



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Eighteenth Board Meeting
New Delhi, India, 7 – 8 November 2008**

**GF/B18/2
Decision**

REPORT OF THE SEVENTEENTH BOARD MEETING

Outline: This document presents the draft Report of the Seventeenth Board Meeting and includes all decisions made at that meeting. The Report of the Seventeenth Board Meeting is subject to ratification by the Board of the Global Fund at its Eighteenth Board Meeting, 7 – 8 November 2008, in New Delhi, India.

Accompanying documentation from the Seventeenth Board Meeting is available at www.theglobalfund.org or by writing to board@theglobalfund.org.

Decision Points are clearly indicated.

Decision Point:

The Board approves the Report of the Seventeenth Board Meeting.

There are no budgetary implications for this decision.

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Agenda Item 1: Introduction and Welcome

1. After welcoming new Board Members to the Meeting, Mr Rajat Gupta, opened the Seventeenth Board Meeting with an appreciation of donors for their generous pledges of support to the Global Fund during the Replenishment Meeting that was held in September 2007. The Chair reported that the amount pledged so far in 2008 exceeded US\$ 3.2 billion. Additionally, the Global Fund has received more than US\$ 2.05 billion in contributions from 18 donors since the Sixteenth Board Meeting, and has already secured the maximum 2008 pledge from the United States of US\$ 841 million.¹

2. In his remarks, the Chair also highlighted the progress that had been made in resource mobilization from the private sector. (RED) had already raised more than US\$ 100 million in 2008 and had announced a new partnership with Dell Computers and Microsoft. In addition, the Corporate Champions program was launched at the World Economic Forum in Davos, Switzerland, with Chevron coming on board as the organization's first Corporate Champion. The Chair acknowledged the hard work and dedication of Mr. Rajesh Anandan, Team Leader for Private Sector Partnerships, who was leaving after five years at the Global Fund.

3. The Chair said he had learned an enormous amount during visits with donors, partners and implementers over the past year and had witnessed the impact that the Global Fund is having in the countries he visited. There were three issues, however, that drew his concern and that should be discussed further by the Board. First, for long-term sustainability of the work supported by the Global Fund, it is critical that programs supporting health systems are financed. Second, the Chair called on the Board to continue exploring ways in which the Global Fund can take a more active role in shaping its portfolio of grants, noting that the organization has an opportunity to shift the course of the epidemics and have a deeper impact in the fight against the diseases. Third, there is a need to improve the overall effectiveness of the Global Fund, especially in terms of improved business practices and communication. The Chair stated that the Global Fund can maintain its performance-based funding model while making it easier for countries to comply with requirements. He also noted that the Global Fund has an image problem in the field that needs to be addressed through more effective communication not only by the Secretariat, but also by Board Members.

4. The Chair congratulated the Committee Chairs and Vice-Chairs as well as the Committee members for their hard work leading up to the Board Meeting, particularly their efforts in attempting to bring consensus decisions to the table. The Chair explained he had added two items to the agenda: one on non-voting Board seats to ensure equitable representation of the three diseases on the Board and another on the Global Fund's role as a responsible investor in malaria, a follow-up to the strategic discussion on the three diseases at the Sixteenth Board Meeting.

5. Board Vice-Chair Elizabeth Mataka delivered opening remarks during which she stated that her focus on gender would remain a priority during her tenure as Vice-Chair. She expressed her delight in the Board decision on gender, which was approved at the Sixteenth Board Meeting, but stated there were many challenges

¹ As required by the Congress, the amount contributed to the Global Fund by the U.S. cannot exceed 33 percent of all donations. While the U.S. Congress has appropriated US\$ 841 million in total, the Congress also requires that the Administration makes certain deductions for Global Fund expenditures, including those made to state sponsors of terrorism and administrative expenses in some categories. Because of this, the actual amount that the Trustee will receive from the United States will be less than US\$ 841 million.

ahead on which the Board should focus its attention. She stated that she was looking forward to further strategic discussions on a simplified architecture for the Global Fund, which is particularly important in order to scale up implementation of well-performing grants. She also pointed to the need to strengthen Country Coordinating Mechanisms (CCMs), particularly in their oversight role after grants have been awarded. The third area on which she focused was the need for a more streamlined process in relation to Phase 2 decisions. Finally, she pointed to the need to increase the number of Secretariat staff that work directly with countries and to build stronger communications with countries to dispel myths and misunderstandings about the Global Fund.

Agenda Item 2: Appointment of the Rapporteur

Approval of the Agenda

Approval of the Report of the Sixteenth Board Meeting

1. The Chair informed the Board that Mr Javier Hourcade Bellocq from the Communities constituency had agreed to act as Rapporteur for the Seventeenth Board Meeting. The decision point was approved without discussion.
2. The Chair presented the agenda for the Seventeenth Board Meeting. A request was made to move the approval of the Annual Report to the afternoon of 29 April. The agenda was approved as amended.
3. The Chair informed the Board that the Rapporteur had reviewed and approved the Report of the Sixteenth Board Meeting as an accurate reflection of the meeting's proceedings.
4. In discussion, several delegates highlighted the need for more detail of Board debates to be included in the Board Report. Some delegates also asked for the report to note each intervention by name. In response, the Rapporteur, Mr Luis Riera Figueras from the European Commission delegation, agreed that the report could be more explicit, but said that attributing each intervention could take away from the goal of giving more detail about the debate itself. He asked that the Board allow the Secretariat and the Rapporteur to work more closely together to decide which sections of the report should include attributions. The decision point was approved.

Decision Point GF/B17/ DP1

Mr. Javier Hourcade Bellocq from the Communities constituency is designated as Rapporteur for the Seventeenth Board Meeting.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP2

The agenda for the Seventeenth Board Meeting (GF/B17/1, Revision 1), as amended, is approved.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP3

The report of the Sixteenth Board Meeting (GF/B17/2) is approved.

This decision does not have material budgetary implications.

Agenda Item 3: Report of the Executive Director

1. The Executive Director, Dr Michel Kazatchkine, delivered a report updating the Board on operations and results; the Global Fund's role in health systems strengthening (HSS); resource mobilization; the restructuring of the Secretariat and the transition from the Administrative Services Agreement (ASA) with the World Health Organization (WHO). The Executive Director also included in his report a description of follow-up activities the Secretariat is undertaking on Study Area 1 of the Technical Evaluation Reference Group (TERG) Five-Year Evaluation, as well as highlights of the ways in which the Global Fund partnership is growing stronger.
2. In the subsequent discussion and question period, delegates thanked the Executive Director for the very comprehensive report and made comments and asked questions about a variety of topics.
3. On partnerships, several delegates expressed their appreciation of the collaborative spirit in which the Global Fund is working and pledged to continue to support the organization with technical support and advice in the field, as well as in generating demand for future funding rounds.
4. Delegates were pleased with the Secretariat's progress on gender, but said more needed to be done at a much faster pace. They reminded the Executive Director that the gender champion that is being hired should not only be gender sensitive, but should also have political knowledge.
5. Several delegates raised questions about the progress of the transition from the ASA with WHO. Delegates were generally concerned about the affect that this change was having on staff, who were facing several major changes simultaneously and who also may lose privileges and immunities as a result of leaving WHO. Of particular concern was the loss of the United Nations Laissez Passer (UNLP) and the implications for staff travel and security abroad.

6. Delegates also asked questions about the status of the Price Reporting Mechanism (PRM), the Secretariat's strategy for declining Official Development Assistance (ODA) budgets and the percentage breakdown for monitoring and evaluation (M&E) in the Global Fund budget.

7. Several delegates also emphasized that although progress had been made, much more attention needs to be paid to HSS and more thought needs to be put into how it is defined within the context of disease-specific programs.

8. In response, the Executive Director thanked delegates for their comments on partnerships as partnerships at the country level are key to improving the Global Fund. The Executive Director acknowledged that when the organization moves away from WHO, staff may lose some privileges and immunities that are part of the UN system, including the UNLP. However, the Swiss government is putting privileges and immunities in place for Global Fund Staff that are similar to those provided for WHO staff. An outside firm will be contracted to cover security and travel-related issues for staff.

9. The PRM database only reports on certain commodities. In the coming months the Global Fund will move to a new PRM system, which will be in line with the one operated by WHO. On the M&E percentage breakdown, the Executive Director agreed that the percentage presented was quite low. He said that the figure was probably an underestimation because it does not include costs for human resources. The correct figure is probably in the five- to ten-percent range. On HSS, the Executive Director agreed that the Global Fund is currently not doing enough. However, he explained that in his report he had attempted to highlight areas where impact is being made because this is not often highlighted.

10. On ODA budgets, the Executive Director agreed that 2008 is a key year. Although the Global Fund's results are still fragile, he sees in the results room for hope and progress and that there is now real data emerging to support this. He said he hopes that the organization will be able to demonstrate that progress is being made in the fight against the diseases.

11. The Executive Director said the Board could help the Secretariat in three ways: support staff, who are going through difficult times with all of the changes that are taking place; help with recruitment – currently 80 positions are advertised with many more to come; and avoid taking any decisions that will increase pressure on staff before the November 2008 Board Meeting.

Agenda Item 4: Report of the Portfolio Committee

1. The Chair of the Portfolio Committee (PC), Ms K. Sujatha Rao, presented a report with four decision points for the Board to consider on the subjects of Technical Review Panel (TRP) membership for Round 8; Terms of Reference for the TRP; grant closure activities; and the Continuity of Services Policy.

2. The Chair of the PC explained that there were nine vacancies which needed to be filled on the TRP: one each for the three diseases and six in the cross-cutting review category. In discussion, delegates did not voice any reservations with the proposed candidates, but some delegates questioned how geographic diversity can be maintained going forward. In response, the PC Chair said the reason for low representation from some regions is because there were no applicants from those areas. The representative from WHO offered to assist in identifying future

candidates from under-represented regions to improve the geographic diversity of the group. The decision point passed without further discussion.

3. The Chair of the PC reported that the PC recommended making an amendment to TRP terms of reference to include the provision that the TRP should review disease sections of proposals in two parts: a disease section and an HSS section, where approval of HSS sections must be linked directly to outcomes in the three diseases. In discussion, delegates expressed their support of the decision point because it encourages flexibility without penalizing countries that may not have the expertise necessary to develop successful cross-cutting HSS proposals. The decision point passed without further discussion.

4. In terms of grant closure activities, the PC recommended that the Global Fund provide time-limited funding for programmatic activities in unanticipated terminations and allow disbursements from remaining grant funds for grant closure activities after the grant end date, where needed, on an exceptional basis. In discussion, delegates had questions about the upper limit of the amount that the Secretariat can use for grant closure activities and about the types of reports that would be submitted to the Global Fund after a grant closes. In response, the PC Chair said that the type of the final end of grant report would be reviewed and that final programmatic and financial reports, including audits, would be submitted for all closures. In terms of the upper limits, the PC Chair said that the Secretariat has to determine what the essential needs are on a case-by-case basis, so upper limits would not be appropriate. The decision point passed without further discussion.

5. The PC recommended that the Secretariat be given authority to approve funding under the Continuity of Services Policy provided that incremental funding is not required and that the Board is notified when such funding is approved. The decision point passed without discussion.

6. The Board Chair took a moment to recognize the contributions of Mr. Jacques Martin, a representative of the Swiss Government, who would be retiring after the Seventeenth Board Meeting. Mr. Martin had been an active member of the Canada/Germany/ Switzerland delegation and the PC. He had attended all of the Board's Seventeen Meetings and been instrumental in assisting with establishing the Global Fund in Geneva.

Decision Point GF/B17/DP4

The Board approves:

- (a) Dr Fernando Del Castillo (HIV), Dr Ahmed Awad Adeel Abdel-Hameed (Malaria), Dr Omou Younoussa Bah-Sow (Tuberculosis), and Drs Beatriz Ayala-Ostrom, Grace Murindwa, Alison Heywood and Maggie Huff-Rouselle (Cross-Cutting) as Permanent Members of the TRP to serve up to four Rounds commencing from Round 8;***
- (b) On an exceptional basis, and to strengthen the TRP's expertise in health systems strengthening (HSS) pending a full replenishment of the TRP Support Group in 2009, two persons currently serving as members of the GAVI Alliance HSS Independent Review Committee, Dr Elsie Le Franc and Dr Bola Oyeledun; and***

- (c) *In respect of calls for proposals made in 2008, the eighteen (18) persons identified as Alternate Members in the Report of the Portfolio Committee (GF/B17/5, Revision 1),*

each of whom have been recommended by the Portfolio Committee and the Executive Director upon consideration of required technical expertise, as well as geographical distribution and gender balance.

There are no material budgetary implications for this decision.

Decision Point GF/B17/DP5

The Board amends Article 32 of the TRP Terms of Reference [GF/B15/7 Annex 2] as follows:

32. The TRP shall review each Rounds based proposal as a whole and not separately evaluate elements within a proposal, and recommend some to the Board for funding and not others. However, in reviewing a disease component which contains a cross-cutting HSS section, the TRP may recommend for funding either:

- a. The entire disease component, including the cross-cutting HSS section;*
- b. The disease component excluding the cross-cutting HSS section; or*
- c. Only the cross-cutting HSS section if the interventions in that section materially contribute to overcoming health systems constraints to improved HIV, tuberculosis and malaria outcomes.*

In addition, ~~t~~The TRP can ~~however~~ recommend modification or even elimination of weak elements in an otherwise strong proposal where those weak elements are not a key or major aspect of the proposal.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP6

The Board notes the Secretariat's principles for grant closure set out in Annex 1 of the Portfolio Committee Report (GF/B17/5, Revision 1).

The Board recognizes that, in the exceptional circumstances of unanticipated terminations, there may be a need for continued funding for programmatic activities in order to ensure the orderly and ethically responsible closure of the grant. The Board endorses the Secretariat's authority, as part of its grant management responsibilities, to approve continued funding for programmatic activities in cases of unanticipated termination from remaining grant funds, based on the Secretariat's grant closure principles, emphasizing that any such funding be time-limited. The Board also acknowledges that, in exceptional cases, funds disbursed prior to the grant end date may not be sufficient to cover grant closure expenses. The Board delegates to the Secretariat the

authority to allow disbursements of remaining grant funds for grant closure activities after the grant end date in exceptional circumstances provided the expenses are reasonable and permitted in accordance with the Secretariat's grant closure principles.

The authorities of the Secretariat referred to above relate to funds remaining under the grant. Board approval continues to be required for any incremental funding that is necessary to finance grant closure expenses that exceed the remaining grant funds.

The Portfolio Committee will continue to oversee the application of the Secretariat's grant closure policy as part of its on-going responsibility to review regular portfolio updates from the Secretariat. The Secretariat will report to the Portfolio Committee on a regular basis on all unanticipated terminations and suspensions of grants during the preceding reporting period and the arrangements for such grants. These reports will include the specific amounts of funding to be allocated for grant closure, their use and other key issues.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP7

The Board amends the Continuity of Services Policy (GF/B14/DP11) by amending paragraph v as follows:

v. The Secretariat will review the Extraordinary Request, and provide a funding recommendation to the Board for its approval if incremental funding is needed. If incremental funding is not required because there are sufficient funds remaining under the ending grant to cover the Extraordinary Request, the Board authorizes the Secretariat to approve the Request, on the same conditions and subject to the same limitations as set out in this policy. The Secretariat will take into account performance issues, as appropriate, and shall make any adjustments to existing implementation arrangements necessary to ensure the effective use of Global Fund financing.

This decision does not have material budgetary implications.

Agenda Item 5: Report of the Finance and Audit Committee

1. Ambassador Louis-Charles Viossat, Vice-Chair of the Finance and Audit Committee (FAC), made a presentation to the Board that included decision points on the 2007 financial statements, which passed without discussion, and on priorities for the Office of the Inspector General (OIG), the transition to the new administrative framework, a new budget framework, the Five-Year Evaluation budget reallocation, and Debt2Health.

2. Mr John Parsons, the Inspector General (IG), presented the four priorities proposed by his office for 2008-2009, which are: providing assurance on grant processes; providing assurance on the main managerial processes in the Secretariat; supporting key managerial and governance initiatives; and strengthening the OIG. Mr Parsons stated that good lines of communication are very important for the Global Fund because it does not have country offices. He said he had received a letter from the Point Seven constituency raising concerns about delays in an investigation and follow-up in Uganda. He said that the work being undertaken in countries now would address the situation in Uganda. He said he would be building multidisciplinary investigation teams that would include health experts and other experts that would be hired under contract. He assured the Board that reports from the OIG would be publicly available in accordance with the disclosure policy that was adopted by the FAC, the first four of which should be issued by September 2008.

3. The FAC Vice-Chair stated that FAC recommends that the Board approve the decision point on the IG's proposed priorities, which included an amendment for the IG to report to the FAC on actions taken and response to a number of known cases of mismanagement of Global Fund resources. In discussion, a representative from the Ethics Committee said that it would like to work with the IG on developing a code of conduct for the Global Fund, ethical principles for suppliers and a whistleblower policy. Other delegates raised questions about how reporting to the full Board would take place and how issues regarding fraud and mismanagement within the Secretariat would be addressed by the IG. Another delegate said that his constituency felt that the number of audit missions proposed by the IG was insufficient and requested that the IG be given the means to increase the number of missions it planned to pursue. The constituency also encouraged the IG to reach out to donor countries to see if their audit services could be used. Several delegates also talked more in-depth about the issues related to Uganda. The delegate from Point Seven said that the letter was sent to bring these issues to the attention of the IG and the Board, particularly where it relates to clarity about the role of partners in these types of investigations.

4. In response, Mr Parsons stated that reports would be publicly available within three days of delivery to the FAC Chair and that investigation of internal matters are indeed a top priority of the OIG. The Vice-Chair of the FAC echoed his comments, stating that the FAC would also provide the Board with a summary of actions taken by the IG as part of its regular reports at Board Meetings. On the subject of the number of audit missions, the Vice-Chair of the FAC stated that this issue had also been discussed within the Committee. Mr Parsons agreed that eight audit missions was insufficient, but felt that it was manageable given the fact that there is a need for the OIG to be strengthened and to grow. He agreed that there is a need to draw on the expertise of others and assured the Board that he is exploring several opportunities for strategic alliances where it makes sense. On the subject of Uganda, the Executive Director encouraged bi-directional engagement between the Global Fund and partners and reiterated that the Global Fund relies on partners in country to support the organization in investigating what happened there and recovering what needs to be recovered. The decision point passed as amended.

5. In regard to the transition to the new administrative arrangements, the Vice-Chair of the FAC reported that there had been several delays due to the complexity of the project and to the implementation of a new WHO information technology system. As a result of these delays, it will not be possible to fully implement the compensation and benefits arrangements to apply following cessation of the Administrative Services Agreement (ASA) with the WHO by 1 January 2008 as originally planned. Accordingly, the FAC is recommending that although the ASA will terminate at the end of 2008, the Global Fund should accept the offer of the WHO to

provide human resources services whereby the WHO would process compensation for Global Fund staff using WHO systems for an interim period from 1 January up to 30 September 2009 at the latest. This would allow the Global Fund sufficient time to fully develop its own compensation and benefits framework, negotiate pension fund arrangements and design and implement the information systems needed. The FAC also recommended the adoption of two other decision points on the transition arrangements: one which would delegate authority to FAC to approve rules to succeed those of WHO on issues related to human resources (HR) management, contracting and non-grant financial matters; and another that renews the delegation of authority to FAC to approve the Global Fund pension scheme.

6. In discussion, several delegates raised concerns about the delay. Several constituencies were uncomfortable with delegating authority to FAC for approving rules which would govern HR management. Although they understood the urgency, they proposed an amendment to the decision point that would allow for consultation with Board Members who wish to engage on these issues or would allow for the creation of a special task force on this matter to facilitate the process.

7. In response, the Executive Director said that it was not possible for staff to wait for the November 2008 Board Meeting for a decision on this, as they are being asked to leave their contracts with WHO at the end of 2008 and will need to know the employment conditions being offered by the Global Fund well before that time. He saw two options for the Board: either extend the ASA with WHO or adopt a compensation framework identical to that of the World Trade Organization for three years.

8. An amendment was proposed that would enable the Board to vote on this matter electronically prior to the Eighteenth Board Meeting. It was discussed as to whether this timeline would be adequate.

9. The Executive Director stated the timeframe would fit if authority was delegated to FAC to approve the HR policies or if the Board voted on this matter electronically prior to the Eighteenth Board Meeting. He reiterated that making a decision in November 2008 would be too late. The Board Chair said that although HR policy is fundamental, it is ongoing work and he wanted to caution the Board that it would not be giving away its authority to comment on HR strategy by delegating this authority to FAC. He suggested that interested delegations could join with the FAC to be fully involved in the decision making and requested that the spirit of the discussion be incorporated into the amendment to the decision points brought to the Board.

10. The next decision point concerned the budgetary framework for the Global Fund. The new budget framework responds to the Board request for a framework to guide the formulation of annual budgets for operating expenses. The framework defines parameters for a normally acceptable budget size and enhances the process for formulating and reviewing budget proposals. It also provides for the addition of a 10 percent contingency to the budget for unforeseen needs and the budgetary implications of Board decisions made during the year.

11. In discussion, delegates asked that the decision point be amended to state that the framework and the parameters would be reviewed by the FAC each year. Other delegates expressed concerns that the Board should be able to approve any carry-overs and that carry-overs should be related to strategic priorities, and requested that FAC closely review expenditure each year. The decision point passed as amended.

12. The presentation by the FAC was paused to accommodate a presentation on the roadmap for collaboration between the Global Fund and UNITAID. PSC Chair Ambassador Lennarth Hjelmaker described the background. He said the PSC was very happy about the progress made and that they were able to bring a roadmap to the Board for its consideration. In discussion, several delegates expressed their appreciation for the work that went into developing the roadmap. Delegates stressed their desire that the Secretariats of the two organizations continue to work together to address some of the gaps that are in the roadmap and hoped that the two organizations could find additional areas on which to collaborate as well as malaria drugs. Delegates felt however that this was a good first step, and therefore the decision point passed without further discussion.

13. The Chair of the UNITAID Board, Mr. Philippe Douste-Blazy made remarks that focused on his excitement about the strong, promising partnership between UNITAID and the Global Fund, emphasizing the fact that the two organizations complement each other without duplicating effort. He said he believed this collaboration should multiply the impact on countries and that UNITAID is prepared to play a key role as a technical and financial partner to the Global Fund.

14. The FAC presentation continued with the Vice-Chair of the FAC describing the decision point on budget reattribution from 2007 to 2008 for activities related to the TERG Five-Year Evaluation. The carry-over of US\$ 6 million is for activities that were planned for 2007, but will now occur in 2008 because of contracting delays. The decision point passed without discussion.

15. The Vice-Chair of the FAC next presented the decision point on Debt2Health, which asked the Board to support the exploration of additional opportunities for Debt2Health beyond those included in the pilot phase of the program. In discussion, several delegates said they wanted to receive a report evaluating the first Debt2Health experience between Germany and Indonesia. The decision point passed without further discussion.

16. The FAC presentation ended. It was agreed that the three decisions on the ASA transition would be taken on the following day. The decision points regarding the ASA were amended to address Board concerns. All three decision points were duly passed.

Decision Point GF/B17/DP8

The Board approves the 2007 Financial Statements of the Global Fund which have been audited by Ernst & Young as set out in Attachment 1 to the Report of the Finance and Audit Committee (GF/B17/6).

This decision does not have material budgetary implications.

Decision Point GF/B17/DP9

The Board approves the Priorities for the Office of the Inspector General as set out in Attachment 2 and summarized in Annex 2 to the Report of the Finance and Audit Committee (FAC) (GF/B17/6).

The Board requests the Inspector General to report to the FAC on the action taken in response to any case where mismanagement of Global Fund grant programs has taken place. The Board requests the FAC to review at its meetings any reports received from the Inspector General and action taken in response to such cases, and to propose any further action that the FAC considers necessary, in consultation with other relevant actors in-country.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP10

The Board approves the Budget Framework as set out in Annex 3 to the Report of the Finance and Audit Committee (FAC) (GF/B17/6), which shall guide the formulation and consideration for approval of annual budgets for Operating Expenses of the Global Fund. The Board requests that FAC annually review the Framework, including the parameters, for three years, bearing in mind the desire to achieve economies of scale, and thereafter as needed, and report back to the Board, with recommendations for modifications as necessary. In conjunction with the PSC process that will recommend Secretariat KPIs for 2009, FAC shall explore how best to link the KPIs to the budget. The FAC shall also examine how to enhance its review of expenditure each year.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP11

The Board refers to its decision (GF/B14/DP23) to request the Policy and Strategy Committee (PSC) to work with the Secretariat and the Finance and Audit Committee to develop a roadmap for future collaboration with UNITAID. The Board approves the proposed framework set out in Attachment 1 of the Report of the PSC (GF/B17/4), and requests the Secretariat under the oversight of the PSC to proceed with collaboration in the five areas described in the proposed framework and provide an update to the PSC at its first meeting in 2009.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP12

The Board approves the reattribution of US\$6 million of the Five-Year Evaluation budget from 2007 to 2008.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP13

The Board recognizes some early success in securing resources through Debt2Health and awaits the first contribution in mid-2008. Although the Board awaits specific data on aspects of the program, the Board supports exploration of additional opportunities. Based on additional data, the Board may consider expansion of the pilot program in the future.

This decision does not have material budgetary implications.

Decision Point GF/B17/D20

The Board accepts with gratitude the World Health Organization's offer to provide human resources services, based on WHO's pay scale and rules and regulations, following the discontinuation of the Administrative Services Agreement on December 31, 2008. Global Fund staff shall at that time be directly employed by the Global Fund. The Board requests the Executive Director to negotiate and enter into a legal agreement putting in place this arrangement, not to extend past 30 September 2009, by which time the Global Fund's own arrangements for Human Resources services shall be in place.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP21

The Board refers to its decision (GF/B17/DP20) to accept the World Health Organization's offer to provide human resources services during the period beginning on 1 January 2009 and ending not later than 30 September 2009 (the "Interim Period"). The Board recognizes the importance of full Board ownership of the human resources and related policies and systems ("HR Policy") that shall be in effect at the end of the Interim Period.

As the HR Policy must be established prior to the next meeting of the Global Fund's Board, the Board requests the Finance and Audit Committee to invite all interested Board constituencies to participate in preparation of the HR Policy. Following this consultation, the HR Policy shall be submitted to the Board for approval by email on a no-objection basis under the procedure normally applicable to funding commitments set forth in Section 12 of the Board Operating Procedures. The HR Policy shall be consistent with the principles and strategic priorities set out in Annex 4 to the Report of the Finance and Audit Committee (GF/B17/6).

In addition, the Board delegates authority to the FAC to approve an interim HR policy applicable to the Interim Period, and rules applicable to the purchasing of services and goods and non-grant financial management, which shall come into effect on 1 January 2009.

The Board delegates authority to the Executive Director to take all action, including the execution of legal agreements, required to bring into operation the Global Fund's interim and new administrative frameworks.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP22

The Board renews its delegation of authority to the Finance and Audit Committee to approve the Global Fund's cash balance pension fund, and requests the Executive Director to take all necessary action, including the execution of legal agreements, to establish the pension fund following such approval.

This decision does not have material budgetary implications

Agenda Item 6: Discussion on Global Fund Non-Voting Board Seats

1. The Board Chair said he put the issue of non-voting Board Member seats on the agenda to address the inequity on the Board among the three diseases. The Roll Back Malaria Partnership (RBM) and the Stop TB Partnership (Stop TB) are both public/private partnerships with independent Boards. Although they are part of WHO, the Chair said he does not feel that they should be represented at Board level as part of the WHO delegation. Although he understands that the PSC had recommended not to increase the size of the Global Fund Board, the Chair said he was looking for ideas so that a way could be found to make the representation of the three diseases on the Board more equitable.

2. In discussion, the Executive Director said he supported the idea of having a non-voting seat on the Board for RBM and Stop TB. He explained that there is considerable work that goes on between the two organizations and the Global Fund, both in Geneva and on the ground in countries. Both organizations have been very supportive in mobilizing assistance to help countries with their proposals for funding.

3. Dr Marcos Espinal, Executive Secretary of Stop TB explained to the Board that the Stop TB partnership is a global coalition of more than 700 partners, including people affected by the disease and more than 400 non-governmental organizations (NGOs), multilaterals and bilaterals. He further explained that while WHO is hosting the Partnership, it is an independent, self-governed entity and could, therefore, be a better representative for TB on its own, rather than via the WHO Board seat. Stop TB has a 10-year business plan for reaching the Millennium Development Goals (MDGs) relevant to its mission. The Partnership meets twice a year and there is a clear difference between the role of WHO and the role of Stop TB.

4. Dr Awa-Marie Coll-Seck, Executive Director of RBM explained to the Board that RBM is also a public-private partnership. She said that RBM sent a letter to the Board requesting representation in the Global Fund Board as a reminder that at this level it is very important to have disease equity. She said that RBM feels it would

add value to Board discussions because it has already been working very closely with the Global Fund and would like to continue to contribute to achieve even better results.

5. The Communities delegation said it had drafted a proposed decision point on this issue for the Board's consideration because it believes that giving Board seats for TB and malaria delivers a strong message that all diseases are important and that it would benefit the Global Fund to have technical assistance available on the Board.

6. In the discussion that followed some members felt that there is inequity on the Board with regard to TB and malaria, and asked the Board to strengthen these voices by providing greater involvement to RBM and Stop TB in Global Fund decision-making. They requested that the PSC explore alternative opportunities to creating new Board seats and present them to the Board at its Eighteenth Board Meeting.

7. A number of delegates stressed they were not in the position to advocate for enlarging the Board as they felt the Board was already too large. It was therefore suggested that an arrangement could be considered where the Chairs of the RBM and Stop TB could meet with Committees before Committee Meetings, or alternatively that the two partnerships remain part of the WHO delegation, which brings an historic perspective to the debate.

8. It was further suggested that rather than adding Board seats, Stop TB and RBM should achieve inclusion through a membership of a constituency, which would give them the access to decision-making that they request. UNAIDS was identified as a possible constituency for such an arrangement.

9. It was accepted that the issue needed further discussion to come up with more creative solutions and particularly to ascertain if it would be feasible for the two organizations to be included in the Committee process.

10. The representative from WHO welcomed the effort to include TB and malaria and the opportunity to discuss the issue further, however, some interventions contained a misunderstanding which needed to be corrected. Representatives from both RBM and Stop TB are included in the WHO delegation already and are consulted before Board Meetings.

11. The Chair of the Board responded that he felt that although there had been much discussion, the Board was still not fully facing the question: Why can't there be representation for all three diseases? Why is there a seat just for AIDS? He said that he felt the issue was sufficiently important to be brought to the PSC and the Board Retreat for further discussion and that he was disappointed that the Board could not come to consensus on the issue.

12. The Communities delegation offered again to present their proposed decision point to the Board, but the Board Chair said that he felt the decision point was not different from what the PSC is already doing. He felt that since there had been a full discussion on the issue, it was time to take a break on the topic and discuss it further the following day at which time the decision point could be presented.

13. The Communities delegation put forward a proposal for non-voting seats for malaria and TB the following day. The decision point passed without further discussion.

Decision Point GF/B17/DP14

Recognizing the need for equitable representation of HIV/AIDS, tuberculosis and malaria within the Global Fund, the Board decides that the follow up work and decisions on the Five Year Evaluation should include action to ensure the

effective participation on the Global Fund Board of malaria and tuberculosis constituencies. The Board requests the PSC to discuss the issues and present outcomes at the Board Retreat in October 2008 so that a recommendation can be presented at the Eighteenth Board Meeting in November 2008.

This decision does not have material budgetary implications.

Agenda Item 7: Report of the Policy and Strategy Committee

1. The PSC Chair, Lennarth Hjelmaker made a presentation to the Board that included decision points on the following topics: donor seat allocation, a memorandum of understanding (MoU) between the Global Fund and UNAIDS, and the Affordable Medicines Facility – malaria (AMFm).

2. The first decision point presented gives guidance for Board seat allocation for public donors. In discussion, delegates said that it is very important that the donor seat allocation remain transparent so that donors recognize their duty is to the Board as a whole. The decision point passed without further discussion.

3. The next decision point which called for approval of a revised MoU with UNAIDS was presented by the PSC Chair. In discussion, one delegate said that he noticed that the text was slightly modified from what was presented to the PSC, and that although the changes looked minor, he wanted to know exactly what they were. In response, the UNAIDS representative said that the language was just tightened and further explanation of the nature of the partnership was added. Also the language was changed so that the MoU conformed to a more standard format used in other forums. Care was taken to use track changes so that the PSC could see that it was a language issue. The representative from UNAIDS reiterated that the organization is committed to this partnership which will materialize at the country level to design, successfully put into operation and evaluate programs that are being implemented. The decision point passed without further discussion.

4. The PSC presentation continued the next morning with a presentation of the decision point on the AMFm. The PSC Chair said that a number of consultations had taken place since the Sixteenth Board Meeting and that the PSC has had a long debate about the subject as well. He was happy that the PSC was able to come to consensus on a decision point about the issue.

5. A number of delegates indicated their strong support for the initiative due to the increased opportunities it provided to get effective drugs to the poor and into rural areas, as well as its public private partnership model. However, it was also highlighted the AMFm may be difficult to manage and that care needed to be taken to ensure that the AMFm did not crowd out other Global Fund initiatives, and that the AMFm could effectively be adapted to the Global Fund business model. On this issue several delegates questioned whether the AMFm was an appropriate business line for the Global Fund and if the initiative should not be hosted and managed elsewhere.

6. The Point Seven delegation acknowledged that while taking on a new business line involves risk, there is also risk involved with not pursuing the AMFm as it is a way to have real impact on malaria by increasing access to drugs. The

delegation felt that the Global Fund has a lot of responsibility in this instance and saw the discussion as one that is related to the discussion on the Global Fund's role as an investor in malaria.

7. While reiterating that universal access is a goal of the Board, the delegation from the United States (U.S.) said that it differed in its views on how to achieve that. The U.S. delegation outlined several concerns with the AMFm: Whether it is appropriate for the Global Fund and whether it is workable or feasible at all. The delegation believes that the proposal is inconsistent with the Global Fund's mission and implored the Board to have the courage to recognize when a big new idea is not a good one. The delegation said it would like to continue to work over the next six months to address the following issues: expansion of access to the poorest of the poor; a clear comparison between value for money and other potential models for access to treatment in terms of reduction of mortality; safety concerns with regard to pregnant women and children with fevers; implications for changes to the Global Fund business model, framework and technical processes; the makeup of an independent technical body; and valid criteria for applications. Given these concerns, the delegation asked that the decision point include the word exploratory instead of transitional when describing the AMFm Committee.

8. The WHO delegation cautioned the Board that it is very important to get the technical aspects of the AMFm right from the beginning, especially in terms of policies regarding the administration of drugs to children with fevers and steps that should be taken to prevent drug resistance.

9. The Developed Country NGO delegation expressed deep concern about issues regarding safety – especially in light of the problems that arose because of over- and under-prescription of chloroquine which is no longer a useful treatment option. The delegation also said that it sees distribution of free bed net and free ACTs as very useful, especially because women and children are largely affected.

10. Due to the concerns raised it was suggested that the AMFm be introduced in a phased approach and that it be kept under review by both the PSC and the Board.

11. In preparation for the vote on the decision point, the PSC Chair said he believed the decision point invited the opportunity for the Board to express its concerns. He proposed that the committee referred to in the decision point be called an ad hoc committee. The decision point passed. The Board Chair noted that Japan did not vote.

Decision Point GF/B17/DP15

The Board recognizes the importance of establishing a transparent framework for seat allocation among public donors that attributes rights based principally on levels of contributions, and that helps achieve higher levels and timely payment of contributions.

In accordance with Article 7.2 of the By-laws, the Board requests the Board Members representing donor constituencies, in consultation with other donors, to determine a framework for donor seat allocation, within the existing eight public donor seats and guided by a threshold, and to report to the Board on their conclusions at the Eighteenth Board Meeting.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP16

The Board welcomes and supports the Executive Director's initiative to strengthen the Global Fund's relationship with its key partners in the fight against the three diseases. In this context, the Board expresses its satisfaction with and endorsement for the principles of the new memorandum of understanding with UNAIDS (the "UNAIDS MoU"), and requests the Executive Director to finalize and sign the UNAIDS MoU.

This decision does not have material budgetary implications.

Decision Point GF/B17/DP17

The Board refers to its decision (GF/B16/DP14) and the decision of the Board of the Roll Back Malaria ("RBM") Partnership at its meeting on 28-29 November 2007 inviting the Global Fund to take on full responsibility to host and manage the Affordable Medicine Facility – malaria ("AMFm").

The Board agrees to have the Secretariat prepare to host and manage the AMFm as a business line within the Global Fund:

- *based on the AMFm design and business plan set out in the Secretariat Report to the Policy and Strategy Committee (GF/PSC9/03); and*
- *subject to final approval at the Eighteenth Board Meeting of a policy framework and implementation plan that incorporates the principles set out in Annex 1 to this Decision Point and offers practical solutions, in consultation with technical partners, to remaining technical issues (including identification of strategies to maximize access to ACTs by the most vulnerable and poorest and ensuring patient safety).*

The Board acknowledges the work and recommendations of the RBM Task Force on the AMFm design, as endorsed by the RBM Executive Committee, and joins the RBM Executive Committee in asking the RBM partnership and the AMFm Task Force to continue to contribute to the development of the AMFm and to pursue all options to maximize access (including targeting the poorest through free distribution of ACTs through public and NGO channels).

The Board requests that the Secretariat continue to work with the RBM Partnership, UNITAID, endemic countries, and other relevant stakeholders and develop and present to the Board at its Eighteenth Meeting for decision:

- i. The policy framework and implementation plan for managing the AMFm, including the calendar for phasing in the AMFm and monitoring and evaluation (M&E) arrangements;*
- ii. Recommended arrangements for the ongoing governance of the AMFm;*
- iii. A statement of the resources available for launching the initial phase of the AMFm;*
- iv. The organizational and budgetary requirements for managing the AMFm in its initial phase of operation; and*

- v. **Any required technical changes to the AMFm design and business plan.**

To oversee and guide the work by the Secretariat, the Board decides to establish an ad-hoc committee of the Board: the “AMFm Ad-hoc Committee”. The ad-hoc committee should include relevant partners, and potential donors, including UNITAID. The Board invites nominations for the members of the AMFm Ad-hoc Committee and requests the submission of nominations to the Board Chair and Vice Chair by no later than May 15, 2008. Membership of the AMFm Ad-hoc Committee shall not apply towards the two-committee limit set out in Section 23 of the Board Operating Procedures.

The Board requests the Finance and Audit Committee to work with the AMFm Ad-hoc Committee to review the AMFm design and business plan with regard to 1) the plan’s policy and strategy issues relating to finance, 2) implications for the Fund’s budget for Operating Expenses, and 3) the Fund fiscal management policies and processes. This review should particularly consider elements of the plan that would involve the Secretariat entering into contractual arrangements with implementers of the AMFm, any additional risk this may pose to the Fund, and how this plan will fit within the forthcoming risk management framework of the Fund and its model as a financing institution, not an implementing agency.

The Board calls upon the FAC and the PSC, as part of its ongoing work, to provide analysis on elements of the AMFm policy framework, implementation and business plan that may potentially change the Global Fund framework document and bylaws. In particular, the FAC and the PSC should further review how the various tasks induced by the management of the AMFm should be shared between the Global Fund and its partners. The Board notes the need for extensive consultation with Board members on any proposed substantive change to the Fund’s Framework Document of Bylaws.

There are no budgetary implications to this decision point.

Annex 1 to Decision Point GF/B17/DP8

Principles for AMFm Policy Framework, Implementation and Business Plan

- **The timing of the AMFm-launch and implementation in endemic countries should be developed on the basis of the phase-in paper set out as Attachment 3 to the PSC Report (GF/B17/4), to include the following factors:**
 - **A phased launch starting with a first group of countries to be selected according to criteria developed by the Secretariat and agreed at the 18th Board Meeting;**
 - **Roll-out of the AMFm in these selected countries for an initial phase until a Board decision on full roll-out is reached;**
 - **Operational research and extensive M&E efforts carried out in these first countries accessing the AMFm to assess the extent to which the AMFm can meet its objectives and provide lessons learned about the design and implementation of the AMFm that would inform a subsequent Board decision on full roll-out;**
 - **An independent technical evaluation of the roll-out of the AMFm in the selected countries will be commissioned by the Global Fund Secretariat , under the guidance of the appropriate**

- committee, using a set of pre-defined key indicators to be further elaborated and agreed at the Eighteenth Board Meeting to assess potential failures and short-comings (“red flags”) in the AMFm;*
- *At its first meeting in 2010, the Board will consider findings from this evaluation for a decision on whether to expand, accelerate, terminate or suspend the AMFm business line;*
 - *Expansion from the initial phase to a full roll-out in all eligible countries will occur within a year of launch unless clear failures (“red flags”) in the AMFm design are observed.*
- *The AMFm should be designed to increase access to ACTs by requiring national roll out plans/strategies that:*
 - *Emphasize reaching women, children and the poor,*
 - *Are fully financed, including sources of funding for supporting interventions to enable safe and broad access (notably among those who are currently unable to purchase ACTs because of their low income);*
 - *Include plans for training, supervision and monitoring of providers, especially to ensure patient safety;*
 - *Explain how the plan and its interventions link with national malaria control strategies and programs and how AMFm will be coordinated with supporting interventions.*
 - *Are reviewed and approved by an independent standing technical body that determines that the AMFm roll-out plan is technically sound, with a particular focus on assuring sufficient investment in necessary supporting interventions, prior to provision of co-payment funding*

The AMFm should pursue responsible negotiations and contracting with manufacturers:

- *Manufacturer sales prices for private sector buyers must not exceed the price available to public sector buyers (currently US\$1/dose);*
 - *Quality standards applied to drugs that qualify for the co-payment must, as a minimum, meet the quality standards outlined in the Global Fund’s Quality Assurance policies; and*
 - *The duration of copayment contracts should not extend beyond the duration of the first phase of roll-out so as to ensure continuation of market competition to reduce prices and encourage market entry of new participants.*
- *The AMFm should pursue a responsible funding policy and resource mobilization strategy:*
 - *The AMFm will not become operational until sufficient funds have been contributed to cover co-payment costs for the full first phase of roll-out;*
 - *Resources mobilized by the Global Fund Secretariat for the AMFm copayment should be additional to and separate from resources raised for ongoing Global Fund grant making and, must be held in a separate account with the Trustee;*
 - *Resource mobilization for supporting interventions will be part of ongoing resource mobilization for Global Fund grant making and should be integrated into the Global Fund resource mobilization strategy;*
 - *No funds can be transferred from the Global Fund’s “general” account with the Trustee to support AMFm co-payments;*

- *The Global Fund will not make contractual commitments with manufacturers unless the necessary funds are available in the copayment account with the Trustee.*
- *The AMFm should work with partners to ensure that:*
 - *The process for country access, including the development and assessment of roll-out plans, is simple and well-supported;*
 - *Provider training and supervision emphasizes appropriate use of ACTs; and*
 - *AMFm implementation builds on consultation with the Private Sector in participating countries to ensure the co-payment is passed on through the supply chain.*

Agenda Item 8: Discussion on the Launch of Round 9

1. The Board Chair introduced a discussion on the possibility of launching a second funding round in 2008, which would be called Round 9. He said he thought it was an exciting proposal to consider because it directly related to the business of the Global Fund.

2. The Executive Director said he was also excited about the call for an extra funding round in 2008. He said it is a priority for staff in the Secretariat because it is the core business of the Global Fund. The extra round would help countries to plan better and will help those that have unsuccessful proposals in Round 8 to quickly resubmit their applications. It would also help countries that may not be ready for Round 8 to defer to Round 9. With regard to financing, the Executive Director reported that the Secretariat would have US\$ 3 billion available to fund the round, based on pledges currently confirmed. He reiterated to the Board that the decision to fund an extra round would place enormous pressures on the staff of the Secretariat and on the TRP, but he felt that it was feasible and was committed to making it work.

3. Dr Peter Godfrey-Faussett, Chair of the TRP, said that the TRP is very much in favor of multiple reviews per year as it would improve the flexibility of the Global Fund. Multiple rounds are also good for country planning purposes. The TRP hopes this is very much in line with a move toward national strategy applications. However, there are a number of challenges at country level that needed to be addressed to avoid confusion. When there is room for confusion and complexity, then the Global Fund is viewed as a lottery, where countries believe they have to apply to each round, whether or not their application has been well thought through. The Rolling Continuation Channel (RCC) has been difficult for countries because of timing, which has led to some countries applying before they were really ready to do so. He highlighted it is also important to think through the implications of the architecture review. There are implications for the TRP as well, since members have full-time jobs in addition to the volunteer services they provide to the TRP. The TRP Chair reiterated that he is supportive of Round 9, but is concerned that resources will be stretched. He requested that the Board extend the eligibility of recent and former TRP members and reinforce the Proposals Team at the Secretariat so that enough resources would be available to handle the extra work.

4. The Board Vice-Chair said that while she recognized that there would be difficulties, she thought they could be overcome. She strongly supports Round 9

because there is a disconnect between what the countries are asking for and what they need. She said she sees Round 9 as an opportunity for countries to scale up in their response to the diseases. With only one round per year, there is no opportunity for countries to get feedback and resubmit their proposals. Since the Board has decided to embrace new issues and target initiatives in gender, Round 9 gives countries another opportunity to address these issues in their proposals.

5. In the discussions that followed many delegations supported the launch of Round 9, believing that it will further support the flexibility of countries and help them to come to the Global Fund with stronger proposals, thus increasing the demand for Global Fund funding. It was questioned however why such a major decision would be presented to the Board at the last minute, which did not allow the time or the information needed to make a rational decision.

6. Several delegates also said that they needed more time to consult with their governments before making a decision. Others said that it was unfortunate that the decision point had not gone through the regular process of deliberation within Committees, which would have allowed the information-gathering necessary to make an informed decision. Delegates also raised concerns that it seemed some people knew about the decision point before the Board was informed. Many delegates also expressed concern that the decision could further strain an already overworked Secretariat.

7. In response, the Board Chair agreed that it was not right for people to be discussing decisions that could be made by the Board that have not been shown to the Board. He said he takes the issue seriously and that he would take action to prevent it from happening in the future.

8. The Executive Director said that moving to an earlier launch of Round 9 is an important step by the Board, but he was concerned about the message that is sent to staff when the budgetary implications of this action were not acknowledged, because it means the Secretariat has to absorb another major activity without allocating financial resources to it.

9. The Board Chair calls for a vote. The decision point passes. The Chair calls the vote an historic one and thanks the Board.

Decision Point GF/B17/DP18

- 1. The Board, determined to scale up the Global Fund's response to HIV, Tuberculosis and Malaria, decides in principle to announce, after the Seventeenth Board Meeting, that there will be an extra Call for Proposals for funding in 2008.**
- 2. The Board requests the Secretariat to prepare to issue a Call for Proposals for Round 9, which shall employ the same proposal form and guidelines as Round 8, on or about 1 October 2008, and to provide for review of those proposals in time for approval at the Nineteenth Board Meeting in April 2009.**
- 3. The Board decides that in Round 8 and 9:**
 - a. Applicants whose initial proposal receives a Category 3 recommendation may resubmit a revised version of the same proposal in the next Round for consideration by the TRP in time for the Board to make a decision at its next Board Meeting.**

- b. *When the TRP comments on initial Category 3 proposals, it is encouraged to recommend the types of changes that need to be made to strengthen the proposal for resubmission.*
 - c. *Within a week of the Board being informed of the TRP's recommendations and comments, each applicant should be informed by the Secretariat of the TRP's recommendation and comments regarding its proposal.*
4. *The Board recognizes that this decision point has implications for the Secretariat, the TRP, and applicants. The Secretariat is requested by no later than 15 May 2008 to submit to the Board, for approval by email, a final decision on announcing Round 9, together with a description of resources available and forecasted and proposed changes to existing policies necessary to implement this decision point.*
 5. *The Board calls on its members and RBM, along with the STOP TB Partnership and UNAIDS Co-sponsors, to provide support to implementers to develop high-quality proposals and to manage efficient programs, to ensure the effectiveness of Global Fund resources.*
 6. *The Board also calls on implementing partnerships, donor countries, and technical partners to prioritize their efforts to develop and agree on a shared approach by which national strategies can be validated, as a basis for the Global Fund to approve funding requests through national strategy applications, and to accelerate the development of robust country-level national strategies. The Board recognizes that national-strategy applications could provide the most sound basis for the scaling-up of programs to prevent, control and treat HIV, tuberculosis and malaria, and could be the most effective way to streamline the ability of country-level partnerships to earn Global Fund resources.*

The Secretariat will strive to absorb the budgetary implications of this decision within the already approved budget for 2008.

Agenda Item 9: Discussion of the Global Fund's Role as a Strategic and Responsible Investor in Malaria

1. The Board Chair opened the discussion by stating that this was an extension of the discussion started at the Sixteenth Board Meeting on the Global Fund's role as a responsible investor. This session allows the Board to go deeper into a discussion on malaria. The Board Chair introduced Mr Tedros Adhanom Ghebreyesus, Minister of Health of Ethiopia, who made a presentation via a video conferencing system.

2. The presentation detailed Ethiopia's experience with the Global Fund, the possibility for scale-up of malaria interventions for Africa and what should be done for marked scale-up in Africa. The Minister recounted the history of Ethiopia's relationship with the Global Fund and the fact that the country almost lost its funding because it was too slow in reaching targets for bed net distribution. After a self-assessment, Ethiopia responded by attempting to achieve targets beyond those set by the Global Fund. This renewed thinking allowed the country to distribute nearly 20 million bed nets in a two-year period. The Minister said he believes it is possible for all Africans to have access to bed nets by 2010. Many African countries are making progress, but the commitment needs to be there both at the local and the global level to make a difference. He suggested that Africa be considered as an

island because if services are not delivered continent-wide, they will not be effective in stemming the spread of malaria.

3. RBM Executive Director Dr Coll-Seck, and Ray Chambers, United Nations (UN) Special Envoy for Malaria addressed the Board. They both said that although progress has been made in malaria prevention, the time to scale-up is now because the goal is to have universal bed net coverage for malaria by 2010, which is less than 1,000 days away. Both said the Global Fund has a vital role to play in helping to achieve those goals and to save as many lives as possible as quickly as possible.

4. The Board Chair presented a decision point to the Board which called for the Global Fund to engage in activities that would build demand for greater scale-up of the malaria response.

5. In discussion, several delegates expressed their appreciation of the passion and commitment expressed by Minister Ghebreyesus, Dr Coll-Seck and Mr Chambers. Several delegates said that it was important to act now and use interventions that have proven successful. Climate change was mentioned as a major concern because it threatens to change the dynamic of malaria. One delegate also mentioned that it may be in everyone's interest to think of other major activities, such as the World Cup, as ways of raising more funding for malaria. Other delegates asked how Ethiopia's experience could be replicated elsewhere and pointed to the importance of free distribution of bed nets and treatment, especially in terms of reaching women.

6. The decision point passed. The Board Chair commented that as the Global Fund invests more heavily in scaling up for malaria, it is important that partners and implementers in the field get the appropriate technical assistance so that the money is spent more effectively.

Decision Point GF/B17/DP19

- 1. The Board acknowledges and commends the call by the UN Secretary General and the Roll Back Malaria (RBM) Partnership to help countries achieve the G8, the World Health Assembly and RBM targets to achieve universal coverage of an essential malaria control intervention package by December 31, 2010. In particular, the Board recognizes the epidemiological rationale set forth by the WHO for a massive scale-up of effective preventive measures to reach these targets. As the largest external financier of malaria programs worldwide, the Board is committed to ensuring that the Global Fund is acting as a key partner, along with others, in this extraordinary public health effort to meet the demand from countries to scale-up their malaria programs.***
- 2. Given the urgency of the need to devote additional resources and to increase implementation capacities at country level to achieve universal coverage, the Board urges countries to submit ambitious Round 8, Round 9, and Rolling Continuation Channel proposals aimed at scaling up comprehensive malaria control programs (particularly the distribution of long-lasting insecticide treated nets (LLINs) and ACTs) and are linked to broader health systems strengthening.***
- 3. The Board also urges countries to take advantage of the flexibility offered in Global Fund financing and, if appropriate, to consider revising budgets for existing and new grants and for Phase 2 requests to frontload resources and accelerate implementation and scale-up of LLIN distribution, ACTs and other malaria control interventions.***

4. ***The Board, recognizing the increased demand from applicants for high quality technical assistance, urges the RBM Partnership to finance and operationalize the Malaria Implementation Support Team to ensure maximum effectiveness of Global Fund resources to achieve universal coverage.***

This decision does not have material budgetary implications

Agenda Item 10: Approval of the Annual Report

1. Mr Jon Liden, Director of Communications, presented the Annual Report to the Board. He stated that the format was different from previous years because the Global Fund's Progress Report had become the organization's flagship report for communicating results. Since the Progress Report focuses on results, it was decided that the Annual Report would focus on financial performance.

2. In discussion, delegates remarked that they liked the new format. One delegate asked why the list of pledges and contributions was not included in the report and one delegate said she would like to see more information related to prevention of HIV and TB in the next report. In response, Mr Liden said that the reason the pledges and contributions list was left out of the report is because it would be very out of date by the time the Annual Report is printed and that the information is available on the Global Fund web site. The decision point passed without further discussion.

Decision Point GF/B17/DP20

The Board approves the Annual Report as presented in GF/B17/7.

This decision does not have material budgetary implications.

Agenda Item 11: Trustee Report

1. Ms Susan McAdams of the World Bank, the Global Fund's Trustee, presented a brief overview of the Trustee Report. The Global Fund has seen very substantial growth in the trust fund. There have been a number of questions on the recent market volatility and how that has affected the trust fund and information on that is included in the Trustee's Report. As of 31 March 2008, more than US\$ 10 billion had been received in contributions. The Trustee has committed US\$ 8 billion to grants and disbursed more than US\$ 5 billion to Principle Recipients. In 2007, more than 1,000 transactions were processed, which is very substantial activity for the World Bank. The conservative investment strategy has created modest returns, but it is subject to market fluctuations. The Board was directed to the Trustee's Report for further detail.

2. In discussion, one delegate congratulated the work of the Trustees for generating returns in spite of the market. Another delegate asked about fluctuations in exchange rates and how that would affect recipients. In response, the Chief Financial Officer reminded the Board that the issue of exchange rates was

considered in 2005 when the Board decided to disburse in both dollars and Euros to grantees. The grants that are paid in Euros account for about five percent of the portfolio and grantees have the opportunity to switch currencies at Phase 2.

Agenda Item 12: Hosting of the Eighteenth Board Meeting

1. Ms K. Sujatha Rao of the South East Asia delegation made a presentation about the plans for the Eighteenth Board Meeting, which will be held on 7-8 November in New Delhi, India. About ten routes for site visits are planned, concentrated in the Southern part of the country. The reason for this focus is that 70 percent of HIV-positive people live there. There are some malaria programs in the Northeast, but the opportunities for site visits there are limited.

Agenda Item 13: Any Other Business

1. Ms. Debrework Zewdie, the Interim Director of Operations, presented the Board with a decision point to continue services to a Round 2 HIV grant in Togo. The grant ended in September 2006 and the Board approved a request to continue essential treatment until September 2008. However, the country has been unable to secure new sources of funding. The situation is dire with more than 12,000 people in need of treatment and the Global Fund as the main source of funding. The country is working to submit a proposal in Round 8, but there is no guarantee that it will be successful. The Togo government is calling an emergency conference to secure funding to the end of 2009. In addition, the CCM has identified US\$ 320,000 of savings from the existing budget plus US\$ 100,000 of undisbursed Phase 1 funds that could be used to stock up on ARVs. The decision point requests the Board to allow the use of existing funding beyond the end of the Continuity of Services period for the people already on treatment. The decision point does not ask for the Board to commit additional funding. The decision point passed.

2. At the close of the meeting, the Chair of the Board acknowledged the contribution of Dr Broto Wasisto, Board Member of the South East Asia delegation, who also served on the Ethics Committee. Dr Wasisto's term on the Board ended with this Board Meeting.

Decision Point GF/B17/DP24

- 1. The Board recalls its decision of 17 July 2007 regarding the establishment of continuity of services arrangements for 2,300 patients in Togo following the expiration of the Togo Round 2 HIV grant (TOG-202-G01-H-00). These arrangements will expire in September 2008.***
- 2. The Board understands that no alternative sources of funding have yet been secured to sustain treatment for these patients and that, unless funding can be secured rapidly, treatment availability for such patients is likely to be interrupted.***

3. ***The Board decides to the extend the current continuity of services arrangements for the Togo Round 2 HIV grant and approves the use of existing grant funds to procure buffer stocks to cover continued treatment for 2,300 patients for a period of up to six months following the end of the current continuity of services arrangements (i.e. 31 March 2009).***
4. ***The Board notes with appreciation the efforts of technical and bilateral partners, civil society and the government in preparing Togo's Round 8 application and urges the government to redouble its efforts and the Global Fund's partners to help contribute to meeting the country's urgent needs.***

This decision does not have material budgetary implications.