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The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twenty- First Board Meeting
Geneva, Switzerland, 28-30 April 2010

GF/B21/2
For Decision

REPORT OF THE TWENTIETH BOARD MEETING

Outline: This document presents the draft Report of the Twentieth Board Meeting and includes all decisions made at that meeting. The Report of the Twentieth Board Meeting is subject to ratification by the Board of the Global Fund at its Twenty-First Board Meeting, 28-30 April 2010, in Geneva, Switzerland.

Accompanying documentation from the Twentieth 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 Twentieth Board Meeting.

There are no budgetary implications for this decision.



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TABLE OF CONTENTS

Agenda Item 1:	Welcome Statements from the Chair and Vice-Chair	4
Agenda Item 2:	Approval of the Rapporteur	5
	Approval of the Agenda	5
	Approval of the Report of the Nineteenth Board Meeting.....	5
Agenda Item 3:	Report of the Executive Director	6
Agenda Item 4:	Report of the Policy and Strategy Committee	6
Agenda Item 5:	Round 9: Report of the Technical Review Panel	17
Agenda Item 6:	Third Replenishment Cycle.....	18
Agenda Item 7:	Funds Available for Round 9	18
Agenda Item 8:	Funding Decisions	19
Agenda Item 9:	Report of the Portfolio and Implementation Committee	22
Agenda Item 10:	Report of the Finance and Audit Committee	25
Agenda Item 11:	Trustee Report.....	28
Agenda Item 12:	Report of the Office of the Inspector General	28
Agenda Item 13:	Report of the AMFm Ad Hoc Committee	30
Agenda Item 14:	Report of Market Dynamics and Commodities Ad Hoc Committee	32

Agenda Item 15:	Annual Report of the Ethics Committee	33
Agenda Item 16:	TERG and Five-Year Evaluation Update.....	33
Agenda Item 17:	Special Session on Building a Stronger AIDS Response	33
Agenda Item 18:	Board Calendar, Rolling Board Agenda 2009-2010 and Any Other Business.....	34

Agenda Item 1: Welcome Statements from the Chair and Vice-Chair

1. The Twentieth Board Meeting opened with a candle-lighting ceremony that was lead by the Communities delegation member Ms Carol Nyiringa. The candle was lit as a symbol to remember all who had passed away from AIDS, tuberculosis (TB) and malaria and to further encourage governments, donors and private foundations to continue their work toward attaining the Millennium Development Goals and for reaching targets for universal access to treatment. A moment of silence was observed after the candle was lit.
2. After welcoming the Board to Ethiopia, Board Chair, Dr Tedros Adhanom Ghebreyesus, the current Minister of Health of Ethiopia, introduced new Board Members, expressed his gratitude for being elected as the Board Chair in July and congratulated Dr Ernest Loevinsohn, Director General of the Global Initiatives Directorate of the Canadian International Development Agency on his election to the position of Board Vice-Chair. Dr Ghebreyesus also thanked former Board Chair, Mr Rajat Gupta, and former Board Vice-Chair, Ms Elizabeth Mataka, for ensuring a smooth transition in leadership.
3. Continuing with his remarks, the Board Chair commented the importance of the Global Fund, highlighting the progress Ethiopia has made in the fight against HIV and AIDS and malaria since it began receiving Global Fund support. The number of people receiving free treatment for HIV and AIDS has grown from 900 in 2005 to more than 160,000 in 2009. As a result, the number of people being tested for the disease has also increased from less than 500,000 per year prior to the existence of the Global Fund to more than six million per year in 2009. The country's progress in malaria has been equally dramatic. Over a two-year period, Ethiopia was able to cover ten million households with two bed nets each for the prevention of malaria, mostly with support from the Global Fund. As a result, the numbers of illnesses and deaths caused by malaria have declined sharply. An additional benefit of Global Fund support has been the strengthening of Ethiopia's health system. In addition to using Global Fund money to aggressively fight disease, the country is also using grant funds to build health centers, provide long-term training to health professionals and to develop a new health information system and a new health financing system which includes health insurance.
4. The Board Chair noted that many countries are concerned that the process for disbursing funds is slow, since it can sometimes take nearly a year between grant approval and the first disbursement of funds. The Chair said he is committed to working with the Secretariat to find efficiencies so that initial disbursements can be made in a more timely manner. He also noted that resource mobilization was going to be a challenge to which the Board needed to give its attention. To meet the demand that has been generated in rounds 8 and 9, much more effort is needed at the country level to advocate for the Global Fund in any way possible. Partnerships need further strengthening to be more effective and Board constituencies need to mobilize to make sure they communicate more effectively amongst themselves by discussing issues candidly and coming to consensus.
5. The Board Chair ended his remarks by asking the Board to take very seriously the discussion of the timing of Round 10, since it will have implications for reaching the Millennium Development Goals in 2015. The Chair advocated for a timely Round 10 since it will allow the Global Fund to provide a more accurate forecast to donors of the resources needed to meet targets for universal access to treatment as well as those for the Millennium Development Goals. Although there

are risks that should not be ignored, the Chair said it was important to consider taking a calculated risk so that the momentum that has been generated since the inception of the Global Fund can be continued and so that progress that has been made is not impeded.

Agenda Item 2: Approval of the Rapporteur

Approval of the Agenda

Approval of the Report of the Nineteenth Board Meeting

1. The Chair informed the Board that Dr Eiji Yamamoto from the constituency of Japan had agreed to act as Rapporteur for the Twentieth Board Meeting. The decision point was approved without discussion.
2. The Chair presented the agenda for the Twentieth Board Meeting. In discussion, a few delegates requested that modifications be made to the agenda to give the Board a chance to discuss issues related to Russia and to Round 10. The agenda was approved as amended.
3. The Chair informed the Board that the Rapporteur had received and accepted one minor amendment to the Report of the Nineteenth Board Meeting and had reviewed and approved the report as an accurate reflection of the meeting's proceedings. The report was approved without discussion.

Decision Point GF/B20/DP1

Eiji Yamamoto from the constituency of Japan is designated as Rapporteur for the Twentieth Board Meeting.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP2

The agenda for the Twentieth Board Meeting (GF/B20/1, Revision 2), as amended, is approved.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP3

The report of the Nineteenth Board Meeting (GF/B20/2, Revision 1) is approved.

This decision does not have material budgetary implications.

Agenda Item 3: Report of the Executive Director

1. Global Fund Executive Director Dr Michel Kazatchkine delivered a report which (a) provided an overview of the Global Fund's mid-year results and global progress against the three diseases, and addressed key operational issues and challenges for the Global Fund in 2009; (b) described progress made in and lessons learned from key initiatives implemented by the Secretariat; (c) provided an update on the Secretariat and on progress made in building the Global Fund as a newly-autonomous international financing institution for health; and (d) discussed the five corporate priorities for the Secretariat for 2010.
2. The Executive Director pointed out that, with financing provided by the Global Fund, countries have continued to scale up their responses to AIDS, TB and malaria, resulting in expanded coverage of prevention and treatment and in increasing evidence of impact. He noted that the coming years would see even more positive results and greater impact, given that more than half of all the services financed by the Global Fund so far were delivered in 2008 and 2009 and are only just now starting to show results in terms of lives saved and infections averted.
3. The Executive Director highlighted that the overall size and quality of Round 9 provided further evidence of the success of the Global Fund's partnership model. He noted that Round 9 and the first wave of National Strategy Applications could only be fully financed if the Board adopted the measures to address the Fund's resource gap that were recommended by the Working Group on Managing Tension between Demand and Supply in a Resource-Constrained Environment.
4. The Executive Director concluded by noting that 2009 had once again involved impressive results and extraordinary growth, change and innovation for the Global Fund; and by pointing out that 2010 will be a decisive year as donors decide if the health-related MDGs can be met.
5. In discussion, delegates raised concerns about processes, improving aid effectiveness, challenges with regard to resource mobilization in the current constrained environment and the implementation of the gender strategy. The Executive Director thanked delegates for their thoughtful comments and responded to some of the concerns. Since there was not enough time to respond to all of them, he committed himself to providing a more detailed and exhaustive written response within a few weeks after the meeting.

Agenda Item 4: Report of the Policy and Strategy Committee

1. Ambassador Lennarth Hjelmaker, Chair of the Policy and Strategy Committee, made a presentation that included ten items for decision (the architecture review, the development of a common platform for joint funding and programming of health systems strengthening (HSS) with the World Bank and the GAVI Alliance, replenishment of the Technical Evaluation Reference Group (TERG), privileges and immunities, the Partnership Strategy, the memorandum of understanding (MOU) with Roll Back Malaria (RBM), translation and interpretation for governance processes, the effort to engage implementing Board constituencies in governance processes, Partners Constituency committee membership and National Strategy Applications) and two items for information (an update related to Key Performance Indicators and to the Five Year Evaluation Ad Hoc Committee).

Discussion and decisions related to this agenda item were divided over several days of the Board Meeting.

2. Because some other items coming later in the agenda may have informed the decision on the architecture review, the PSC Chair explained that this decision would be delayed until later in the meeting. However, the PSC Chair explained that the Secretariat undertook an in-depth design, analysis, consultation and policy review to propose a new funding architecture for the Global Fund following the decision taken at the Eighteenth Board Meeting. He noted that the PSC broadly supported the aims of the proposed new architecture and supported the principle of a single funding stream per Principal Recipient (PR) per disease. However, two outstanding issues remained for Board resolution: scale-up and timing for the discontinuation of the Rolling Continuation Channel (RRC).

3. Although the vote on this agenda item was being delayed, the PSC Chair informed the Board that several friendly amendments had already been made to the decision point regarding CCMs, eligibility requirements and the terms of reference (TORs) for the Technical Review Panel (TRP)

4. In discussion, delegates questioned whether it was appropriate for the TRP's TORs to be approved by the Portfolio and Implementation Committee (PIC) or the Board. Other delegates said that it was important to include technical assistance and civil society into the new architecture. Another delegate asked how the new architecture related to other agreements that the Global Fund had entered into with groups like the International Health Partnership (IHP+), which called for a standard application across all global health donors.

5. In response, the PSC Chair said that the new architecture will enable the Global Fund to move in the direction called for by IHP+, which is to build harmonization, simplification and national ownership.

6. The amended decision point on the new Global Fund Architecture which was presented on the third day of the Board Meeting provided necessary transition arrangements for moving the new architecture - including all provisions required to transition current grants to single streams. Changes to the Comprehensive Funding Policy (CFP) and approval of the Periodic Reviews and Commitment Policy are incorporated by reference. The decision point also included flexibilities to facilitate grant consolidation and the interim policies to phase out RCC. The decision point passed.

7. At the third day the PSC Chair also presented a PSC recommended decision point regarding the National Strategy Applications (NSA) approach in which the Board "requests the Secretariat to prepare appropriate in-depth analyses and recommendations [...] for further investment on the basis of NSAs; and present it to the Policy and Strategy Committee for further consideration at its next meeting." The PSC Chair noted that the PSC had agreed that one component of the analysis of the lessons learned provided by the Secretariat should be about:

- the pros and cons of the various selection criteria for the countries that could potentially be included,
- the views by the various stakeholders about these criteria, and
- the lessons learned from the selection criteria of the countries in the First Learning Wave.

The decision point passed.

8. In March 2009, Global Fund and GAVI informed the High Level Task Force on Innovative Financing for Health Systems of their intention to begin jointly programming resources for HSS with GAVI and the World Bank. The PSC acknowledged the importance of HSS; welcomed the opportunity for greater harmonization; and emphasized need for issues relating design and compatibility of HSS with new architecture to be addressed in detail. The PSC also noted the importance of collaboration with partners and that this initiative requires an incremental approach with an initial pilot phase.

9. In discussion, several delegates praised the decision point, stating that it is very important to seek out opportunities to collaborate in order to make progress. Some delegates, however, were unclear about the World Bank's role in the initiative and raised concerns about whether the decision would be interpreted as a full-scale launch into HSS. Although HSS is important, questions remained about whether it goes beyond the Global Fund mandate to specifically address these issues, and whether capacity exists within the Secretariat to handle the workload created by these agreements. The decision point passed.

10. The Chair of the PSC explained to the Board that six TERG members appointed in 2004 have served their full terms and would need to be replaced. The TERG selection committee has proposed six new members for two-year terms. The decision point passed without discussion.

11. The PSC Chair next presented a decision point on privileges and immunities. Since termination of the Administrative Services Agreement (ASA) with the World Health Organization (WHO), the Global Fund and its staff no longer have privileges and immunities outside the U.S. and Switzerland. Important states accord the Global Fund such privileges and immunities as these are required for the protection of its assets, staff, data and effective operation. The PSC was presented with a draft Agreement on Privileges and Immunities developed by an Advisory Group of legal experts in liaison with Secretariat, which recommended states grant privileges and immunities to the Global Fund by applying domestic legislation that accords such privileges and immunities and/or by signing on to a multinational agreement. Some PSC members noted their constituency may need to include reservations to certain paragraphs of the Agreement when national laws prevent them from signing.

12. In discussion, several delegates said they were not ready to vote on this decision point. No formal vote was taken. A vote would be taken electronically two weeks following the Board Meeting.

13. The PSC Chair next presented the discussions and recommendations of the Committee with regard to the partnership strategy. The PSC welcomed the Strategy highlighting its importance in ensuring the Global Fund partnership model is fully realized and suggested a number of areas where the strategy could be strengthened, including giving greater emphasis to the need for the Global Fund to move from a stand-alone entity to a broader partnership, in support of countries in need. The PSC also offered inputs to the operational plan that will be developed to guide implementation of the strategy. A draft decision point was made available at a later a session.

14. On the issue of the MOU with RBM, the PSC Chair explained that MOU provides a framework for collaboration to support national and international responses to malaria control. The MOU will replace the one that was previously approved by Board at its Ninth Meeting. In addition, an operational plan will be developed for the rollout of this MOU. The decision point passed.

15. The PSC considered use of different languages within the Global Fund governance and oversight structure at its Eleventh Meeting. At its Twelfth Meeting, the PSC was presented with costed proposals for: translation of executive summaries of committee papers into supplementary languages including decision points and any relevant annex(es); translation of a limited number of committee papers into supplementary languages; interpretation of committee meetings into supplementary languages; and interpretation of Board pre-meetings into supplementary languages. The PSC agreed the measures were all useful tools and should therefore be implemented incrementally; and proposed measures should be implemented for up to two languages (French and Spanish) based on a needs assessment of Board/Committee members, with discretion on implementation residing with Board/Committee Chair and Vice-Chair.

16. In discussion, delegates expressed concern that the additional languages should be based on the needs of the Committee as determined by the Chair and Vice-Chair of that Committee and not automatically be implemented for French and Spanish only.

17. In response, the Executive Director reiterated that the spirit of the decision point is to be flexible. He said the decision about which languages to use is to be determined on a case-by-case basis. However, because there was still disagreement and concern about French and Spanish being mentioned specifically, the vote on this decision point was delayed until consensus could be built again in the PSC. On the third day of the meeting, the PSC Chair presented the Board with the original decision point, which had been agreed to by the PSC during an ad hoc meeting to build further consensus on a number of issues. It was reiterated that French and Spanish are mentioned in the decision point as two languages with which to start. The decision point passed.

18. The PSC Chair next presented a decision point aimed at helping implementing constituencies overcome challenges to further participation in governance processes. At its Eleventh Meeting, the PSC considered this issue and acknowledged that further targeted material support is required. At that time, it asked the Secretariat to present costed proposals for this support and highlighted a general need for better coordination between the Global Fund Secretariat and implementing regional and international organizations. The PSC also stressed that material support should be made available on a case-by-case basis depending on the needs of specific constituencies.

19. In discussion, delegates wanted to reiterate that better coordination and communication is needed between the Secretariat and regional delegates so that regional delegates are better aware of opportunities that may present themselves. Another delegate requested that regional delegates have observer status at the committee meetings to promote capacity building. Other delegates wondered how the funding would be used and how it would be accounted for.

20. In response, Dr Christoph Benn, Director of External Relations and Partnerships, explained that the Secretariat could be of help in determining per diem rates and how the funding would be divided. The process would be for the regional focal point to submit a proposal, which would be assessed before funding is released. The decision point passed.

21. The PSC Chair next presented a decision point on the request from the newly-created Partnership Constituency for membership in the PSC and the Portfolio and Implementation Committee (PIC). The decision point passed.

22. On the third day of the meeting, the PSC Chair presented a decision point to approve the Global Fund's Partnership Strategy. The PSC Chair said it was noted that implementation of the technical assistance (TA) section of the Partnership Strategy will include completion of a TA options paper and it is further understood that the chairs of the PIC and PSC will work together to identify relevant next steps in that options paper, and will raise these in their respective committee meetings, so that any relevant actions can be taken at the next Board Meeting.

Decision Point GF/B20/DP4

The Board acknowledges the collaborative efforts undertaken by the Global Fund with the World Bank and the Global Alliance for Vaccines and immunizations (GAVI), with technical support and facilitation from the World Health Organization (WHO), to develop a proposal for a common platform for joint Health Systems Strengthening (HSS) funding and programming to respond to country needs and to accelerate achievements in the fight against the three diseases and improve immunization coverage.

The Board requests the Secretariat, in close consultation with the Policy and Strategy Committee, to continue collaboration with the partner agencies to elaborate in an inclusive manner the operational, financial and policy implications for joint HSS funding and programming based on but not limited to the proposed Option 1 (Single HSS Funding Application) and Option 2 (Funding on the Basis of Jointly Assessed National Health Strategies) described in the Policy and Strategy Committee's Report to the Board (GF/B20/4).

The Board asks the Secretariat to propose to the PSC, based on consultations at country level with key stakeholders, how a joint HSS platform could be operationalized and funded, for recommendation to the Board at its Twenty-First Meeting.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP5

The Board requests the Executive Director to invite Dr Dorothy Kinde-Gazard, Dr Stein-Erik Kruse, Dr Vasanthapuram Kumaraswami, Dr Ruth Levine, Dr Maria Ines Nemes and Dr Wim Van Damme to become members of the Technical Evaluation Reference Group (TERG) for a period of two years, subject to the revision of the TERG Terms of Reference.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP6

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 Roll Back Malaria Partnership (the "RBM MoU") set out in Attachment 3 of the Policy and Strategy Committee's Report to the Board (GF/B20/4), and requests the Executive Director to finalize and sign the RBM MoU.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP7

The Global Fund's constituency based governance model is core to the organization's identity as a public private partnership. The Board reiterates its support for this model and stresses that its effective functioning requires active and informed engagement by all constituencies.

To further facilitate the engagement of the Board constituencies of the implementing voting group in the Global Fund's governance processes, the Board decides to make available, on an annual basis, funds to these constituencies for communication, meeting, travel and staff costs incurred for intra-constituency functions, as specified in the Board Constituency Funding Policy (GF/B20/4 Annex 3).

The Board decides that each implementing constituency application in accordance with paragraph 8 of GF/B20/4 Annex 3 should be limited to US\$ 80,000 for 2010. Exceptions to this ceiling may be permitted by the Secretariat, in consultation with the Chair of the Policy and Strategy Committee, and within the overall funding ceiling approved by the Board.

The Board delegates oversight of the Board Constituency Funding Policy to the Policy and Strategy Committee and requests the Secretariat to provide that committee with periodic reports on its impact on constituency participation, particularly in view of possibilities for joint action with UNAIDS and other relevant partners in this area. The first such report to the PSC should be at its first meeting in 2011.

The budgetary implications of this decision point in 2010 amount to US\$ 800,000.

Decision Point GF/B20/DP8

The Board amends the Committee Rules and Procedures, Section C. paragraph 1 a. and b. as follows:

C. Size

Committees will be limited to a maximum membership as follows:

a. Policy and Strategy: 20 members (plus one representative of each of the World Bank, the World Health Organization, the Partners constituency and UNAIDS in a consultative, non-voting role)

b. Portfolio and Implementation: 12 members (plus one representative of each of UNAIDS, the Partners constituency and the World Health Organization in a consultative, non-voting role).

This decision does not have material budgetary implications.

Decision Point GF/B20/DP26

The Board:

- i. acknowledges its previous decisions (GF/B15/DP17 and GF/B18/DP20) concerning the need for and value of a National Strategy Applications (“NSAs”) procedure; and**
- ii. recognizes the ongoing learning process with partners from the launch of the First Learning Wave of NSAs (“FLW”).**

Therefore, the Board requests the Secretariat to prepare appropriate in-depth analyses and recommendations, taking into account:

- i. the feedback from the Technical Review Panel and other relevant partners on the FLW; and**
- ii. the new architecture approved at this Board meeting;**

for further investment on the basis of NSAs; and present it to the Policy and Strategy Committee for further consideration at its next meeting.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP27

The Board approves “The Global Fund Partnership Strategy” (GF/B20/4 - Attachment 2) and requests the Secretariat to report

on progress of implementation of the strategy to the Policy and Strategy Committee at its next meeting.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP28

The Board stresses the need to ensure that Global Fund governance processes reflect the multi-lingual nature of both the organization and of its Board constituencies. To ensure these processes remain open and transparent to all constituencies it decides to adopt the measures outlined in GF/B20/4 Attachment 4, in an incremental manner, limited initially to two languages in addition to English.

The Board wishes to emphasize that in implementing this decision a pragmatic approach should be taken, with the provision of any increased interpretation and translation at the Board and committee level being based on a proactive needs assessment of Board and committee members, carried out by the respective Chair and Vice-Chair, prior to committee / Board meetings.

The budgetary implications of this decision point in 2010 amount to USD\$ 235,704. The Secretariat will endeavor to absorb the incremental costs in 2010 by making commensurate savings within the approved budget.

Decision Point GF/B20/DP31

The Board refers to its decision made at the Eighteenth Board Meeting on the Global Fund Architecture (GF/B18/DP19) and recognizes that:

- i. the Global Fund was established to provide significant additional financing to fight AIDS, tuberculosis and malaria;*
- ii. over time, with the increase in its funding to countries and the resulting multiplicity of funding streams from the Global Fund to Principal Recipients ("PRs"), the funding architecture has become complex;*
- iii. the funding architecture of the Global Fund requires simplification; and*
- iv. the Board has already endorsed the Single Stream of Funding per PR per disease as the foundation for a new funding architecture.*

Therefore, in order to simplify Global Fund support to current and future implementers of national disease-fighting and health systems strengthening programs, the Board decides as follows:

1. The Secretariat shall, at the appropriate time as determined by the Secretariat in collaboration with CCMs:

a. consolidate approved grants to one PR supporting a program to fight one of HIV/AIDS, tuberculosis or malaria (which may include any health systems strengthening elements) into one grant agreement (a “Single Stream Agreement”) with an initial commitment period of up to three years, by, as appropriate, combining budgets, workplans and targets; and

b. align the financial commitment periods for each of the Grant Agreements with different PRs for a particular disease in a country by adjusting the durations and commitment amounts (in accordance with paragraph 2 below).

2. In order to facilitate the activities described in paragraph 1 above, the Board delegates to the Secretariat the authority to:

a. make reasonable adjustments to:

i. the duration of the funding commitment period for the resulting Single Stream Agreement (including both extensions and truncations);

ii. the implementation activities contained in the proposals; and

iii. the time periods for reaching performance targets contained in proposals; and

b. commit additional funding to the Single Stream Agreement the equivalent of 12 months of grant funds requested in an approved proposal (including a National Strategy Application (“NSA”)), but as yet uncommitted (from Phase 2 Renewals or RCC II Renewals) which shall be committed by the Secretariat in accordance with paragraph 3c of the Comprehensive Funding Policy, as presented in Annex 5 Version 2 to GF/B20/12 Report of the Working Group on Managing the Tension Between Demand and Supply in a Resource-Constrained Environment.

3. Consolidation of existing grants and alignment of commitment periods of all grants that support a disease program will enable the Secretariat to make recommendations for additional financial commitments under the Periodic Reviews and Commitments Policy attached as Annex 2a Version 2 to GF/B20/4 “Report of the Policy and Strategy Committee”, which will be operational not earlier than 1 January 2011. The Board requests the Secretariat to conduct further work on a mechanism to allow for additional funding on the basis of demonstrated strong performance at the time of the requests for and approval of Additional Commitments under the Periodic Reviews and

Commitments Policy. In undertaking this work, the Secretariat shall analyze and further describe its feasibility, financial implications and mechanics, and present it to the Policy and Strategy Committee and its next meeting, for its consideration and recommendation to the Board.

4. The issue of the Round 10 call for proposals provides an early opportunity for countries to begin transition to the new architecture. To this end, transition to single streams of funding per PR per disease will be possible on a voluntary basis. To facilitate this, the Board delegates authority to the Secretariat to make adjustments to the Round 10 proposal form and guidelines.

5. Commencing with Round 11:

a. all proposals submitted to the Global Fund shall require the applicant to present a consolidated request for funding incorporating current Global Fund support to the country for the disease, including health systems strengthening support. The consolidated proposal shall identify previously committed and approved funds included within the consolidated request;

b. following the approval of a new proposal by the Board, any incremental grant funds for an existing PR shall be included in the PR's existing Single Stream Agreement for that disease, rather than resulting in a new separate Grant Agreement; and

c. the Secretariat shall present to the Board for approval, with respect to the proposals recommended for funding by the Technical Review Panel, the amount of the additional financial commitment covering the time remaining in the single stream's then-current commitment period. The revised Comprehensive Funding Policy, as presented in Annex 5 Version 2 to GF/B20/12 "Report of the Working Group on Managing the Tension between Demand and Supply in a Resource-Constrained Environment" shall be applicable to such approvals. All continuing financial commitments to a country's disease-fighting program shall be made in compliance with the Periodic Reviews and Commitments Policy attached as Annex 2a Version 2 to GF/B20/4 "Report of the Policy and Strategy Committee".

6. The Rolling Continuation Channel (RCC) procedure for grant application will be discontinued immediately. The Board requests the Secretariat to continue to process all RCC proposals that will be submitted in accordance with existing RCC policies contained in GF/B14/DP9 (Establishment of a Rolling Continuation Channel); GF/B14/DP10 (Technical Reviews for the Rolling Continuation Channel); GF/B15/DP18 (Duration of Grants Eligible for the Rolling Continuation Channel); GF/B15/DP 19 (Board Decision-Making Procedure for the Rolling Continuation

Channel); and GF/B16/DP7 (Revision of the Rolling Continuation Channel for Strongly-performing Grants).

7. During the period in which the grant portfolio is transitioning to single streams of funding using the methods described in paragraph 1, all funding commitments for grants under the RCC and the Rounds-based Channel (Phase 2 Renewals, RCC proposals and RCC Renewals) and NSA grants, other than incremental requests for funding included in new proposals, shall be considered as “Additional Commitments” in paragraph 9 of the Comprehensive Funding Policy.

8. As soon as all of the grants for a particular disease in a country have the characteristics described in paragraph 1 above, the extensions to grant terms available under the Phase 2 Decision-Making Policies and Procedures (GF/B14/8, Annex 3b revision 2, as amended by GF/B15/DP48) and Decision GF/B14/DP27 will no longer be available for the grants for that disease in that country and paragraph 17 of the Periodic Reviews and Commitments Policy attached as Annex 2a Version 2 to GF/B20/4 “Report of the Policy and Strategy Committee”, will apply.

9. In order to facilitate the implementation of this decision, if a CCM elects to consolidate an approved Round 8, Round 9, Round 10 and/or NSA grant with other existing grants for the same PR:

a. as an exception to point 2 of the decision made at the 8th Board meeting entitled “Timeframes for Grant Agreements”, a Single Stream Agreement must be signed not later than 18 months after Board approval of the funding of the proposal, failing which the Board’s approval is no longer valid; and

b. as an exception to Decision GF/B19/DP19 entitled “Flexibilities to Set Grant Start Dates”, the Secretariat may set the start date for the commitment in the Single Stream Grant Agreement up to 24 months after Board approval.

The Board notes that the exceptions in paragraph a and b shall only be available if requested by a CCM in order to give CCMs and PRs the time necessary to consolidate grants and set start dates for alignment purposes.

10. The Board recognizes that the new grant architecture has the potential to further empower CCMs in their essential roles of developing programs and funding requests, selecting Principal Recipients, and in overseeing implementation of programs funded by the Global Fund. The Board reaffirms the importance of the minimum eligibility criteria contained in the “Guidelines and Requirements for Country Coordinating Mechanisms.” The Board further recognizes that the Portfolio and Implementation Committee (PIC) is currently overseeing a number of CCM strengthening initiatives being implemented by the Secretariat and will undertake a comprehensive

revision of the “Guidelines and Requirements for Country Coordinating Mechanisms,” taking into account the architecture changes, in time for the second Board meeting in 2010.

11. The Board requests the Secretariat to revise the Terms of Reference of the Technical Review Panel, for approval by the Board, prior to the launching of Round 11 in order to give effect to this decision.

12. This decision revokes and replaces the Board’s previous decisions on Rollout of Grant Consolidation (GF/B16/DP9).

The budgetary implications of this decision point in 2010 amount to USD\$ 306,000.

¹ If a Single Stream Agreement does not yet exist, the R11 grant negotiation process will result in a Single Stream Agreement.

Agenda Item 5: Round 9: Report of the Technical Review Panel

1. Dr Bola Oyeledun, Chair of the TRP, made a presentation to the Board that gave details of the proposal review process for Round 9 and the TRP’s funding recommendations.

2. The TRP Chair stated that demand for Round 9 was significant, representing the Global Fund’s second largest round to date. A total of 159 proposals and 34 distinct HSS parts were reviewed by the TRP, 53 percent of which were recommended to the Board for funding. The total upper-ceiling approved by the Board for Phase 1 was US\$ 2.2 billion and US\$ 5.7 billion for the lifetime of the grants. Two new single country beneficiaries were also included - Mexico and Turkmenistan. In addition to Round 9 proposals, the TRP reviewed 7 National Strategy Applications, and 2 distinct HSS parts, of which 71 percent were recommended for funding. The total upper-ceiling approved by the Board for NSA was US\$ 434 million for Phase 1 and US\$ 756 million for the lifetime of the grants.

3. In discussion, several delegates praised the TRP report and said they looked forward to receiving more information about the First Learning Wave of National Strategy Applications. However, concerns were raised about the low success rate of HIV proposals overall; confusion over the types of interventions that should be funded, particularly with regards to malaria prevention; and how multiple failed submissions from some countries should be handled. One delegate raised a concern about the communication of TRP decisions, since a country in his constituency learned of the TRP’s decision on its application from the news media before having being contacted by the TRP or the Global Fund with the outcome of the application process.

4. In response, Dr Oyeledun explained the review process for Round 9 proposals so that delegates could understand why some proposals had been recommended for funding and others had not. With regards to the communication and confidentiality issues surrounding the application process, she suggested that the Board may want to consider a pre-notification process that may prevent others from knowing the outcome of the TRP process before the applicant. The Executive

Director also explained that there is an appeals mechanism in place for any applicants where the same disease component of their proposal has not been approved for funding by the Board (category 3 or category 4) in two consecutive Rounds.

Agenda Item 6: Third Replenishment Cycle

1. The Vice-Chair of the Third Voluntary Replenishment of the Global Fund, Mr. Richard Manning, Former Chair of the OECD Development Assistance Committee, presented a timeline of activities for the replenishment cycle. He explained that the process had already started with a listening tour that would be completed by the end of 2009. The kick-off meeting for the replenishment process would then be held in the first quarter of 2010, with the final meeting occurring in early October, probably in New York City. The UN Secretary-General Ban Ki-moon will act as the Chair of the Replenishment and will host the final meeting.

2. The Replenishment Vice-Chair continued by outlining the three elements of context influencing the thinking on the subject: first, the Global Fund should be viewed as the central resource for helping to achieve the health related Millennium Development Goals, which are basic standards that have been universally accepted and need to be implemented. He said that he hopes that Group of Eight (G8) and Group of 20 (G20) countries will give strong weight to the role of the Global Fund in attaining the Millennium Development Goals. However, on the negative side, it is recognized that donors are under tremendous pressures, with deficits and debt being extraordinarily high. The third context that should be understood is that the international health framework is highly fragmented and complex. The Global Fund must demonstrate the relevance and value-added of the Global Fund model against this backdrop.

3. The Vice-Chair of the Replenishment cited four key issues for the Board's attention: 1.) It is extremely important for the Board to have full clarity on policies and a high degree of consensus on what needs to be achieved. 2.) The Global Fund must be able to demonstrate efficiency and that it delivers more health for the money. 3.) Effectiveness is also critical, with the next Results Report being a very important document. 4.) The Global Fund must also bring a better understanding of sustainability so that donors will know what the long-term implications of Global Fund supported programs will be both in terms of impact and funding requirements.

4. The Replenishment Vice-Chair continued by saying that he thinks it is very important to broaden the donor base, not only by targeting new public donors, but also by doing more with the private sector, which could make a very significant contribution. Existing donors also need to know that this avenue has been explored. In addition to strong advocacy from the Board and existing donors, it will be absolutely vital to have strong civil society advocacy and to use Friends organizations as a resource.

Agenda Item 7: Funds Available for Round 9 and NSAs

1. Mr Barry Greene, the Global Fund's Chief Financial Officer, made a presentation on the funds available for Round 9 and NSAs. Based on an assumption that RCC would cease after Wave 8 and with a provision for bridge funding if it is

needed, US\$ 1.7 billion could be approved based on currently confirmed pledges. However, to fully approve the recommended proposals for Round 9 and NSAs, which total US\$ 2.4 billion (after taking account of the 10% efficiency gain in Phase 1), an additional US\$ 620 million would need to be raised in 2010. In terms of categories, this would mean that the Board would be able to approve Category 1 and Category 2 proposals now. Proposals falling into Category 2B could then be approved in 2010 once the additional funds are raised.

2. In discussion, concerns were made about what this would mean long-term and whether the Board would be borrowing from the future if it went forward with this approval. Delegates also wanted to know if allowances for successful appeals had been made in the scenarios presented.

3. In response, the Chief Financial Officer said that approving Round 9 and NSAs at US\$ 2.4 billion and taking into account the renewal of previous rounds, would mean that the organization would be going into 2011-2013 needing US\$ 8 billion to maintain the renewal of the current cohort of grants up to and including Round 9. This amount includes the funding required to ease the current funding restriction on Round 8 and Round 9/NSA Phase 2 funding from 75% to 90%. He also explained that there are currently no reserves for successful appeals, but that these appeals are funded based on when they are approved.

Agenda Item 8: Funding Decisions

1. The Board Chair presented the decision point for the funding of Round 9 proposals and the National Strategy Applications (NSAs). The decision point passed without discussion.

2. In terms of Round 10, a decision point was presented to the Board which set a tentative launch date for Round 10 on or around 1 May 2010. This date will be confirmed by the Board at its 21st Meeting in April 2010.

3. In discussion, several delegates were concerned about whether funding was available to launch Round 10 and the long-term implications would be of launching a new round without adequate funds. Other delegates felt that it was important for applicants to know that there would be a Round 10, which would allow them to begin preparing for it. Delegates were also concerned that the Secretariat would not have enough time to put the new architecture in place for the proposed dates for Round 10.

4. In response, the Executive Director explained the scope of work needed to put the new architecture in place and confirmed that not all the work would be completed by 1 May 2010; however, certain areas could be fast-tracked so that Round 10 could be launched. The Chief Financial Officer explained that there would be zero funds available at the time of the launch, but, keeping in mind that 2010 is a replenishment year, pledges would be coming in later in the year and the numbers would be adjusted at that time. He also noted that rounds had been launched in the past under circumstances where insufficient funds were available.

Decision Point GF/B20/DP11

1. *The Board approves, in principle, all the Round 9 proposals and National Strategy Applications (NSAs) recommended for funding by the Technical Review Panel (TRP).*

2. *The Board approves for funding, subject to Decision GF/B20/DP9, for an initial two years those Round 9 proposals and NSAs recommended for funding by the TRP as ‘Category 1’ and ‘Category 2’ as listed in LIST A in GF/B20/18, subject to paragraphs 4 to 5 below.*

3. *The remaining Round 9 proposals and NSAs recommended for funding by the TRP as ‘Category 2B’ will be approved for funding for an initial two years (subject to Decision GF/B20/DP9) and paragraph 4 and 5 below):*

a. *through Board confirmation by email (or, if appropriate, at the Twenty-First Board Meeting), as funds become available under the terms of the Comprehensive Funding Policy; and*

b. *based on the composite ranking of such proposals in compliance with the Comprehensive Funding Policy.*

4. *The applicants whose proposals are recommended for funding as ‘Category 1’ (as indicated in Annex 1 of GF/B20/9 and Annex 1 of GF/B20/11) shall conclude the TRP clarifications process, as indicated by the written approval of the Chair and/or Vice Chair of the TRP, not later than eight weeks after the applicant’s receipt of:*

a. *notification in writing from the Secretariat of the Board’s decision; or*

b. *the findings of the independent budget review, in cases where the TRP has requested an independent budget review as part of the clarifications process.*

5. *The applicants whose proposals are recommended for funding as ‘Category 2’, including the subset of proposals identified as ‘Category 2B’ (as indicated in Annex 1 of GF/B20/9, and Annex 1 of GF/B20/11), shall:*

a. *provide an initial detailed written response to the requested TRP clarifications and adjustments by not later than eight weeks after the applicant’s receipt of :*

i. *notification in writing by the Secretariat to the applicant of this Board decision; or*

ii. *the findings of the independent budget review, in cases where the TRP has requested an independent budget review as part of the clarifications process; and*

b. conclude the TRP clarifications process, as indicated by the written approval of the Chair and Vice Chair of the TRP, not later than three months from the Secretariat's receipt of the applicant's initial detailed response to the issues raised for clarification and/or adjustment.

6. The Board declines to approve for funding those proposals recommended by the TRP as 'Category 3' as indicated in Annex 1 of GF/B20/9 and Annex 1 of GF/B20/11. These applicants are encouraged to re-submit a proposal in a future funding round after major revision of the proposal.

7. The Board declines to approve for funding those proposals recommended by the TRP as 'Category 4', as indicated in Annex 2 of GF/B20/9.

8. The Board notes the TRP's request to have additional financial analysis support as part of the clarifications process and requests the Secretariat to make the necessary arrangements.

The budgetary implications of this decision are estimated at approximately USD 375,000 for professional fees associated with independent budget reviews and financial analysis support.

Decision Point GF/B20/DP30

The Board:

- a. recognizes the continued need for countries to maintain and scale-up their national programs to fight HIV/AIDS, tuberculosis and malaria; and
- b. recognizes the need to improve the effectiveness, simplicity, efficiency, alignment and harmonization and other fundamental aspects of the Global Fund's operating model.

Therefore the Board requests the Chair and Vice Chair to convene a retreat of the Board in January or early February of 2010 to discuss and determine priority areas for further changes in its operating model and strategic architecture, address key issues such as prioritization for funding amongst proposals; leading to decisions at its next Board meeting and a broader reform agenda timeline, as well as informing substantially the structure of Round 10.

The Secretariat will call for proposals to launch Round 10 on or about 1 May 2010, with a submission due date of 1 August 2010; and confirmation of this launch will be made at the Board's first meeting in 2010 based primarily on progress on incorporating the new strategic architecture.

The Board requests the Secretariat and Technical Review Panel (TRP) to review the Round 10 proposals in time for approval at a meeting of the Board (either regular or special) between November 2010 and January 2011, as determined by the Chair and Vice Chair. It would be preferable if the TRP review was completed before the second Replenishment meeting, scheduled for October 2010.

The budgetary implications of this decision in 2010 are estimated to be USD\$ 3.5 million, comprised of Technical Review Panel, Financial Analysis Support to the TRP, Secretariat expenses (including fees for the recruitment of temporary staff to screen proposals and for translation costs) and LFA fees.

Agenda Item 9: Report of the Portfolio and Implementation Committee

1. Dr Joseph Andre Tiendrebeogo, Acting Chair of the PIC and Mr William Parr, Acting Vice-Chair of the PIC presented the Committee's report, which included decisions on the review of Country Coordinating Mechanism (CCM) guidelines and the quality assurance (QA) policy for pharmaceutical products.
2. With regard to the review of the CCM guidelines, the Board had asked the Secretariat to revise the CCM guidelines to clarify their roles and responsibilities and to present the results to this Board Meeting. The Secretariat reviewed the roles and responsibilities and proposed some amendments and these were based upon recommendations and lessons learned from the Five-Year Evaluation. The Secretariat proposed to finalize these guidelines in 2009-2010, including impact of the new architecture.
3. The PIC agreed with the initial recommendations and endorsed the proposed timeline for completing the review. The Committee also provided guidance to focus on lessons learned and avoid unnecessary prescriptions; promote the use of existing structures and to study further the use of sub-CCMs and non-CCMs; and ensure broad consultations but align with existing ones so that stakeholders are not over-burdened. The Committee further agreed to request delegated authority from the Board to approve final amendments to the guidelines. The decision point passed without discussion.
4. In terms of the QA policy, Mr Parr reminded the Board that it had adopted a revised QA policy a year ago which included an amendment to establish an expert review panel (ERP) which would give interim permission for use of multi-source drugs in the pipeline for prequalification with the World Health Organization (WHO). The ERP was established and is now functioning. However, a number of common medicines, including the first-line treatment regimen for malaria in India are not eligible for review under the current policy, which presents a challenge. The changes to the policy proposed by PIC intend to give manufacturers of those drugs time to prepare a dossier. The changes will not compromise QA standards already approved because they must still go through the process with the ERP. Analysis showed that at least 43 grants were at risk of disruption if a change to the policy is not made.

5. In discussion, several delegates reiterated their support for the decision, but one delegate pointed out that the Global Fund would not be able to purchase injectable ACTs and another wanted to make sure that it was understood that drug resistance be taken into account because some drugs may be resistant in some populations and not in others and it would be difficult to enforce the use of new drugs in countries where resistance to older treatments and possibly cheaper treatments has not taken hold.

6. In response, the Committee Vice-Chair said that the PIC had only heard about the problems with injectable ACTs three days prior, but would make a slight amendment now to the last paragraph of the decision point to take that into account. In terms of the issues surrounding drug resistance, he said the purpose behind the change is to ensure that older drugs such as chloroquine would still be able to be procured. The decision point passed as amended.

Decision Point GF/B20/DP12

The Board delegates authority to the Portfolio and Implementation Committee (PIC) to approve changes to the “Guidelines and Requirements for Country Coordinating Mechanisms”.

However, if the PIC considers that material changes to any of the six CCM eligibility requirements are needed, the PIC will make a recommendation to the Board for approval.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP13

The Board recognizes that, as described in the Portfolio and Implementation Committee’s Report to the Board (GF/B20/5), there are challenges with identifying sources for certain essential and long-established multi-source treatments that meet the requirements of the Global Fund’s revised Quality Assurance Policy for Pharmaceutical Products (“QA Policy”). In order to avoid disruption to treatment of patients, but without compromising the fundamental quality assurance principles of the QA Policy, the Board therefore decides to revise the QA Policy to expand the eligibility criteria for a risk/benefit review of products by the Expert Review Panel (ERP) by adding the following interim provision at the end of paragraph 13 of the QA Policy:

“Provided that the criterion in paragraph (ii) above is met, certain multi-source [8] FPPs for malaria and first-line tuberculosis treatment that do not meet the criteria in paragraph (i) above are also eligible for review by the ERP for associated potential risks/benefits in accordance with paragraph 10 of this Policy. The list of ERP-recommended FPPs that is made publicly available will indicate which of the

ERP-recommended FPPs were eligible for review as a result of this paragraph.

Footnote 8: For these purposes, “multi-source” means a pharmaceutical product for which the monograph of the finished dosage form was published in the International, U.S. or U.K. Pharmacopeia before 10 October 2002”

The Board requests the Market Dynamics and Commodities Committee to review this amendment to the QA Policy, with special attention to the working, transparency and reporting requirements of the ERP review process, and to report to the Board at its last meeting in 2010.

The Board notes that it will take some time for dossiers for these multi-source FPPs to be prepared and submitted to the next set of ERP reviews and that an interim exception is necessary to avoid disruption in essential treatment. The Board decides that, on an exceptional basis and for the period up to 31 December 2010 only, grant funds may be used to procure certain multi-source FPPs for malaria and first-line tuberculosis treatment, provided that:

- a. there are no other FPPs for that product formulation available (as defined in the QA Policy) that are WHO-prequalified or SRA-authorized or ERP-recommended;*
- b. the site at which such FPP is being manufactured must, at the time of the procurement, be in compliance with the relevant GMP standards as verified by the WHO Prequalification Program, or an SRA or a regulatory authority participating in PIC/S;*
- c. the FPP has been selected for procurement by relevant UN procurement agencies; and*
- d. the notification/confirmation and testing processes described in paragraphs 9 and 31 of the QA Policy will apply to such procurement.*

The Board requests the MDC to consider, as a matter of urgency, contingency plans regarding the recently notified disruption of funding for certain life-saving medicines (e.g. artemisinin intra-rectal and injectable medicines) in situations where no FPPs for such medicines meet the criteria in paragraph 7 of the QA Policy and to make recommendations to the Board at the earliest opportunity.

This decision does not have material budgetary implications.

Agenda Item 10: Report of the Finance and Audit Committee

1. Mr Peter van Rooijen, Chair of the Finance and Audit Committee (FAC), and the Chief Financial Officer made a presentation to the Board that included decisions on the 2010 budget, risk management, Office of the Inspector General (OIG) matters, resource mobilization, the Global Fund Provident Fund and Secretariat office space.

2. On the budget, the Chief Financial Officer reported that the budget process was rigorous and reflected a zero-based growth approach. Workplans from each team were used to build the budget, which is also linked to key performance indicators and supported by an external workload analysis. The budget recommended to the Board is for US\$ 274 million in operating expenses and 597 staff positions, which includes four additional positions for the OIG.

3. In discussion, several delegates expressed their support for the proposed 2010 budget and their appreciation of the efforts to contain costs and gain efficiencies to reach a budget at this level and to keep staff levels stable. One delegate noted disappointment that the proposed increase in the funding for CCMs had been scaled back and felt that the explanation for the increase in expenditures for Local Fund Agents (LFAs) was inadequate. The Executive Director voiced his concern that the denial of the Secretariat's request for additional staff while increasing workload would result in staff burnout. The decision point passed.

4. Mr David Curry, the Global Fund's Director of the Finance Unit, presented the Board with the Risk Management Framework which describes the risk management policy and process at the Global Fund. The high-level corporate risks are then described in the Corporate Risk Register.

5. In discussion, several delegates supported the new framework and appreciated the systematic approach taken to the project. The Chair of the FAC highlighted the need for the governance structures of the Global Fund to engage in effective oversight of the Corporate Risk Register. The decision point passed.

6. Dr Christoph Benn, Director of External Relations and Partnerships, presented the Board with decision points giving the Secretariat permission to start a limited trial of in-kind donations of non-health products (e.g.: vehicles, computer equipment, etc.), and to expand Debt2Health beyond its pilot phase so that it becomes an additional means of resource mobilization for the organization.

7. In discussion, several delegates expressed concern about conflicts of interest and other risks associated with accepting in-kind product donations. However, others felt that this could offer more flexibility in making contributions, especially for the private sector. The FAC Chair agreed that this is a trial that should be watched very closely. Both decision points passed.

8. The FAC Chair said a decision point on allowing a limited amount of equities to be included in the Trust Fund portfolio of investments had been withdrawn. A decision delegating authority to FAC to deal with all matters related to the Global Fund Provident Fund was next presented. In discussion, one delegate asked how much was the cost when the Global Fund transitioned out of the UN Joint Staff Pension Fund (UNJSPF). In response, the Chief Financial Officer said that due to the transition from the administrative services agreement with WHO, the organization incurred a cost of US\$ 15 million to withdraw from the UNJSPF,

representing the value of employer contributions which cannot be transferred from the UNJSPF to the Provident Fund. The decision point passed.

9. The FAC Chair presented a decision on an option to rent office space in a building to be developed as part of the Geneva government's plan to build a Health Campus in line with the city's desire to be an attractive location for global health initiatives. Initial designs would involve the Global Fund being the main tenant for a building with an additional 300 workspaces and the benefit of reduced rental costs in comparison to its current lease. If the additional workspaces were sublet to another organization, such as GAVI, which as expressed interest, the rental costs would be further reduced.

10. In discussion, delegates raised questions about why the original developer of the project withdrew and whether GAVI was firmly committed. Delegates also wanted to make sure that lease terms would be brought back to the Board before a lease agreement was signed. The decision point passed.

11. The FAC Chair presented the final decision point acknowledging appreciation for the work and commitment of outgoing Chief Financial Officer Barry Greene. In response Mr Greene said he was deeply touched and that it was difficult to walk away after seven years with the organization. He expressed his gratitude to the staff and the Board for the pleasurable working experience.

Decision Point GF/B20/DP14

The Board approves the 2010 Operating Expenses Budget in the amount of USD 274 million as set out in Annex 1 to the Report of the Finance and Audit Committee (GF/B20/6).

The budgetary implications of this decision amount to USD 274 million in 2010, which includes an allocation of 4 additional staff positions for the Office of the Inspector General for 2010.

Decision Point GF/B20/DP15

The Board endorses the Risk Management Framework of the Global Fund as set out in Attachment 3 to the Finance and Audit Committee Report to the Board (GF/B20/6).

This decision does not have material budgetary implications.

Decision Point GF/B20/DP16

The Board requests the Secretariat to continue to gather information regarding in-kind donations, in particular research into the donation of non-health products and for this purpose authorizes the Secretariat to undertake the facilitation of donations of non-health products to Global Fund grant recipients on a trial basis. The trials shall be in a limited number of countries and will be conducted in line with the guidelines for service donations developed by the Secretariat. Specific attention shall be paid to donations of non-health products by

health companies. The Board requests the Secretariat to report to the Finance and Audit Committee, regarding the outcome of the trials, with the aim of making recommendations to the Board, at the Board's second meeting in 2011.

There are no budgetary implications for this decision.

Decision Point GF/B20/DP17

The Board notes the progress and positive experience of the pilot phase of the Debt2Health mechanism. The Board decides to incorporate the Debt2Health mechanism as an additional means of resource mobilization for the Global Fund. There will be no limit on the number of creditor and debtor countries that may participate and due diligence on the original purpose of the debt will be undertaken.

The Board authorizes the Secretariat to amend the Global Fund's Policy for Restricted Financial Contributions to allow restricted contributions from implementing countries for counterpart funds under Debt2Health swaps which are attributed at the country level.

The Board requests the Secretariat to report to the Board annually on the implementation of Debt2Health.

There are no material budgetary implications for this decision.

Decision Point GF/B20/DP18

The Board delegates its authority to the Finance and Audit Committee to deal with all matters related to the Global Fund Provident Fund.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP19

The Board notes the concepts set out in the Letter of Intent (GF/FAC13/20, Annex 2) to be signed with a property developer, and requests the Secretariat to engage in further negotiations for the construction of a building to be leased by the Secretariat.

The Board notes the importance for the Secretariat to identify a suitable entity that, at the time the Secretariat signs a lease agreement, provides a binding commitment to share the rent for space in this office building, in the case where the building contains more space than what would be necessary to house the Fund at that time. The Board also encourages the Secretariat to minimize the Fund's financial exposure for the costs of the building prior to occupancy, and to provide additional information about interim arrangements between the date of the

expiration of the current lease and the expected date of occupancy of the new space.

The Board requests the Finance and Audit Committee to oversee the arrangements for the Secretariat's future office space.

This decision does not have material budgetary implications at this time.

Decision Point GF/B20/DP20

We, the Board, express our deep gratitude to Barry Greene for his long service to the Global Fund. We are indebted to him for his dedication and loyalty and the tireless efforts he has made to forward the cause of the Global Fund. We are also grateful for Barry's sense of humour and his ability to maintain congeniality and compassion at all times. His integrity and ability to inspire trust are unrivalled. He represents what is best about the Global Fund. Barry will be much missed by the Board, by the FAC members in particular and by the Secretariat staff.

We wish Barry all the best, and look forward to continuing to work with him in his new role. Go raibh mile maith agat (Irish for a thousand thank yous)!

This decision does not have material budgetary implications at this time.

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, which addressed the financial situation of the Trust Fund through 30 September 2009 and provided information on donor contributions, investment income, grant commitments and disbursements and funds available for commitment.
2. In discussion, the Chief Financial Officer pointed out to the Board that up until 2008, investment income had totally covered operating expenses. However, in 2009 a shortfall of US\$ 65 million is expected. On a cumulative basis since the beginning of the Global Fund's existence, investment income has exceeded operating expenses, so it remains true that no donor contributions go toward operating expenses.

Agenda Item 12: Report of the Office of the Inspector General

1. The Inspector General (IG) presented his progress report for the period January to September 2009 and the 2010 work plan and budget. During this period

four reports have been released to the Board: Country Audit of Tanzania, review of PR audit arrangements, review of the LFA retendering process and a report on lessons learned from past audits. Reporting is being finalized on a further seven audits and eight more audits are scheduled to be completed before the end of 2009. One audit has been deferred until early 2010. The IG also gave an update on ongoing audits and investigations in Mauritania, Zambia and the Philippines. The close cooperation and collaboration with the Secretariat on audits and investigations was appreciated.

2. The IG also presented three decision points to the Board. The first related to the procedures for reporting to the Board on the follow up to the OIG's work and the second focused on the approach followed by the OIG in determining the number of country grant programs to be audited each year. The third proposed changes to the OIG Charter and Disclosure Policy.

3. In discussion, several delegates expressed their appreciation for the work of the OIG and the culture of accountability that is, as a result of the OIG's work, being spread through countries receiving Global Fund grants. However, some delegates were concerned that the issues raised by the OIG had not been identified earlier by others (eg by the LFAs and the Secretariat) and stressed the importance of avoiding any disruption in service delivery to patients when grants are suspended as a result of problems found during the OIG's work. The decision points passed.

Decision Point GF/B20/DP21

The Board notes the reports of the Office of the Inspector General (OIG), in particular the OIG Report on Lessons Learned (TGF-OIG-09-002), and the Secretariat's response contained in such reports. The Board stresses the need to ensure that the response to the findings and recommendations of the OIG will be prioritized and fed into the overall planning and work of the Global Fund, including grant operations.

The Board notes that the Secretariat is responsible for monitoring and reporting on the progress made in following up on findings and recommendations of OIG reports to the Finance and Audit Committee (FAC). The OIG, in turn, separately provides assurance on the progress made to the FAC. The Board requests that these reports are provided to the Board at its 21st meeting and that the Secretariat also provides a report to the Board describing the process that is followed to address the findings and recommendations of the OIG reports, including (i) a description of the protocols on coordination between the OIG and the Secretariat and (ii) considerations on the roles of implementers, partners, CCMs and LFAs.

This decision does not have material budgetary implications.

Decision Point GF/B20/DP22

The Board notes that the approach adopted by the OIG to develop its annual audit plan is an important strategic matter that reflects the Global Fund's risk management policy. The

Board approves the approach for setting the annual OIG audit plan as described in Annex C of the OIG Progress Report (GF/B20/14).

This decision does not have material budgetary implications.

Decision Point GF/B20/DP23

The Board approves the amendments to the Charter and Terms of Reference of the Office of the Inspector General and the Policy for Disclosure of Reports Issued by the Inspector General as set out in the Annexes 2 and 3 of the Report of the Finance and Audit Committee to the Board (GF/B20/6).

This decision does not have material budgetary implications.

Agenda Item 13: Report of the AMFm Ad Hoc Committee

1. An update on progress with the Affordable Medicines Facility - malaria (AMFm) was presented by Prof. Eytayo Lambo, Acting Chair of the AMFm Ad Hoc Committee, Mr Shawn Baker, Vice-Chair of the TRP and Barry Greene, Chief Financial Officer of the Global Fund.

2. Preparations for the launch of Phase 1 of the initiative are underway. The TRP received applications from all 12 eligible applicants. Applications were reviewed at the same TRP review meeting that reviewed Round 9 proposals. Ten of the 12 applications were recommended for funding. The Chief Financial Officer confirmed that sufficient funding was available for Phase 1. The decision point approving this recommendation passed.

3. All eligible manufacturers have agreed that ACT sales prices for private sector buyers will be the same as for public sector buyers and most eligible manufacturers have signed a non-binding term sheet. Binding Master Supply Agreements with manufacturers are expected to be signed in early 2010. The co-payment amount for each formulation and pack size is also being established.

4. A decision point was presented requesting that the Board should make its decision on global roll-out of the AMFm based on its four stated objectives at its first meeting in 2012 but allowing for deferral of this decision if more time were needed for a thorough evaluation of Phase 1. In discussion, several delegates were concerned that too few countries had been included in the pilot phase and that some regions were not represented at all. Concerns were also raised about the availability of funding for supporting interventions. Delegates also debated whether a logo should be used on packaging for co-paid ACTs. The decision point requested that all co-paid ACTs should bear a universal logo and within the bounds of the evaluation encouraged other donors to use the logo on other quality assured ACTs.

5. In response, the Ad Hoc Committee Acting Chair reminded the Board that this is only Phase 1 and that countries had to meet certain criteria. The Board had been informed of those criteria and had approved the list of eligible countries. Other countries will be eligible when and if a global rollout takes place. The decision point passed.

Decision Point GF/B20/DP24

The Board refers to its earlier decisions regarding the Affordable Medicine Facility - malaria ("AMFm") and clarifies its intent that the Global Fund will only expand from Phase 1 (the pilot phase) of AMFm to a global scale-up on the basis of evidence gathered during the pilot phase that the initiative is likely to achieve its four stated objectives: (i) increased ACT affordability, (ii) increased ACT availability, (iii) increased ACT use, including among vulnerable groups, and (iv) "crowding out" oral artemisinin monotherapies, chloroquine and sulfadoxine-pyrimethamine by gaining market share. The Board further clarifies that it will consider evidence that the AMFm will achieve these four objectives more cost-effectively than other financing models that aim to achieve similar objectives solely or principally through the expansion of public sector services (i.e., public health facilities and community health workers only).

The Board requests the AMFm Ad Hoc Committee to review the findings of the independent evaluation of AMFm Phase 1 against the four objectives and to make a recommendation to the Board at its first meeting in 2012 on whether to expand, accelerate, modify, terminate or suspend the AMFm business line in countries participating in the pilot. The Board notes that, in addition, it may decide to extend the pilot phase beyond its first meeting in 2012, if necessary. Any such extension would be subject to available funding and the Board reiterates that AMFm Phase 1 is currently funded as a 24-month program and countries should plan accordingly.

The Board decides that, in addition to the AMFm 'identifier', all AMFm co-paid ACTs should bear a logo that is universal for all countries participating in AMFm. During implementation of AMFm Phase 1, based on lessons learned and discussions with participating countries and with due regard to the independent evaluation, other donors should be encouraged and permitted to use the logo on ACTs procured directly by such donors, provided that such ACTs meet the Global Fund's quality assurance policy. The Board requests RBM to work with participating countries, donors and all partners to coordinate the progress towards a universal logo for all quality-assured ACTs.

The Board approves the revised AMFm Phase 1 Policy attached as Annex 1 to the Report of the AMFm Ad Hoc Committee to the Board (GF/B20/7).

This decision does not have material budgetary implications.

Decision Point GF/B20/DP25

The Board approves those AMFm Phase 1 applications recommended for approval by the Technical Review Panel (TRP) as 'Category 1' and 'Category 2', as listed in Annex 1 to the Report of the Technical Review Panel and Secretariat on AMFm Applications (GF/B20/10), subject to paragraphs 2-3 below. The

Board's approval is for re-programmed and new grant funding (as the case may be) for a full two-year period for each AMFm Phase 1 application and is not subject to prioritization.

The applicants whose applications are recommended for approval as 'Category 2' shall:

- a. provide an initial detailed written response to the requested TRP clarifications and adjustments by not later than four weeks after receipt of notification in writing by the Secretariat of the Board's funding decision; and***
- b. conclude the TRP clarifications process, as indicated by the written approval of the Chair and Vice Chair of the TRP, not later than 31 January 2010.***

For those applications recommended for approval as 'Category 2', if the TRP clarification process is not concluded to the satisfaction of the TRP by the deadline stipulated in paragraph b above, the AMFm application in its entirety will be deemed not approved.

The Board declines to approve for funding those applications recommended by the TRP as 'Category 3' as indicated in Annex 1 in GF/B20/10.

This decision does not have material budgetary implications.

Agenda Item 14: Report of Market Dynamics and Commodities Ad Hoc Committee

1. Mr Dai Ellis, Chair of the Ad Hoc Committee on Market Dynamics and Commodities (MDC) presented an overview of the Committee's first meeting, which included discussions on the Committee's terms of reference, planned oversight of existing areas and discussion of initial ideas on other areas that the Global Fund might consider pursuing. The MDC Chair also discussed the relationship between the MDC and the PIC and the need to collaborate closely. Included among the issues the MDC will be addressing are: QA for diagnostics and other drugs, voluntary pooled procurement and price and quality reporting (PQR). Areas for further study and prioritization were outlined, including defining and monitoring market dynamics in the Global Fund context, and access to new technologies. A short-term milestone was to recommend to the Board a contingency plan for recently notified potential supply disruption of certain life-saving antimalarials.

2. In discussion, delegates pointed out the need for MDC to address the quality of insecticide-treated bed nets that are being procured; delayed delivery of commodities; and the need for strong collaboration with UNITAID.

3. In response, the Chair of the MDC assured the Board that all of the issues raised would be addressed by the Committee. Closer collaboration with UNITAID had already come up and a representative of the organization participated in the

first MDC meeting. The Chair of the MDC said participation of UNITAID in MDC meetings would continue.

Agenda Item 15: Annual Report of the Ethics Committee

No presentation was given by the Ethic Committee

Agenda Item 16 TERG and Five-Year Evaluation Update

1. Prof Rolf Korte, Chair of the Technical Evaluation Reference Group (TERG) and Dr Lola Dare, TERG Member, made a brief presentation on the follow-up to the Five-Year Evaluation, a review of the Global Fund's evaluation agenda, the TERG contribution to the independent evaluation of the AMFm and the TERG self-assessment to further define the role of the group.

2. Prof Rolf Korte said that the follow-up of the Five-Year Evaluation had been handed over to the Monitoring and Evaluation (M&E) Unit of the Secretariat with a remaining budget of US\$ 2.5 million. Dissemination workshops will be held to discuss and endorse the country report and to define strategic priorities to strengthen country M&E systems. Multi-country workshops are also being held to enhance country capacity. Additional studies and tools are needed to fill some information gaps, which are best filled through agreements with partners.

3. Prof Rifat Atun, Director of the Global Fund's Strategy, Performance and Evaluation Cluster, presented an overview of the formal management response to the Five-Year Evaluation and urged the Board to read its recommendations and conclusions.

4. In discussion, several delegates expressed their appreciation for the TERG and recognized the value the group brings to the organization and the importance of the Five-Year Evaluation. Several said they would like to see the TERG's role strengthened in the future.

Agenda Item 17: Special Session on Building a Stronger AIDS Response

The Board heard a presentation from a youth leader <could not find name or affiliation in any of the materials I received> who emphasized the importance of understanding the diversity within young populations and realizing their diverse needs when setting policies targeting young people. One quarter of the world's population is comprised of 15- to 24-year-olds. Prevention in this population is key, but the needs and voices of this group are often ignored. The youth leader asked the Board to develop youth-friendly information and opportunities at the Board and CCM levels so that youth can be better represented.

In discussion, a delegate agreed that young people can be empowered to take action and their voice is important. The decision point passed.

Decision Point GF/B20/DP32

The Board emphasizes the urgency of providing more room for youth leadership and involvement in the response to HIV/AIDS, tuberculosis and malaria. The Board recognizes the diversity and special needs of young people and stresses the importance of protecting young people's health and human rights, especially for the 5.4 million young people who are living with HIV and the millions who are at risk, in particular young women and girls; but also those who are marginalized, including but not limited to young sex workers and people who use drugs; lesbian, gay, bisexual and transgender youth; and young migrants.

The Board asks constituencies and the Secretariat to consider how they can better include young people, facilitate youth-led action at global and national level and ensure that their ideas and perspectives are better reflected in the work of the Global Fund and the Board and report back to the Board within 2 years.

This decision does not have material budgetary implications.

Agenda Item 18: Board Calendar, Rolling Board Agenda 2009-2010 and Any Other Business

1. Ms Asia Russell of the Developed Country NGO constituency presented a decision point that would enable the Global Fund to grant an exceptional extension to continue essential services to vulnerable groups in Russia. The Round 3 grant is coming to an end, and there has been a change in eligibility status, preventing the country to apply for further funding. This decision would only apply to this extraordinary case, so that current beneficiaries can continue services.
2. In discussion, several delegates expressed their support for this decision point given the vulnerable nature of the populations supported by the grant and the fact that they do not benefit from the services provided in the country. The decision point passed.
3. The Chair of the Board closed the meeting without discussing the Board Calendar or the Rolling Board Agenda for 2009-2010.

Decision Point GF/B20/DP29

The Board recognizes that:

- i. ***the Round 3 Russian Federation HIV/AIDS grant to Open Health Institute entitled "Stimulating an Effective National Response to HIV/AIDS in the Russian Federation" (RUS-304-G01-H) (the "OHI Grant") expired on 31 August 2009;***

ii. *in addition to provision of treatment services, the OHI Grant has provided support for lifesaving prevention services for populations in the Russian Federation that are vulnerable to HIV/AIDS through the work of non-governmental organizations;*

iii. *under the current income eligibility policies of the Global Fund, the Russian Federation is not eligible for funding for HIV/AIDS funding;*

iv. *the income eligibility policies of the Global Fund will be reviewed by the Portfolio and Implementation Committee in 2010 for approval by the Board at its second meeting in 2010; and*

v. *the Russian Federation has contributed USD\$ 225,852,403 to the Global Fund, and has supported other programs for HIV in Russia.*

The Board recognizes the role of the Russian government leadership in developing efficient national policies and providing a long term, sustainable response to HIV, and calls on the Russian Federation to expand investment in these life-saving, evidence-based services to vulnerable populations.

In recognition of the emergency situation of the lifesaving prevention activities supported by the OHI Grant being discontinued, the Board approves:

a. *an extension, on an extraordinary basis, to 31 December 2011 of the term of the OHI Grant (the "Extension Term"); and*

b. *continued emergency funding for lifesaving prevention services in an amount of up to USD\$ 24 million for the Extension Term, in order to continue the same activities as currently being implemented under OHI Grant.*

The Board requests that the Secretariat continues discussions with the government of the Russian Federation on the HIV epidemic in Russian and their role as a donor to the Global Fund.

This decision does not have material implications on the operating budget.

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