



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Ninth Board Meeting  
Arusha, 18 - 19 November 2004**

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## **Appointment of the Rapporteur**

### **Decision Points:**

- Ms. Lucia Fiori from the Italian Constituency is designated as Rapporteur for the Ninth Board Meeting.

*Signed* 18-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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**Approval of the Agenda**

**Decision Points:**

- The agenda for the Ninth Board Meeting is approved.

*Signed* 18-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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**Approval of Report of the Eighth Board Meeting**

**Decision Points:**

- The report of the Eighth Board Meeting is approved.

*Signed* 18-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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### **Replenishment Leadership**

**Decision Point:**

The Board approves the nomination of Mr. Kofi Annan, Secretary-General of the United Nations, as Chair and Mr. Sven Sandström as Vice Chair of the Voluntary Replenishment Mechanism of the Global Fund. The Board expresses its appreciation to both Mr. Annan and Mr. Sandström for their commitment and their willingness to undertake this important task.

*Signed 18-11-2004*

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
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**Partnership Forum Report**

**Decision Points:**

**Decision Point 1:**

The Board accepts the report of the Partnership Forum and extends its appreciation to the many participants.

There are no material budgetary implications for this recommendation.

**Decision Point 2**

The Board takes note of the lessons learned presented by the Partnership Forum Steering Committee, retires it from service, and requests that the Chair designate a standing committee of the Board to take on oversight of the Partnership Forum process and event.

There are no material budgetary implications for this recommendation.

***Signed 18-11-2004***

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Lucia Fiori  
Rapporteur

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**Country Coordinating Mechanisms (CCMs)  
(Report of the Governance and Partnership Committee)**

**Decision Points:**

**Decision Point 1**

The Board adopts the following requirements for CCMs:

- a. All CCMs are required to show evidence of membership of people living with and/or affected by the diseases;
- b. CCM members representing the non-government sectors must be selected by their own sector(s) based on a documented, transparent process, developed within each sector;
- c. CCMs are required to put in place and maintain a transparent, documented process to:
  - i. Solicit and review submissions for possible integration into the proposal;
  - ii. Nominate the Principal Recipient(s) and oversee program implementation;
  - iii. Ensure the input of a broad range of stakeholders, including CCM members and non-members, in the proposal development and grant oversight process

This decision will be effective from Round 5 onwards and for Phase 2 renewals starting from June 2005.

There are no material budgetary implications of this decision.

**Decision Point 2:**

The Board agrees to make the following word substitution in the CCM Guidelines:

When the PRs and Chair or Vice Chairs of the CCM are the same entity, the CCM must ~~should~~ have a written plan in place to mitigate against this inherent conflict of interest.

There are no material budgetary implications of this decision.

**Decision Point 3:**

The Board requests the Governance and Partnership Committee to further define the oversight role of CCMs in implementation of Global Fund programs.

There are no material budgetary implications of this decision.

**Decision Point 4:**

The Board requests the Governance and Partnership Committee to review the text of paragraph 19 of the Revised Guidelines on Purpose, Structure and Composition of the Country Coordinating Mechanism to build in text that promotes trust and partnership.

There are no material budgetary implications of this decision.

**Decision Point 5:**

The Board requests the Governance and Partnership Committee to investigate the Global Fund providing direct financial support for the establishment and running costs of CCM Secretariats.

There are no material budgetary implications of this decision.

***Signed 18-11-2004***

\_\_\_\_\_  
Lucia Fiori  
Rapporteur

\_\_\_\_\_  
Dianne Stewart  
Secretariat



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**Memorandum of Understanding**

**Decision Point:**

The Board approves the Memorandum of Understanding with Roll Back Malaria attached as Annex 3 to the Report of the Governance and Partnership Committee (GF/B9/7), and requests the Secretariat to provide periodic reports on cooperation between the Fund and RBM under the agreements.

There are no material budgetary implications of this decision.

*Signed 18-11-2004*

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat





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**GF/B9/7  
Annex 3**

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**MEMORANDUM OF UNDERSTANDING BETWEEN THE GLOBAL FUND TO FIGHT AIDS,  
TUBERCULOSIS AND MALARIA AND THE ROLL BACK MALARIA PARTNERSHIP REGARDING  
PRINCIPLES OF COLLABORATION**

This Memorandum sets forth the understanding for collaboration between the Global Fund to fight AIDS, Tuberculosis and Malaria (the “Global Fund”) and the Roll Back Malaria Partnership (“RBM”).

**1. Background**

- 1.1. The Roll Back Malaria Partnership was launched in Nov. 1998 to reduce the burden of malaria by half by 2021. Its activities also support the United Nations’ Millennium Development Goals and the Abuja Roll Back Malaria goals agreed upon by Africa Heads of State and Government in April 2000, namely that by 2005:
  - a) at least 60% of those suffering malaria have prompt access to, and are able to correctly use, affordable and appropriate treatment within 24 hours of the onset of symptoms;
  - b) at least 60% of those at risk of contracting malaria, particularly children under five years of age and pregnant women, benefit from the most suitable combination of personal and community protective measures such as insecticide-treated mosquito nets and other interventions which are accessible and affordable to prevent infection and suffering; and
  - c) at least 60% of all pregnant women who are at risk of contracting malaria, especially those in their first pregnancies, have access to chemoprophylaxis or presumptive intermittent treatment.
- 1.2. Subregional networks of RBM partners seek to proactively engage countries in generating knowledge for strategies to prevent and to treat malaria, to identify mechanisms to increase local responses to the disease, and to evaluate the progress of countries in achieving tangible outcomes.
- 1.3. RBM’s activities include helping countries with: the development of malaria-control work plans, communications and advocacy; procurement and logistics; advocacy for additional resources for malaria-control health-sector funding agencies; poverty reduction measures such as Poverty Reduction Strategy Programs (PRSP) and the Highly Indebted Poor Countries (HIPC) initiative, and inter-sectoral action; health system planning and management for integration into health sector reform; and capacity building of management systems.
- 1.4. RBM is primarily a provider of technical and operational support countries but is not a major source of funding.
- 1.5. The purpose of the Global Fund is to attract, manage and disburse additional

resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals. Funding is made available for proposals approved by the Global Fund Board and normally submitted to the Global Fund through a Country Coordination Mechanism (CCM).

## **2. Benefits of Collaboration**

- 2.1. Since its establishment, RBM has wished to assure governments of malaria-endemic countries, particularly in Africa, of the availability of external funds to partially cover the costs of well developed approaches to expanding cost-effective interventions to control malaria. The establishment of the Global Fund will provide a greater opportunity for countries to obtain the necessary funding for technically-sound programs.
- 2.2. The merits of the Global Fund as key financing mechanism which may expand RBM action at the country level are that:
  - a) It is one of the largest sources of funding to expand cost-effective interventions in resource-constrained, malaria-endemic countries;
  - b) It funds technically-sound country-driven proposals supported by evidence-based technical policies and strategies; and
  - c) It has, as an integral component of its funding requirements, a system to monitor progress and to ensure accountability of funds.

## **3. Types of collaboration**

- 3.1. In accordance with the principle of national ownership of the programs and activities supported by RBM and the Global Fund, RBM plans, upon request, to support Global Fund activities by:
  - a) Facilitating and catalysing the global and country processes necessary to develop proposals for Global Fund grants in countries, based on the principles of country-led program formulation and implementation;
  - b) Supporting the development of proposals for Global Fund grants by supporting CCMs and through the dissemination of planning frameworks and documentation regarding best practices;
  - c) Providing CCMs and Principal Recipients with programmatic support to identify and refine relevant arrangements for successful implementation of approved proposals;
  - d) Tracking the implementation of proposals and providing the Global Fund with data on performance indicators by the collection and synthesis of data by Principal Recipients; and
  - e) Supporting global advocacy efforts by using RBM's communications channels to encourage international and national authorities to consider increased support of and investment in the Global Fund.
- 3.2. The Global Fund plans to support RBM initiatives by:
  - a) Providing financing to grantees for interventions supporting prevention, treatment, and care, including those that support improved access to essential commodities and, as consistent with its policies and operations, interventions providing comprehensive access to and eligibility for appropriate public health products, including artemisinin-based derivatives, as measures to contain drug resistance.

- b) Supporting RBM technical norms and standards, and scaling-up strategies where consistent with Global Fund policies and operations.

#### **4. Means of Collaboration**

4.1. RBM plans to support Global Fund programs, upon Global Fund request, by:

- a) Identifying and making available a person to serve as liaison to the Global Fund to ensure that the Global Fund can effectively access existing country support mechanisms such as the interagency/intercountry support networks and the country RBM program advisers;
- b) Identifying RBM partner focal points for each approved country proposal. The focal points would facilitate access to appropriate assistance prior to contract negotiations and proposal implementation and ensure that global and regional RBM partners provide assistance in response to needs identified by the interagency/intercountry support network.
- c) Making available the malaria finance and resource mobilization team leader for participation in ad hoc and permanent working groups convened by the Global Fund.
- d) Providing technical input to the Global Fund in the procurement assessment process.

4.2. The Global Fund plans to support RBM initiatives by:

Working closely with the designated liaison person and the country focal points to ensure that global and regional RBM partners are working in close collaboration with CCMs and PRs.

4.3. The Global Fund and the RBM Partnership Secretariat will hold periodic meetings for joint planning and progress review.

#### **5. Effective Period of this Memorandum of Understanding**

5.1. This Memorandum of Understanding will be effective for a period of 12 months from the date of signature by both Global Fund and RBM. The Global Fund and RBM may amend this Memorandum of Understanding by agreement in writing.

#### **6. Modification**

RBM and the Global Fund will review and modify this MOU, as appropriate any time prior its expiration date.

Signed:

Awa Marie Coll-Seck  
Executive Secretary  
Roll Back Malaria  
Partnership Secretariat

Date:

Signed:

Richard G.A. Feachem  
Executive Director  
The Global Fund to fight AIDS,  
Tuberculosis and Malaria

Date:



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**Ethics Committee**

**Decision Point:**

The Board amends the Committee Rules and Procedures, para. 1.2.3, to read as follows:

The Ethics Committee may conduct business only when three or more members and the Chair are present.

There are no material budgetary implications of this decision.

***Signed 18/11-2004***

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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<p align="center"><b>Comprehensive Funding Policy (Report of the Resource Mobilization and Communication Committee)</b></p>
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**Decision Point:**

The Board requests the Secretariat, in consultation with the MEFA Committee, the Chair and Vice-Chair of the Replenishment Mechanism, and the Chair and Vice-Chair of the Board, to commission a background study of the options and choices available to the Global Fund in its fiscal management structure and processes and report back at the Tenth Board meeting in April 2005.

There are no material budgetary implications for this decision point as it is anticipated that this study can be done on a pro-bono basis.

*Signed* 18-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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To Fight AIDS, Tuberculosis and Malaria

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## **Round 5: Call for Proposals**

### **Decision Point:**

The Board decides to launch Round 5 today.

The draft of the Guidelines for Proposals, as approved by the PMPC after the Ninth Board meeting, will be released on January 30, 2005.

The Fifth Call for Proposal and finalized Guidelines for Proposals will be issued immediately following the Replenishment Conference in March 2005. A forecast of the resources available for the Round will be announced at the time that the Call for Proposals is issued. The Board is mindful that such a Call must be consistent with resources forecast to be available at the end of 2005.

Round 5 proposals will be approved at the Eleventh Board Meeting in September 2005, following the second Replenishment Conference.

The Board makes an urgent appeal to donors and potential donors that have not made their pledges for 2004 and 2005 and onward to make such pledges at the earliest possible opportunity.

The budgetary implications are in the amount of US\$ 4.5 million for the 2005 budget, US\$ 3.2 million for LFA fees in 2005 and US\$ 1.3 million of the Secretariat and TRP costs, pending confirmation at the April Board Meeting.

*Signed* 18-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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**Committee Review Report**

**Decision Points:**

The Board adopts in principle the changes in the committee structure outlined in the Booz Allen Hamilton study (Gf/B9/6).

The Board decides to establish an implementation committee composed of the Chairs of each of the six current Committees, and chaired by Brian Brink of the Private Sector.

This committee will report back to the Tenth Board Meeting in April 2005.

All Board constituencies will have open access to the proceedings of the implementation committee.

*Signed* 18-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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**Round 5 Guidelines for Proposals  
(Report of the Portfolio Management and Procurement Committee)**

**Decision Point:**

The Board requests the PMPC to further revise the Guidelines for the Fifth Call for Proposals in time for the Board to approve the Guidelines for their release by the March 2005 Replenishment Conference.

There are no material budgetary implications of this decision.

**Signed 19-11-2004**

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat





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**Phase 2 Funding  
(Report of the Monitoring and Evaluation, Finance and Audit Committee)**

**Decision Points:**

**Decision Point 1:**

The Board revokes, until the Thirteenth Board Meeting, Decision 3 of Agenda Item 5 of the Seventh Board Meeting (reference GF/B8/2), and decides that Phase 2 decisions shall be made by the Board in accordance with the processes and subject to the policies set out in Annex 3 to Board Document GF/B9/8.

The Board approves, until the Thirteenth Board meeting, the amendments to the Bylaws and Board Operating Procedures set out in Annex 4 to Board Document GF/B9/8.

If at the Thirteenth Board Meeting, the Board does not decide to continue this procedure, Board Decision 3 of Agenda Item 5 of the Seventh Board Meeting (reference GF/B8/2) shall apply.

Budgetary implications for this decision point are estimated at US\$140,000.

**Decision Point 2:**

The Board approves, at the final Board Meeting of each year, a maximum amount for Phase 2 commitments during the next calendar year; and

The Board asks the Secretariat to report back to the Board at every Board Meeting on the Phase 2 decisions taken since the previous Board Meeting, including the cumulative amount approved to date in the current calendar year.

There are no material budgetary implications for this decision point.

**Signed 19-11-2004**

\_\_\_\_\_  
Lucia Fiori  
Rapporteur

\_\_\_\_\_  
Dianne Stewart  
Secretariat



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**Annex 3  
GF/B9/8**

## **Phase 2 Decision-Making Policies and Procedures**

1. The Board may commit funds for Phase 2 renewals (up to the full duration of a proposal) up to the cumulative uncommitted amount pledged through the calendar year of the Board decision.
2. The Board makes funding decisions for Phase 2 renewals based on its review of Secretariat recommendations, according to procedures agreed by the Board.
3. The Secretariat will present the Board with its recommendations on the first of every month (notice to Board constituencies of a recommendation shall be effective upon the posting of the recommendation on the Global Fund website; the Secretariat will inform Board constituencies via e-mail when recommendations have been posted). The Board will vote by email on each recommendation on a no-objection basis. Votes must be received by the Secretariat no later than the tenth of the same month.
4. A Board decision in favor of a Secretariat recommendation either:
  - Commits additional resources in the amount proposed in the Secretariat recommendation (in the case of Secretariat recommendations of "Go," "Conditional Go," and "Revised Go"); or
  - Does not commit any additional resources (in the case of Secretariat recommendations of "No Go"), thereby discontinuing the proposal after Phase 1.
5. If the Board does not decide in favor of a Secretariat recommendation, this would serve to request further clarification on the Secretariat recommendation and ask the Secretariat to reassess its recommendation. To facilitate the clarifications process, those Board constituencies that are not ready to decide in favor of a Secretariat recommendation would provide a written explanation that is made publicly available. The Secretariat will review its recommendation in light of the questions and comments of those Board constituencies and will then present a second recommendation on the first day of the subsequent month (unless time-constraints make it necessary to wait to the month thereafter). The Board then votes again, on the second Secretariat recommendation, using the procedures described above.
6. A Board decision in favor of the second Secretariat recommendation either:
  - Commits additional resources in the amount proposed in the Secretariat recommendation (in the case of Secretariat recommendations of "Go," "Conditional Go," and "Revised Go"); or
  - Does not commit any additional resources (in the case of Secretariat recommendations of "No Go"), thereby discontinuing the proposal after Phase 1.
7. If the Board does not decide in favor of the second Secretariat recommendation, the matter is deferred to the next Board Meeting for a final decision on making a funding commitment.

8. In circumstances in which insufficient resources remain in Phase 1 to cover financing needs until any Board decision in the Phase procedure can be operationalized, the Board authorizes the Secretariat to extend the terms of the grants by up to six months, and to provide bridge funding for such grants as appropriate. The Board authorizes the Secretariat to commit up to a maximum of one-half of the first year budget contained in the Request for Continued Funding in question for these purposes, which would be financed by utilizing the Phase 2 renewal funding of the proposal. The actual amount committed by the Secretariat would be based primarily on the performance and disbursement patterns in Phase 1.

9. For proposals for which the Board commits Phase 2 funds, a sufficient amount of assets to cover the full costs of the extension of the Grant Agreement must be deposited with the Trustee or readily available on demand prior to the Secretariat extending a Grant Agreement.

10. 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 the MEFA Committee.

11. The Phase 2 decisions will typically be taken based on Secretariat recommendations that are made 20 months after the Program Starting Date (exceptions could include for situations of *force majeure*). The decision may be taken earlier in cases of (i) accelerated implementation; or (ii) severe exchange rate fluctuations.

12. These procedures for the Board commitment of funds for Phase 2 are subject to a time-limited trial period. The Board asks the MEFA Committee to review these procedures and prepare recommendations on whether the Board should continue with these procedures or should adopt an alternative set of procedures. Based on these recommendations the Board will reconsider the procedures at the Thirteenth Board Meeting.

## Amendments to Bylaws and Board Operating Procedures

Section 7.6 of the Bylaws is amended to read as follows (text highlighted to show additions):

### 7.6 *Operations*

The Foundation Board shall meet as often as necessary but not less than twice per year.

A meeting of the Foundation Board shall be convened by written notification from the Chair or the Vice Chair of the Foundation Board, or by the Executive Director at the direction of the Chair or the Vice Chair.

The Foundation Board shall use best efforts to make all decisions by consensus. If all practical efforts by the Foundation Board and the Chair have not led to consensus, any member of the Foundation Board with voting privileges may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the seven donor seats and the two private sector seats and b) the group encompassing the seven developing country seats, the two non-governmental organization seats, and the representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria.

Notwithstanding the foregoing, the Board may decide to take action on a no-objection basis. On such basis, and subject to procedures set by the Board, a motion shall be approved unless four Board members of one of the voting groups described above objects to the motion.

The Foundation Board may act by means of proxy letter, teleconference, e-mail or such other method of communication in which the votes of each Board Member may be recorded, subject to procedures determined by the Foundation Board. When acting on a no-objection basis by proxy, e-mail, or other mode of communication in which actual participation may not be verified, participation shall be deemed to have occurred provided that notice to Board members of the action to be taken conforms to standards set by the Board.

All decisions of the Foundation Board will be recorded in minutes of the Foundation Board meetings, approved by the Board and provided to all voting and non-voting Board Members, and retained in the permanent records of the Foundation.

The Board Operating Procedures are amended by adding the following new Section 12:

**12. *Non-Objection Process for Approving Funding for Proposals Beyond the Initial Funding Commitment***

Notwithstanding Sections 10 and 11, decisions by the Board to provide funding for approved proposals beyond the initial funding commitment may be made on a no-objection basis under the following process.

As directed by the Board, the Secretariat shall issue a recommendation for action on each funding commitment for which a Board decision is required, and shall notify the Board accordingly. Unless four Board members of one of the voting groups described in Section 10 object to the recommendation within a time period specified by the Board following the date of notification, the recommendation shall be deemed approved by the Board.



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## **Report of the Ad-Hoc Working Group on Technical Support**

### **Decision Points:**

#### **Decision Point 1**

The Board recognizes the critical importance of technical support for the proposal development stage and throughout the lifecycle of the grant, particularly from partners in the country. The Board encourages CCMs to engage with providers of technical support during proposal development and throughout the lifecycle of a grant. The Board encourages providers of technical support to engage with CCMs, PRs and SRs to respond to their needs, in coordination with other national and international efforts. The Board also encourages providers of technical support to assist countries in developing their own capacity.

The Board also asks the Secretariat to clearly communicate to CCMs and PRs that technical support can be funded through the Global Fund grants. In addition, donors who provide resources to the Global Fund are encouraged to provide additional resources for technical support where gaps in available resources for technical support occur, in order to maximize the impact of the grants.

There are no material budgetary implications of this recommendation.

#### **Decision Point 2**

The Board requests the Secretariat to develop communication strategies and processes to engage with appropriate partners (multi- and bilateral partners, international and national NGOs, south-south horizontal initiatives, private sector, academia) to facilitate the provision of technical support throughout the lifecycle of the grant (proposal development, grant negotiation, implementation, monitoring and evaluation) in a timely and coordinated manner.

There are no material budgetary implications of this recommendation.

#### **Decision Point 3**

The Board recognizes the efforts of the Secretariat to develop an early warning system to identify technical support needs.

There are no material budgetary implications of this recommendation.

*Signed* 19-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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**Technical Review Panel (TRP)  
(Report of the Portfolio Management and Procurement Committee)**

**Decision Points**

**Decision Point 1**

The Board approves the list of persons contained in Annex 3 of the Report of the Portfolio Management and Procurement Committee (GF/B9/9) who have been recommended by the Portfolio Management and Procurement Committee and the Executive Director to fill the vacancies on the Technical Review Panel.

There are no material budgetary implications for this decision point.

**Decision Point 2**

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

There are no material budgetary implications for this decision point.

**Decision Point 3**

Board decides that the language used in its decisions for the approval of Category 2 proposals shall be modified to read as follows:

"Recommended proposals provided adjustments and clarifications are met within a limited timeframe (the initial reply to TRP adjustments and clarifications should be received within 6 weeks of the applicant's receipt of the initial decision of the Board, and any further adjustments and clarifications should be completed within 4 months from the receipt of the initial reply from the applicant). The TRP Chair and/or Vice-Chair shall give final approval based on consultations with the primary and secondary reviewers."

There are no material budgetary implications for this decision point.

*Signed* 19-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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GF/B9/9  
Annex 3

## Proposed New TRP Members

5 <sup>th</sup> Round				
	Surname	First Name	Gender	Country
TB	Kumaresan	Jacob	M	India
	Ditiu	Lucica	F	Romania
Cross-cutting	Decosas	Joseph	M	Germany

Alternate 5 <sup>th</sup> Round				
	Surname	First Name	Gender	Country
HIV/AIDS	Barcellos	Nemora	F	Brazil
	Lifson	Alan	M	USA
	Rojanapithayakorn	Wiwat	M	Thailand
	Sarang	Anya	F	Russian Federation
Malaria	Amexo	Mark	M	Ghana
TB	Arnadottir	Thuridur	F	Iceland
	Migliori	Giovanni	M	Italy
Cross-cutting	Alilio	Martin S.	M	Tanzania
	McKenzie	Andrew	M	South Africa
	Olowu	Folarin	M	Nigeria



**Proposed TRP Support Group Members**

	<b>Surname</b>	<b>First Name</b>	<b>Gender</b>	<b>Country</b>
<b>Tuberculosis</b>	Barry	Clifton E	M	USA
	Burgos	Marcos	M	USA
	Cavalcanti Rolla	Valeria	F	Brazil
	Cuba Corrido	Braulio G.	M	Peru
	Dopasi	Syed	M	Pakistan
	Endo	Shoichi	M	Japan
	Gogvadze	Lasha	M	Georgia
	Granich	Reuben	M	USA
	Hanson	Christy	F	USA
	Helbling	Peter	M	Switzerland
	Janssens	Luc	M	Belgium
	Khatri	Gulshan	M	India
	Kimerling	Michael	M	USA
	Kumwenda	Johnstone	M	Malawi
	Makombe	Robert	M	Zimbabwe
	Metzger	Peter	M	Germany
	Mwinga	Alwyn	F	Zambia
	Rizvi	Nadeem	M	Pakistan
	Rozemberg	Brani	M	Brazil
	Sadiq	Hassan	M	Pakistan
	Selig	Lia	F	Brazil
	Targa-Ferreira	Roberto	M	Brazil
	Ticona	Eduardo	M	Brazil
Trajman	Anete	F	Brazil	

## Current TRP Support Group Members

	Surname	First name	Gender	Country
HIV/AIDS	Agarwal	Ashok	M	India
	Allison	Deirdre	F	UK
	Araoye	Margaret	F	Nigeria
	Barber-Madden	Rosemary	F	USA
	Barradas	Ricardo	M	Mozambique
	Baryomunsi	Chris	M	Uganda
	Bashmakova	Larisa	F	Kyrgyzstan
	Bray	Dorothy	F	UK
	Carael	Michel	M	Belgium
	Chowdhury	Habiba T	F	Bangladesh
	Cucic	Viktorija	F	Serbia & Montenegro
	Dabis	Francois	M	France
	Drew	Roger	M	UK
	Emery	Sean	M	UK & Australia
	Fernandes	Maria E	F	Brazil
	Friel	Patrick	M	USA
	Fylkesnes	Knut	M	Norway
	Glaziou	Philippe	M	France
	Gogate	Alka	F	India
	Grund	Jean-Paul	M	Netherlands
	Gueguen	Monique	F	France
	Jayawardena	Hemamal	M	Sri Lanka
	Kerouedan	Dominique M	F	France
	Kipp	Walter E	M	Germany
	Laga	Marie	F	Belgium
	Lin	Oi-chu	F	China
	Massiah	Ernest	M	Trinidad & Tobago
	Mesquita	Fabio	M	Brazil
	Miller	Veronica	F	Canada
	O'Farrell	Nigel	M	UK
	Roseberry	Wendy	F	USA
	Sarang	Anja	F	Russian Federation
	Sherr	Lorraine	F	UK
	Subramaniam	Ramasundaram	M	India
	Sullivan	Joan	F	Ireland & USA
	Van Roey	Jens	M	Belgium
	Vande Perre	Philippe	M	Belgium
	Walley	John	M	UK
	Yuntadilok	Nuntawun	F	Thailand

	Surname	First name	Gender	Country
Malaria	Aruwa	Julyan EO	M	Kenya
	van Beers	Stella	F	Netherlands

	Surname	First name	Gender	Country
Cross-cutting	Aruwa	Julyan EO	M	Kenya
	Baker	Shawn	M	USA
	Bryant	Malcolm	M	Canada
	Dusseljee	Jos	M	Netherlands
	Eder	Bernhard	M	Austria
	Hornetz	Klaus J	M	Germany
	Jankauskiene	Danguole	F	Lithuania
	Jeugmans	Jacques	M	Belgium
	Nuyens	Yvo	M	Belgium
	Van der Borght	Stefaan	M	Belgium
	Wheeler	Mark	M	UK
	Wolf	Pamela	F	USA



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# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Ninth Board Meeting  
Arusha, 18 - 19 November 2004

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**Continuity of Services**  
**(Report of the Portfolio Management and Procurement Committee)**

## Decision Points:

### Decision Point 1

The Board adopts the following system for addressing continuity of services in the context of the Phase 2 renewal decision:

- a. A recipient (typically a CCM) whose Request for Continued Funding is not approved may submit an Extra-ordinary Request for Continued Funding for Treatment.
- b. The Extra-ordinary Request will be limited to expenses directly related to the continuation of treatment (including medicines [which, in the case of discontinuation of antiretroviral therapy, includes drugs for HIV-related opportunistic infections], diagnostics, and, as appropriate, costs for medical staff and other personnel directly involved in care of the patients on treatment) for those people already placed on life-long treatment under the existing proposal at the time of the Extra-ordinary Request.
- c. The Extra-ordinary Request will be limited to the amount required to provide services directly related to the continuation of treatment for two years from the date of submission of the Extra-ordinary Request, less the amount granted under the Phase 1 proposal not disbursed at the time of the Extra-ordinary Request.
- d. In addition to a budget, the Extra-ordinary Request shall contain a description of the steps that are being taken to find sustainable sources of financing for the people on treatment, and to ensure that treatment is being delivered effectively.
- e. The Secretariat will review these plans for sustainable financing and the budget, and provide a recommendation to the Board on their appropriateness. The Extra-ordinary Request will not be subject to a performance-based review unless the Secretariat has pre-existing information to suggest that the approach to care and/or quality of care was inadequate. The frequency and modality for the provision of the Secretariat's recommendations, and the mechanism by which funds are committed to the Extra-ordinary Requests will be in line with the decision that the Board adopts for the broader Phase 2 decision-making process.
- f. Throughout the process, the Secretariat will actively engage with technical partners to identify mechanisms to ensure continuity of services.

There are no material budgetary implications for this decision point.

## **Decision Point 2**

The Board asks the Secretariat to explore with key partners (including WHO, UNAIDS, the World Bank, bilateral agencies, recipients, non-governmental organizations, and people living with the three diseases) a process that will result in long-term solutions to the issues of continuity of treatment, care and support, and prevention services for HIV/AIDS, tuberculosis, and malaria. The Secretariat should report back to the PMPC on the process before the Tenth Board Meeting. The Secretariat should report back to the Board through the PMPC on potential solutions in time for the Eleventh Board Meeting.

Budgetary implications: The additional cost of implementing this recommendation is estimated at \$90,000.

***Signed 19-11-2004***

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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To Fight AIDS, Tuberculosis and Malaria

**Ninth Board Meeting  
Arusha, 18 - 19 November 2004**

**Reprogramming in the light of scientific evidence  
(Report of the Portfolio Management and Procurement Committee)**

**Decision Points:**

**Decision Point 1**

The Board decides to use the following language in its decisions for the approval of Category 1 and 2 proposals in order to recognize that the Secretariat may ask the Technical Review Panel to re-review proposals in the course of implementation:

“This approval is subject to re-review by the Technical Review Panel if, after consultation with the recipient but in the sole discretion of the Global Fund, changes in scientific evidence (as identified in collaboration with WHO and other technical partners) materially affect the proposal.”

The Board further decides that following such re-review, should the TRP recommend that, in light of the new scientific evidence, the approach taken in the proposal should be changed, the Board should reconsider the approval of the proposal. The recipient will have the opportunity to submit a revised version of the relevant parts of the proposal prior to the Board's decision.

There are no material budgetary implications for this decision point.

**Decision Point 2**

The Board expands the circumstances in which the Phase 2 decision-making process can be accelerated by modifying the existing decision on the Phase 2 process, as set forth in GF/B8/2, page 7, to read as follows:

“The decision may be taken earlier in cases of (i) accelerated implementation; (ii) severe exchange rate fluctuations; or (iii) additional financing needs resulting from changes in scientific evidence.”

Changes recommended by the TRP for these reasons should not substantively affect the goals, objectives, or strategy of the approved proposal. Any modifications to proposals that are made in light of changing scientific evidence that substantively modify the goals, objectives, or strategy of the proposal must be referred back to the Board for approval.

There are no material budgetary implications for this decision point.

***Signed 19-11-2004***

\_\_\_\_\_  
Lucia Fiori  
Rapporteur

\_\_\_\_\_  
Dianne Stewart  
Secretariat

**Ninth Board Meeting  
Arusha, 18 - 19 November 2004**

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**Quality Assurance of Single- and Limited-Source Pharmaceutical Products  
(Report of the Portfolio Management and Procurement Committee)**

The Board decided to extend the December 31, 2004 deadline applicable to quality assurance requirements for single- and limited-sourced pharmaceutical products (reported in Board document GF/B4/2, p. 23) until April 30, 2005, and approved the following decision point:

The Board requests the PMPC to develop options on the quality assurance of single- and limited-source pharmaceutical products and to report to the Tenth Board Meeting.

There are no material budgetary implications for this decision

***Signed***

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Lucia Fiori  
Rapporteur

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David Sullivan  
Senior Legal Officer



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To Fight AIDS, Tuberculosis and Malaria

Ninth Board Meeting  
Arusha, 18 - 19 November 2004

## Executive Director Performance Plan

### Decision Points:

#### Decision 1:

The Board adopts the proposed methodology for measuring the Executive Director's performance:

- Assessment of Executive Director against two dimensions (Key Performance Indicators and competencies);
- Adoption of best practice "balanced scorecard" approach to define Executive Director Key Performance Indicators;
- Use of a system that can be used consistently at all levels of the Secretariat to measure performance, and integrated into other key processes such as talent development, strategic planning and budgeting.

#### Decision 2:

The Board approves the proposed 14 Key Performance Indicators for the Executive Director and associated 2005 targets (see page 10 of Annex 1 to GF/B9/15).

#### Decision 3:

The Board approves the competency model and associated behaviors that will be used to assess how the Executive Director has achieved targets (see page 12 of Annex 1 to GF/B9/15).

#### Decision 4:

The Board agrees to the timing and process for annual evaluation of Executive Director performance:

- KPIs and targets proposed by Executive Director and approved by Board before start of year;
- Assessment of competencies led by external evaluator (professional assessment firm);
- Final report on Executive Director performance prepared by a small Performance Assessment Committee (consisting of Board members) in January-February of each year.

#### Decision 5:

The Board agrees to the adoption of 5 key Board objectives, metrics and targets for which it has responsibility (related to results and impact, mobilizing resources, supporting country-level implementation, deciding on long-term strategy and providing best practice governance), and agrees to an annual self-evaluation against these targets (see page 19 of Annex 1 to GF/B9/15, for details).

**Signed 19/11/2004**

\_\_\_\_\_  
Lucia Fiori  
Rapporteur

\_\_\_\_\_  
Dianne Stewart  
Secretariat





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Ninth Board Meeting  
Arusha, 18 - 19 November 2004

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Budget 2005-7
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**Decision Points:**

**Decision 1:**

The Board approves the 2005 Secretariat budget and associated Secretariat staffing as attached in Annex 6 to the report of the October 12 – 13 MEFA meeting and as informed by that report.

**Decision 2:**

The Board decides that the approval of costs associated with new Rounds will be treated by the Board as an integral part of the decision to launch the relevant Round.

**Decision 3:**

The Board takes note that the additional budgetary costs associated with Round 5 in the amount of \$4.5 million are excluded from the base 2005 budget and are highlighted separately.

*Signed 19-11-2004*

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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To Fight AIDS, Tuberculosis and Malaria

Ninth Board Meeting  
Arusha, 18-19 November 2004

## Annex 6

### PROPOSED 2005 SECRETARIAT BUDGET

#### Part 1: Introduction

1. This document outlines the proposed operating expense budget for 2005 of \$ 62.6 million (equivalent to \$ 61.0 million, net of an efficiency target of \$ 1.6 million) and 150 staff, as reviewed and recommended by MEFA at its meeting on 12-13 October 2004.
2. Indicative amounts for 2006 & 2007 as envisaged by the Secretariat are also provided.
3. The proposed budget is based on the detailed work plans for each team within the Secretariat which have been reviewed at MEFA meetings in September and October 2004.

#### Part 2: Summary of Budget

4. Pursuant to adjustments recommended by MEFA, the proposed budget for 2005 (with indicative amounts for 2006 & 2007, as envisaged by the Secretariat) is as follows:

In US\$m	2004	2004	2005	2006	2007
	Budget	Forecast	Draft	Indicative	
Secretariat Expenses	32.3	31.8	42.4	51.6	52.8
LFA Services	20.5	18.4	20.2	18.4	14.4
<b>Total Operating Expenses</b> (before new Rounds after Round 4)	<b>52.8</b>	<b>50.2</b>	<b>62.6</b>	<b>70.1</b>	<b>67.2</b>
less: Efficiency Target			-1.6	-1.8	-1.7
Net of Efficiency Target			61.0	68.3	65.5
Staffing (fixed-term positions)	118.0	118	150	168	179

In US\$m	2004	2004	2005	2006	2007
	Budget	Forecast	Draft	Indicative	
<b>Increase on prior year</b>					
Operating Expenses - before new Rounds			15%	12%	-4%
Staff positions			27%	12%	7%
Number of Active Grants			82%	46%	21%

5. MEFA recommended that the costs associated with launching new Rounds after Round 4 be separated from the budget and that such costs be added to the budget as and when new Rounds were launched (see paragraphs 9 – 12). Accordingly, the proposed budget for 2005, exclusive of the costs of new Rounds, totals \$62.6m with an efficiency target for cost savings to be pursued throughout the year of \$1.6m (2.5% of the budget).

6. Overall, costs before new Rounds would increase by 15% on the 2004 budget . Of this, \$2.7m (representing 5%) relates to the annual costs of the additional 29 positions approved at the 8<sup>th</sup> Board meeting. Taking those adjusted annual costs into account, MEFA recommended an increase of \$ 6.4 million, being 11.8% over the adjusted 2004 budget (see paragraph 13). Further cost details are provided in Part 5.

7. Staffing will grow to 150 positions in 2005 (the ceiling recommended by MEFA). The Secretariat envisages limited additional growth in 2006 & 2007 reflecting a phased movement towards a fully-staffed stable Secretariat. Further details are provided in Part 4. MEFA recognized that some adaptation and refinement of the 2005 budget might be necessary in due course to ensure the optimum alignment of resources with the agreed priorities of the organization.

8. The number of active grants being managed by the Secretariat is expected to grow by 82% from 2004 to 2005.

#### ***Increment for new Rounds***

9. The costs of launching new Rounds comprise those direct costs of the proposal review process (TRP, screening, translations, etc.), travel costs related to grant negotiations and LFA fees for PR assessments and grant monitoring that fall within the year. Timing of the approval has a bearing on these costs since a Round approved in the middle of the year would result in a greater number of grants being signed within the year than a Round approved close to the end of the year. Hence more PR assessments and months of grant monitoring would occur within the year, as well as fund portfolio manager travel for grant signings.

10. The incremental budgetary amount in 2005 for launching potential new Rounds in 2005 is comprised as follows:

Round 5, if approved in November 2005	\$1.7m
Additional, if approved in July 2005	<u>\$5.1m</u>
	\$6.8m
Round 6, if approved in November 2005	<u>\$1.5m</u>
<b>Total</b>	<b>\$8.3m</b>

11. The indicative amounts for 2006 & 2007 in respect of new rounds assume that one new round is approved in 2006 and two in 2007.

12. These incremental costs of new rounds are comprised as follows:

\$m	<u>2005</u>	<u>2006</u>	<u>2007</u>
Secretariat Expenses	2.6	1.6	2.5
LFA Services	5.8	17.3	23.5
<b>Total</b>	<u>8.3</u>	<u>19.0</u>	<u>26.0</u>

### MEFA Adjustments

13. In arriving at its recommended budget for 2005, MEFA deliberations at its September and October meetings resulted in adjustments to the budget originally proposed in September to include \$ 77.7 million and 177 staff and adjusted in October as summarized below:

US\$m	<u>Proposed by Secretariat</u>	<u>Recommended by MEFA</u>
Budget 2004		
Secretariat Expenses	32.3	
Annualization of additional 29 positions approved at 8th Board	2.7	
less: Round 4 costs	<u>-0.9</u>	
	34.1	34.1
LFA Services	<u>20.5</u>	<u>20.1</u>
<b>Budget 2004, as adjusted</b>	<b>54.6</b>	54.2
Board mandated tasks	1.2	1.1
Continuation of existing commitments	4.3	3.2
Essential improvements	4.5	3.0
Recommended enhancements	2.7	0.6
Contingency	<u>1.0</u>	<u>0.5</u>
<b>Budget 2005, before new Rounds</b>	<b><u>68.2</u></b>	<b>62.6</b>
less: Efficiency Target		<u>-1.6</u>
Net of Efficiency Target		<b>61.0</b>
<i>Increase on Budget 2004, as adjusted</i>		6.4 11.8%
<b>Increment for new Rounds*</b>	<b>8.3</b>	<b>(A)</b>

\* Additional direct costs (Secretariat & LFA) of new Rounds

(A) See paragraph 5

## Performance Indicators

14. Based on the foregoing, and assuming two new Rounds are approved in 2005, the resultant key ratios are:

Key Ratios	2004	2005	2006	2007
	Forecast	Draft	Indicative	
Operating Expenses (including new Rounds) as:				
As % of Disbursements <sup>(a)</sup>	8.0%	5.0%	3.6%	2.8%
As % of Expenditure <sup>(b)</sup>	3.3%	2.3%	1.9%	3.1%
As % of Value of Active Grants <sup>(c)</sup>	1.9%	1.3%	0.9%	0.7%
Operating Expenses per Active Grant <sup>(d)</sup> (\$'000)	247	188	162	141
(a) Grant disbursements in the year				
(b) New grant commitments (on signing agreements) plus Operating Expenses				
(c) Cumulative funds committed to active grants ('funds under management')				
(d) Grants (with signed agreements) that have not yet reached completion				

The above ratios are based on the following projected grant activity volumes (and would change depending upon grant activity volumes):

Grant Activity Volumes (projected)	2004	2005	2006	2007
	Forecast	Draft	Projected	Projected
Number of new Rounds approved	1	2	1	2
Number of New Grants signed	153	158	190	110
(d) Number of Active Grants (average)	204	370	539	651
(a) Value of grant Disbursements in year	630	1,387	2,446	3,247
(b) Value of (new) grant Commitments in year	1,483	2,950	4,496	2,899
Operating Expenses (including new rounds)	50	69	87	92
Value of total Expenditure in year	1,533	3,019	4,583	2,990
(c) Value of Active Grants - Commitments \$m	2,575	5,416	9,724	12,407
Value of Active Grants - Disbursements \$m	852	2,103	4,384	7,413

## Part 3: Corporate Objectives and Work Plan 2005

15. The Secretariat Work Plan for 2005 is focused on five Corporate Objectives:

- **Achieving results:** Finance the significant scale-up of responses to the three diseases through effective grant management and funds disbursement. Accelerate implementation through partnerships and harmonized approaches at country level.
- **Mobilizing resources:** Mobilize sufficient resources to implement the Global Fund's mission and meet country needs
- **Measuring and documenting performance:** Make performance based funding a reality.
- **Managing the Secretariat:** Build a cost- efficient, high-performing, diverse and motivated Secretariat.

- **Facilitating governance:** Provide effective support to the Global Fund Board and its Committees.

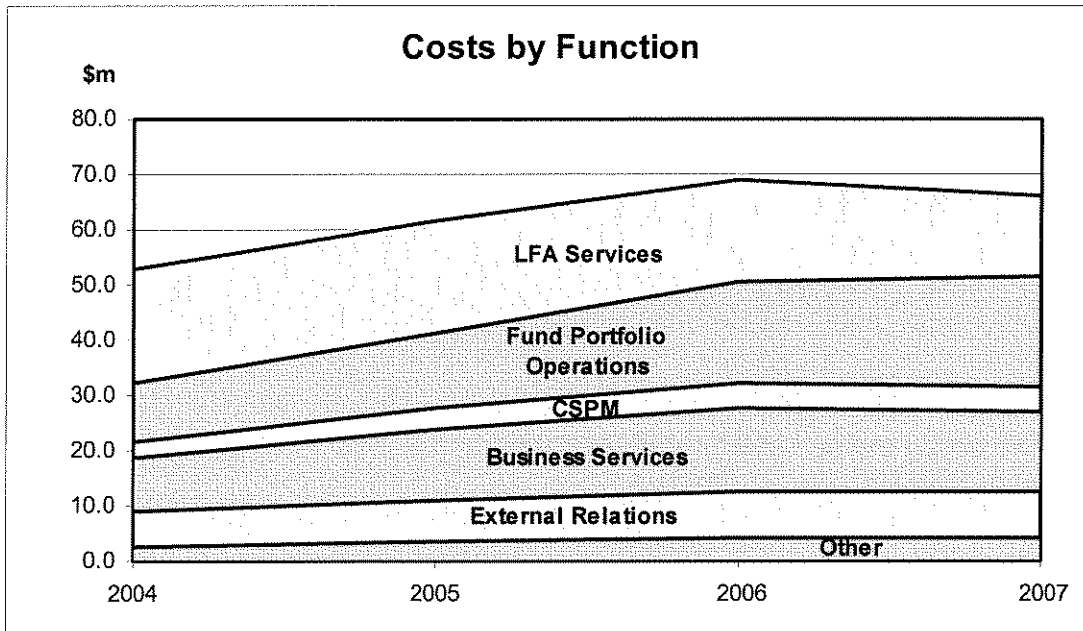
16. The attainment of these objectives is the basis of the individual team work plans detailing the constituent activities and deliverables, as reviewed by MEFA. The budget is derived from the resultant work planned. The allocation of resources in support of the Corporate Objectives after MEFA adjustments is as follows:

Budget 2005		Expenditure, by Corporate Objective (US\$'000)					
		TOTAL	Achieving results	Mobilizing resources	Measuring & documenting performance	Managing the Secretariat	Facilitating governance
<b>Before new Rounds</b>							
Fund Portfolio Operations	22%	13,513	12,487	-	-	587	439
Corp. Strategy & Perform. Measure.	6%	3,971	531	-	3,362	78	-
External Relations	12%	7,470	-	4,618	73	38	2,740
Executive Director's Office	3%	2,144	422	530	696	264	232
Deputy Executive Director	2%	1,018	-	-	-	1,018	-
Business Services	21%	12,960	2,595	963	966	7,970	467
Independent Audit/Inspectorate	0%	290	-	-	-	290	-
Sub-total, before Contingency	66%	41,367	16,036	6,111	5,097	10,246	3,878
Contingency	2%	1,000	500	100	100	200	100
<b>Total Secretariat Expenses</b>	68%	<b>42,367</b>	<b>16,536</b>	<b>6,211</b>	<b>5,197</b>	<b>10,446</b>	<b>3,978</b>
<b>LFA Services</b>	32%	<b>20,199</b>	<b>20,199</b>	-	-	-	-
<b>Total Operating Expenses</b>	100%	<b>62,566</b>	<b>36,735</b>	<b>6,211</b>	<b>5,197</b>	<b>10,446</b>	<b>3,978</b>
		100%	59%	10%	8%	17%	6%

This is prior to cost savings sought under the Efficiency Target.

17. Fund Portfolio Operations and LFA services represent the largest cost element at 54% of total operating expenses. Business Services, which includes office rent, IT services, office infrastructure and Finance, Legal, Contracting, Human Resources and Administration, accounts for 21%. 6% is allocated to Corporate Strategy and Performance Measurement, 12% to External Relations (resource mobilization and communications), 5% to Executive Director activities (including the appointment of a Deputy ED). 2% is reserved for contingencies.

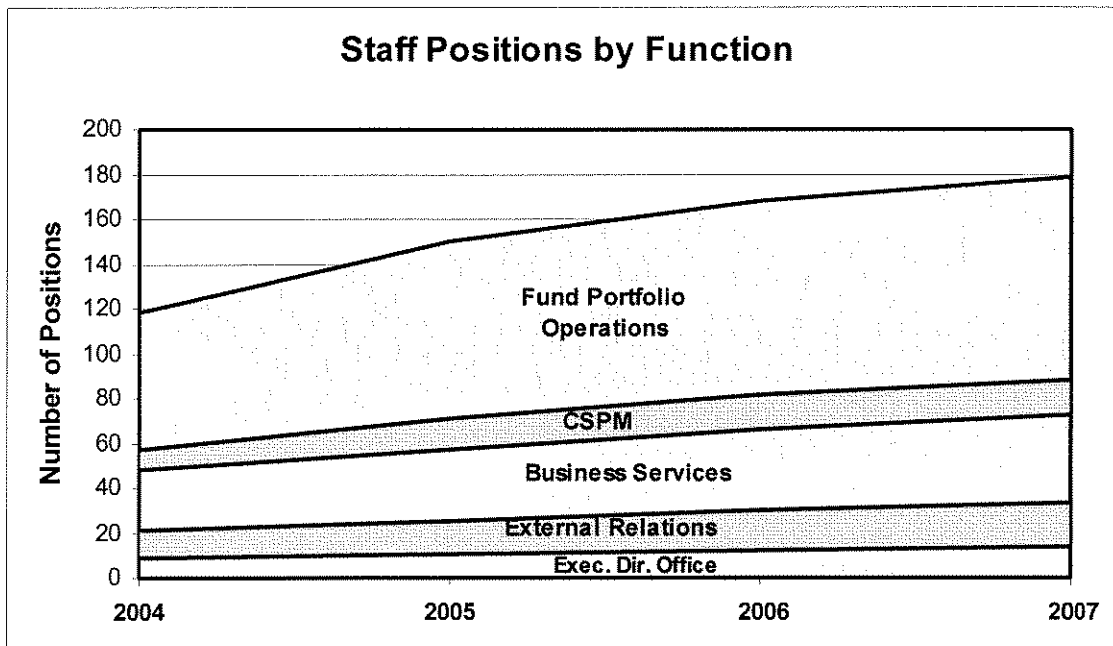
18. The chart below depicts the allocation of resources to each function, showing a build-up in 2005 & 2006 leveling off in 2007. Fund Portfolio Operations and LFA Services represent the main areas of growth in resource allocation, followed by Business Services which includes office infrastructure and support to all Secretariat activities.



#### Part 4 : Staffing

##### Staffing, by function

19. Growth in staffing is concentrated on Fund Portfolio Operations and the functions that support it.



By Function	2004	2005	Change on 2004	2006	Change on 2005	2007	Change on 2006
	Fund Portfolio Operations	61.0	79	18	87	8	91
Corporate Strategy & Performance Measurement	9.0	14	5	15	1	16	1
External Relations	12.0	14	2	18	4	19	1
Executive Director's Office	7.0	7		7		8	1
Deputy Executive Director	2.0	4	2	5	1	6	1
Business Services	27.0	32	5	36	4	39	3
<b>Total</b>	<b>118.0</b>	<b>150</b>	<b>32</b>	<b>168</b>	<b>18</b>	<b>179</b>	<b>11</b>

20. The Operations Unit has been reorganized and expanded for a more efficient use of human resources to ensure effective portfolio management. The new structure reflects an emphasis on a risk-based approach and the integration of operational support staff in mobilizing partners when addressing slow implementation and bottlenecks. Alternative options would be more costly and inefficient: expanding portfolio management teams to manage all grants including slow performing grants, would require more staff and would not leverage the skills of technical partners.

21. The Business Services Unit brings together a diverse range of functional services in the Secretariat: six in all - Finance, Human Resources (HR), Information Technology / Information Management (IT / IM), Legal, Contracts and Administration. The component teams' cross-cutting services and enabling capacities draws them in as contributors across the organization. Legal, Finance, IT / IM and Contracts each contribute very directly to ensuring the grant proposal, negotiation, approval and tracking / disbursement process functions smoothly and speedily. There is a critical need for each of these units to provide expected and requested support processes to the required standards. They must also constantly review both the established ways they interact with and support Operations, as well as explore how they can innovate to operate even more effectively. Conversely, dysfunctionality in any of these services may become a serious bottleneck in core business processes.

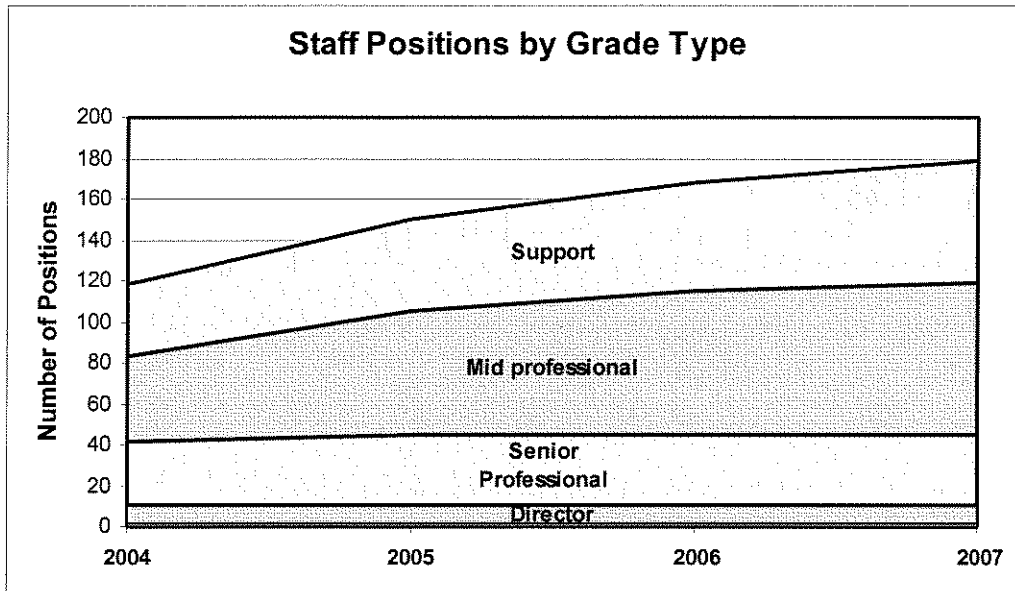
22. Finance provides support in furnishing accurate and up to date information on pledges, contributions, together with regularly updated modeling and forecasts of funding needs. The IT / IM team is critical in support of the M&E function – providing data capture and manipulation capability, the development and maintenance of grant proposal and grant management tools, performance tracking and progress reporting. They will also be critical in developing and driving a knowledge sharing capability across and between constituencies and providing a flexible, stable and cost-effective IT operating environment. Specific focus has been placed in the 2005 budget in ensuring the minimum required in-house management oversight, while out-sourcing almost all of the core support functions.

### **Staffing, by grade**

23. In developing the budget scenarios and options, particular attention has been devoted towards reviewing required staffing levels and the appropriate mix of grades and remuneration.



24. In planning staff evolution, particular attention has been taken to avoid “grade creep”. Although the cumulative scenario implies a total potential + 27% increase in headcount (118 to 150), the majority of additional positions are at the mid-professional (P3/P4) level and the support level (P2/Gs), consistent with the need to further strengthen the Fund Portfolio Operations management team and to cope with the additional administrative load. This will drive down the average cost per employee each year.



	2004	2005	Change on 2004	2006	Change on 2005	2007	Change on 2006
<b>By Grade Type</b>							
Seconded free-of-charge	2	2		2		2	
Director	9	9		9		9	
Senior professional	31	34	3	34		34	
Mid professional	41	60	19	70	10	74	4
Support	35	45	10	53	8	60	7
<b>Total</b>	<b>118</b>	<b>150</b>	<b>32</b>	<b>168</b>	<b>18</b>	<b>179</b>	<b>11</b>

**Part 5: Cost increases from 2004 to 2005**

25. The table following summarises the budgetary changes from 2004 to 2005, which are explained in the paragraphs beneath. Attachment 1 details the computation of the changes.

Changes from 2004 to 2005		Changes from Budget 2004 to 2005 (US\$'000)						
	TOTAL	Staff	Professional Fees	Travel	Meetings	Office Infrastructure	Communications Materials	
Fund Portfolio Operations	27%	2,862	2,443	(181)	78	321	-	202
Corp. Strategy & Perform. Measure.	34%	1,003	1,073	(255)	(130)	140	65	110
External Relations	18%	1,121	788	(410)	363	196	30	153
Executive Director's Office	3%	70	(50)	(50)	30	110	-	30
Deputy Executive Director		1,018	756	175	58	30	-	-
Business Services	33%	3,214	1,107	556	53	8	1,510	(20)
Independent Audit/Inspectorate		290	-	290	-	-	-	-
Sub-total, before Contingency	30%	9,578	6,117	125	451	805	1,605	475
Contingency	82%	450	39%	2%	11%	91%	62%	42%
<b>Total Secretariat Expenses</b>	31%	<b>10,028</b>						
<b>LFA Services</b>	-1%	<b>(279)</b>						
<b>Total Operating Expenses</b>	18%	<b>9,749</b>						

Note: The percentages on this table represent the percentage change on the 2004 budget.

## Reasons for the changes

### 26. Fund Portfolio Operations

- Consolidation of the Operations team to achieve appropriate grant process management capability, including the establishment and integration of Operations Services and Support capacity – particularly in the areas of operational partnerships and country level support. (See 19 also.)
- Increased grant activity and enhanced risk management capability
- Staff cost increase reflects annual costs for the 23 additional staff approved at 8<sup>th</sup> Board meeting and 16 additional staff in 2005.
- Increased cost of meetings and communications materials relate to more Regional Meetings to facilitate CCMs' and PRs' capacity and partnership building through training workshops and knowledge exchange. Costs are net of anticipated cost sharing/sponsorship. These meetings act as platforms for information sharing among CCMs and PRs in accordance with each region's situation. Additional costs reflect more meetings, more extensive training materials and translation of this material.
- Travel cost increase results from more grants being managed, Phase 2 renewals and ACT reprogramming

### 27. Corporate Strategy and Performance Management

- Additional staff to ensure that monitoring and evaluation work is developed to the required standard to underpin true performance-based funding, and to better enable program policy development
- Production and translation of M&E toolkit, M&E manual and CCM case studies.

### 28. External Relations (Includes resource mobilization, communications and Board relations)

- Travel and meetings costs for Board meetings have increased because: (a) the current configuration of members, including high costs of bringing people from remote areas (e.g. Samoa, Chile) which will last for another 12 months; (b) the costs of appropriate venues (with enough space and interpretation booths etc), especially for the away meeting, was under-budgeted in 2004 and these extra costs have been factored in for 2005 (c) overlapping committee meetings make it difficult to hold all meetings in the GF office, the budget has thus been slightly increased to cover the costs of an outside venue; (d) a provision has been made to support Board members' travel to fulfill certain limited responsibilities and for

professional expertise to support the committees (in particular the Ethics committee which requires expert guidance).

- Resource mobilization activities including replenishment conferences.
- Reduction in professional fees and increase in staff costs reflects use of temporary staff in place of consultants.

29. Executive Director's office

- Provision for appointment of a Deputy Executive Director.

30. Business Services (Includes organization-wide costs for office rent, IT infrastructure, Trustee fee, etc. and for Finance, Human Resources (HR), Information Technology/ Information Management (IT / IM), Legal, Contracts and Administration.)

- Enhancement of IT systems to support proposal and grant management and performance measurement
- Increased legal and contracts support to portfolio operations
- Office rent, equipment and other infrastructure costs impacted by staff numbers
- Increased scope of Trustee services (replenishment & multi-currency grants)
- See paragraphs 20 & 21 also.

31. Independent Audit/Inspectorate

- Provision for the establishment of a service to independently review integrity of Global Fund. Terms of reference to be determined in consultation with stakeholders.
- 50% of annual estimated cost provided in 2005, assuming mid-year start-up with extensive use of outsourced services.

32. Contingency

- Increase to reinstate contingency to \$1m, to provide for unforeseen needs.

33. LFA services

- Cost decrease arises when LFA fees relating to new Rounds are excluded from the 2005 budget (as explained in paragraph 4). The launching of new Rounds would result in additional LFA fees as outlined in paragraphs 8 through 11.
- See Attachment 2 for calculation of LFA fee estimates.

## Changes from Budget 2004 to 2005

Budget 2004		Budget 2004 (US\$'000)						
		TOTAL	Staff	Professional Fees	Travel	Meetings	Office Infrastructure	Communications Materials
Fund Portfolio Operations	20%	10,651	7,942	912	1,476	116	-	205
Corp. Strategy & Perform. Measure.	6%	2,968	766	1,681	521	-	-	-
External Relations	12%	6,349	2,037	910	1,724	770	-	908
Executive Director's Office	4%	2,074	1,242	510	322	-	-	-
Deputy Executive Director								
Business Services	18%	9,746	3,678	3,330	136	-	2,572	30
Independent Audit/Inspectorate	0%	-	-	-	-	-	-	-
Sub-total, before Contingency	60%	31,788	15,666	7,343	4,179	886	2,572	1,143
Contingency	1%	550	30%	12%	7%	1%	4%	2%
<b>Total Secretariat Expenses</b>	61%	<b>32,338</b>						
<b>LFA Services</b>	39%	<b>20,478</b>						
<b>Total Operating Expenses</b>	100%	<b>52,817</b>						

Budget 2005		Expenditure, by Expense Type (US\$'000)						
		TOTAL	Staff	Professional Fees	Travel	Meetings	Office Infrastructure	Communications Materials
<b>Before new Rounds</b>								
Fund Portfolio Operations	22%	13,513	10,385	731	1,553	437	-	407
Corp. Strategy & Perform. Measure.	6%	3,971	1,838	1,426	391	140	65	110
External Relations	12%	7,470	2,826	500	2,087	966	30	1,061
Executive Director's Office	3%	2,144	1,192	460	352	110	-	30
Deputy Executive Director		1,018	756	175	58	30	-	-
Business Services	21%	12,960	4,786	3,886	189	8	4,083	10
Independent Audit/Inspectorate	0%	290	-	290	-	-	-	-
Sub-total, before Contingency	66%	41,367	21,783	7,468	4,629	1,691	4,178	1,618
Contingency	2%	1,000	35%	12%	7%	3%	7%	3%
<b>Total Secretariat Expenses</b>	68%	<b>42,367</b>						
<b>LFA Services</b>	32%	<b>20,199</b>						
<b>Total Operating Expenses</b>	100%	<b>62,566</b>						

Changes from 2004 to 2005		Changes from Budget 2004 to 2005 (US\$'000)						
		TOTAL	Staff	Professional Fees	Travel	Meetings	Office Infrastructure	Communications Materials
Fund Portfolio Operations	27%	2,862	2,443	(181)	78	321	-	202
Corp. Strategy & Perform. Measure.	34%	1,003	1,073	(255)	(130)	140	65	110
External Relations	18%	1,121	788	(410)	363	196	30	153
Executive Director's Office	3%	70	(50)	(50)	30	110	-	30
Deputy Executive Director		1,018	756	175	58	30	-	-
Business Services	33%	3,214	1,107	556	53	8	1,510	(20)
Independent Audit/Inspectorate		290	-	290	-	-	-	-
Sub-total, before Contingency	30%	9,578	6,117	125	451	805	1,605	475
Contingency	82%	450	39%	2%	11%	91%	62%	42%
<b>Total Secretariat Expenses</b>	31%	<b>10,028</b>						
<b>LFA Services</b>	-1%	<b>(279)</b>						
<b>Total Operating Expenses</b>	18%	<b>9,749</b>						

Note: The percentages on this table represent the percentage change on the 2004 budget.

## Fees for Local Fund Agent Services

Budget 2005: LFA Fees		2004 Budget	2005	2006	2007
Total	\$20.5m		\$26.0m	\$35.8m	\$38.0m
<b>New Rounds approved (assumed)</b>	<b>1</b>		<b>2</b>	<b>1</b>	<b>2</b>
<b>Activity Volumes</b>					
A Phase 1 grant agreements signed	153		158	190	110
B Phase 2 renewals reviewed	0		142	193	150
Active grants (at year end)	287		429	603	683
C (Av.) No. of Active grants throughout year	204		370	539	651
No. of new grants per PR (Phase 1)			1.8	1.9	2.0
No. of PRs receiving a new grant			88	100	55
Of which, existing PRs			40%	45%	50%
Assessments of NEW PRs			53	55	28
Assessments of Existing PRs			35	45	28
<b>LFA Fees for Assessments</b>					
<b>New PRs</b>					
Unit cost (per assessment)	\$75,000		\$75,000	\$75,000	\$75,000
No. of New PRs assessed	96		53	55	28
Cost	\$7,200,000		\$3,960,000	\$4,125,000	\$2,062,500
<b>Existing PRs</b>					
Unit cost (per assessment)	\$40,000		\$40,000	\$40,000	\$40,000
No. of Existing PRs assessed	47		35	45	28
Cost	\$1,880,000		\$1,408,000	\$1,800,000	\$1,100,000
<b>Total cost of Assessments</b>	<b>\$9,080,000</b>		<b>\$5,368,000</b>	<b>\$5,925,000</b>	<b>\$3,162,500</b>
<b>LFA Fees for Monitoring</b>					
Unit cost (per grant-year)	\$52,627		\$50,000	\$50,000	\$50,000
C (Av.) No. of Active grants throughout year	205		370	539	651
Cost	\$10,788,535		\$18,475,346	\$26,925,743	\$32,558,188
<b>LFA Fees for Phase 2 Renewal Reviews</b>					
Unit cost (per renewal review)	\$15,238		\$15,000	\$15,000	\$15,000
B Phase 2 renewals reviewed	40		142	193	150
Cost	\$609,520		\$2,130,000	\$2,901,509	\$2,250,000
<b>LFA Fees - Total</b>					
	\$20,478,055		\$25,973,346	\$35,752,252	\$37,970,688
	<b>\$20.5m</b>		<b>\$26.0m</b>	<b>\$35.8m</b>	<b>\$38.0m</b>
Increase on prior year - LFA Fees			27%	38%	6%
Increase on prior year - No. of Active Grants (average)			82%	46%	21%
<b>If no new Rounds</b>			20,199,138	18,433,070	14,434,759
<b>Increment over "No New Rounds"</b>					
Assessments			3,512,095	5,925,000	3,162,500
Monitoring			2,217,112	11,329,975	18,238,089
Phase II			45,000	64,207	2,135,340
<b>Total - fees relating to new Rounds</b>			<b>5,774,208</b>	<b>17,319,182</b>	<b>23,535,929</b>



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**Phase 2 Commitments for 2005**

**Decision Point:**

The Board approves a maximum amount of US \$1,310 million for Phase 2 commitments in 2005, as detailed in "Forecast of Resource Available in 2005" (GF/B9/12).

***Signed 19-11-2004***

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat



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**Operational Implications of Offering Grants in Euros and Dollars  
(Report of the Monitoring and Evaluation, Finance and Audit Committee)**

**Decision Points:**

**Decision Point 1:**

The choice of currency will apply to new proposals submitted after 1 January 2005 and Phase 2 renewals. Specifically:

- Grants approved in Rounds 1 through 4 which have not been signed by 1 January 2005 will continue to be denominated in USD (i.e., the currency choice for new proposals applies from Round 5 onwards).
- Phase 2 renewals may be requested in either USD or EUR. The Phase 2 amount will be computed in the original currency of the proposal. If a change of currency is requested, the Phase 2 amount shall be converted to the chosen currency using the rate of exchange published by the International Monetary Fund on the day when the renewal recommendation is sent to the Board for approval.

The currency choice must be made at the time of submission of the Proposal or Phase 2 renewal request. Specifically, the applicant cannot change the chosen currency at any time after that (including during implementation).

**Budgetary Implications:**

The operational implications of implementing the dual currency grant option in tandem with a potentially greater use of promissory notes in various currencies as described and recommended will necessitate additional finance personnel at the Secretariat and/or additional services from the Trustee for both the set-up phase and ongoing implementation. Provisional costing would allow for one additional P4/P5 staff member or outsourced consultant (approximate cost \$165,000 per year) plus Trustee costs to be determined, arising partially in 2005.

**Decision Point 2:**

The Board requests the Secretariat to analyze and quantify the risks of implementing the dual currency decision, and the costs associated with managing those risks. This analysis should result in a set of policies and guidance to the trustee on how to mitigate and manage those risks. These policies will be referred to the MEFA Committee prior to presentation at the Tenth Board Meeting.

*Signed 19-11-2004*

Lucia Fiori  
Rapporteur

Dianne Stewart  
Secretariat



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**Board Calendar**

**Decision Points:**

**Decision Point 1**

The Board approves the Board Calendar for 2005 as attached.

**Decision Point 2**

The Board accepts with gratitude the offer from Sweden to host the 1<sup>st</sup> Replenishment Conference in Stockholm.

**Decision Point 3**

The Board accepts with gratitude the offer from the United Kingdom to host the 2<sup>nd</sup> Replenishment Conference.

**Decision Point 4**

The Board accepts the invitation of Morocco to host the Twelfth Board meeting, and Latin America and the Caribbean to host a Board Meeting in 2006.

*Signed* 19-11-2004

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Lucia Fiori  
Rapporteur

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Dianne Stewart  
Secretariat





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<b>Board Calendar 2005</b>			
<b>January</b>	4	Committee on Committees	Video Conference
		PMPC	Teleconference?
	24 - 25	RMCC	Geneva
<b>February</b>	7-28	Committee Meetings	Geneva
<b>March</b>	1 – 11	Committee Meetings	Geneva
	14-16	1 <sup>st</sup> Replenishment Conference	Stockholm
	17	Call for Proposals - Round 5	
<b>April</b>	21-22	10 <sup>th</sup> Board Meeting	Geneva
<b>May</b>			
<b>June</b>	9	Submission of Round 5 proposals	
	20 - 30	Committee Meetings	Geneva
<b>July</b>	4 – 8	Committee Meetings	Geneva
	25-	Technical Review Panel Round 5	Geneva
<b>August</b>	-5		
<b>September</b>	5-9	2 <sup>nd</sup> Replenishment Conference	UK
	28 – 30	11 <sup>th</sup> Board Meeting	Geneva
<b>October</b>	17 - 31	Committee Meetings	Geneva
<b>November</b>	1 - 4	Committee Meetings	
<b>December</b>	12 - 14	Site Visits	Morocco
	15 – 16	12 <sup>th</sup> Board Meeting	Marrakesh