

The Global Fund to Fight AIDS, Tuberculosis and Malaria
Seventh Board Meeting
Geneva, 18 - 19 March 2004

Decision Points

Appointment of the Rapporteur

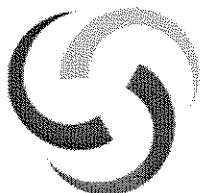
Decision Points:

- Mireille Guigaz from the France (Luxemburg, Spain) Constituency is designated as Rapporteur for the Seventh Board Meeting.

Signed 18-03-2004

Mireille Guigaz
Rapporteur

Dianne Stewart
Secretariat



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Approval of the Agenda

Decision Points:

- The agenda for the Seventh Board Meeting is approved with the following amendments:
 - Prioritization in Resource Constrained Environments is moved to Friday 19 March
 - A closed Executive Session will held at the end of the first day (18th March) as well as the beginning of the second day (19th March)
 - The approval of the Annual Report has been removed from the agenda. Approval will occur via email in the beginning of April 2004.

Signed 18-03-2004

Mireille Guigaz
Rapporteur

Dianne Stewart
Secretariat



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Approval of Report of the Sixth Board Meeting

Decision Points:

- The report of the Sixth Board Meeting is approved.

Signed 18-03-2004

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Rapporteur

Dianne Stewart
Secretariat



**The Global Fund to Fight AIDS, Tuberculosis and Malaria
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Election of the Vice Chair

Decision Points:

Hélène Rossert-Blavier of the Developed Country NGOs is unanimously elected as Vice Chair of the Board of The Global Fund to Fight AIDS, Tuberculosis & Malaria for the unexpired term of the outgoing Vice Chair.

Signed 18-03-2004

Mireille Guigaz
Rapporteur

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Secretariat



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Phase 2 Grant Renewals
(Report of the Monitoring, Evaluation, Finance & Audit Committee (MEFA), Annex 4)

Decision Points:

The Board approves the following decisions:

Decision Point 1

Phase 2 grant renewal decisions will be made according to clear criteria for satisfactory grant performance, financial accountability and contextual considerations, subject to Global Fund resource availability. The decision will be based on systematically collected information, which will be made transparently available by the Global Fund through Grant Fact Sheets and Grant Score Cards.

Decision Point 2

A Request for Continued Funding, up to a maximum of the original approved Proposal less funds spent during the initial grant period (years 1-2)¹, will be reviewed and may be adjusted for reasonableness. Program objectives for phase 2 are expected to be broadly consistent with the original approved Proposal, with reprogramming subject to review.

Decision Point 3

The Board delegates the authority to make phase 2 grant commitments to the Secretariat according to the policies and review and decision process set forth in this document. The Board will confirm all decisions to discontinue funding based on reviews by the Secretariat and the TRP. The Secretariat will regularly report on phase 2 grant commitments to MEFA and PMPC. The PMPC Chair will inform the Board at each Board meeting. The Technical Evaluation Reference Group (TERG) will regularly review and report on the soundness of the phase 2 review and decision process to the Board through MEFA.

The phase 2 decisions will be taken 20 months after the start date for grant programs with exceptions for *force majeure* situations. The decision may be taken earlier in cases of (i) accelerated implementation; or (ii) severe exchange rate fluctuations.

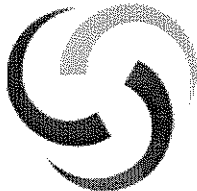
For Rounds 1 and 2 grants, the start date of each grant program may be adjusted to reflect program realities. This will be achieved through negotiations between the Secretariat and the PR.

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¹ The amount of the original approved Proposal for the full Proposal period, following adjustments from TRP clarifications and phase 1 grant negotiations, less the amount disbursed by the Global Fund to PRs at the end of the phase 1 period.



Replenishment Mechanism

Decision Point:

- The Board adopts Annex 5 of the Report of Resource Mobilization and Communications Committee (GF/B7/10) on the Voluntary Replenishment Process (as amended) in terms of purpose and scope of the voluntary replenishment, its period and coverage and requests the RMCC to further develop detailed operational modalities to be presented at the Eighth Board meeting.

Amendment (on pages 37-38)

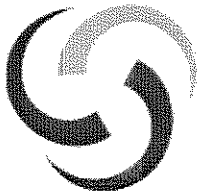
- The Fund will ask donors, who participate in the replenishment mechanism, to back all pledges with either cash, or promissory notes, callable on a schedule matching expected Fund disbursements. The minimum threshold for promissory notes would be of \$1 million.

Amendment: \$10 million is replaced by \$1 million

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Report of the Monitoring, Evaluation, Finance & Audit Committee (MEFA)

Decision Points:

Audited Financial Statements 2003

Decision Point 1

The Board approves the 2003 Financial Statements of the Global Fund which have been audited by Ernst & Young.

From the 2004 audit, any Board member can contact the MEFA Committee to bring to the Board an item that the auditor should analyze.

Performance on Operating Expense Budget & Work Plan

Decision Point 2

The Board mandates MEFA to propose a policy regarding the timeframe from approval to signature of Grant Agreements.

2004 Operating Expense Budget & Work Plan

Decision Point 3

The Board approves the 2004 Operating Expense Budget in the amount of US\$ 52,668,000 as set out in Annex 10 of the Monitoring, Evaluation, Finance & Audit (MEFA) Report GF/B7/8.

Decision Point 4

The Board approves that, with regard to Secretariat flexibility to transfer budget between functions and expense types within the overall budget, the following rules shall apply :

- a) Maintain the separation between the budget for LFA Fees and that for Secretariat Expenses. No transfers are allowed between these two items.
- b) Within the budget for Secretariat Expenses, allow transfers between the following five groups of functions (Portfolio Management and TRP; Strategy, Evaluation and Program Support; External Relations; Executive Director and Board Relations; and Operations) subject to the approval of MEFA.
- c) Within the budget for each functional grouping, allow unlimited transfers between expense lines.

- d) That MEFA shall review and, if considered necessary, adjust this policy in the light of experience during 2004.
- e) MEFA shall have the final approval authority for the use of contingency funds.

Decision Point 5

Each recommendation submitted to the Board for adoption will include an annex to inform the Board of its budgetary implications.

Decision Point 6

The Board instructs the Secretariat to conduct, under MEFA oversight, an analysis of Secretariat staffing levels and skills mix, including a mix of fixed and temporary staff and the profile of salaries and benefits, to inform the preparation of the 2005 budget, and that this analysis together with the Secretariat recommendations for the profile of a mature Secretariat for Global Fund operations, be submitted to the Ninth Board meeting together with the 2005 budget for approval.

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Executive Session: Decision

Decision Points:

Decision Point 1

The Board of the Global Fund agrees to reappoint Dr. Richard Feachem as Executive Director of the Global Fund.

Decision Point 2

Terms of reference for the Executive Director will be developed and presented for decision at the Eighth Board Meeting.

Decision Point 3

The Board will establish an annual performance review process for the Executive Director.

Signed 19-03-2004

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3x5 Initiative

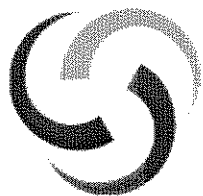
Decision Points:

The Board supports the 3x5 initiative launched by WHO and UNAIDS. Its success will be vital to the goals of the Global Fund. We wish to ensure that WHO and UNAIDS are fully supported to play their part in contributing to these goals, which have been endorsed in various international forums. This should be mainly implemented at the country and regional level.

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Prioritization in Resource Constrained Environments
(Report of the Portfolio Management and Procurement Committee, Annex 5)

Decision points:

The Board adopts the following system for prioritizing among TRP-recommended proposals in the event that insufficient resources are immediately available to approve all TRP-recommended proposals.

1. A composite index would be used to assign scores to TRP-recommended proposals, as described below.
2. For Round 4, the criteria used in this composite index would be poverty and disease burden. The Board requests the PMPC to review the possibility of including an additional criteria for the Fifth and subsequent Rounds around repeated failures and countries that have not previously received funding.
3. The indicators, values, and scores for the first two criteria are:

Criteria	Indicator	Value	Score
Disease burden	Eligibility criteria for proposals from Upper-Middle Income countries (applied to all proposals)	"Very high"	4
		Not "very high"	1
Poverty	World Bank classification	Low Income	4
		Lower-Middle Income	2
		Upper-Middle Income	0

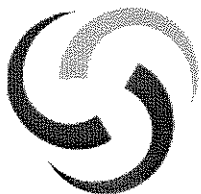
4. In the event that insufficient resources are immediately available to finance all TRP-recommended proposals, TRP-recommended proposals would be financed in the following order:
 1. Proposals in TRP category 1
 2. Proposals in TRP category 2.
5. If category 2 is sub-classified by the TRP into subcategories, these would be financed sequentially, with the proposals in the higher-rated subcategories being financed before those in lower-rated subcategories.

6. Proposals in the highest-rated category (or subcategory, if category 2 is broken down by the TRP into subcategories) for which insufficient resources are available would be assigned a score in accordance with the above table. They would then be financed in descending order (with the highest scoring proposals receiving priority).
7. There would be no further subdivision of the groups formed by the combination of the TRP category/subcategory and score would be made.
8. If insufficient resources are available to immediately finance all TRP-recommended proposals, the Secretariat would be responsible for assigning scores to proposals and would present the Board with these scores at the time of the Board's consideration of the TRP's recommendations.

Signed 19-03-2004

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Appointment of Technical Evaluation Reference Group (TERG)

Decision Points:

- The Board confirms the shortlist of nominations for the Technical Evaluation Reference Group (TERG) as presented by the Selection Committee.
- The Board invites the Japan delegation to submit nominations for the TERG to be considered by the MEFA Committee.

Signed 19-03-2004

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**Additional MEFA Items
(Report of the Monitoring, Evaluation, Finance & Audit Committee (MEFA))**

Decision Points:

The Board approves the following:

Protecting Grants from the Impact of Exchange Rate Fluctuations

Decision Point 1

That in cases where a funding shortfall caused by an adverse currency fluctuation is jeopardizing the viability of the grant supported program, the CCM may apply for Phase 2 funding on an accelerated basis in order to permit the program to continue uninterrupted without curtailing program activity.

Decision Point 2

That the Secretariat evaluate the implications of the Global Fund offering top-up grants and multi-currency denominated grants as further means of protecting grants from the impact of exchange rate fluctuations and to present its analysis and recommendations to the Board in June 2004.

Decision Point 3

To mandate the Secretariat and the MEFA Committee to study possible stabilization mechanisms, including topping-up grants and multi-currency grants, aimed at protecting grants from the impact of exchange rate fluctuations. The MEFA Committee will present its analysis and recommendations to the Board at the Eighth Board Meeting.

Criteria for Considering Promissory Notes as Assets

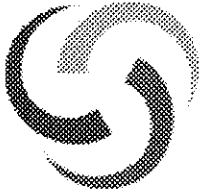
Decision Point 4

That the Global Fund shall consider as assets for the purposes of entering into grant agreements, promissory notes or similar obligations issued by the government of a sovereign state (or its designated depository) which shall be non-negotiable, non-interest bearing and payable at par value to the account of the Fund in the designated depository on demand or in accordance with an encashment schedule agreed between the contributor and the Secretariat.

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Report of the Portfolio Management and Procurement Committee

Decision Points:

The Board adopts the following points:

TRP Renewal

Decision Point 1:

The Board accepts the list of persons contained in Annex 3 that have been selected by the PMPC and the Executive Director to fill the vacancies on the Technical Review Panel for 3 HIV/AIDS experts, 1 malaria expert, 1 tuberculosis expert, and 4 cross-cutting experts.

Decision Point 2

The Board accepts the list of persons contained in Annex 4 that have been selected by the PMPC and the Executive Director to comprise the TRP Support Group.

Procurement and Supply Management: Pre-qualification of and competition between procurement agents

Decision Point 3

The Board approves the recommendation from the PMPC that it commend the work of the World Health Organization in its work with other partners to develop a system for pre-qualifying procurement agents and report back to the Eighth Board Meeting on the progress in developing such a system.

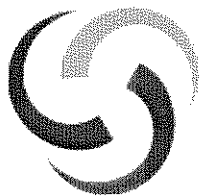
Decision Point 4

The Board endorses the PMPC recommendation that it allow recipients that are using procurement agents for health products to select among them using whatever system the recipients wish provided that it is competitively and transparently selected, based on quality, cost, and level of service.

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Report of the Governance and Partnership Committee

Decision Points:

Additional Safeguard Policy

Decision Point 1

The Board adopts the paper on the Additional Safeguard Policy as outlined in Annex 4.

The Board requests the Secretariat to include additional operating principals/procedures to address non-performance of PRs in appropriately rapid disbursement of Global Fund grant funds to sub-recipients.

Grant Agreements

Decision Point 2

The Board requests the Governance and Partnership Committee, in consultation with its other appropriate bodies, to develop a standard template grant agreement containing clear and detailed definition of role, obligations and competence of main actors in grant disbursement process (i.e. CCM, LFA, PR, Global Fund Secretariat) and to elaborate procedures for ensuring timely, sound and unhindered implementation of grant agreements for consideration by the Board at its Eighth Meeting.

Study of Board Governance and the Role and Composition of Board Committees

Decision Point 3

The Board mandates a study of, and recommendations regarding, the structures, role and composition of any Board committees. The findings and recommendations of the study should be presented, via the Governance and Partnership Committee with options, to the Board at the Ninth Board Meeting.

Conflict of Interest

Decision Point 4

The Board adopts the revised version of the Policy on Ethics and Conflict of Interest for Global Fund Institutions as outlined in Annex 5 with the exception of the changes on Post-Board employment should be referred back to the committee (Section 7 GF/B7/7 page 6).

Decision Point 5

The Board requests the GPC to address the conditions under which the Communities delegation can become a voting member of the Board and report back with decision points to the Eighth Board Meeting.

Board Member Terms

Decision Point 6:

The Board adopts the proposed amendment to Article A. Paragraph 1 of the Board Operating Procedures as underlined below:

Board Members terms shall begin at the opening of the first Board meeting in a given year, and end at the opening of the first Board meeting in the second calendar year following the commencement of their term.

Signed 19-03-2004

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Round 3 Appeals

Decision Points:

- The Board endorses the Appeal Panel's recommendation that the following proposals be approved as category 2 proposals, with final approval contingent on the successful completion of the Technical Review Panel clarification process:
 1. Suriname HIV/AIDS;
 2. Yemen HIV/AIDS and
 3. Multi-Country America Andean Region Malaria.

Signed 19-03-2004

Mireille Guigaz
Rapporteur

Dianne Stewart
Secretariat