\\_files/Eighteenth/PBAC18\\_3-en.pdf](http://apps.who.int/gb/pbac/pdf_files/Eighteenth/PBAC18_3-en.pdf).

2.3 In 2004 the PSC applicable to Stop TB was, after negotiations, reduced to 3% for GDF commodities and 6% for any Stop TB activities; the 6% charge was later changed to 7% in 2008. In 2011, WHO decided to increase the PSC charge to 13% for all newly signed donor agreements except for GDF commodities, which will continue to attract a PSC of 3%; TBREACH grants will be charged 7% for funds used for grants.

2.4 Since 1 January 2010, a percentage of human resources costs has also been applied to meet indirect costs (see paragraphs 2.6-2.10 and 2.15-2.19 below).

#### Human Resources Costs

2.5 This is perhaps the single most important cost driver. The majority of HR costs have to be met by unspecified funds, which means that as HR costs increase there is a corresponding decrease in the amount of unspecified funds available for other activities of Stop TB as outlined above. The standard human resources costs that are charged by WHO have increased significantly over the past five years.

2.6 The standard human resources costs that are charged by WHO comprise a number of elements, split into six major categories:

- basic salary which is set by the UN and increases with inflation
- post adjustment which is a UN-set adjustment to reflect the cost of living by location<sup>15</sup>
- staff benefits (pension, health insurance, other insurances)
- a post occupancy charge (POC) that is intended to cover those costs that are most closely associated to the level of staffing or programmes and projects<sup>16</sup>
- capital master charge (CMP) to replenish the real estate fund (for renovations to WHO buildings and infrastructure)
- hedging costs.

Two of these cost categories (CMP and hedging) were introduced recently, while POC was introduced in 2010 to replace the Common Cost Fund charge and Staff Development Fund Charge.

2.7 The main reasons for the rising HR costs are:

- Increased post adjustment due to a weakening US Dollar (2009 to 2012) against the Swiss Franc.
- Changes in staff rules in 2008 which led to significantly increased costs for short-term staff, as they were given the same emoluments and benefits as fixed-term staff.
- Additional employer charges levied through payroll like Post Occupancy Costs (POC), Capital Master Plan charge, and hedging costs.

2.8 These changes has a significant impact on HR costs for Stop TB:

- The 2012 HR cost for a 45-person staff complement was US\$9.4 million, compared to HR costs in 2008 of US\$6.2 million (pro-rated for a 45-person staff). This shows a 52% increase.
- As an example, the average cost of employing a P-3 grade staff<sup>17</sup> has increased by an overall 28%<sup>18</sup> between July 2008 and December 2012.

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<sup>15</sup> The Post Adjustment varies by location and by month. For example, as of December 2012, the Post Adjustment rates in Geneva, New York and Paris were respectively 100.2%, 65.5%, 65.1%.

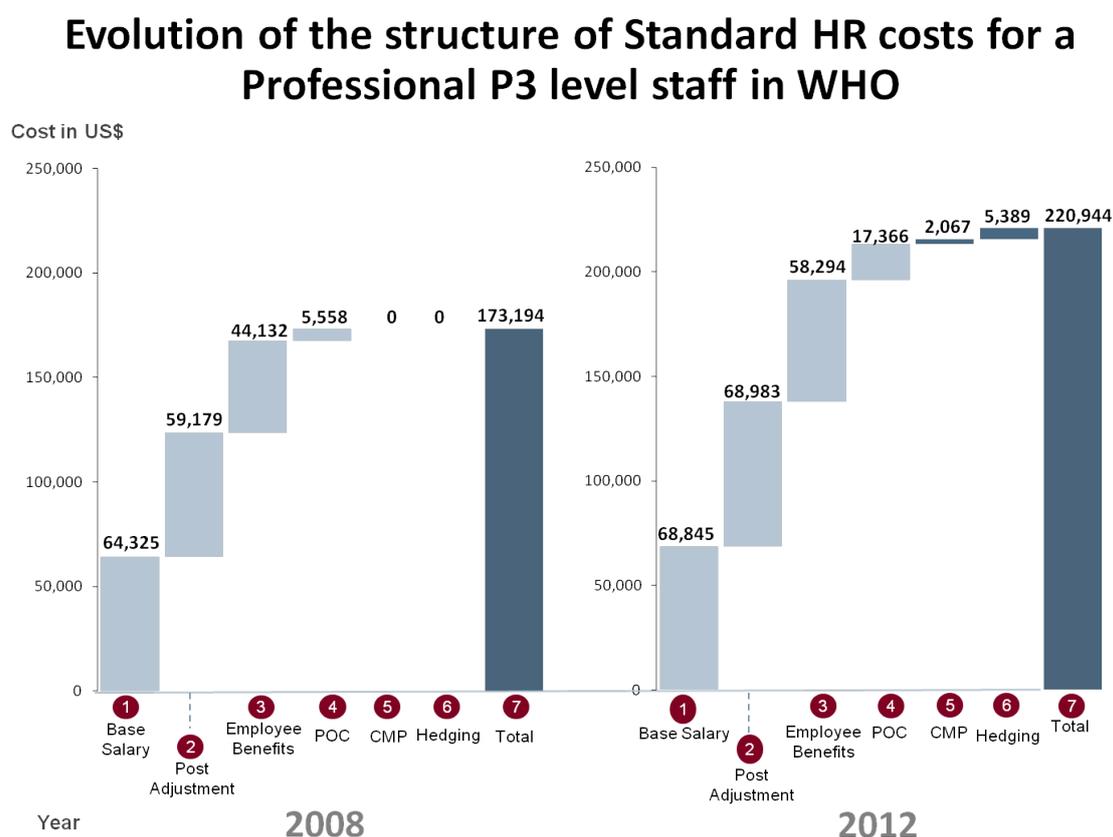
<sup>16</sup> Examples of such costs include: staff development and learning, information and communications technology infrastructure, human resources administration, United Nations common security charges, the Global Service Centre, and office accommodation.

<sup>17</sup> This is the most common professional grade within the Partnership. Since Post Adjustment changes every month, for illustration the Post Adjustment has been chosen for February each year.

2.9 The chart below demonstrates how these costs have increased between 2008 and 2012 for an average mid-level P-3 staff member.<sup>19</sup> They indicate that the overall cost of a P-3 staff member at step 7 in Geneva has gone up by 28% in 2012 compared to 2008, while the Net Base Salary has gone up by only 7% during the same period, and all other costs have risen by 40%. Of such other costs, (i) employee benefits have gone up by 32%; (ii) post adjustment has gone up by 17%; and (iii) post occupancy and other charges have gone up by 22%.

2.10 The main reason for the increase, as stated above, is the significant increase in the value of the Swiss Franc against the US Dollar<sup>20</sup>, which not only has an impact on the post adjustment rate, but because employee benefits are calculated on the basis of net salary and post adjustment, it has a significant multiplier effect on the employee benefits group of costs. WHO have confirmed that they now have a hedging policy in place which should mitigate future violent swings in exchange rates. However, the cost of this is now built into, and recovered through, HR costs.

**Figure 3: Structure of WHO standard HR costs of P3 staff**



<sup>18</sup> Accurate information is not readily available and difficult to extract. This is based on the actual costs of P-3 grade staff as identified through Partnership GSM data. There is other data available that shows average total standard costs as increasing by 39% between the 2010/11 and 2012/13 biennia. However, we believe that the information provided in this report is more accurate.

<sup>19</sup> This grade has been chosen as it the one with maximum number of staff in Stop TB at the “professional” grade.

<sup>20</sup> The accounting unit of WHO is dollar-based while Geneva Post adjustment allowance, a substantial part of the total staff remuneration, is based on dollar Swiss Franc value, such that the dramatic rise in the value of the Swiss Franc compared to the US Dollar resulted in a spike in the post adjustment rates and so overall staff costs.

## **Direct Administration and Corporate Management costs of the Stop TB Secretariat**

2.11 The Stop TB Secretariat maintains its own Administration and Corporate Management team. This comprises the following functions:

- The Executive Secretary (partially) and her office;
- Stop TB Coordinator;
- Staff undertaking Finance, HR and IT work for Stop TB;
- The GDF Manager and Principal Officer; and
- Support staff for GDF in the GDF Manager's office.

2.12 Based upon function, the costs of some of these posts are allocated to the GDF and TB REACH functions which they directly support. The combined HR cost of this function for the 2010-2011 biennium was US\$5.3 million. This team reached its full staff strength in 2007 and maintained it until 2012 (since 2012 a number of key positions have been vacant).<sup>21</sup> It provides the following core functions of the Secretariat:

- Overall managerial oversight of the Secretariat, including monitoring the progress of its work in line with the decisions of the Coordinating Board.
- Oversight of GDF and TBREACH operations.
- Donor coordination and resource mobilisation for the work of the Secretariat and management of the Secretariat's external relations.
- Donor and WHO reporting, and provision of technical and financial reports for donors and stakeholders.
- Governance work pertaining to the work of the Coordinating Board and its committees.
- Day to day administration of financial transactions for the Secretariat, managing its cash position, and liaising with WHO on financial matters.
- Compliance with WHO rules and regulations for all aspects of the Secretariat's work.
- Tracking the workflow in the host's ERP system and taking necessary actions to resolve bottlenecks.
- Provision of IT for the Secretariat, including acquiring and managing the hardware and software system used by the Secretariat and its linkages to the WHO network, maintaining the bespoke software developed for GDF and TBREACH, and maintaining Stop TB website.
- Human Resources, including:
  - Developing the costed HR work plan, which is the basis of all recruitment and changes in the staff positions;
  - Monitoring the availability of cash on a rolling six monthly basis for all TBP HR positions;
  - Counselling all staff on personal HR matters.
  - Supporting recruiting by technical teams with preparation of post descriptions and classifications.
  - Liaising with WHO HR on routine and special staff matters.

2.13 One of the conditions of the agreement reached with WHO for Stop TB's lower PSC of 3% for commodities and 7% for activities was that it would carry out all of its administration and management functions itself without putting any additional load on WHO central management and administration. Having a fully-fledged administrative and management team was intended to achieve this.

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<sup>21</sup> Three key positions in this team have been empty for some time now.

2.14 Another condition for a lower PSC was that a minimum US\$40 million would be received per year by Stop TB, so that the absolute amount of the PSC paid to WHO would make a material contribution to WHO's own admin and management costs. This condition has always been fulfilled.

### **Historic Recovery of Administration and Management (A&M) Costs by WHO**

2.15 As outlined above, WHO recovers its administration and management costs from Stop TB<sup>22</sup>, other hosted partnerships and WHO departments by levying two principal types of charges: Program Support Costs (PSC) and a Post Occupancy Charge.

2.16 Program Support Costs (PSC): PSC (with the rates described above) is used to fund those WHO administration and management costs that do not increase or decrease with the number of staff or level of activity. These comprise:

- *Core Management Costs*: These cost relate to:
  - The offices of DG, ADG, TD, ARD, Director of Administration and Finance, Director of Programme Office
  - Policy and norm setting
  - Country Office representatives
  - Governing bodies and external relationships
  - Translation
  - Internal/External Audit
  - Legal & Ethics.
- *Administrative Function Costs*:
  - Facility management (cleaning, construction, financing, security construction, security services, utilities)
  - General services (catering, mail, moving, printing, supplies)
  - Human resources (Central HR management, regional and local HR management)
  - Central finance functions relating to income recording and contribution management, financial reporting and preparation of financial statements and accounts, Planning, budget and finance (programme planning, budgeting, monitoring and evaluation, resource mobilisation, finance and accounting)
  - Procurement, logistics and travel management
  - Information and Communication Technology (end user equipment and support, IT systems and application management, telecommunications).

2.17 Post Occupancy Charge (POC): POC is used to fund administration and management costs that vary with the number of staff. It is currently 8.5% charged on gross staff costs and is levied on a headcount basis as part of HR costs. It covers:

- staff development
- IT infrastructure
- WHO's contribution to UN Department of Safety and Security common costs.

2.18 Figure 4 below presents an overview of the fees collected by WHO from various hosted partnerships for the 2010-2011 biennium. These fees were collected through PSC, POC and ASAs, and under various additional agreements (rental, legal, audit etc.). In the case of Stop TB, total fees of US\$9.9 million were collected by WHO for the 2010-2011 biennium, comprising PSC of US\$9.2 million and POC of US\$0.7 million.

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<sup>22</sup> Other hosted entities such as UNITAID pay for such costs through an Administrative Service Agreement (ASA) with WHO. This modality is not available to the Stop TB Partnership.

2.19 Stop TB thus paid US\$9.9 million on an income of US\$189 million in the 2010-2011 biennium, significantly more than UNITAID, which paid approximately US\$2 million on a significantly larger income of US\$607 million.

**Figure 4: Admin and Management Fees paid to WHO in 2010 - 2011**



*Source: PwC Report- Administration and Management cost study.*

### 3. Financial Management and Budgetary Control

3.1 Financial Management and budgetary control in WHO is achieved through its Programme Planning and Resource Budgeting mechanism.

3.2 The process entails developing a detailed workplan for Stop TB in line with the Operational Strategy. (In previous years, Stop TB’s workplan was created in line with the Global Plan to Stop TB).

3.3 A workplan defines a set of products and services to be delivered by the Stop TB Partnership Secretariat along with their associated activities and resources. It supports the achievement of expected results by the end of the biennium.

3.4 There are two distinct portions of the overall work plan: (i) an activity workplan that describes what activities will be undertaken by the unit for delivering the Products and services in the work plan; and (ii) a Human Resources (HR) workplan to support the planned activities. These workplans are created in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the year preceding the biennium to which they related.

3.5 After preparation, the workplan is approved and funded from available financial resources.<sup>23</sup> The first workplan to be funded is the HR workplan, as salaries have to be funded firmly for a year in advance with a monthly review of cash available for next six months. Funds set aside for the HR work plan are not available for the activity work plan.

<sup>23</sup>WHO allows use of funds from a grant as soon as the grant agreement is signed, not waiting for the cash to be received. If subsequently cash is not received or a reduced amount is actually received the excess amount if used by Stop TB is clawed back.

3.6 The work plan of any WHO entity, including Stop TB Secretariat, defines the results the entity is expected to achieve during the plan's period.

3.7 Until this year, unlike other hosted partnerships, Stop TB's workplan was included in the WHO Programme Budget. From 1 January 2014 on, Stop TB's workplan and budget will be outside the WHO Programme Budget. What this means is that it no longer needs to be strictly aligned with the WHO TB Department and the HTM Cluster and be subject to approval by the WHA (as part of the whole WHO Programme Budget). However, the Stop TB workplan and budget will still have to be approved by the ADG of the HTM Cluster before being input into GSM in November/December of the year preceding the workplan/budget period. Under normal approval cycles, it will then be presented to the Stop TB Board for approval at its next meeting. If there are any changes then those will have to be submitted to the ADG who will then again have to approve them before the changes can be effected in GSM. Prior to the ADG's approval of the work plan or any subsequent changes to it, the ADG may refer the Stop TB workplan and budget to the WHO TB Director to exercise a supervisory control for clearance, as Stop TB Secretariat is under his administrative supervision.

#### **4. Transition Costs**

4.1 One time transition costs for a transition of Stop TB from WHO to another organization involve the following number of elements. The main ones are:

- Indemnity payments to staff that may not wish to move with Stop TB or for all staff (whether or not they wish to move with Stop TB) in the case of a move to a non-UN organization.
- Unfunded liability for After Service Health insurance (ASHI) of staff.
- Advances paid to staff who will move, for example these consist of (i) education allowances, (ii) housing advance paid, if any.
- Supplier liability (unlikely to be large as all amounts needed for purchase orders are, as per WHO rules, set aside when the payment obligation is established).
- Support to WHO for maintaining staff for gaining access to old data should the need arise in the period after separation, only if access to this is considered essential by Stop TB Partnership.
- Costs relating to physical movement.

4.2 It is not possible to estimate all of these costs in advance and many of the costs will depend on individual staff decisions on whether or not they would be prepared to move. As of the date of this Report, the total estimated terminal indemnities that would be payable if Stop TB were to move to a non-UN system organization (i.e. indemnities for all eligible staff) would be approximately US\$ 2.4 million. If Stop TB were to move to a UN system organization, due to the inter-agency agreement for staff transfers, terminal indemnities would only be payable to those staff who choose not to move with Stop TB.

4.3 For all other costs, as financial data for such liabilities is comingled and managed as a pool by WHO, a decision on a move is needed to be made first before separation of the relevant financial information is done. It will take a fair amount of effort for WHO to determine final numbers.

## ANNEX E – UNDP HOSTING MODEL

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<b>Name:</b>	United Nations Development Programme
<b>HQ location:</b>	New York
<b>Regional locations:</b>	Worldwide (170+ countries) with regional or liaison offices in Washington DC, Geneva, Copenhagen, Brussels, Johannesburg, Bratislava, Bangkok, Dakar, and others.
<b>Type of organization:</b>	Programme of the United Nations; International organization
<b>Core function:</b>	UNDP works in four main areas: poverty reduction and achieving the Millennium Development Goals, including combating epidemic diseases; democratic governance; crisis prevention and recovery, and environment and sustainable development.
<b>Size:</b>	\$12.89 billion of available core and other resources for 2012-2013.
<b>Relationship to Stop TB:</b>	Partner; member of TB and Human Rights Taskforce. Stop TB provides technical assistance to UNDP in countries where it serves as Principal Recipient for the Global Fund grants. UNDP and Stop TB also sit on the TB Disease Committee of the Global Fund.

<b>Hosting Model:</b>	UNDP would design a global project to support the activities of Stop TB and ensure its worldwide visibility. This global project would (i) pursue the objectives and results set forth in Stop TB and GDF operational strategies; (ii) consist of multiple components (including advocacy, capacity development, TB REACH, GDF, and others); and (iii) draw on UNDP's infrastructure and resources at the global, regional and country levels. On the basis of the global project, UNDP could also develop a network of regional and country-level projects to support Stop TB's activities on the ground. A large network of UNDP Country Offices, and country-level resources, could be relied on for implementation. Stop TB would be fully integrated within UNDP structures as an activity cluster and would be supported by UNDP standard programming models and policies. The majority of its day-to-day operations would be decentralized, but, having been integrated within UNDP through a global project, Stop TB would be subject to overall operational control by UNDP. UNDP would not perceive Stop TB as a separate organization.
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1.	Identity and Autonomy	
1.1	Does the organization have hosting capacity? (Previous/current experience, specific hosting rules, nature of hosting arrangements etc.)	<p>UNDP does not have a hosting policy as such. Rather, the UNDP hosting model is based on the concept of programmes and projects, which receive de-centralized support, enjoy visibility and identity vis-à-vis external partners, have a flexible governance structure and a degree of autonomy, and advance UNDP’s wider global programmatic goals. The day-to-day operations of such projects are managed by a dedicated project manager and overseen by a separate and representative coordinating project board (similar to Stop TB’s existing governance structure). Such projects are integrated within UNDP’s corporate structures and are considered as UNDP projects.</p> <p>The types of projects fostered by UNDP under this model encompass a very wide range of areas and governance and partnership models. Examples include the World Alliance of Cities Against Poverty (WACAP), the ART Global Initiative, UNDP Global Programme on Democratic Governance Assessments, Water Solidarity, Business Call to Action (public/private partnership), the Post-2015 Development Agenda, the Montreal Protocol Unit, the UN South-South Cooperation Unit, the Global Commission on HIV and the Law, ASCLME, and many others.</p> <p>Any decision by UNDP to host Stop TB would be made by the Director of the Bureau for Development Policy (not the UNDP Executive Board). A project document would be developed for approval by the Director, setting out the goals, expected results, the governance structure and workings of Stop TB. This document would therefore serve as the equivalent of a hosting MOU.</p>
1.2	Would the organization allow for Stop TB to have an independent governance structure? What degree of autonomy would be allowed for the Board?	<p>UNDP projects each have their own distinct project board. The only apparent requirement for the project board is that it is representative (which Stop TB Board is).</p> <p>UNDP has indicated that Stop TB Board would have authority to set the strategy and approve the workplan and budgets of the Stop TB Project and to define the terms of reference of the Executive Secretary/Project Manager. The Project Board would oversee implementation of the Project.</p>
1.3	What degree of autonomy would be allowed for the Executive Secretary?	<p>The Executive Secretary/Project Manager would be selected/approved and appointed by UNDP, even in the case of an inter-agency transfer. She would report to the Director of the HIV, Health and Development Group for all matters, not just administrative.</p> <p>As Project Manager, the Executive Secretary is responsible for day-to-day management and decision-making for the Stop TB Project. “The Project Manager’s prime responsibility is to ensure that the</p>

		<p>project produces the results (outputs) specified in the project document, to the required standard of quality and within the specified constraints of time and cost. For the purpose of the Operational Guide, the “Project Manager” role refers to the person with primary responsibility for managing resources, in that all budgets, commitments and disbursements are assigned to a project in Atlas”<sup>1</sup>.</p> <p>In terms of the administrative framework, UNDP has a robust system of internal controls and clearances primarily based on the function, rather than the seniority, of the holder's position. What this means, in practice, is that the level of authority granted to the Executive Secretary/Project Manager is determined and would vary based on the type, frequency and amount of the transactions. In making the determination of what the level of delegated authority should be, UNDP, in consultation with Stop TB, would be seeking to ensure that the level of the internal controls and clearances are appropriate to ensure the effective and efficient delivery of the objectives and expected results of the Stop TB Project. It is recognized that a delegated authority which has a lower financial threshold than the majority of the Stop TB Project's transactions would not be an effective use of time and resources. Determining the appropriate level of delegated authority and internal controls would require thorough consideration and planning at the outset of the relationship and would be reviewed by UNDP in consultation with the Executive Secretary/Project Manager and the Stop TB Project Board as and when the need arises to reflect the practical realities and efficiencies.</p> <p>Thus, there is discretion within the UNDP regulatory framework to provide operational autonomy based on an assessment of the specific needs of the Project in order to deliver the results. The level of operational autonomy that UNDP would be willing to grant the Stop TB Project is not known at this stage, considering the very preliminary nature of discussions and assessment, and would need to be determined by consultation and negotiation between UNDP and Stop TB.</p>
1.4	<p>Would the organization allow Stop TB to have control of its own assets (especially intangible assets, e.g. brand, copyright, funds, contract rights)?</p>	<p>UNDP would hold the legal title to assets of the Stop TB Project but these would be allocated for the exclusive benefit of the Stop TB Project.</p> <p>In terms of funds, UNDP would establish a trust fund for the Stop TB Project. Control of the trust fund is as set out in the project document. Deposits to and disbursements from the trust fund are described in more detail below.</p>

<sup>1</sup> See Page 6, Operational Guide of the Internal Control Framework for UNDP (Version 5 – 1 January 2012)

		<p>For intangible assets such as IP products, UNDP allows broad autonomy to the Executive Secretary/Project Manager to use the brand names of the Stop TB Project. For example, in terms of independent identity, there appears to be a range of different approaches, with some UNDP projects presenting a completely independent face to external stakeholders (e.g. Business Call to Action) and others identifying themselves closely with UNDP (e.g. ASCLME). the Stop TB Project would be able to have its own website, logo, etc.</p> <p>For all other types of intangible assets, such as contract rights (and when to exercise them), this is subject to UNDP's rules in the normal way and would be a decision of the Director of the HIV, Health and Development Group, upon the guidance of the Executive Secretary/Project Manager, UNDP's Legal Support Office and UNDP's Procurement Support Office.</p>
1.5	Would the hosting arrangement create institutional conflicts of interest?	<p>The Stop TB Project would likely be treated as one Cluster, among others, within the UNDP HIV, Health and Development Group. However, there is currently no other UNDP global project that exclusively deals with TB. There should therefore be no issues of conflicting or overlapping mandates, competition for resources etc. The only area of potentially overlapping mandate is with regard to the activities of the UNDP Partnership with the Global Fund Team in supporting the development of the Global Fund policies.</p> <p>UNDP is a major principal recipient (PR) of Global Fund grants for TB. If Stop TB were hosted at UNDP, this would likely change how Stop TB and its engagement with the Global Fund is perceived by the Global Fund and other stakeholders. Any engagement with the Global Fund would need to be closely coordinated with the UNDP Partnership with the Global Fund Team.</p>
<b>2.</b>	<b>Mandate</b>	
2.1	Are there mission synergies? Are programmatic priorities aligned?	<p>As part of its mandate to support the achievement of the MDGs, UNDP is engaged in the fight against TB, including as PR of a number of Global Fund grants. UNDP is also following a development and human rights approach to health and TB which aligns with Stop TB's approach.</p> <p>UNDP is taking the lead on the post-2015 development agenda, having launched and leading a special initiative to shape the future development agenda after 2015 when the Millennium Development Goals (MDGs) expire. Among other things, UNDP hosts the High-level Panel of Eminent Persons on the Post-2015 Development Agenda. This is particularly relevant to Stop TB's objective of facilitating dialogue, engagement and consensus around achievements of the current</p>

		<p>MDGs and Global Plan and on the post-2015 agenda.</p> <p>The current strategy of the HIV, Health and Development Group is due to expire at the end of 2013 and a new strategy will be developed towards the end of this year, based on the new corporate Strategic Plan.</p>
2.2	What programmatic support would be available from the organization?	<p>UNDP would view the Stop TB Project as a UNDP project and not as a separate organization. UNDP would therefore provide all the same support it provides to all of its projects and operations. This support would include helping to ensure smooth delivery and customs clearance for GDF supplies, facilitating meetings with government ministers (in the health ministry and elsewhere). UNDP coordinates all country level UN development activities and would therefore be able to facilitate meetings with other country-level UN officials.</p> <p>A significant part of the work of UNDP Partnership with the Global Fund Team is to build the capacity of country partners, in particular in relation to supply chain management. This fits well with the work of GDF and its three-year strategy.</p> <p>Moreover, through the UNDP Bureau for Development Policy – UNDP has civil society and poverty-focused groups that can help to engage on the programmatic side to support the work of the Stop TB Project.</p> <p>UNDP has indicated that it could also develop a network of regional and country-level projects to support the Stop TB Project’s activities on the ground. A vast network of UNDP Country Offices, and country-level resources, could be relied on for implementation.</p> <p>UNDP is results focused and has indicated that if Stop TB’s Operational Strategy objectives are incorporated into the HIV, Health and Development Group’s strategy, then the Stop TB Project will have the full force of UNDP support to ensure the achievement of those goals.</p>
2.3	Can the organization accommodate TB Reach and GDF?	<p>UNDP has the regulatory framework in place to accommodate the grant structures of TB REACH and GDF. UNDP has experience with managing grant programs, including the distribution of microcredit grants to NGOs.</p>
<b>3.</b>	<b>Administrative Environment</b>	

3.1	<p>What is the nature of the human resources policies (ILO, national employment laws etc.)? Does the organization have human resources policies (recruitment, retention and termination) that allow flexible management?</p>	<p>As a Programme of the United Nations, UNDP operates under the overall framework of the UN Staff Regulations and Rules. UNDP's human resources management processes, including the contractual arrangements (including temporary and fixed-term appointments) and the compensation and benefits package offered to its staff are generally aligned with those of the UN common system and therefore are similar to those offered by WHO. Stop TB's staff under UNDP would similarly benefit from tax exemption on their salaries. UNDP staff members are international civil servants and operate under largely similar rights, duties and obligations as WHO staff members.</p> <p>UNDP has indicated that the UN Inter-Agency Accord on Transfers, Loans and Secondments could be used as the basis for the transfer of some of Stop TB's staff provided the agreed staffing structure fits in with UNDP's results framework business model. This would entail minimum disruption to many of the staff of Stop TB, including because their pension would not be affected. UNDP staff members also participate in the UN Joint Pension Fund. It would also minimize transaction costs (in particularly termination payments for Stop TB staff on fixed-term or continuing duration contracts).</p> <p>The recruitment and selection process used to fill a vacant post at UNDP depends on several factors, including the nature of the post (rotational or non-rotational), the contractual modality (many staffing positions at HQ are fixed-term posts) and what authority to make the appointment has been delegated from the UNDP Administrator. Under UNDP's Recruitment and Selection framework and policies, accountability for hiring decisions (up to the D1/P6 level) rests with the hiring manager. The Executive Secretary/Project Manager would be responsible for the conduct of the selection process and may be delegated the authority to appoint the recommended candidate.</p> <p>The Executive Secretary/Project Manager would, in consultation with the Office of Human Resources, decide on the methodology and techniques to be used for identifying and evaluating candidates at each stage of the selection process, based on the requirements of the post. Achieving UNDP's diversity and gender balance requirements must be reflected in these techniques. Internal candidates must be given priority consideration. A Compliance Review Board (CRB) at UNDP Headquarters (New York) reviews all initial appointments and promotion decisions of international fixed-term staff up to the D-1/P-6 level. No offer of employment can be made without the CRB's review of the selection process to confirm that the hiring manager has complied with UNDP's policies and procedures.</p> <p>UNDP engages both staff and non-staff personnel in connection with project implementation. UNDP has two categories of non-staff personnel: service contractors (SCs) and individual contractors (ICs).</p>
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3.2	Does the organization have capacity for procurement and contracting? Can it accommodate GDF?	<p>UNDP has extensive procurement capacity, including through the Global Procurement Unit (GPU), which procures health products and is based in Copenhagen. It can therefore accommodate GDF. It is likely that, subject to UNDP's satisfaction that GDF processes are sufficient, GDF with support from UNDP would be allowed to conduct direct procurement without going through a procurement agent. The GPU procures goods from suppliers, resellers and also directly from manufacturers.</p> <p>Procurement activities are conducted at a certain charge. The average fee currently charged by the GPU is 4.5%. The exact fee depends on the complexity of the activity and its volume. All revenues go directly to the GPU.</p>
3.3	Does it have capacity for other administrative services (travel, IT, Legal etc.)?	<p>UNDP has extensive capacity for other administrative services to service all of its offices, programmes and projects. It should be noted that UNDP also provides administrative services to many other UN entities, both at the HQ level and in the field.</p>
3.4	Does it have sufficient infrastructure (offices, IT etc.)?	<p>UNDP has sufficient infrastructure, including office space and ERP and other IT systems, to integrate the Stop TB Project as an activity cluster, across any of its main offices, including Geneva.</p>

3.5	Would the organization allow Stop TB administrative staff to exercise controls/clearances and compliance with the organization's rules?	<p>If Stop TB were to be hosted by UNDP, it would become an integrated global project of UNDP – it would not be viewed as a separate organization. To the extent that the operations of the Stop TB Project are such that having dedicated administrative staff are the most effective way of achieving the Project's targets, then such staff would have delegated authority for compliance and clearance necessary for their function. However, the operations would still be subject to the UNDP regulations and rules, including any specified clearance processes (e.g. engagement with private sector organizations in industries designated as high risk requires central UNDP HQ clearance; all hiring is subject to central review by the CRB).</p> <p>It therefore appears that duplication of effort as between Stop TB Project staff and UNDP HQ staff is likely to be avoided under the UNDP project model. However, as a large bureaucracy with responsibility for oversight of many programmes and projects, the Stop TB Project will need to operate within the UNDP operational environment with its internal clearance processes, policies and procedures.</p>
<b>4. Financial Considerations</b>		
4.1	What are the financial circumstances of the organization? What is its financial reputation regarding soundness of systems, value for money etc. (e.g. based on donor reports)?	<p>UNDP has a strong balance sheet and funding commitments. UNDP's 2011 audited Financial Report indicates that it suffered a decline in income for the biennium ending 31 December 2011 of 4% compared to the previous biennium, and a deficit in income over expenditure of 70 million, which was met from unspent balances. Its income from regular resources (i.e. unspecified or unrestricted funds) was \$2 billion and \$9.2 billion from other resources (i.e. specified or restricted funds). Other resources which are earmarked accounted for approximately 82% of total contributions in 2011, and the high contributions in other resources have been an increasing trend since 2004-2005.</p> <p>UNDP has an ERP system, ATLAS, that provides comprehensive support to recording and managing financial transactions. It has a robust system of internal controls with appropriate segregation of duties and authorizations for initiating, approving and completing transactions. On the basis that UNDP would establish Stop TB as a project, the latter will in effect be treated as a separate accounting entity. Moreover, as a separate trust fund would be set up there would be complete financial segregation from other funds.</p> <p>UNDP has implemented IPSAS as of January 2012. IPSAS is a set of independently-developed financial reporting standards designed for public sector and non-profit organizations. Complying with IPSAS means more transparency with detailed disclosure on UNDP's use of donor funds, and a</p>

		complete picture of its financial position.
4.2	What would the organization charge for the hosting arrangement? Is there transparency and predictability on how this is calculated? What services does this cover? How is this raised/paid for?	<p>UNDP, like all UN organizations, is mandated to apply a cost recovery charge to all specified/restricted contributions from donors to cover indirect costs. UNDP is part of a wider effort, with UNFPA and UNICEF, to harmonize the level of cost recovery based on a review of the actual costs of supporting restricted financial contributions. This is an on-going process. However, for the period 2014-2016, the standard cost recovery charge is set at 8%. This would apply to all contributions to Stop TB – there would be no reduced rate for contributions to GDF for the purchase of commodities.</p> <p>UNDP clearly articulates what this cost recovery charge for indirect costs covers under “General Management Support (GMS)”. GMS encompasses general oversight and management functions of UNDP HQ and country offices units. It includes:</p> <ul style="list-style-type: none"> <li>• Project identification, formulation and appraisal</li> <li>• Determination of execution modality and local capacity assessment</li> <li>• Briefing and debriefing of project staff and consultants</li> <li>• General oversight and monitoring, including participation in project reviews</li> <li>• Receipt, allocation, and reporting to donors of financial resources</li> <li>• Thematic and technical backstopping through bureaus</li> <li>• Financial management, including hedging costs</li> <li>• Systems, IT infrastructure, branding, knowledge transfer.</li> </ul> <p>This cost recovery charge is deducted as and when funds are received under a donor agreement. Access to funds is permitted only on receipt of cash. However, commitments may be entered into once the Donor Agreement has been signed, even though the funds may not be spent until the money has been received.</p> <p>In addition, UNDP would charge for direct costs which are additional to the General Management Service costs as described below.</p>
4.3	What are the direct costs (HR, rent, other)?	<p>The HR costs of the Stop TB Project would be recovered as “Direct Project Costs” from the Stop TB Project. These are the operational costs of the Stop TB Project, and not a separate charge for hosting. As a UN system organization, the UNDP standard HR costs are largely consistent with those of WHO a comparison is provided separately in the Report and Annex D. (Other Direct Project Costs would</p>

		<p>include any other Stop TB-specific expenses, such as equipment purchase, Stop TB-specific software licenses etc.)</p> <p>Another direct cost is for commons services, covering rent and utilities (security is provided under the GMS fee described above and is not separately charged). In Geneva, the total common services costs are shared in proportion to the total number of staff in place.</p> <p>In addition, to the extent that Stop TB requires implementation support at the country level (e.g. for disbursements, organization of workshops or trainings, customs clearance etc.), such support would be a direct cost chargeable to the Stop TB Project. (These costs are known as “Implementation Support Service”). The approach used is to charge for actual costs for clearly identifiable transactions; where this is not possible, the cost is determined based on a “universal price list” for the service (established to recover costs for projects UNDP administers for joint UN programmes).</p> <p>In effect, UNDP offers different categories of support services with different pricing structures. It does not offer an “activity-based” costing approach in relation to pricing (in contrast to UNOPS, for example).</p> <p>Funds for UNDP services are required to be budgeted in the Stop TB Project workplan, which may be revised quarterly.</p>
4.4	Does the organization have trust fund capability?	<p>UNDP acts as trust fund administrator for a large number of multi-agency programs and has a dedicated Multi-Partner Trust Fund Office. The funding of the Stop TB Project would be set up as a trust fund, which is as a separate accounting entity. The trust fund could be either an open or thematic trust fund. An open trust fund is established to receive contributions from multiple donors for global, regional or broad thematic programmes, which usually consist of a number of projects. A thematic trust fund is a flexible co-financing modality designed to help UNDP align and focus its programmes around its goals, and to provide donors with an opportunity to demonstrate their commitment to this process.</p>
4.5	Would Stop TB have budget control?	<p>The Stop TB Project budget is prepared by the Executive Secretary/Project Manager following the UNDP formats and processes, cleared by the Director of the HIV, Health and Development Group and approved by the Stop TB Project Board. Once approved by the Board, the Executive Secretary/Project Manager is responsible for the use of the Stop TB Project funds in accordance with the approved budget and under the supervisory control of the Director of HIV, Health and</p>

		<p>Development. Expenditure is in accordance with the internal control framework of UNDP and the levels of delegated authority granted for the Stop TB Project (see above).</p> <p>The HR budget must be established in advance and the funds committed for one year on the basis of the pro-forma costs. Only actual costs will be charged against the project budget.</p>
4.6	Are tax exemptions applicable?	<p>UNDP has privileges and immunities worldwide similar to WHO, UNOPS and other UN system organizations and therefore enjoys worldwide tax exemptions. However, the Standard Basic Assistance Agreements UNDP has with most of its programme countries offer broader privileges and immunities by, among other things, extending them to “persons performing services,” i.e. individuals and legal entities engaged by UNDP in connection with project implementation.</p>
<b>5.</b>	<b>Resource Mobilization, Advocacy and Communications</b>	
5.1	<p>Can Stop TB have autonomy in raising funds? What rules apply to fund-raising? Is there a risk of competing for funds?</p>	<p>The Stop TB Project would establish its own resource mobilization strategy as part of the wider resource mobilization strategy of the HIV, Health and Development (HHD) Group’s strategy. The purpose of this is to ensure coordination and avoid duplication and uncoordinated outreach to donors by different projects of the HHD Group. Once the overall strategy is approved by the HHD Director, the Executive Secretary/Project Manager is free to mobilize resources on that basis and engage directly with donors. Donor agreements would be in the UNDP templates and signed by the HHD Director.</p> <p><u>Private Sector Engagement:</u> UNDP has a corporate engagement policy with the Private Sector which is not as restrictive as that of WHO. UNDP is also in the process of revising this policy for engagement with the private sector. This policy recognizes the important role played by the private sector in development and sets out clear guidance for engagement with the private sector. The focus of these guiding principles is less on potential conflicts of interest and more on shared values and social responsibility.</p> <p>Prior to any engagement with the private sector, the relevant UNDP unit is required to conduct due diligence on the potential partner, based on defined criteria, to determine its suitability for partnership with UNDP. There are some traditional no-go industries (e.g. gambling, pornography, arms, tobacco, banned substances etc.) and prohibited activities (e.g. child labour, human rights abuses etc.), but otherwise engagement is permitted once the risks have been assessed. Industries such as mining, oil and gas and pharmaceuticals are not prohibited but are considered “high risk” and therefore require clearance from UNDP HQ (which involves review by an internal technical review committee).</p>

5.2	Would the organization allow Stop TB to have its own independent communication strategy?	The Stop TB Project would develop its own communication strategy and is responsible for ensuring that it does not contravene UNDP's position. Since UNDP has no other TB-specific global project/activity cluster, it is unlikely that there would be issues of conflicting messages. However, to ensure a greater synergy and alignment with the broader health strategy, Stop TB's communication strategy would need to be coordinated with the Director of the HIV, Health and Development Group.
5.3	Does the organization have a well-established and powerful brand? Would it be willing to support Stop TB's brand but without causing confusion with Stop TB brand?	<p>UNDP has a strong worldwide brand among the public through its association with the UN and among national leaders and those in the health and development community because of its extensive network and its work in countries. The Head of the UNDP Office in countries simultaneously acts as the coordinator and head of office for all UN system organizations in the country and is therefore the most senior representative. Moreover, UNDP often takes a leadership role among UN agencies, often in the role of administrator for UN joint programmes and multi-partner trust funds.</p> <p>UNDP has indicated that it would see the Stop TB Project as a UNDP project and would therefore support it, and use its leverage, in the same way as it supports all of its projects and programmes.</p>
5.5	Does the organization have leverage with key global and national leaders/influencers? Would it be willing to use its leverage to support Stop TB's advocacy efforts?	<p>See above.</p> <p>UNDP has indicated that, to ensure visibility of Stop TB, UNDP would mobilize various activities targeted towards different audiences at the global, regional and country levels, using its networks and the "Teamworks Platform" which has already carried out advocacy, crowd sourcing, stakeholder participation/mobilization and feedback loops to major international events such as the Rio+20; Post 2015. UNDP has explained that it has extensive advocacy capacities and can readily come up with creative substantive messages with compelling visuals, web based platforms to inform, engage and interact with stakeholders, and synthesis of messages for action and policy.</p>
5.4	Would the organization allow Stop TB to issue publications in its own name and without additional clearance?	UNDP has indicated that the Stop TB Project would be able to issue publications in its own name. Any publications would have to comply with UNDP's rules, regulations and quality assurance procedures.

## ANNEX F – THE UNOPS HOSTING MODEL

<b>Name:</b>	United Nations Office for Project Services (UNOPS)
<b>HQ location:</b>	Copenhagen, Denmark
<b>Regional locations:</b>	Decentralized network of 3 regional offices, 1 global partners office and approximately 20 operations and project centres worldwide
<b>Type of organization:</b>	Established in 1974 as part of UNDP and became an independent self-financing international organization in 1995. The Executive Board of UNDP, UNFPA, and UNOPS provide UNOPS with support and oversight functions. The Executive Director reports directly to the UN Secretary General and the Executive Board.
<b>Core function:</b>	As a services provider, its core business is in the following: implementation, project management, infrastructure, national capacity building, procurement, human resources management and financial management.
<b>Size:</b>	Over 1,000 partners and projects in 80 different countries; headed by an Executive Director based in Copenhagen and 3 regional directors, 1 global partners director as well as directors of divisions on sustainable project management, sustainable procurement management, and sustainable infrastructure.
<b>Relationship to Stop TB:</b>	UNOPS is currently a partner of Stop TB.

<b>Hosting Model:</b>	Stop TB would be a quasi-autonomous programme of UNOPS – with its own separate governance and identity. Although all Partnership personnel would be UNOPS staff, required to follow its organizational directives and administrative instructions, the reporting line of Stop TB Executive Secretary to UNOPS Director, Global Partner Services is a dotted (administrative only) reporting line, all other Partnership personnel would report internally to their Partnership supervisors. UNOPS support would be purely administrative and, for the most part, only to the extent not already covered by Stop TB’s own administrative function. UNOPS would effectively view Stop TB as a programme that it hosts.
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1.	Identity and Autonomy	
1.1	<p>Does the organization have hosting capacity? (Previous/current experience, specific hosting rules, nature of hosting arrangements etc.)</p>	<p>UNOPS has extensive experience in hosting projects and programs as well as other partnerships which have their own governance structures but no legal status. For example, UNOPS is currently hosting the Secretariat of the Water Supply and Sanitary Collaborative Council (WSSCC), an unincorporated membership organization, which used to be hosted by WHO.</p> <p>As a hosting agency, UNOPS provides administrative services such as financial, procurement, human resources management and administrative services. UNOPS is also providing grant management services for WSSCC’s Global Sanitation Fund.</p> <p>When establishing the hosting arrangement, UNOPS would work with Stop TB to develop a Matrix of Responsibilities to be accompanied by a set of Standard Operating Procedures (SOPs) for day-to-day operations, which would clarify how UNOPS and Stop TB will work together. The SOPs include terms of reference for UNOPS’ provision of administrative services. These SOPs would form the basis of the hosting relationship between Stop TB and UNOPS and may be updated from time to time to reflect changes in practice, lessons learned etc.</p> <p>UNOPS does not have a specific “hosting policy” as such. However, because it provides administrative services, its regulatory framework accommodates hosting arrangements. <i>[See for example Article 10 of the Financial Rules which allows for the establishment of separate accounts]</i></p>
1.2	<p>Would the organization allow for Stop TB to have an independent governance structure? What degree of autonomy would be allowed for the Board?</p>	<p>The UNOPS hosting model allows for an independent governance structure. For example, WSSCC has its own independent governance structure (a Steering Committee that sets strategic goals and operational policies – UNOPS is ex-officio member of the Steering Committee).</p> <p>Stop TB Board would have complete autonomy to set its own strategic goals, approve budgets and work-plans etc. The Board may develop operational policies within the UNOPS regulatory framework, but it appears that if the Board wishes to set a policy which is not presently accommodated by UNOPS, then UNOPS would be willing to consider how to accommodate such policy. For example, the Board could set a private sector engagement policy working with UNOPS.</p> <p>Selection of the Executive Secretary and her performance assessment is entirely the responsibility of Stop TB Board, with administrative support from UNOPS.</p>

1.3	What degree of autonomy would be allowed for the Executive Secretary?	<p>The grade and degree of autonomy of the Executive Secretary would be negotiable.</p> <p>Based on WSSCC’s experience, the Executive Director (D-2) reports to the Steering Committee on all technical matters and through the normal channels of UNOPS (on a “dotted line” basis) on administrative matters.</p> <p>Following the WSSCC model, it is possible that the Executive Secretary would also be at the D-2 level. (Since there are only 12 D-2s within UNOPS this would place her in the very senior structure of UNOPS). She would have a dotted line reporting to the Director for Global Partnerships based in Copenhagen. For day-to-day administrative decisions related to her own employment contract (e.g. annual leave, official travel etc.), it is possible to have an arrangement where the Representative and Director, Geneva Cluster, approves those more minor decisions.</p> <p>Due to its presence in Geneva, the UNOPS Geneva Cluster would be the main point of contact and business unit within which the project to support Stop TB would be located</p> <p>The Executive Secretary would have signing authority up to \$250,000 (\$50,000 for expenditures under an exceptions procedure of the UNOPS rules). Above that, clearance from the Regional Director for Global Partnerships would be required.</p>
1.4	Would the organization allow Stop TB to have control of its own assets (especially intangible assets, e.g. brand, copyright, funds, contract rights)?	<p>In terms of funds, UNOPS would establish a trust fund for Stop TB. Control of the trust fund is as set out in the SOPs. See below.</p> <p>For intellectual property, UNOPS allows broad autonomy to the Executive Secretary to use the brand names of Stop TB and to control copyright. Stop TB would be able to have its own website, email address, letterhead etc. The association with UNOPS only needs to be limited (and generally only for legal reasons – e.g. the WSSCC copyright designation is “©2013 WSSCC, hosted by UNOPS”)</p> <p>For all other types of intangible assets, such as contract rights (and when to exercise them), this is subject to UNOPS’ rules in the normal way and would be a decision of the Regional Director for Global Partnerships, upon the guidance of the Executive Secretary/Project Manager, UNOPS’ Legal Counsel and, as relevant, UNOPS’ Procurement Division.</p>
1.5	Would the hosting arrangement create institutional conflicts of interest?	There are no apparent areas of potential institutional conflict of interest.

<b>2.</b>	<b>Programmatic Imperatives</b>	
2.1	Are there mission synergies? Are programmatic priorities aligned?	<p>While UNOPS' core function is to provide administrative services for the achievement of its development objectives, UNOPS does have significant programmatic experience in implementing projects in the health sector. Its focus is mainly on projects involving access to health care services, health systems strengthening and procurement of pharmaceuticals and medical equipment.</p> <p>The goals and objectives of Stop TB's Operational Strategy therefore fall squarely within UNOPS' wider mission and public health and development priorities.</p> <p>However, UNOPS has no specific implementation experience or objectives in the TB sector, apart from its role in managing 15 Global Fund LFAs and 2 Global Fund PRs.</p>
2.2	What programmatic support would be available from the organization?	UNOPS' is able to facilitate country level relationships as identified below and to provide support for customs clearance and other support to the supply chain and capacity building elements of GDF's work. It is not in a position to provide programmatic support specific to TB programmes.
2.3	Can the organization accommodate TB Reach and GDF?	UNOPS has an established grant-making policy. It can therefore accommodate TB REACH and GDF's grant-making function.
<b>3.</b>	<b>Administrative Environment</b>	
3.1	What is the nature of the human resources policies (ILO, national employment laws etc.)? Does the organization have human resources policies (recruitment, retention and termination) that allow flexible management? [ <i>Ruth to complete</i> ]	<p>UNOPS operates under the overall framework of the UN Staff Regulations and Rules. The contractual arrangements for staff members and the compensation and benefits package offered to its staff are very similar to those offered by WHO. UNOPS staff are considered international civil servants and operate under largely similar rights, duties and obligations as WHO staff. Stop TB's staff under UNOPS would similarly benefit from tax privileges on their salaries and, depending on seniority, other tax privileges.</p> <p>A move from WHO to UNOPS could take place as an "inter-agency transfer" in accordance with the terms of the UN Inter-Agency Accord on Transfers, Loans and Secondments. This would entail minimum disruption to many of the staff of Stop TB, including because their pension would not be affected. UNOPS staff are also members of the UN Joint Pension Fund. It would also minimize transaction costs (in particularly termination payments for Partnership staff on fixed-term or continuing duration contracts).</p>

		<p>UNOPS provides human resources management services to UN organizations, international financial institutions, governments and non-governmental organizations. As a self-financing services provider, it offers “tailored” human resources support services depending on the needs of the partner. UNOPS is flexible in that Stop TB can decide on what aspects of its staffing needs it wants to manage and on what support it wants from UNOPS’ human resources department. Stop TB and UNOPS would need to agree up-front on this division of labour.</p> <p>UNOPS human resources department has the capacity – and would work in close collaboration with the Executive Secretary and her team - to manage the selection and recruitment process, including designing terms of reference, writing and publishing vacancy announcements, screening and interviewing applicants and negotiating contract terms on behalf of Stop TB. UNOPS’ services also include administering salaries, medical insurance, international relocations and other relevant benefits and entitlements (the package being largely similar to that offered by WHO to the staff of Stop TB). UNOPS will handle disciplinary issues and appeals, which follows the same internal justice system as that adopted by the UN.</p> <p>The Executive Secretary would determine her staffing needs in accordance with UNOPS’ human resources policies and under the framework of the UN Staff Regulations and Rules. In terms of hiring staff, UNOPS provides a large degree of control over the process to the hiring manager. As the hiring manager, the Executive Secretary would have more control over the process, which is likely to reduce recruitment time. UNOPS’ contractual modality for hiring staff is flexible. Fixed-term appointments are granted for a period of one to five years at a time and temporary appointments are granted for less than one year to meet specific short-term requirements.</p> <p>UNOPS’s policy on the use of individual contractors is also broad and flexible. It has developed a streamlined modality called the ICA, individual contractor agreement. UNOPS has indicated that individual contractors could be hired in a matter of days, even to cover core staff work on a temporary basis. Individual contractors could be hired for a few days to one year and their contract may be renewed for up to three additional years. In the event the function continues beyond 4 years the Hiring Manager performs a functional review to decide on whether the position continues as an individual contractor (for another 4 years) or is to be replaced by a fixed term staff position. The lump sum costs for individual contractors are much lower than the pro-forma costs for standard staff contracts.</p>
3.2	Does the organization have capacity for procurement and contracting? Can it	UNOPS has extensive procurement capacity and provides procurement services subject to a management fee.

	accommodate GDF?	UNOPS can accommodate GDF. UNOPS has confirmed that, subject to UNOPS' satisfaction that GDF processes are sufficient, GDF with support from UNOPS would be allowed to conduct direct procurement without going through a procurement agent.
3.3	Does it have capacity for other administrative services (travel, IT, Legal etc.)?	UNOPS has extensive capacity for other administrative services to service all of its offices, programmes and projects.
3.4	Does it have sufficient infrastructure (offices, IT etc.)?	<p>UNOPS has sufficient infrastructure, including office space and ERP and other IT systems, to absorb Stop TB.</p> <p>Office space would be provided by UNOPS in a suitable building in Geneva - a competitive rent would be negotiated by UNOPS for Stop TB. Stop TB would be required to cover the costs of rent and utilities as a direct costs – see below.</p> <p>UNOPS has an ERP system, ATLAS, to which Stop TB would have access as required and to be determined by function. It has a large IT team based in Bangkok and Copenhagen.</p>
3.5	Would the organization allow Partnership administrative staff to exercise controls/clearances and compliance with the organization's rules?	UNOPS is willing to train administrative staff of Stop TB on UNOPS operational management so that they may exercise a certain degree of clearance thresholds. This would be negotiated as part of the hosting arrangements at the outset.
<b>4.</b>	<b>Financial Considerations</b>	
4.1	What are the financial circumstances of the organization? What is its financial reputation regarding soundness of systems, value for money etc. (e.g. based on donor reports)?	<p>UNOPS is fully self-financed entity of the United Nations system. It had an asset base of nearly US\$1 billion in 2011 (US\$908 million in 2010) and a total fees-based income of US\$ 77.5 million in 2011. In 2011, UNOPS signed new agreements totaling US\$1.45 billion with partners (US\$1.81 billion in 2010, and US\$1.44 billion in 2009). UNOPS has a track record of project delivery of over US\$1 billion every year from 2008.</p> <p>According to its response to the UN Auditors during 2012, UNOPS maintained sound internal control systems while successfully managing its broad portfolio of risks.</p> <p>In June 2011, UNOPS was awarded its "ISO 9001" quality management certification, making it the</p>

		<p>first United Nations organization to have its global management systems officially certified. During 2012 an accredited certification body undertook a follow-up surveillance audit, which assured continuing certification for UNOPS.</p> <p>UNOPS has been undergoing a reform over the last five years and has, for example, created its own internal audit function.</p> <p>In September 2011, UNOPS became a member of the International Aid Transparency Initiative, increasing the transparency and accountability of the organization. During May 2012, the Initiative publically recognized that UNOPS was the first of its members to publish geocoded project information in an accessible and common standard format.</p>
4.2	<p>What would the organization charge for the hosting arrangement? Is there transparency and predictability on how this is calculated? What services does this cover? How is this raised/paid for?</p>	<p>UNOPS charges for hosting are split into three categories as follows:</p> <p>1. <i>Indirect Costs</i>: This charge covers the management and administration of UNOPS in furtherance of its activities and with a view to providing value-add to partners. The charge covers UNOPS overheads, such as (i) corporate management of UNOPS, (ii) general access to its operational systems and tools for project management, and (iii) functions such as treasury functions and risk management. This charge ranges from 1 % to 12% of funds transacted through UNOPS much like the PSC of WHO. Generally, a 1% charge would be for pass-through funds where there is minimal administration. For large-scale, one-off projects, the charge may be 4%, for example. Most implementation activities are charged at 7% although there is a range of between 7% and 12% to accommodate external factors such as complexity or security. The exact rate would need to be negotiated, based on an assessment of the likely administrative support needed by Stop TB. The indirect cost recovery charge would be subject to periodic review.</p> <p>UNOPS has indicated that it would be willing to consider a reduced cost recovery rate for GDF procurement depending on the volume of drugs procured from its funds.</p> <p>2. <i>“Allocable” charges</i>: These corporately managed direct charges (CMDs) are direct costs associated with projects which are incurred for the benefit of the entire range of UNOPS activities. All such expenses are first accrued in a corporate “pool” of relevant charges and then charged out at regular intervals amongst the relevant projects in a reasonable, measurable and practical manner in accordance with pre-defined distribution keys. This charge is to cover specific elements such as:</p>

		<p>benefits and entitlements; global payroll services and business advisory services; UN security management network; insurance for service incurred death and disability; medical and emergency evacuation coverage for all staff and independent contractors; the ERP system (ATLAS) and ICT services. Allocable charges vary but are charged at up to 1% of funds transacted through UNOPS. The majority of these costs are recovered on a “headcount” basis through the standard HR costs.</p> <p>3. <i>Direct Support Costs:</i> : In addition to the cost recovery for indirect costs and allocable charges, UNOPS charges for administrative services based on actual costs associated with the specific delivery of the programme. These services include, for example, portfolio management, preparation of legal contracts and legal advice, recording and managing financial transactions, travel support, HR services, etc. The amount of such costs that would be charged to Stop TB will depend on the scope of services needed by Stop TB and the frequency with which the service is needed. This charge would be assessed every year in advance based on the workplan and budget of Stop TB for the following year.</p> <p>As a self-financing entity UNOPS operates on the basis of full cost recovery and set its management charges accordingly. Resulting from its ordinary activities during each financial period, UNOPS needs to generate sufficient net surplus to maintain operational reserves at the level established by the Executive Board.</p>
4.3	What are the direct costs?	<p>The HR costs of the Partnership would be recovered as direct costs from the Partnership trust fund. These are the operational costs of the Partnership, and not a separate charge for hosting. As a UN system organization, the UNOPS standard HR costs are largely consistent with those of WHO – a comparison is provided separately in the Report and Annex D.</p> <p>(Other direct costs would include any other Partnership-specific expenses, such as equipment purchase, Partnership-specific software licenses etc.)</p> <p>The only other direct cost would be for rent and related utilities. (See above).</p>
4.4	Does the organization have trust fund capability?	<p>UNOPS has the capacity and policy framework to establish and administer trust funds. Following the WSSCC model, the funding of Stop TB would be set up as a trust fund and Stop TB would be treated as a separate accounting entity.</p>
4.5	Would the hosted partnership have budget control?	<p>The Executive Secretary is responsible for preparing the budget and Stop TB Board for approval of the budget. No clearance is required from the Regional Director for Global Partnerships.</p>

		<p>UNOPS will require approved budgets and receipt of funds prior to entering into contractual commitments for staff and service providers required to deliver Stop TB's activities.</p> <p>For the staff, funds must be set aside for at least one year on the basis of the pro-forma costs. UNOPS policy is for HR pro-forma costs to be fully loaded upfront with all possible staff related cost elements (e.g. number of dependents, education allowance, home leave etc.). Any amount that is over the actual cost is returned at the end of the year and becomes available for programmatic work.</p>
4.6	Are tax exemptions applicable?	UNOPS has privileges and immunities worldwide in common with WHO, UNDP and other UN system organizations and therefore enjoys worldwide tax exemptions.
<b>5.</b>	<b>Resource Mobilization, Advocacy and Communications</b>	
5.1	Can the hosted partnership have autonomy in raising funds? What rules apply to fund-raising? Is there a risk of competing for funds?	<p>Stop TB would have complete autonomy to establish its own resource mobilization strategy and to reach out to donors, within UNOPS' regulatory framework. The resource mobilization efforts of Stop TB would not be subject to clearance by the Director, Global Partnerships. Donor agreements would however be signed by the Director.</p> <p>Stop TB would be required to use the UNOPS templates for donor agreements, including regarding reporting UNOPS would provide official donor reports as stipulated in the donor agreements.</p> <p>UNOPS is currently developing its private sector engagement policy, but has indicated that it would be able to work with Stop TB to identify a specific policy that is appropriate for Stop TB's needs and that establishes an appropriate but workable process to allow Stop TB to engage with the private sector.</p>
5.2	Would the organization allow Stop TB to have its own independent communication strategy?	Stop TB would have complete autonomy to establish its own communication strategy.
5.3	Does the organization have a well-established and powerful brand? Would it be willing to support Stop TB's brand but without causing confusion with Stop TB brand?	<p>UNOPS has a well-established brand as part of the UN system, although it is less well known among the general public.</p> <p>UNOPS would be willing to promote the relationship with Stop TB and to support Stop TB with UNOPS brand if so requested by Stop TB.</p>

		There is not likely to be any brand or identity confusion. Moreover, UNOPS does not require hosted organizations to use the UNOPS logo and name in conjunction with the UNOPS name. Requirements for acknowledgement of the hosting arrangements are limited. In this way, Stop TB appears to external parties as having a distinct identity. Notwithstanding the foregoing, any agreements signed by UNOPS to support Stop TB are issued on UNOPS cover letter.
5.4	Does the organization have leverage with key global and national leaders/influencers? Would it be willing to use its leverage to support Stop TB's advocacy efforts?	<p>In those countries and regions in which UNOPS is implementing major projects (e.g. Afghanistan, South Sudan, Congo, Myanmar, Haiti, etc.), UNOPS is well recognized and has strong relationships with national authorities. In other countries where UNOPS has no or limited presence, UNOPS is able to leverage its relationship with the UNDP Resident Representative acting as the UN Coordinator to support Stop TB, including in relation to facilitating relations with national authorities.</p> <p>UNOPS has indicated that it is willing and would support Stop TB to raise the profile and visibility of Stop TB wherever the opportunity arises in UNOPS relations with external stakeholders and key influencers.</p>
5.5	Would the organization allow Stop TB to issue publications in its own name and without additional clearance?	UNOPS has indicated that Stop TB would be able to issue publications in its own name.

## ANNEX G – THE UNION HOSTING MODEL

<b>Name:</b>	The Union (In 2002, The International Union Against Tuberculosis and Lung Disease (IUATLD) become known as The Union)
<b>HQ location:</b>	Paris
<b>Regional locations:</b>	Paris, plus 9 branch offices and 3 affiliated independent organizations (based in New York, Edinburg and Singapore). The Union has its headquarters in Paris and offices serving the Africa, Asia Pacific, Europe, Latin America, Middle East, North America and South-East Asia regions. TB is the top priority for the India office (which is a branch of the Paris office).
<b>Type of organization:</b>	The Union Paris is an international NGO established in 1920 with charitable tax status; The Union New York is a tax exempt charity (a 501(c)(3) organization).
<b>Core function:</b>	To stop TB, later expanded to include all lung health and finally, expanded again to include development of health solutions for the poor which explicitly factors in development dimension. As the world's oldest humanitarian organization dealing with health, The Union's core function is based on supporting national tuberculosis control programs with an emphasis on the principles of the Union-developed Directly Observed Therapy Short Course (DOTS) Strategy. It has access to a large pool of technical experts that bring a breadth of expertise in all aspects of TB control well as an in-depth, country-level experience in all regions of the world.
<b>Size:</b>	A Federation of 3,000 organizations, with 7 regional offices, and 5 country offices. As of 31 December 2012, its operating income was Euro 33 million as per the unaudited (draft) accounts (for 2011, it was Euro 30 million as per audited accounts)
<b>Relationship to Stop TB:</b>	Board Member and founding partner of Stop TB Partnership; TB REACH grantee.
<b>Hosting Model</b>	Stop TB would be a quasi-autonomous operation of The Union – potentially operating out of Stop TB's own offices – with its own separate governance and identity. Although all Partnership staff are the Union staff, the reporting line would be to The Union Board (not The Union management). The support of The Union would be purely administrative and, for the most part, only to the extent not already covered by Stop TB's own administrative function.

1.	<b>Identity and Autonomy</b>	
1.1	Does the organization have hosting capacity? (Previous/current experience, specific hosting rules, nature of hosting arrangements etc.)	<p>The Union only has limited “hosting” experience (it currently hosts a small partnership, through its Delhi office – this is relatively recent).</p> <p>The Union Paris provides centralized services for all The Union’s regional offices and both The Union Paris and The Union New York have experience of establishing fully-staffed major programmes in a short time-frame, for example the Bloomberg Initiative to Reduce Tobacco Use.</p> <p>It is important to note that, because The Union does not have a hosting policy as such and has little precedent of hosting organizations such as Stop TB, the modalities for any hosting arrangement with the Union are for negotiation.</p> <p>Any decision to host Stop TB would be taken by The Union’s Board.</p>
1.2	Would the organization allow for Stop TB to have an independent governance structure? What degree of autonomy would be allowed for the Board?	<p>The Union would allow Stop TB to maintain its Coordinating Board independently from The Union’s governance structures.</p> <p>Stop TB Board would have full autonomy to approve the budget, work plan and grants programs of Stop TB and to establish policies for Stop TB (including policies that may not be in complete alignment with those of The Union).</p> <p>Stop TB Board would have the full decision-making authority to select the Executive Secretary (in accordance with The Union’s human resources policies and salary scales) and would be responsible for her performance assessments and renewal/termination decisions.</p>
1.3	What degree of autonomy would be allowed for the Executive Secretary?	<p>Without a direct precedent, this is to be negotiated. However, The Union has indicated that it would be willing to allow the Executive Secretary a high degree of autonomy. It is proposed that the Executive Secretary would report directly to (i) Stop TB Board on all operational matters of Stop TB and (ii) The Union Executive Board on all administrative matters. The Executive Secretary would not report to the President or any other senior manager at The Union’s headquarters in Paris.</p> <p>Certain decisions of the Executive Secretary would nevertheless need to be cleared through The Union’s HR, Legal, Procurement or Finance departments. The purpose of these clearances is (i) to ensure compliance with The Union’s rules, (ii) to ensure that there is sufficient funding to support such decisions, and (iii) to ensure that Partnership decisions do not pose material risks for The Union as a whole. These</p>

		<p>types of clearance would be required for HR and non-GDF procurement categories of decisions. They are not required for resource mobilization and advocacy/communications categories of decisions. There would be no direct supervisory function by The Union’s senior management over Stop TB Secretariat, but pressure might be exerted indirectly on the activities of the Secretariat through the clearance processes as the support departments (HR, Legal, Procurement, and Finance) report to The Union’s senior management.</p> <p>The Union could accommodate Stop TB though the establishment of an independent office either in Geneva or in another location or Stop TB could be associated with existing offices of The Union such as Singapore, New York, or the UK.</p> <p>Clarity on the roles and responsibility of The Union’s support services in Paris would need to be negotiated and recorded in an MOU signed between The Union and Stop TB Board.</p>
1.4	<p>Would the organization allow Stop TB to have control of its own assets (especially intangible assets, e.g. brand, copyright, funds, contract rights)?</p>	<p>The Union would hold the legal title to assets of Stop TB but would do so for the exclusive benefit of Stop TB.</p> <p>In terms of funds, The Union would establish a separate account for Stop TB, which would be subject to independent audit under national law. Control of the account would be dual and as agreed between The Union and Stop TB (see below).</p> <p>For intellectual property, the Executive Secretary would have complete autonomy to use the brand names of Stop TB and to control copyright. Stop TB would be able to have its own website, email address, letterhead etc.</p> <p>For all other types of intangible assets, such as contract rights (and when to exercise them), this would be a decision of the Executive Secretary, on the advice of The Union’s Legal Counsel and, as relevant, The Union’s central procurement division.</p>
1.5	<p>Would the hosting arrangement create conflicts of interest?</p>	<p>Areas of potential conflicts of interest include:</p> <ul style="list-style-type: none"> <li>• <i>Resource mobilization:</i> Many of the donors to Stop TB are the same as the donors to The Union. This could lead to direct competition for resources. However, with the proposed quasi-autonomous hosting structure for Stop TB, The Union would not be involved in approving or authorizing Stop TB’s resource mobilization efforts – indeed, there may be opportunities for greater collaboration in this regard.</li> </ul>

		<ul style="list-style-type: none"> <li>• <i>The Union as TB REACH grantee:</i> The Union is currently a recipient of TB REACH funds. If The Union hosts Stop TB, then any award by Stop TB of a TB REACH grant to The Union is, for all legal purposes, an award to itself and any oversight of the TB REACH grant by Stop TB is likewise oversight of itself. Consideration will need to be given to whether and how the resulting potential and perceived conflicts of interest would be managed.</li> <li>• <i>Overlapping mandates:</i> The Union’s mandate for TB overlaps with that of Stop TB in the area of advocacy and in some elements of programmatic activities. (Note that The Union also managed the precursor of the TB REACH programme – known as “Fidelis”).</li> </ul> <p>In establishing hosting arrangements, these areas of potential conflict of interest would need to be identified in greater detail at the outset and a clear understanding as to how to manage these areas would need to be established between The Union and Stop TB.</p>
<b>2. Mandate</b>		
2.1	<p>Are there mission synergies? Are programmatic priorities aligned?</p>	<p>The mission of The Union is to bring innovation, expertise, solutions and support to address health challenges in low- and middle- income populations with a focus on lung health. The Union’s core mission since its inception in 1920 is the elimination of TB. The Union uses technical assistance, research and education in innovative ways to lead to creative and sustainable health solutions for the poor.</p> <p>TREAT TB – Technology, Research, Education and Technical Assistance for TB– is an initiative based on the need for new approaches to this age-old disease. The Union and its partners aim to stimulate changes in international standards and practice and contribute new knowledge through field evaluations of diagnostic tools, clinical trials and operational research. TREAT TB is supported by a five-year Cooperative Agreement with the United States Agency for International Development (USAID).</p> <p>The Union is committed to the dissemination of information and expertise to support the development of strong public health systems and programmes. Its conferences, courses and publications offer a range of opportunities for people working in all parts of the world to stay abreast of the latest research and innovation:</p> <ul style="list-style-type: none"> <li>• The Union conferences bring together experts and advocates to share the latest progress reports, challenges and opportunities; participate in education and training; and support the fight for global lung health. The Union World Conference on Lung Health is held annually. The Union’s seven regions also hold regular conferences.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Union technical and management courses provide the knowledge and skills required to develop public health programmes that are clinically sound and administratively effective.</li> <li>• <i>The International Journal of Tuberculosis and Lung Disease (IJTLD)</i> is the only peer-reviewed journal dedicated to lung health worldwide.</li> <li>• The Union publishes technical guides, books, CDs, posters and other educational resources. Titles include the widely used <i>Management of Tuberculosis</i> (familarly known as “The Orange Guide”).</li> </ul>
2.2	What programmatic support would be available from the organization?	<p>The Union would be able to support Stop TB with several of the Operational Strategy goals and objectives, including:</p> <ul style="list-style-type: none"> <li>- Through the Union’s connections in-country, The Union can help Stop TB to facilitate meaningful and sustained collaboration amongst partners and support Stop TB’s partner engagement and communication strategy.</li> <li>- The Union’s focus on innovative solutions and education and its systems for disseminating best practice, learning and latest innovations can support Stop TB’s goal of promoting innovation in TB diagnosis and care through TB REACH to lead to evidence-based policy change and ensure scale-up at country level.</li> <li>- The Union provides technical assistance to country programmes which is an important complementarity to the work of the TB REACH and GDF Programmes.</li> </ul> <p>In general, extensive technical support would be available to Stop TB on all TB related technical work. The Union has approximately 500 staff and consultants globally. Its scientific activities have a sharp focus on: TB, HIV, and all aspects of lung health. It has access to many world experts on TB (as is evident from its list of Scientific Advisers).</p>
2.3	Can the organization accommodate TB Reach?	The Union administered “Fidelis”, the precursor to TB REACH and administers other grant-making programmes. It also has the technical expertise to support the programmatic aspects of the TB REACH Programme, as needed.
<b>3. Administrative Environment</b>		
3.1	What is the nature of the human resources policies (ILO, national employment laws etc.)? Does the organization have human resources policies (recruitment, retention and	The Union manages its human resources consistent with national employment laws. This will vary depending on the location of The Union’s office. Employees are subject to tax on their salaries in accordance with the taxation and social security policy of the national government. The Union does not benefit from any tax privileges in any of its offices worldwide (except in respect of income to The Union).

<p>termination) that allow flexible management?</p>	<p>The Union's headquarters in Paris issues personnel contracts for The Union's offices worldwide. The Human Resources department at headquarters operates under the overall management of the Executive Director. The Union employs approximately 500 personnel on a full time or part time basis, representing 300 FTEs (full time equivalent) worldwide under employment contracts (240 persons representing 235 FTE) and consultancy contracts (260 persons representing 65 FTE). [2012 figures]</p> <p>The Union has standard costs for its staff and salary levels for different grades of staff. Its salary scales are adjusted for the different locations and salaries are subject to tax in all locations. The standard costs are indicative only. Salary and consultant fees are negotiated with the prospective employee and are based on the prevalent rate where the staff/consultant is located. Further, the cost of social charges add the following percentage to the standard costs of salaries for the different locations:</p> <ul style="list-style-type: none"> <li>• Paris 57.5%</li> <li>• New York 23%</li> <li>• Singapore 15%</li> <li>• Edinburgh 12%</li> <li>• Geneva 20%</li> </ul> <p>The Union uses consultancy contracts extensively to hire expertise, particularly for higher earners (the Executive Director is on a consultancy contract). This allows The Union to keep its administrative costs low and provides flexibility to both the individual and the organization. Consultants are paid only a daily rate. The duration of the contract may be for any length of time.</p> <p>The Union offers a moderate compensation package with relatively good job security in Paris. Social security benefits are those applicable under French law. Some employees at the Paris office participate in a private pension scheme in addition to any benefits they have under the French social security system. Early termination of an employee's contract would need to respect French employment law, which is generally protective of the employee. By contrast, US labor laws tend to be less restrictive on the employer.</p> <p>The strengths of The Union's administrative system is that it lacks the bureaucracy associated with the administrative systems of the intergovernmental organizations and would provide to the Executive Secretary a high degree of flexibility. The hiring of staff is relatively straightforward. Provided she has the budget, the Executive Secretary would have the flexibility to staff her team in accordance with her needs. She would have greater flexibility in the use of consultancy contracts to hire individuals on short notice to undertake core tasks.</p>
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		<p>As The Union is not part of the UN Common System, any process involving the transfer of the existing staff of Stop TB to The Union is likely to be difficult, involving high transaction costs (due to early termination of WHO contracts). The UN's Inter-Agency Accord on Transfers, Loans and Secondments would not be applicable. Moreover, given that The Union does not benefit from tax privileges either in Paris or NY, and given that the Union's salaries in Paris are less competitive than the UN's salaries, the compensation package would be less generous (both in terms of salary and benefits) than the remuneration currently enjoyed by the staff of Stop TB. It should be noted though that despite not offering UN salaries and benefits The Union has succeeded in attracting high caliber staff committed to TB control and elimination over the years. Some of its staff are well-known international experts on TB serving on expert committees of various public health organizations involved in TB control.</p>
3.2	Does the organization have capacity for procurement and contracting? Can it accommodate GDF?	<p>GDF is largely self-sufficient and is expected to need only minimal system support for financial/IT systems and some services (e.g. legal), which may be obtained from The Union. The Union has its own well-established medical products procurement service and can accommodate GDF. It would allow GDF to conduct procurement directly, rather than going through a procurement agent.</p>
3.3	Does it have capacity for other administrative services (travel, IT, Legal etc)?	<p>The Union Paris has the capacity to support the administration of hosting Stop TB (and can quickly and easily recruit additional capacity as needed) – provided that the costs of this are covered up-front by Stop TB.</p>
3.4	Does it have sufficient infrastructure (offices, IT etc.)?	<p>It is not clear that there is currently sufficient space in any office to accommodate all of Stop TB staff. However, the proposal would be, in line with ensuring maximum autonomy for Stop TB, that additional space could be leased by The Union (either in New York or Paris or, indeed, in new premises leased specifically for Stop TB). This would be an additional direct cost of hosting Stop TB. The Union has an established IT infrastructure to which Stop TB could access, including its ERP system. It has an electronic approval system which functions efficiently and has minimized the transaction costs.</p>
3.5	Would the organization allow Partnership administrative staff to exercise controls/clearances and compliance with the organization's rules?	<p>Yes, The Union's administrative staff may have to be used for some tasks, such as for human resources matters, and would be subject to general staffing policies as established by headquarters. The Union has indicated that it would reduce its overhead charge to a minimum of 5% to 6%, see below, on condition that Stop TB staff does all the work in this area.</p>

4.	<b>Financial Considerations</b>	
4.1	What are the financial circumstances of the organization? What is its financial reputation regarding soundness of systems, value for money etc. (e.g. based on donor reports)?	The Union's financial situation is stable; it has a very wide base of core donors that support it. It has published a complete set of independently audited Financial statements. It follows the French GAAP standards and is moving towards full implementation of the International Financial Reporting and Accounting Standards, which is a higher standard than IPSAS under which WHO and the UN system is converging. The Union is guided by high ethical standards and a robust financial recording and reporting system. It has a strict internal control and efficiently run financial system minimizing transaction costs. It strives to reach and sustain the highest standards of due diligence and care in all of its undertakings.
4.2	What would the organization charge for the hosting arrangement? Is there transparency and predictability on how this is calculated? What services does this cover? How is this raised/paid for?	<p>The Union has advised that it will cap its indirect cost recovery at 9% for Stop TB and may even charge a lower rate depending on the administrative needs of Stop TB. It has indicated that if Stop TB covers its own administrative work, the overhead recovery rate would be between 5% to 6%. It has also indicated that for GDF procurement of anti-TB drugs it would consider reducing the charge to only 3%.</p> <p>Funds will need to be set aside for the agreed amount of overhead costs and the actual charge is per quarter in arrears.</p>
4.3	What are the direct costs (HR, rent, other)?	<p>With regard to HR costs, The Union has well established HR standard costs that are relatively stable. Over a 5-year period between 2008 and 2013, the costs have gone up by only 4% at the Band 7 level. This is because The Union's HR costs are aligned to the market and, unlike the practice of UN organizations, are not artificially inflated by additional elements such as post adjustment allowances and other benefits and charges.</p> <p>With regard to direct costs for administrative support over and above the support covered by the indirect costs, there would need to be an assessment at the outset to determine the level of additional support Stop TB would need. The costs for any such additional support services would need to be negotiated and recovered from Stop TB as a direct cost.</p> <p>The only other direct cost would be for rent and related utilities. This would be determined upfront and would depend on the size and type of offices leased.</p>
4.4	Does the organization have trust fund capability? Does it have a separate charge for trust fund administration?	The Union does not manage any trust funds, but it does have the capacity to establish separate accounts and to manage grants on a segregated funds basis. Its financial systems are well designed and operated and would allow for the segregation of Stop TB's funds, and the independent management and control of such

		funds by Stop TB.
4.5	Would Stop TB have budget control?	Stop TB would have complete budget control.
4.6	Are tax exemptions applicable?	The Union has charitable tax exemption status in France and in the US. It does not however have tax exemption on staff salaries and other emoluments. Nor does it have an exemption from customs duties and other taxes for commodity purchases (i.e. GDF purchases would be subject to custom duty unless a specific exemption can be negotiated with the particular government).
4.7	Would the organization require Stop TB to maintain an indemnity fund?	There is no requirement to maintain an indemnity fund. Expenses per quarter must be set aside in advance based on the Annual Work Plan.
<b>5.</b>	<b>Resource Mobilization, Advocacy and Communications</b>	
5.1	Can Stop TB have autonomy in raising funds? What rules apply to fund-raising? Is there a risk of competing for funds?	At The Union, Stop TB would be free to mobilize resources as it sees fit without any requirement to coordinate resource mobilization strategies (although The Union and Stop TB may choose to coordinate if they so wish).
5.2	Would the organization allow Stop TB to have its own independent communication strategy?	The Union has indicated that Stop TB would be able to have its own communication strategy.
5.3	Does the organization have a well-established brand? Would it be willing to support Stop TB but without causing confusion with Stop TB brand?	Among the TB community, The Union brand is well recognized and respected through its guidance, conferences and education. It is highly regarded for its peer-reviewed publications.
5.4	Does the organization have a leverage with key global and national leaders/influencers? Would it be willing to use its leverage to support Stop TB's advocacy efforts?	Yes through its regional offices and country presence. In endemic countries, The Union has developed good relations with Ministries of health.
5.5	Would the organization allow Stop TB to issue publications in its own name and without additional clearance?	Yes.

## ANNEX H – FINANCIAL COMPARISON MATRIX FOR THE FOUR HOSTING OPTIONS

	Key Parameter	WHO	UNOPS	UNDP	UNION
1	<b>Cost recovery mechanism</b>	<p><i>Indirect cost recovery:</i></p> <ul style="list-style-type: none"> <li>Overhead recovery rate applied to income of TBP (Programme support costs, PSC)</li> <li>Lower rate for GDF procurement</li> <li>Headcount charge (recovered through HR costs)</li> </ul> <p><i>Direct cost recovery:</i></p> <ul style="list-style-type: none"> <li>Ad hoc and very limited</li> </ul>	<p><i>Indirect cost recovery:</i></p> <ul style="list-style-type: none"> <li>Overhead recovery rate</li> <li>Will consider lowering cost for GDF if volumes are large</li> </ul> <p><i>Direct cost recovery:</i></p> <ul style="list-style-type: none"> <li>Direct costs agreed in advance based on (i) UNOPS detailed price list for services and (ii) Partnership needs based on budget and workplan</li> </ul>	<p><i>Indirect cost recovery:</i></p> <ul style="list-style-type: none"> <li>Overhead recovery rate (General Management Service or “GMS”)</li> <li>No reduction for GDF</li> </ul> <p><i>Direct cost recovery:</i></p> <ul style="list-style-type: none"> <li>Direct costs agreed in advance based on (i) actual cost or if actual not identifiable then UN interagency charging format and (ii) Partnership needs (referred to as Direct Project Support and Implementation Support Service)</li> </ul>	<p><i>Indirect cost recovery:</i></p> <ul style="list-style-type: none"> <li>Overhead recovery charge</li> <li>Will consider lowering cost for GDF to 3%</li> </ul> <p><i>Direct cost recovery:</i></p> <ul style="list-style-type: none"> <li>Direct costs agreed in advance based on (i) actual cost or negotiated agreement and (ii) Partnership needs.</li> <li>If Partnership needs no management and administration support then no direct costs.</li> </ul>
2	<b>Transparency and flexibility</b>	<ul style="list-style-type: none"> <li>No transparency as all cost recovery is indirect.</li> <li>No flexibility – fee is fixed.</li> <li>Expectation is that WHO will continue to apply a fixed percentage fee in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Full transparency as clarity regarding what the fixed fee covers and detailed line by line charge for all direct costs</li> <li>Flexibility within direct costs as this is agreed based on how much the Partnership can do itself and for what it depends on UNOPS.</li> </ul>	<ul style="list-style-type: none"> <li>Full transparency as clarity regarding what the fixed fee covers and what each element of direct costs</li> <li>Some flexibility within direct costs as this is agreed based on how much support the Partnership needs to operate.</li> </ul>	<ul style="list-style-type: none"> <li>Full transparency as clarity regarding what the fixed fee covers and detailed line by line charge for all direct costs</li> <li>Flexibility within direct costs as this is agreed based on how much the Partnership can do itself and for what it depends on UNOPS.</li> </ul>
3	<b>Known Overhead Recovery rate</b>	<ul style="list-style-type: none"> <li>PSC currently 13%</li> <li>Set to rise by a material amount.</li> </ul>	<ul style="list-style-type: none"> <li>8% (and is not expected to rise)</li> </ul>	<ul style="list-style-type: none"> <li>8% (subject to review in 2016)</li> </ul>	<ul style="list-style-type: none"> <li>5% to 6% if TBP does all the admin and management work (capped at 9% if a lot of support needed from The Union).</li> </ul>
4	<b>Special Rate for GDF commodities procurement</b>	<ul style="list-style-type: none"> <li>Yes, 3% for procurement of commodities</li> </ul>	<ul style="list-style-type: none"> <li>Maybe.</li> <li>8% in principle but will consider reduced fee, depending on volume of funds used for procurement of Commodities</li> </ul>	<ul style="list-style-type: none"> <li>No, 8% for procurement of commodities</li> </ul>	<ul style="list-style-type: none"> <li>Yes, 3% for procurement of commodities</li> </ul>

	<b>Key Parameter</b>	<b>WHO</b>	<b>UNOPS</b>	<b>UNDP</b>	<b>UNION</b>
5	<b>Tax exemptions</b>	<ul style="list-style-type: none"> <li>Worldwide tax exemptions as UN system organization</li> </ul>	<ul style="list-style-type: none"> <li>Worldwide tax exemptions as UN system organization</li> </ul>	<ul style="list-style-type: none"> <li>Worldwide tax exemptions as UN system organization</li> </ul>	<ul style="list-style-type: none"> <li>No tax on income due to charitable status</li> <li>Tax payable on all other aspects: social security, customs duty on GDF commodities (unless arrangements reached with each individual government)</li> </ul>
6	<b>Direct costs of Partnership operations</b>	<ul style="list-style-type: none"> <li>HR costs, based on UN standard</li> <li>Partnership-specific operational costs</li> <li>No rent charge (covered by indirect cost recovery)</li> </ul>	<ul style="list-style-type: none"> <li>HR costs, based on UN standard</li> <li>Partnership-specific operational costs</li> <li>Rent charged as direct cost</li> </ul>	<ul style="list-style-type: none"> <li>HR costs, based on UN standard</li> <li>Partnership-specific operational costs</li> <li>No rent charge (covered by indirect cost recovery)</li> </ul>	<ul style="list-style-type: none"> <li>HR costs, based on UN standard</li> <li>Tax charges</li> <li>Partnership-specific operational costs</li> <li>Rent charged as direct cost</li> </ul>
7	<b>Resource mobilization</b>	<ul style="list-style-type: none"> <li>Can mobilise resources, but needs WHO review and clearance and coordination with WHO TB Dept.</li> <li>Private sector engagement with mining and pharmaceutical companies requires WHO HQ clearance on case by case basis.</li> <li>Many of the same donors for the same types of activities - competition for resources.</li> </ul>	<ul style="list-style-type: none"> <li>Freedom to mobilise resources as long as there is overall coordination at high level required with other Health programmes that UNOPS is involved with as a service provider.</li> <li>Can have flexibility on private sector engagement – policy for the Partnership to be negotiated with UNOPS.</li> <li>No direct competition for resources.</li> </ul>	<ul style="list-style-type: none"> <li>Freedom to mobilise resources as long as the effort is coordinated with other health programmes within UNDP as part of UNDP-approved resource mobilization strategy.</li> <li>Private sector engagement with mining and pharmaceutical companies requires UNDP HQ clearance through special committee on case by case basis.</li> <li>No direct competition for resources.</li> </ul>	<ul style="list-style-type: none"> <li>Complete freedom to mobilise resources. No Union clearance required.</li> <li>Policy for Partnership engagement with private sector to be negotiated.</li> <li>Many of the same donors for the same types of activities - competition for resources.</li> </ul>
8	<b>GDF able to conduct procurement directly? GDF able to generate income?</b>	<ul style="list-style-type: none"> <li>No. GDF must procure through a procurement agent (except for GeneXpert).</li> </ul>	<ul style="list-style-type: none"> <li>Yes. GDF can conduct procurement directly and not through procurement agent.</li> <li>UNOPS has extensive procurement experience (with clients including World Food Programme and UNDP) and can provide support to GDF if needed.</li> <li>Yes. GDF can charge a fee for direct procurement and retain the fee for the Partnership.</li> </ul>	<ul style="list-style-type: none"> <li>Yes. GDF can conduct procurement directly and not through procurement agent.</li> <li>UNDP can provide support to GDF if needed.</li> <li>Yes. GDF can charge a fee for direct procurement and retain the fee for the Partnership.</li> </ul>	<ul style="list-style-type: none"> <li>Yes. GDF can conduct procurement directly and not through procurement agent.</li> <li>The Union can provide support to GDF if needed.</li> <li>Yes. GDF can charge a fee for direct procurement and retain the fee for the Partnership.</li> </ul>

	<b>Key Parameter</b>	<b>WHO</b>	<b>UNOPS</b>	<b>UNDP</b>	<b>UNION</b>
9	<b>Access to Revenue of the Partnership</b>	<ul style="list-style-type: none"> <li>On signature of Grant Agreement with the donor</li> </ul>	<ul style="list-style-type: none"> <li>On receipt of Cash</li> </ul>	<ul style="list-style-type: none"> <li>Commitment on signature of Grant Agreement; expenditure only on receipt of Cash</li> </ul>	<ul style="list-style-type: none"> <li>On receipt of Cash</li> </ul>
10	<b>Treatment of Interest and Investment Income</b>	<ul style="list-style-type: none"> <li>Credited to Stop TB Partnership, details of how it is to be earned and allocated not available</li> </ul>	<ul style="list-style-type: none"> <li>Credited to Stop TB Partnership trust fund, details of such income will be given.</li> </ul>	<ul style="list-style-type: none"> <li>Credited to Stop TB Partnership trust fund</li> </ul>	<ul style="list-style-type: none"> <li>Credited to Stop TB Partnership trust fund</li> </ul>
11	<b>Financial Accounting and Reporting Framework</b>	<ul style="list-style-type: none"> <li>Moved to IPSA reporting Standard in 2012.</li> <li>Separately audited accounts not possible (UN single audit principle)</li> </ul>	<ul style="list-style-type: none"> <li>IPSA Compliant, 2012 Accounts that are fully IPSAS compliant published.</li> <li>Independently audited accounts for donors possible if needed</li> </ul>	<ul style="list-style-type: none"> <li>Moved to IPSA reporting Standard in 2012.</li> <li>Independently audited accounts not possible (UN single audit principle)</li> </ul>	<ul style="list-style-type: none"> <li>Uses national Generally Accepted Accounting Principles (GAAP)</li> <li>Moving towards IFRAS compliance - a higher standard of reporting and Accounting than IPSAS.</li> <li>Independently audited accounts will be mandatory for Stop TB Partnership as an Independent Office</li> </ul>
12	<b>Treatment as a separate accounting entity, capable of preparing its own financial statements</b>	<ul style="list-style-type: none"> <li>No – funds accounting only.</li> <li>Cash will be comingled with WHO and liabilities will be managed in a pool with all other liabilities of WHO.</li> </ul>	<ul style="list-style-type: none"> <li>Yes – Partnership will be treated as separate accounting entity and can generate full set of financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Yes – Partnership will be treated as separate accounting entity and can generate full set of financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>Yes – Partnership will be treated as separate accounting entity and can generate full set of financial statements.</li> </ul>
13	<b>Partnerships funds held as trust fund</b>	<ul style="list-style-type: none"> <li>No.</li> </ul>	<ul style="list-style-type: none"> <li>Yes.</li> </ul>	<ul style="list-style-type: none"> <li>Yes.</li> <li>Extensive experience managing many different trust funds.</li> </ul>	<ul style="list-style-type: none"> <li>Not as trust fund, but will have separate account.</li> <li>No experience of managing trust funds but has managed large grants from CIDA and Bloomberg</li> </ul>
14	<b>Grant Management</b>	<ul style="list-style-type: none"> <li>Yes.</li> </ul>	<ul style="list-style-type: none"> <li>Yes, extensive experience</li> </ul>	<ul style="list-style-type: none"> <li>Yes, its micro-credit fund gives grants</li> </ul>	<ul style="list-style-type: none"> <li>Yes.</li> </ul>
15	<b>Transition</b>	Not applicable	<ul style="list-style-type: none"> <li>Relatively low transition costs.</li> <li>Staff transfers under UN modality for inter-agency transfers.</li> <li>Staff move on same package.</li> <li>If any staff unwilling to move, then may need to indemnify staff for early termination of their WHO contracts</li> </ul>	<ul style="list-style-type: none"> <li>Relatively low transition costs.</li> <li>Staff transfers under UN modality for inter-agency transfers.</li> <li>Staff move on same package.</li> <li>If any staff unwilling to move, then may need to indemnify staff for early termination of their WHO contracts</li> </ul>	<ul style="list-style-type: none"> <li>High transition costs.</li> <li>All staff (whether or not willing to move) need to be indemnified for early termination of their WHO contracts</li> </ul>



# ANNEX I – QUESTIONS FOR FURTHER CONSIDERATION

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## Part I – Introduction

1. This Report addresses three key questions: (a) what does Stop TB require from a hosting arrangement to support effective implementation of its Operational Strategy, (b) what are the current hosting arrangements and do they support effective implementation, and (c) how do the current hosting arrangements compare to the alternatives?
2. In doing so, this Report raises fundamental questions for Stop TB’s further consideration. This Annex sets those questions out. It is not intended to be comprehensive, but only to provide guidance on the types of questions that could be considered in the next stage of discussions on hosting arrangements.
3. As the Secretariat engages with WHO through the joint committee of WHO and representatives of the WHO-hosted partnerships on the development of WHO’s operational framework for hosted partnerships, it will be important for the Board or the relevant Board Committee to provide guidance to the Secretariat on many of the questions identified below.
4. There are a number of useful resources available to guide the Board, in addition to this Report, including:
  - World Bank Independent Evaluation Group’s 2011 reports on Global and Regional Partnership Programs available at [http://ieg.worldbankgroup.org/content/ieg/en/home/reports/grpp\\_eval.html](http://ieg.worldbankgroup.org/content/ieg/en/home/reports/grpp_eval.html);
  - World Bank IEG’s Sourcebook for Evaluating Global and Regional Partnership Programs available at [http://siteresources.worldbank.org/EXTGLOREGPARPROG/Resources/grpp\\_sourcebook\\_chap12.pdf](http://siteresources.worldbank.org/EXTGLOREGPARPROG/Resources/grpp_sourcebook_chap12.pdf);
  - Policy on WHO Engagement with Global Health Partnerships and Hosting Arrangements available at [http://apps.who.int/gb/ebwha/pdf\\_files/WHA63-REC1/WHA63\\_REC1-P2-en.pdf](http://apps.who.int/gb/ebwha/pdf_files/WHA63-REC1/WHA63_REC1-P2-en.pdf).
  - DFID Study “Global Health Partnerships: Assessing the Impact”, Study Paper No 5 “Global Health Partnerships: Increasing their Impact by Improved Governance”, Kent Buse, 2004 available at [http://www2.ohchr.org/english/issues/development/docs/WHO\\_5.pdf](http://www2.ohchr.org/english/issues/development/docs/WHO_5.pdf)

## Part II – Questions for Further Consideration

### 1. General Considerations

- 1.1 Determine what Stop TB expects from its hosting arrangement:
  - Differentiate expectations of different roles – what is expected from a Partner? what is expected from the hosting organization?
  - Manage expectations – all hosting arrangements have common challenges
  - Determine what weight to ascribe to each element of the hosting arrangements and how to prioritize between them
  - Consider both medium-term benefits and challenges, but also long-term vision for hosting arrangements
  - Consider hosting organization’s expectations and concerns and how to manage these on an on-going basis
- 1.2 Review current arrangements and alternatives based on the expectations identified in paragraph 1.1 above.
  - How do hosting arrangements impact delivery of the Operational Strategy?
  - How do hosting arrangements impact the Board’s longer-term vision for the Partnership?  
Consider, for example:

- Bearing in mind that, in general, hosting arrangements were envisaged as a way to help initiatives start up quickly and were never intended to be long term, should the Partnership have an exit plan for transitioning from a hosting arrangement to be an autonomous organization or to another arrangement?

## 2. Financial Considerations

2.1 Are costs the main driver? Do they take priority over other factors?

2.2 Are the hosting costs manageable/sustainable?

- What factors most affect the sustainability of costs: amount/competitiveness of costs? Predictability? Transparency? Efficiency/value for money?
- What is the impact/outlook for resource mobilization?
- What do existing and new donors consider most important?

2.3 Bearing in mind that a full costing of the alternative hosting models is not feasible, are there assumptions that can be made about the costs to generate estimates that allow a comparison of the “whole cost” of the different hosting models?

- A “whole cost” estimate would take into account:
  - percentage cost recovery fee for indirect costs (consider also how lower/higher rates for GDF procurement would affect costings)
  - direct costs charged to Stop TB (e.g. rent, utilities and other common services, use of IT infrastructure, in-country support)
  - cost of Stop TB Secretariat operations (e.g. HR costs, based on staff contracts and consultancy contracts)
  - other direct costs of operations (e.g. GDF procurement agency fees)
- Consider other cost issues, e.g.
  - in the case of a move to The Union, customs duties on GDF commodities (under the Grant Services operation) – can they be estimated?
  - advantages of flexibility to tailor services to the need of the Stop TB Secretariat
- Consider cashflow considerations, e.g.
  - when is donor funding available for use? on pledge/signature/funding received?
  - how much funding needs to be set aside to cover HR costs?

2.4 Bearing in mind that possibilities for future revenue cannot be projected with certainty, what assumptions can be made about future income under the different hosting models?

- Does it make any difference in attracting donors if the indirect percentage fee is lower?
- Can GDF charge a fee to direct procurement services clients? What would the fee be? Can the potential revenue for GDF be quantified?
- Can a projection be made on potential revenue from new funding streams, such as private sector?

2.5 How important is transparency as part of the financial/risk management considerations of the Stop TB Board and donors?

- Is there transparency as to what the hosting costs cover?
- Does the accounting system for Stop TB allow it to have a view of its assets and liabilities and to produce a full set of financial statements?
- Does the accounting system for Stop TB allow Stop TB to respond to questions from donors’ evaluators/auditors?

### 3. Mission and Mandate

3.1 Is it important that the hosting organization has mission synergies and complementary programmatic objectives?

- Is it sufficient that there are broader mission synergy or is it also important that there are more specific complementary programmatic objectives? Consider both the benefits and the downside risks (e.g. overlapping mandates).
- Is TB an organizational priority for the hosting organization? Does this matter?

3.2 How should the stakeholders manage the issue of overlapping mandates among the various organizations working in TB (in particular, Stop TB, WHO, and The Union)? (This question has relevance beyond the hosting arrangements).

- To what extent is the overlapping occurring at the level of implementation of the mandate and to what extent at the mandate-setting level? Bear in mind that mandates are set at the governance level, not the Secretariat level for Stop TB and its host organization.

3.3 Should the hosting organization be an organization that holds a leadership position? Consider the maturity of Stop TB and whether and to what extent this is important for Stop TB.

- Leadership role in TB? Health generally? Development?
- Among global leaders/influencers? National leaders? Donors? Civil society?
- What is the impact for perceived neutrality of Stop TB? What is the impact for achievement of Operational Strategy objectives?

3.3 In terms of programmatic support, what is it that the Stop TB Secretariat needs? (E.g. in-house expertise, in-country support)

- Is this support expected as part of the role of a partner?
- Is it provided based on goodwill or should this support be funded?

3.4 2008 IEG Report stated that, with its diverse range of partners and WHO as host, the Partnership became the “glue” holding together the TB control “community”:

- Is being the “glue” still the Partnership’s role?
- Are the hosting arrangements critical for fulfilling that role?

3.5 Would Stop TB be better placed to engage *with WHO* as its key partner from within WHO or from within another organization?

3.5 Would Stop TB be better placed to engage *with other key partners* from within WHO or from within another organization?

### 4. Identity, Independence, Accountability

4.1 How important is a separate identity?

- Is a close association with the hosting organization more useful than a separate identity?
- Can Stop TB (and its programmes) succeed without a close programmatic association with its hosting organization?

4.2 How should Stop TB be held accountable?

- Should Stop TB be held accountable by partners and other stakeholders for its results (against targets in the Operational Strategy or otherwise)?
- How does the Stop TB Board hold the Executive Secretary to account in the context of benefits/challenges of the hosting environment?

4.3 Bearing in mind that without its own legal identity Stop TB cannot be fully independent, how important is independence?

- For the Board? For the Executive Secretary?
- What types of decision should be absolutely independent?
- What types of decisions do not need to be?

4.4 How should the Stop TB Board oversee the operation of the hosting arrangements going forward? E.g. ad hoc as needed, regular annual agenda item for Board, joint review every three years etc.

## **5. Administrative environment**

5.1 How important is the administrative environment for the effective delivery of the Operational Strategy?

- What are the Partnership's priorities for the administrative environment? Consider whether certain aspects of the administrative environment need a special focus or carry extra weight, e.g. HR issues (hiring and staff management decisions).

5.2 In terms of effectiveness and efficiency of the WHO hosting arrangements, and bearing in mind that the Stop TB Secretariat has built up its own administration and management functions:

- Does the degree of administrative checks and controls achieve the appropriate balance for an organization like the Stop TB Partnership?
- Is this an efficient use of financial and human resources?
- Is sufficient consideration given to the risks to the effective implementation of the Operational Strategy?
- Is the maintenance by Stop TB of a substantive administration and management function within the Secretariat needed in view of WHO checks and controls? Is it duplicative?

5.3 In cases where the hosting organization's interests and those of Stop TB are not in complete alignment on any particular clearance or authorization request, how should that conflict of interest managed?

5.4 In each case, how does WHO compare to alternatives?

## **6. Transition Considerations**

6.1 Given that one of the biggest challenges with a transition is ensuring that staff are willing to move, how would Stop TB make the move sufficiently attractive for staff? For example, both the Global Fund and GAVI had a basic principle that staff should be left no worse off by the move.

6.2 Bearing in mind that a full costing of transition to another organization is not feasible, what assumptions would Stop TB make about the following:

- The number of staff that would be willing to move
- The number of staff that may be successfully re-assigned within WHO
- The number of staff contracts that would need to be terminated

6.3 Consider organizational change factors.

- Will there be a steep learning curve for staff?
- Will there be disruption to activities?
- Will Stop TB need support in managing the transition?

## **ANNEX J – LIST OF INTERVIEWEES**

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### **Stop TB Partnership Secretariat**

Nejib Ababor - Acting Team Leader, AFO  
Shirley Bennett - Governance Officer, Strategic Planning and Advocacy  
Thierry Cordier-Lassalle – Systems Manager, GDF  
Jacob Creswell – Officer, TB REACH  
Lucica Ditiu - Executive Secretary  
Johnson Ebenezer – Finance Assistant (GDF) AFO  
Giuliano Gargioni – Team Leader, National and Global Partnerships  
Julia Greer - External Relations  
Joel Keravec - Acting Team Leader, GDF  
Andrea de Lucia - Country Support, GDF  
John Loeber - Procurement, GDF  
Kaspars Lunte – Team Leader, MDR-TB supply, GDF  
Judith Mandelbaum-Schmid - Team Leader, Communications  
Cesarina Pahud, AFO  
Sulochana Roy – HR focal point  
Joel Spicer - Team Leader, Strategic Planning and Advocacy  
Sahu Suvanand – Team Leader, TB Reach and Global Fund

### **Stop TB Partnership Executive Committee**

Dr. Amy Bloom - USAID, Chair Stop TB Partnership Coordinating Board  
Nathalie Garon and Catherine Palmier - CIDA  
Michael Kimerling and Erika Arthun – The Bill and Melinda Gates Foundation  
Blessina Kumar – Public Health Consultant, TB Affected Communities  
Nevin Wilson – The Union

### **WHO Departments (TB, DGO, Legal, HR)**

Brian Elliot - Program Planning and Budgeting Department, WHO  
Dr. Floyd - WHO Coordinator, Stop TB Department  
Philippe Fock Min-Chin - Manager, HTM Cluster  
Dr Grzemska, WHO Coordinator, Stop TB Department  
Wiselaw Jakoboviak - Manager, Stop TB Department  
Nick Jeffreys - Comptroller WHO  
Daniel Lopez-Acuna - Adviser to the Director General  
Issa Matta - Senior Legal Officer, Office of the Legal Counsel  
Joanne McKeogh - Principal Legal Officer, Office of the Legal Counsel  
Dr. H. Nakatani - ADG, HTM Cluster  
Hanne Raatikainen - Management Officer, GMG Cluster  
Dr Elilarasu Renganathan - Director Program Planning and Budgeting Department, WHO  
Mario Raviglione - Director, Stop TB Department  
Mahen Sandrasagren - Acting HR Director, WHO  
Jane Stewart-Pappas - Head of Finance, WHO  
Ms Weil - WHO Coordinator, Stop TB Department  
Dr. Weyer - WHO Coordinator, Stop TB Department

## **WHO Hosted Partnerships**

Denis Broun - Executive Director, UNITAID

Brigitte Laude - Director, Administration and Finance, UNITAID

Nicholas Green – Finance Officer, PMNCH

Carole Presern - Executive Director, PMNCH

Derk Steller, Chief Finance Officer, RBM

Dr. Thomas Teuscher, Coordinator Policy, Strategy & Governance and Senior Advisor for Policy, RBM

## **Alternative Hosting Organizations**

### UNDP

Yulia Andreeva - Legal Specialist, Legal Support Office

Tracey Burton - Deputy Cluster Director, HIV, Health and Development Group

George Kyriacou - Deputy Director, Office of Finance & Administration

Emmanuel Mbwera – Finance Officer, HIV, Health and Development Group

Patrick Tiefenbacher - Chief of Staff, Bureau of Management

Douglas Webb - Mainstreaming, Gender and MDGs, HIV, Health and Development Group, Bureau for Development Policy

### UNOPS

Benedetta Audia – Legal Officer

Adam Bouloukos - Director, European Partnerships

Greg Langham - Human Resources Manager

Peter Komol – Financial Management Officer

Maria-Noel Vaeza - Director of Global Portfolio

Mr. Philipp von Waechter - Portfolio / Grants Manager, GPSO

### The Union

Nils Billo – Senior Consultant

Prabodh Bhambal – Interim Deputy Executive Director

Jose Luis Castro – Interim Executive Director

Nevin Wilson – Regional Director

Florent Corcelle – HR controller

Guillaume Gaudia - Finance Controller

We are also grateful to others not listed above who were helpful in assisting with the research for this Report.