



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

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

---

**GF/B18/4  
Decision**

**REPORT OF THE POLICY AND STRATEGY COMMITTEE**

**OUTLINE:**

1. This report summarizes the deliberations of the Policy and Strategy Committee at its 10<sup>th</sup> meeting on 16-18 September 2008, including its recommendations to the Eighteenth Board Meeting.

## **PART 1: INTRODUCTION**

1. The Policy and Strategy Committee (PSC) met in Geneva on 16-18 September 2008 for its 10<sup>th</sup> meeting. The Chair was Ambassador Lennarth Hjelmåker (Point 7); the Vice Chair was Dr Paulo Teixeira (Latin America and the Caribbean).
2. This report contains the following topics:
  - i. **Items for Board decision:**
    - Global Fund/United Nations Relationship (Part 2);
    - Memoranda of Understanding with Islamic Development Bank and Stop TB Partnership (Part 3);
    - Gender Strategy (Part 4);
    - Global Fund Architecture (Part 5);
    - National Strategy Applications (Part 6); and
  - ii. **Items for information** (Part 7):
    - International Health Partnership;
    - Key Performance Indicators (mid-2008 report and proposal for 2009);
    - Donation of Products and Services;
    - Aid Effectiveness and Program Salaries;
    - Non-Voting Board Seats;
    - Partnership Forum;
    - Privileges and Immunities;
    - Donor Seat Allocation;
    - Five-Year Evaluation; and
    - Affordable Medicines Facility – malaria (AMFm).
3. Guidance on the location of further information is provided at the end of this report.

## **PART 2: GLOBAL FUND/UNITED NATIONS RELATIONSHIP**

### **Decision**

1. As a follow-up to the request by the Board at its Sixteenth Meeting<sup>1</sup> that the Secretariat prepare a policy statement on the future status of the Global Fund within the United Nations (UN) system after the termination of the Administrative Services Agreement (ASA) relationship, a working group was established to guide the Secretariat in this process and its recommendations were presented to the PSC.<sup>2</sup>
2. During its deliberations, the PSC recognized that:
  - i. Observer Status at the UN General Assembly (GA) is normally granted to intergovernmental organizations, not non-governmental organizations; and
  - ii. while the Global Fund is not an intergovernmental organization in the strictest sense, it shares many of the defining characteristics of such organizations, thus justifying a request for Observer Status.
3. To communicate this point to all relevant missions in New York, at the PSC's request, the Secretariat provided a one-page summary of the arguments for seeking Observer Status and shared with the PSC the memo submitted by France (on behalf of the European Union) to the General Committee of the GA relating to the Global Fund request.

<sup>1</sup> "Transition from Administrative Services Arrangement" (GF/B16/DP21).

<sup>2</sup> "Policy Statement on the Relationship between the Global Fund and the UN System" (GF/PSC10/10).

4. Since Observer Status in the GA would not automatically lead to representation on the governing boards of specialized UN agencies (e.g., the World Health Organization), it was noted that this should be dealt with separately.

5. The PSC recommends the following decision point to the Board:

**Decision Point 1: Relationship between the Global Fund and the United Nations (UN)**

***The Board takes note of the approach presented in the Draft Outline for a Policy Statement on the Relationship between the Global Fund and the UN System, to be further developed by the Working Group and the Secretariat as a basis for an agreement on a new strategic partnership between the Global Fund and the UN system, to be presented at the Nineteenth Board Meeting.***

***The Board endorses the initiative that the Global Fund, through its Executive Director, take steps to pursue a decision by the 63rd UN General Assembly to grant Observer Status to the Global Fund.***

**This decision does not have material budgetary implications.**

**PART 3: MEMORANDA OF UNDERSTANDING BETWEEN THE GLOBAL FUND AND THE ISLAMIC DEVELOPMENT BANK AND STOP TB PARTNERSHIP**

**Decision**

1. To continue its work towards strengthening the collaboration between the Global Fund and its partners, the Secretariat has been in the process of developing or revising memoranda of understanding (MoUs) with both the Islamic Development Bank and the Stop TB Partnership. The Secretariat presented the latest drafts of these MoUs to the PSC for its consideration.<sup>3,4,5</sup>

2. During its deliberations, the PSC:

- i. supported the Secretariat's effort in strengthening partnership through the establishment of MoUs with relevant partners;
- ii. welcomed the presented draft MoU between the Global Fund and the Islamic Development Bank and the revised draft MoU between the Global Fund and the Stop TB Partnership;
- iii. noted the need to integrate items relevant to the Global Fund, such as gender equality, into the final versions of the MoUs;
- iv. noted the need to report back to the Committee in case there are material changes to the principles in the MoUs as presented to the PSC.

3. The PSC recommends the following decision points to the Board:

**Decision Point 2: Memorandum of Understanding with the Islamic Development Bank**

***The Board notes the Secretariat's continued focus on strengthening 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 memorandum of understanding with the Islamic Development Bank (the "IsDB MoU"), and requests the Executive Director to finalize and sign the IsDB MoU.***

**This decision does not have material budgetary implications.**

---

<sup>3</sup> "Memorandum of Understanding for Strengthening Partnerships" (GF/PSC10/12).

<sup>4</sup> "Draft Cooperation Framework Agreement between the Islamic Development Bank and the Global Fund" (GF/B18/4 – Attachment 1).

<sup>5</sup> "Draft Cooperation Framework Agreement between Stop TB Partnership and the Global Fund" (GF/B18/4 – Attachment 2).

### **Decision Point 3: Memorandum of Understanding with the Stop TB Partnership**

***The Board notes the Secretariat's continued focus on strengthening 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 revised memorandum of understanding with the Stop TB Partnership (the "Stop TB MoU"), and requests the Executive Director to finalize and sign the Stop TB MoU.***

***This decision does not have material budgetary implications.***

## **PART 4: GENDER STRATEGY**

## **Decision**

1. At its Sixteenth Meeting, the Board recognized the importance of addressing gender issues, with a particular focus on the vulnerabilities of women and girls and sexual minorities, in the fight against the three diseases, more substantially in the Global Fund's policies and operations.<sup>6</sup> The agreed approach was to pursue two separate strategies: one towards gender equality and equity with a particular focus on women and girls, and another on the particular challenges facing sexual minorities. The Secretariat presented its work on both of these strategies to the PSC.<sup>7</sup>

2. The PSC appreciated the work to date on both the gender equality and sexual minority strategies, and the effort made to include a broad range of views on these.

3. The PSC agreed that the gender equality strategy needed to send a strong message that countries were expected to do more to address inequalities within their programming for the three diseases, and to look at the structural drivers of these inequalities and eliminate them. The PSC noted that this should be done primarily through incentives, capacity building and support rather than strict requirements. With regards to how the gender equality strategy will be mainstreamed into the Global Fund's architecture, the PSC stressed the need for detailed criteria on "gender expertise" in relation to the different activities undertaken by CCMs, the TRP, the Secretariat etc. The PSC also stressed the need to clearly convey the importance of eliminating gender inequalities both at the country and headquarter level, and emphasized the crucial role of concrete tools to help get the message across (e.g., guidelines, fact sheets, ToRs of gender expertise, etc.). While the emphasis of the gender strategy is on the current Global Fund architecture, the possibility of exploring additional innovative funding models (e.g., possible funding of TA outside of proposal funding) was also acknowledged. It was recognized that this would occur as part of the broader partnership strategy discussion.

4. A revised version of the gender equality strategy and related decision point based on the PSC's discussion will be presented to the PSC for its review during a conference call in October. The final version of these will be made available to the Board when ready.<sup>8</sup>

5. The agreed next steps on the sexual minorities strategy included encouraging the PSC to provide written comments and guidance on the current draft of the strategy, recognizing that consultations will continue at the Partnership Forum, Global Fund Regional Meetings and among PSC constituencies. A final draft will be discussed at the 11<sup>th</sup> PSC meeting with a decision taken at the Nineteenth Board Meeting.

<sup>6</sup> "Scaling Up a Gender-Sensitive Response to HIV/AIDS, Tuberculosis, and Malaria by the Global Fund" (GF/B16/DP26).

<sup>7</sup> "Gender Equality Strategy" (GF/PSC10/08).

<sup>8</sup> The new version of the gender equality strategy will be considerably shorter than the draft discussed by the PSC, with additional detail and explanation to be provided in the implementation plan which will be finalized later.

#### **Decision Point 4: Gender Equality Strategy**

***[Decision point currently under development – to be made available when ready]***

### **PART 5: GLOBAL FUND ARCHITECTURE**

### **Decision**

1. Building on ideas presented at the 9<sup>th</sup> PSC meeting, the Secretariat presented recommendations and principles resulting from the ongoing review of the Global Fund's architecture.<sup>9</sup>
2. During its deliberations, the PSC endorsed, for recommendation to the Board, a "Single Stream of Funding per Principal Recipient (PR) per Disease". In relation to this, it also stressed the following, for the Secretariat to take into account in its ongoing design work:
  - i. Performance-based funding must remain a key operating principle for implementation of a single stream of funding;
  - ii. A single stream of funding should be established for each PR for each disease, in a way that supports the Board's recommendation of Dual-Track Financing, mitigates the risk of "PR entrenchment" and generally supports the Global Fund's principle of multi-stakeholder involvement in its work;
  - iii. The involvement of the Technical Review Panel (TRP) in reviewing proposals must remain an important step in securing additional funding; the role of the CCM must also be maintained; and
  - iv. A single stream of funding per PR per disease should be implemented as soon as possible.
3. The PSC also endorsed, for recommendation to the Board, the following changes to the Global Fund's access to funding model, which are ready for implementation commencing in Round 10:
  - i. Two application windows per annum;
  - ii. Rapid, robust TRP feedback to facilitate re-submission; and
  - iii. The ability for the TRP to recommend proposals based on the removal of specific elements.
4. The PSC recommends the following decision point to the Board:

#### **Decision Point 5: Global Fund Architecture**

***The Board acknowledges the work of the Policy and Strategy Committee and Secretariat in reviewing the architecture issues related to the current financing model of the Global Fund.***

***The Board recognizes that certain key improvements may be implemented immediately, while other potential improvements require further consideration and development.***

#### ***A. Endorsement of a "single stream of funding per Principal Recipient per disease" model:***

***The Board endorses, in principle, the recommendation that future architectural changes shall be based on a "single stream of funding per Principal Recipient per disease" model, recognizing that:***

1. ***The Secretariat will present to the Policy and Strategy Committee, at its first meeting in 2009, a detailed design for implementation of this model, including an analysis of all necessary changes to Global Fund policy required to implement this model; and***
2. ***The Policy and Strategy Committee will present the model for Board approval at the Nineteenth Board Meeting.***

---

<sup>9</sup> "Global Fund Architecture Review" (GF/PSC10/03).

## **B. Changes to be implemented beginning in Round 10:**

**Recognizing that the Board has made the following previous decisions in order to progress towards greater alignment of Global Fund processes with country cycles:**

- **To announce, with significant advance notice, a fixed set of dates for future rounds of funding (GF/B14/DP12) and to call for two rounds of funding in 2008 (GF/B17/DP23);**
- **The opportunity for applicants to re-submit a revised version of the same proposal that was recommended by the TRP as a 'Category 3' proposal (GF/B17/DP23); and**
- **The opportunity for the TRP to recommend RCC proposals for funding conditional upon the removal of a limited set of specific elements from the disease proposal (GF/B14/DP9).**

**The Board now decides to reflect the above decisions in future rounds, commencing with Round 10, as follows:**

- 1. The Secretariat shall issue a minimum of two Calls for Proposals in each calendar year, which shall be issued at dates that fall 6 months after each other, and on as close to the same dates each year as is practicable;**
- 2. Applicants whose proposals are recommended as 'Category 3' proposals by the TRP, shall be entitled to re-submit, in the next round, a revised version of the same proposal that was recommended by the TRP as a 'Category 3' proposal;**
- 3. The TRP may, when recommending proposals as 'Category 1' or 'Category 2' (including 'Category 2B' proposals), recommend relevant proposals for funding conditional upon the removal of a limited set of specific elements from the disease proposal (which removal is not subject to a right of appeal); and**
- 4. The Board requests the Secretariat to prepare amendments to the TRP Terms of Reference as necessary to implement the decisions described above.**

**The budgetary implications of this decision point in 2009 amount to US\$ 876,000 which includes an allocation for eight staff positions. (The cost will be covered by the budget contingency.)**

## **PART 6: NATIONAL STRATEGY APPLICATIONS**

## **Decision**

1. The PSC was briefed on progress towards implementing the Board's decision on National Strategy Applications (NSAs).
2. In relation to the work on the validation approach developed by a multi-partner group within the IHP+,<sup>10</sup> the PSC:
  - i. acknowledged the progress made by the IHP+ working group on validation and stressed the importance of harmonization among initiatives on this topic;<sup>11</sup>
  - ii. strongly re-emphasized the importance of ensuring meaningful multi-stakeholder engagement – including from civil society and the private sector – in all stages of the process (the development, endorsement, validation, and implementation of a national strategy). The PSC highlighted the value of the CCM in this respect; at the same time, it recognized the need for flexibility in form, as long as the principles underlying the CCM are preserved;
  - iii. discussed the options for the validation approach in the IHP+ document, and expressed support for:
    - a. a validation outcome that combines a summary statement about the robustness of the strategy as a whole with an assessment along its key dimensions; and

<sup>10</sup> "Validation of National Strategies/Framework for Consultation (IHP document)" (GF/PSC10/04 – Attachment 1).

<sup>11</sup> Including the initiative of UNAIDS on validation of HIV/AIDS strategies.

- b. an independent validation after multi-stakeholder approval;
- iv. strongly emphasized the need for transparency in relation to countries' pursuit of validation and the resulting outcomes; and
- v. noted the importance of the IHP+ working group moving forward with the planned consultation process, which should include all relevant stakeholders and cover non-IHP+ countries.

3. The PSC asked the Secretariat and PSC members involved in the IHP+ working group on national strategies to feed the above outcomes of the PSC's deliberations into the consultation process.

4. In relation to the Global Fund-specific work on NSAs, the PSC discussed the Secretariat's document<sup>12</sup> and agreed with the need at this stage for the Secretariat to learn from practical experience to inform the broad roll-out of NSAs. Therefore the PSC supported the Secretariat's proposal to implement the NSA approach through a phased roll-out, with a first learning wave in 2009.

5. The PSC recommends the following decision point to the Board:

***Decision Point 6: Phased roll-out of National Strategy Applications, with First Learning Wave***

***The Board refers to its decision (GF/B15/DP17) on National Strategy Applications ("NSAs"), requesting that the Policy and Strategy Committee (PSC) recommend to the Board a plan and policies for bringing into operation a National-Strategy Applications procedure, based on the principles set forth in that decision. The Board reiterates its commitment to the development of a credible, shared validation approach for national strategies, which will form the basis of the NSA procedure once it becomes available.***

***To learn lessons with regard to other aspects of the NSA procedure, the Board authorizes the Secretariat to bring it into operation through a phased roll-out, which shall begin with a first wave of NSAs ("the First Learning Wave") in a limited number of countries. The First Learning Wave shall be aimed at drawing policy and operational lessons to inform a broader roll-out of the NSA procedure.***

***The principles underlying the Board's decisions on:***

- ***"dual-track financing" (as described in GF/B15/DP14);***
- ***the strategic approach to health systems strengthening (as described in GF/B15/DP6);***  
***and***
- ***the Comprehensive Funding Policy (GF/B15/DP27)***

***shall be applied to the First Learning Wave.***

***The initial funding of grants in the First Learning Wave shall be approved by the Board for a period that shall not exceed two years.***

***The Board authorizes the Secretariat to make exceptions to existing policies and procedures to the extent necessary to implement the First Learning Wave. Such exceptions may relate, but are not limited, to the following:***

- a) The type and format of information to demonstrate eligibility of the NSAs;***
- b) The submission and review procedures and policies for applications for Global Fund financing (including the timing of submission and the format of applications);***
- c) The Technical Review Panel (TRP) terms of reference, including TRP procedures, compensation arrangements for TRP members, criteria for review of NSAs (including the national strategy itself) and interaction with CCM members and other relevant stakeholders during review; and***
- d) The Phase 2 review (including the timing of the Phase 2 review and renewal decision).***

<sup>12</sup> "National Strategy Applications" (GF/PSC10/04).

***Any exceptions to existing policies and procedures made in connection with the First Learning Wave shall be consistent with the Framework Document of the Global Fund.***

***In implementing the First Learning Wave, the Secretariat shall take into account the outcome of the deliberations of the UNAIDS Programme Coordinating Board at its meeting in December 2008, the IHP+ consultations on the validation process and other relevant stakeholder consultations.***

***The Secretariat shall report to the PSC at its first meeting in 2009 on progress of implementation of the First Learning Wave. It will also propose to the PSC, once they have been identified, modifications to existing Global Fund policies that would be necessary to launch a broader roll-out of the NSA procedure.***

***The authority granted to the Secretariat under this decision point will continue for the duration of the grants approved within the First Learning Wave.***

***The budgetary implications of this decision point in 2009 amount to US\$ 1,782,000 which includes an allocation for eight staff positions. (The cost will be covered by the budget contingency.)***

## **PART 7: ITEMS FOR INFORMATION**

## **Information**

### **International Health Partnership (IHP/IHP+)**

1. The Executive Director presented a briefing on the IHP/IHP+ and the Global Fund's involvement in this work.
2. The PSC supported the spirit and work of the IHP/IHP+ as an attempt to operationalize the principles of the Paris Declaration and the Accra Agenda for Action, and welcomed the Global Fund's engagement in its further development based on the Fund's principles and business model.
3. The PSC also emphasized the importance of bringing Global Fund principles into the IHP/IHP+ work, in particular its models for performance-based funding and meaningful multi-stakeholder involvement (civil society, the private sector and other non-state partners). The PSC stressed the need for all Board constituencies to communicate the Global Fund's core principles and business model at country level, thereby creating a better understanding of the mechanisms through which the Global Fund can engage in the IHP/IHP+.

### **Key Performance Indicators (report mid 2008 and proposal 2009)**

4. In accordance with the decision taken by the Board at its Sixteenth Meeting,<sup>13</sup> the PSC assessed the results achieved against the Key Performance Indicators (KPIs) at mid-2008 and discussed a new KPI framework and set of indicators and targets for 2009.<sup>14</sup>
5. The PSC acknowledged the Secretariat's report on the mid-2008 KPI results and recognized its solid performance. The PSC was satisfied with the explanations provided for the targets not met and the proposed corrective actions. It also recognized the burden of multiple initiatives on the Secretariat during the transition in 2008, and proposed to further discuss this issue.
6. The PSC commended the Secretariat's work on the development of a new KPI framework and supported the proposed framework and the corresponding indicators and targets for 2009 with a few

<sup>13</sup> "Amendment of Assessment Process for Key Performance Indicators" (GF/B16/DP13).

<sup>14</sup> "Key Performance Indicators: Results for Mid-2008 and Proposal for 2009" (GF/PSC10/07).



modifications. The subsequently-revised framework can be found in Part 3 of document GF/PSC10/07 (revision 1).

7. The PSC noted that reporting will occur separately from the KPIs on a number of additional issues,<sup>15</sup> and requested that the work on the gender equality and sexual minorities strategies provide clear indicators for measuring progress in these areas. In this regard, the PSC highlighted the value of gender indicators at any or all levels (e.g., grant performance, systems effects).

8. The PSC approved the following decision point:

*Decision point: Key performance indicators – mid-year results for 2008 and proposal for 2009*

- 1. The PSC takes note of the mid-year results for the 2008 key performance indicators (KPIs) presented by the Secretariat and recognizes its solid performance. The PSC is satisfied with the explanations provided for the targets not met and the proposed corrective actions.*
- 2. The PSC approves the new KPI framework and the corresponding indicators and targets for 2009, as listed in Part 3 of document GF/PSC10/07 (revision 1). For the KPIs numbered 22 through 26, for which there is no baseline yet available or no target set, the PSC will decide on the targets for these indicators at its first meeting in 2009.*

*This decision does not have any material budgetary implications.*

9. In its meeting following the 10<sup>th</sup> PSC meeting, the Finance and Audit Committee (FAC) expressed its desire to explore with the PSC how the FAC can be consulted in the process for setting and reviewing KPIs. The FAC also noted the desirability of having the KPIs for a given year established in time for the first Board meeting of the preceding year, so that development of the annual budget can be better linked to the KPIs for that year.

### **Donation of Products and Services**

10. At its Fourteenth Meeting in November 2006, the Board agreed on a work plan to develop a policy on product and service donations and requested the Chair of the FAC, in consultation with the PSC, to constitute a Joint Steering Group (JSG) on Product and Service Donations and a Technical Working Group (TWG). Guided by the JSG, the TWG has collected evidence and commissioned studies in four key areas of work and developed specific options. Based on the TWG findings, the JSG set out recommendations for consideration by the PSC and a proposed decision point for the Board.<sup>16</sup>

11. During its deliberations, the PSC acknowledged the work of the TWG and of the JSG and its Chair in advancing the exploration of this contentious issue with the Secretariat, and commended the spirit of partnership with which those with contrasting viewpoints engaged in the process.

12. Whilst some, notably the US, felt the recommendations did not go far enough, the PSC as a whole felt the recommendations were a positive advance. The PSC noted the following statement from the US Board Delegation:

*“The U.S. Government appreciates the efforts of the JSG and the TWG to move forward on a difficult issue. The United States continues to believe that in-kind donations, including of medical products, would be an important mechanism to increase the cost-effectiveness of Global Fund*

---

<sup>15</sup> Because they are already part of an existing process (e.g., Office of the Inspector General (OIG) report) or are a more detailed view of a summary indicator captured by the KPIs, these additional issues will be reported separately from the KPIs. Additional issues include the following: full reporting of the Paris indicators (in the results reports); review of return on investment in the private sector strategy; corruption and audit recommendations addressed through the OIG report; community systems strengthening and dual track financing through the Board update; and Global Fund operating expenditures per grant as part of the Executive Director's report and FAC.

<sup>16</sup> “Recommendations for Product and Service Donations through the Global Fund” (GF/PSC10/11).

*grants, while enhancing multi-sectoral contributions to the Fund. The United States believes that the report of the JSG should have included such a recommendation. While appreciating the progress that has been made, we respectfully dissent from the final report and its recommendations. We look forward to continuing to work with the Finance and Audit Committee and the full Global Fund Board to expand the possibilities for allowing in-kind donations in the future. We have provided a more complete statement of our concerns to the JSG for the record.”*

13. The PSC recommended a decision point, which the FAC subsequently reviewed and agreed to without modification. The FAC will present this decision point in the FAC’s Report to the Board<sup>17</sup> on the joint behalf of PSC and FAC.

### **Aid Effectiveness and Program Salaries**

14. The Secretariat presented information to the PSC on the Global Fund’s progress on actions for improving aid effectiveness in line with the principles of the Paris Declaration.<sup>18</sup> The PSC supported the aid effectiveness efforts and follow-up action plan as proposed by the Secretariat, in the context of the Paris Declaration and the Accra Agenda for Action. It also noted the uniqueness of the Global Fund and its contribution to aid effectiveness, while recognizing the need for continued efforts to increase its actions to contribute to global aid effectiveness.

15. The PSC also discussed possible approaches to the Global Fund’s support of program salaries.<sup>19</sup> The PSC acknowledged the need for a policy for salary coordination for several reasons<sup>20</sup>, including to encourage consistency in its approach. It supported the option that emphasized a coordinated approach to salary support.

### **Non-Voting Board Seats**

16. The PSC discussed options for the representation of the Stop TP and Roll Back Malaria Partnerships on the Global Fund Board.<sup>21</sup>

17. There were differing views as to the preferred or acceptable options – spanning the full range of options in the Secretariat paper; in particular, members had differing views as to the acceptability of expanding the size of the Board. The PSC noted that this issue would be taken up at the Board retreat in October 2008 and encouraged Board members to be clearer on the motivations for their positions at that time.

### **Partnership Forum**

18. The Partnership Forum Steering Committee presented an update on its progress in preparing for the 2008 Partnership Forum.

19. The PSC appreciated the efforts made to ensure language diversity at the Partnership Forum, while also recognizing the additional costs. The PSC acknowledged the reasons for the projected increase in the Partnership Forum budget. It noted that external sponsorship has been found to cover part of the shortfall and that the Secretariat would aim to absorb the additional cost within its existing budget and contingency. It was agreed that the FAC would be informed of this approach.

---

<sup>17</sup> “Report of the Finance and Audit Committee” (GF/B18/6).

<sup>18</sup> “The Global Fund Actions for Aid Effectiveness” (GF/PSC10/05).

<sup>19</sup> “Global Fund Coordinated Support for Program Salaries and Compensation” (GF/PSC10/06).

<sup>20</sup> Including: the importance of retaining flexibility to country context in Global Fund financing of human resources; the importance of not tending towards the lowest common denominator in its support of salaries; and clarity in communications of Global Fund support for salaries. The PSC also emphasized that these guidelines should not be seen as requirements to prevent access to funding but to provide better transparency to sustain support that follows a step-wise patient approach to learn from country situations.

<sup>21</sup> “The Global Fund Board Non-Voting Seats” (GF/PSC10/09).

## **Privileges and Immunities**

20. The Secretariat presented its preliminary work, conducted in consultation with various constituencies, on approaches to extending the geographic scope of the Global Fund's privileges and immunities (P&Is).<sup>22</sup>

21. The PSC stated its strong belief that P&Is are an important part of the Global Fund's identity and risk management strategy. The PSC noted that it would also be desirable to secure immunity from taxation of grant funds held by Principal Recipients and of procurement carried out with grant funds.

22. The PSC supported the Secretariat's intention to expand consultations with interested constituencies, with the objective of recommending a strategy to extend the Global Fund's P&Is at the 11<sup>th</sup> PSC meeting and encouraged constituencies to participate in, and support, this work. At the PSC's request, the Secretariat also prepared a short note on the Global Fund's status that could be employed to inform constituencies and arrange participation in the development of a P&I strategy. The PSC also requested the Secretariat to begin to seek the conferral of P&Is on the Global Fund by executive designation in key countries with applicable framework legislation.

## **Donor Seat Allocation**

23. As a follow-up to the Board decision<sup>23</sup> on this issue, an oral update on the process for donor seat allocation being undertaken in the donor block was presented to the PSC. The process used is in line with the principles highlighted in the Board decision. The PSC welcomed the update and recognized that the consultations are ongoing.

## **Five-Year Evaluation**

24. The Secretariat presented a follow-up to Study Area 1, and the Technical Evaluation Reference Group (TERG) presented the status and findings from Study Area 2, and a brief status update on Study Area 3.

25. The PSC acknowledged the Secretariat's report on its follow-up actions regarding the TERG recommendations on Study Area 1. The PSC also acknowledged the results of Study Area 2 and the status update on Study Area 3 as reported by the TERG Chair and considered them as a basis for the discussions at the Board retreat in October 2008.

26. The TERG Chair informed the PSC about gaps and shortcomings in the consultant's report on Study Area 2 and, based on that, requested the PSC Chair to discuss the matter with the Chair and Vice-Chair of the Board and to report back to the PSC on possible actions to be taken.

## **Affordable Medicines Facility – malaria (AMFm)**

27. The Chair of the AMFm Ad Hoc Committee presented an update to the PSC on the progress of the AMFm initiative.<sup>24,25</sup>

28. With reference to the April Board decision, the PSC was asked to provide comments on "elements of the AMFm framework, implementation plan and business plan that may potentially change the Global Fund framework document and by-laws".<sup>26</sup> Therefore, the PSC's discussion focused on the Executive Summary and Policy Fit sections of the Secretariat's report to the AMFm

---

<sup>22</sup> "Privileges and Immunities" (GF/PSC10/13).

<sup>23</sup> "Guidance for Board Seat Allocation for Public Donors" (GF/B17/DP14)

<sup>24</sup> "AMFm – Cover Note" (GF/PSC10/02).

<sup>25</sup> AMFm: Executive Summary, Proposed Decision Point and 'Policy Fit' (GF/PSC10/02 – Attachment 1).

<sup>26</sup> "Affordable Medicines Facility for Malaria" (GF/B17/DP16)

Ad-hoc Committee<sup>27</sup> and the presentation by the Chair of the Ad Hoc Committee.<sup>28</sup> The PSC provided comments on issues relating to policy fit and new policy requirements for the AMFm, and supported the analysis of the Ad Hoc Committee that no fundamental conflicts exist with established Global Fund core policies. The PSC also supported the identified areas where existing policies need to be modified or new policies need to be developed and expressed their confidence in the AMFm Ad Hoc Committee to arrive at a resolution of any outstanding issues.

29. At the same time, the PSC emphasized the need for a continued process that enables the PSC to provide further input to the Ad Hoc Committee on policy-related AMFm matters and recognized that this input should be based on new and/or revised text on policy matters from the Ad Hoc Committee.

30. The PSC further welcomed the close collaboration with technical partners in developing the AMFm and emphasized the need for the continuation of a strong working relationship and noted that countries not in the AMFm Phase 1 will continue to have access to ACT scale-up via existing Global Fund grant systems.

31. After the PSC meeting, the PSC was given the opportunity to provide input via e-mail on the draft AMFm Phase 1 Policy text. The views expressed by the members who responded were transmitted to the AMFm Ad Hoc Committee as input to its subsequent work.

---

<sup>27</sup> "Affordable Medicines Facility for Malaria (AMFm) – Cover Note" (GF/PSC10/02)

<sup>28</sup> Presentation Slides from 10th PSC Meeting, pages 46-62

### GUIDANCE ON LOCATION OF FURTHER INFORMATION

The below table indicates where further information on items dealt with in this report can be found:

Where indicated documents are available on the PSC password-protected website:  
<http://www.theglobalfund.org/en/about/board/committees/documents/default.asp?#psc>

Item:	Location of further information:
1. Global Fund/UN Relationship	<ul style="list-style-type: none"> <li>• "Policy Statement on the Relationship between the Global Fund and the UN System" (GF/PSC10/10)</li> </ul>
2. MoUs: Islamic Development Bank and Stop TB Partnership	<ul style="list-style-type: none"> <li>• "Memorandum of Understanding for Strengthening Partnerships" (GF/PSC10/12)</li> <li>• "Draft Cooperation Framework Agreement between the Islamic Development Bank and the Global Fund" (GF/B18/4 – Attachment 1)</li> <li>• "Draft Memorandum of Understanding between Stop TB Partnership and the Global Fund" (GF/B18/4 – Attachment 2)</li> </ul>
3. Gender Strategy	<ul style="list-style-type: none"> <li>• "Gender Equality Strategy" (GF/PSC10/08)</li> </ul>
4. Global Fund Architecture	<ul style="list-style-type: none"> <li>• "Global Fund Architecture Review" (GF/PSC10/03)</li> </ul>
5. National Strategy Applications	<ul style="list-style-type: none"> <li>• "National Strategy Applications" (GF/PSC10/04)</li> <li>• "Validation of National Strategies / Framework for Consultation (IHP document)" (GF/PSC10/04 – Attachment 1)</li> </ul>
6. International Health Partnership (IHP+)	<ul style="list-style-type: none"> <li>• Presentation slides from 10<sup>th</sup> PSC Meeting, pages 64-80</li> </ul>
7. Key Performance Indicators (report mid 2008 and proposal 2009)	<ul style="list-style-type: none"> <li>• "Key Performance Indicators: Results for Mid-2008 and Proposal for 2009" (GF/PSC10/07)</li> </ul>
8. Donation of Products and Services	<ul style="list-style-type: none"> <li>• "Recommendations for Product and Service Donations through the Global Fund" (GF/PSC10/11)</li> </ul>
9. Aid Effectiveness and Program Salaries	<ul style="list-style-type: none"> <li>• "The Global Fund Actions for Aid Effectiveness" (GF/PSC10/05)</li> <li>• "Global Fund Coordinated Support for Program Salaries and Compensation" (GF/PSC10/06)</li> </ul>
10. Non-Voting Board Seats (RBM/Stop TB)	<ul style="list-style-type: none"> <li>• "The Global Fund Board Non-Voting Seats" (GF/PSC10/09)</li> </ul>

11. Partnership Forum	<ul style="list-style-type: none"> <li>• Presentation Slides from 10<sup>th</sup> PSC Meeting, pages 4-13</li> </ul>
12. Privileges and Immunities	<ul style="list-style-type: none"> <li>• “Privileges and Immunities” (GF/PSC10/13)</li> </ul>
13. Five-Year Evaluation	<ul style="list-style-type: none"> <li>• Presentation Slides from 10<sup>th</sup> PSC Meeting, pages 164-200</li> </ul>
14. Affordable Medicines Facility – malaria (AMFm)	<ul style="list-style-type: none"> <li>• “AMFm – Cover Note” (GF/PSC10/02)</li> <li>• “AMFm: Executive Summary, Proposed Decision Point and ‘Policy Fit’” (GF/PSC10/02 – Attachment 1)</li> <li>• Presentation slides from 10<sup>th</sup> PSC Meeting, pages 46-62</li> </ul>