



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twenty- Second Board Meeting  
Sofia, Bulgaria, 13 - 15 December 2010

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GF/B22/2  
Board Decision

## REPORT OF THE TWENTY-FIRST BOARD MEETING

### Purpose:

1. This document presents the draft Report of the Twenty-First Board Meeting and includes all decisions made at that meeting. The Report of the Twenty-First Board Meeting is subject to ratification by the Board of the Global Fund at its Twenty-Second Board Meeting, 13 - 15 December 2010, in Sofia, Bulgaria.

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

1. The Twenty-First Board Meeting opened with a candle-lighting ceremony that was led by the Communities delegation member Ms Morolake Odetoynbo. The candle was lit as a symbol to remember all who had passed away from AIDS, tuberculosis (TB) and malaria, with particular emphasis on children who are in need of medicine and who will die if treatment is not available. A moment of silence was observed after the candle was lit.
2. Board Chair Dr Tedros Adhanom Ghebreyesus welcomed the Board to the meeting and introduced new Board Members, remarking that new Board Members were joining at a critical time as the Global Fund is in the midst of its Third Voluntary Replenishment cycle. He thanked Mr Richard Manning, Vice-Chair of the Replenishment, and his team for what he felt was a successful first meeting of donors in March at The Hague. He said he felt that donors were left with a very good impression of the Secretariat's hard work and of the dangers that exist if the Global Fund's goals are not achieved.
3. Continuing with his remarks, the Board Chair commented that the announcement of Round 10 during this Board Meeting is a further indication of the Global Fund's strength. He also stated that the Board would be discussing several important issues, including coming to resolution on the issue of prioritization, to ensure that the organization focuses on a path that results in saving the most lives. To resolve differences of opinion, a working group on this topic has been established so that consensus can be met. The Chair ended his remarks by reminding the Board that Millennium Development Goals (MDGs) 4 and 5 must be reached by 2015, which will require much more commitment and energy over the next five years than ever before.
4. The Board Vice-Chair, Dr Ernest Loevinsohn, introduced a short video in which world leaders talked about the importance of the Global Fund and stated that the video is available to Board Members who wish to use it as a communication tool.

## **Agenda Item 2: Approval of the Rapporteur**

### **Approval of the Agenda**

### **Approval of the Report of the Twentieth Board Meeting**

1. The Vice-Chair informed the Board that Mr Karlos Boras from the Developing Country NGO constituency had agreed to act as Rapporteur for the Twenty-First Board Meeting. The decision point was approved without discussion.
2. The Vice-Chair presented the agenda for the Twenty-First Board Meeting. The decision point was approved without discussion.
3. The Vice-Chair presented the Report of the Twentieth Board Meeting. In discussion, one delegation said that it felt that the discussion of the youth session was incomplete and that it would like to provide the Secretariat with the missing details. The Vice-Chair received indication from the Board that it was permissible

to proceed to a vote with the caveat that an amendment would be forthcoming. The decision point passed without further discussion.

**Decision Point GF/B21/DP1**

***Karlo Boras from the Developing NGOs constituency is designated as Rapporteur for the Twenty-First Board Meeting.***

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

**Decision Point GF/B21/DP2**

***The agenda for the Twenty-First Board Meeting (GF/B21/DP1, Revision 1), as amended, is approved.***

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

**Decision Point GF/B21/DP3**

***The report of the Twentieth Board Meeting (GF/B21/DP2) is approved as amended at the Twenty-First Board Meeting.***

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

**Agenda Item 3: Report of the Executive Director**

1. Global Fund Executive Director Prof Michel Kazatchkine delivered a report which provided an overview of the Global Fund's results in the three disease areas at the end of 2009 and an overview of key aspects of the portfolio; described how the Global Fund continues to learn, evolve and innovate, and highlighted the progress made in key areas of innovation such as the new grant architecture; discussed progress on a range of important strategic initiatives; provided an update on the Fund's efforts and progress towards the pledging conference in October 2010; provided recent examples of how the Global Fund partnership has been strengthened; and highlighted the work undertaken to complete the Fund's transition to a fully autonomous organization by the end of 2010.

2. In discussion, delegates acknowledged that the results achieved by the programs the Global Fund supports are impressive and noted that increasingly, the impact of the efforts and investments is becoming visible. Many of the delegates welcomed the focus on maternal and child health in the report and agreed that Global Fund investments to combat HIV, TB and malaria are making a substantial contribution towards MDGs 4 and 5. Some delegates also welcomed the focus on prevention in the report and noted that prevention efforts needed to be further strengthened. Others highlighted the recent, compelling evidence that ART plays a key role in decreasing HIV transmission and warned that treatment scale up efforts needed to continue and indeed increase. Many of the delegates said they valued the parts of the report that focus on the needs of the most vulnerable and most-at-risk populations. In particular, a number of delegates mentioned that they would welcome greater focus on the need of people who inject drugs, including a strategic discussion at a Board meeting on the Global Fund's role in ensuring access

to HIV prevention, treatment, care and support for people who inject drugs. Generally, delegates welcomed the progress made by the Secretariat in implementing the new grant architecture, moving forward with National Strategy Applications, establishing the operational, financial and policy implications for joint health systems strengthening funding and programming with GAVI and The World Bank, and increasing the speed of disbursements, while noting the need for even greater simplification of processes. Delegates also welcomed the measures taken by the Executive Director to address any shortfalls in follow-up and action to implement recommendations of the Office of the Inspector General (OIG), and urged that these measures be taken very seriously. A few delegates suggested the Board needed to be increasingly concerned with medium- and longer-term issues, including the significant challenges that the Global Fund faces in a resource-constrained environment. They noted that they would like to hear more about these challenges from the Executive Director in his future reports. Other issues raised included: the effects on staff of the transition from the World Health Organization (WHO); the role of the Global Fund in the health landscape; the status of disbursements for Zambia; the number of staff members living with HIV; and how greater focus on TB/HIV co-infection in grant applications could be facilitated. The Point 7 delegation highlighted its commitment to facilitating a more youth-friendly Global Fund, noted that it would from now on include a youth representative as part of the delegation, encouraged other delegations to do the same, and gave the floor to the youth representative who made a few remarks to the Board about the importance of including the voice of the youth in its decision-making processes.

3. In response, the Executive Director thanked the Board for its support of the Secretariat and the Global Fund staff, which faces a huge amount of work. He welcomed the intervention made by the youth representative and assured her that he had heard her and was committed to providing more room for youth leadership and involvement. He also welcomed the fact that a number of delegations had expressed support for the initiative for people who inject drugs and for a strategic discussion at the Board meeting. He highlighted that the results achieved are the results of all partners, including the members of the Board, and thanked them for the commitment they expressed to being bold in these difficult times and to ensuring the Global Fund truly remains global and serves the needs of those most vulnerable, wherever they are. He noted that he would welcome a discussion at the Board of some of the broader issues and challenges facing the Global Fund, such as how the Global Fund is evolving as an instrument to achieve the MDGs. He then responded to the specific questions raised by delegations. On the subject of the Secretariat's response to the OIG recommendations, he said that he was fully aware that in the past follow-up and action to implement the OIG's recommendations had not been optimal, but that he had taken action to address this, as detailed in his report. He then invited Deputy Executive Director Debrework Zewdie to add more details about what had recently been done to respond not only to the OIG recommendations, but also to increase the speed of grant signings. With regard to human resources, he noted that building a truly autonomous organization is a huge undertaking and that, despite much progress achieved over the last years, there are still some unresolved issues that the Secretariat was now working on, such as ensuring equitable salary decisions and strengthening the staff career development.

4. On Zambia, the Executive Director suggested the issues raised by some delegates be further discussed between the Secretariat and interested delegations. With regard to the number of HIV-positive people on staff, he said he was pleased about a recent increase in the number of staff openly living with HIV, but explained that it is difficult to say exactly how many staff are living with HIV because some

staff members keep their positive status to themselves. The Executive Director concluded by saying that he was troubled by the comments regarding the underrepresentation of HIV/TB proposals in Round 9, especially since 88 percent of all TB grants that were approved in Round 9 have an HIV/TB component and 83 percent of HIV grants have an HIV/TB component. The Executive Director highlighted the importance of country ownership and said that it is up to the countries to decide on the most relevant interventions. He acknowledged, however, that this should not prevent the Global Fund from further exploring how any unmet needs could be addressed.

#### **Agenda Item 4: Update on Replenishment**

1. Mr Richard Manning, the Vice-Chair of the Replenishment, gave the Board an overview of the First Meeting of the Third Voluntary Replenishment, which was held in March 2010 in The Hague, Netherlands and informed them of the recommendations generated by meeting participants. Mr Manning reported that the Global Fund's 2009 Results Report was strongly welcomed for the breadth of information and the quality of data contained in it. The joint work with the Global Alliance for Vaccine and Immunization and the World Bank on a common platform for health systems strengthening (HSS) was also praised. Of particular importance was the agreement reached by participants that a continued scaling up of Global Fund programs is required to reach the health-related MDGs by 2015.

2. However, participants thought more work was needed on measuring the effects of prevention activities and the impact of Global Fund support on HSS and on economies. Participants also requested clarification of the effects of changes in WHO guidelines and an explanation of the impact of each funding scenario on maternal and child health for the three diseases and HSS. Participants were also concerned with building sustainability and improving aid effectiveness.

3. Based on a suggestion from participants at the preparatory meeting for the Third Replenishment and a technical note prepared by the Secretariat, the Board endorsed a Finance and Audit Committee recommendation to explore options to increase the use of promissory notes as part of the Review of the Comprehensive Funding Policy (see agenda item 6).

4. In discussion, advocacy strategies being undertaken by Board Constituency representing implementing countries were shared. One delegate expressed concern that emphasis on MDGs 4 and 5, which are aimed at reducing child mortality rates and improving maternal health, may mean that MDG 6, which focuses on fighting HIV and AIDS, malaria and other diseases, will be over showed.

5. In response, the Executive Director, said that because of the focus on MDGs 4 and 5, the Global Fund is fervently encouraging very strong and enhanced proposals for prevention of mother-to-child transmission of HIV (PMTCT) programs in Round 10.

#### **Agenda Item 5: Round 10 Matters**

1. The Board Vice-Chair introduced the discussion of Round 10, which included decisions on prioritization and the launch of Round 10. The discussion took place throughout the Board Meeting as a special group with representatives from both the donor and implementation blocs was put together to come to consensus on the most contentious issues. The decisions were voted on as a package on the last day of the Board Meeting.

2. Ms Michele Moloney-Kitts, Chair of the Portfolio and Implementation Committee (PIC), explained that the Committee made very few changes to the guidelines for Round 10. The changes made focused on integrating recent Board decisions, particularly those related to the Global Fund strategies on gender equality and sexual orientation and gender identity (SOGI), greater linkages between TB and HIV, and greater emphasis on PMTCT. In addition, much attention was paid to value for money, pharmacovigilance and technical assistance. The new guidelines also include an option for proposal consolidation. The Committee worked to simplify the format, but major changes to reduction in the size of the application package and to incorporate the new architecture will be done in Round 11.

3. In discussion, the Communities Board member raised concerns about including a price list for pharmaceuticals in the package, which may hinder the Global Fund's ability to negotiate the best prices for products. In response, the PIC Chair clarified that the price list is an indicative and the Secretariat may still negotiate prices of pharmaceutical products during grant negotiations.

4. Mr Todd Summers, Policy and Strategy Committee (PSC) Vice-Chair, explained the prioritization principles that the Board has established to apply when there are insufficient resources to fund all the proposals that are recommended by the Technical Review Panel (TRP). Prioritization criteria has been used in previous rounds to prioritize queues of proposals when resources are not available for full funding of a Round. The PSC Vice-Chair went on to explain that at its last meeting, the Board requested that the PSC look at potential revisions to prioritization parameters in advance of the launch of Round 10 and was further requested to consider additional issues which were related to continuity of funding and funding history.

5. The PSC Vice-Chair then presented the Board with the PSC's recommendation for changes to the prioritization parameters. In discussion, several delegates were unhappy with the new formula and questioned why some areas were given higher priority than others. Many felt that the formula meant that certain regions could potentially be left out of Round 10 because of the income levels of the countries. Delegates also questioned whether the formula adequately addresses vulnerable populations living in countries with concentrated epidemics as the scoring system may also leave groups out.

6. In response, the PSC Vice-Chair said that it was clear from the range of questions and concerns that some important analysis needs to be done. The challenge of quantifying issues that are qualitative and political is not an easy task. Since many of the questions were very substantive, the PSC Vice-Chair said that the PSC needs to take a closer look at the strategy process and the role of the Global Fund in lower- and middle-income countries. Although he admitted it was not an ideal system, the PSC Vice-Chair reminded the Board that it will only be in place for Round 10.

7. Mr Wilfred Griekspoor, the Global Fund's Chief Financial Officer, presented information to the Board on funds available for Round 10. He explained that resources for Round 10 fully depend on new pledges from the Third Voluntary Replenishment

8. On the last day of the Board Meeting a package of decision points related to criteria for prioritization and the launch of Round 10 was presented to the Board. The PSC Vice-Chair explained that first decision point essentially provides for the adoption of revised criteria for prioritization. Originally, the PSC had

recommended a change from the original proposal such that the score for most at-risk populations (MARPs) was advantaged by one point. Subsequent to this, it was decided to establish a separate pool of funding for MARPs so that they won't be disadvantaged by the prioritization criteria and so that there would not be disparities between the three diseases. This is intended for Round 10 only and requests upper- and middle-income countries to establish co-payments. Under this scenario US\$ 75 million would be set aside for two years and US\$ 200 million would be set aside for five years under Round 10.

9. The PSC Vice-Chair went on to explain that at its last meeting, the Board made a decision to reconfirm the launch of Round 10 at this meeting. The funding that will be used for Round 10 is contributions coming in during the calendar year of 2011. So donor funding coming in 2011 would be utilized for this purpose. The package contained three decision points in all - first to adopt the prioritization criteria, the second for the establishment of the one-time only MARP funding envelope and the third to provide a launch date for Round 10.

10. In discussion, delegates generally felt that the package was a good compromise under difficult circumstances. Some delegates remained concerned about disparities that could arise in regions with "medium-sized" epidemics and in regions where data on Most at Risk Populations cannot be easily identified.

11. In response, the Executive Director thanked the Board for coming to consensus to allow Round 10 to be launched on time. He said this is particularly vital for the countries and people in need and will have an enormous impact in this Replenishment year as the expression of demand is part of the advocacy for the Replenishment. The Executive Director informed the Board that the Secretariat would be ready to launch Round 10 approximately on May 20, including the elements needed to establish the reserve of US\$ 75 million for the special fund. He reminded the Board that if Round 10 is launched on May 20, it will allow a very tight calendar to take decisions in December 2010. He requested that the Board delegate to the Secretariat the responsibility for defining MARPs more precisely because there would not be time for more meetings and deliberations on the subject before the launch.

12. The Executive Director further explained that the Secretariat can now provide the Board with rough estimates of what the pledges that will be received up to 2011 could represent in terms of potential programs. However, in the future, the Secretariat would like to be more closely associated with the Board delegation's work in order to provide the Board with its experience and timely analysis to help it take decisions. Finally, the Executive Director reiterated to the Board that the Replenishment has to be the top priority for everyone in the coming months. In order to achieve the best possible outcome for Replenishment he urged the Board to focus on strategic questions and less on operational matters, which can be managed by the Secretariat. The Executive Director also felt that more work needs to be done on prioritization for the future so that the Board can ensure that what comes in as proposals are already within the priorities.

13. Although some serious reservations remained with some delegates, the decision points passed in the interest of moving forward with Round 10.



### Decision Point GF/B21/DP17

*The Board decides that, for Round 10 only, the prioritization provisions of the Comprehensive Funding Policy described in Article 8 will be replaced with the provisions set out in the Annex to this decision point.*

*The Board requests that, at the time of issuing the Call for Round 10 proposals, the Secretariat communicate clearly to applicants the new prioritization mechanism that will apply for Round 10.*

*The Board requests (i) the Portfolio and Implementation Committee to consider an exceptional bridge funding mechanism as proposed by the Policy and Strategy Committee for possible approval at the Twenty-Second Board Meeting; and (ii) the Technical Review Panel (TRP) to review data on significant under-spending of existing grants as part of its formal recommendation process (such data to be provided by the Secretariat).*

*Further, the Board requests that, as part of the Eligibility and Cost Sharing Review being jointly carried out by the Policy and Strategy Committee and the Portfolio Implementation Committee, the following long-term strategic issues be considered; long-term implications of existing financial commitments of grant agreements; appropriate cost sharing and graduation guidance; and optimal allocation of future resources.*

*This decision does not have material budgetary implications.*

#### Prioritization for funding amongst Round 10 TRP-recommended Proposals Annex to GF/B21/DP17

8. The system for prioritizing among Round 10 TRP-recommended proposals, in the event that there are insufficient resources available to approve all TRP-recommended proposals, is as follows:
  - a. The Secretariat is responsible for assigning a score to all TRP-recommended components of proposals in accordance with the composite index described in paragraph (b) below and is to present the Board with these scores at the time of the Board's consideration of the TRP's recommendations. They are then financed in descending order (with the highest scoring proposals receiving priority).
  - b. A composite index, based on three criteria, is used to assign scores to each TRP-recommended component of a proposal as described below.

| Criteria           | Indicator   | Value               | Score |
|--------------------|---|---------------------|-------|
| TRP Recommendation | TRP Recommendation Category                                     | Category 1          | 4     |
|                    |   | Category 2          | 4     |
|                    |   | Category 2B         | 3     |
| Disease Burden     | Specific disease burden criteria set forth in paragraph c below |                     | 4     |
|                    |   |                     | 3     |
|                    |   |                     | 2     |
|                    |   |                     | 1     |
| Poverty            | World Bank Classification                                       | Low Income          | 4     |
|                    |   | Lower-Middle Income | 2     |
|                    |   | Upper-Middle Income | 0     |

c. The specific disease burden indicators, values and scores which will be used to assign scores for disease burden are:

i. For HIV/AIDS:

| Indicator  | Value   | Score |
|--|---|-------|
| HIV prevalence in the general population and/or in vulnerable populations* | HIV national prevalence $\geq 2\%$  | 4     |
|  | HIV national prevalence $\geq 1\%$ and $<2\%$ OR MARP <sup>1</sup> prevalence $\geq 10\%$ | 3     |
|  | HIV national prevalence $\geq 0.5\%$ and $<1\%$ OR MARP prevalence $\geq 5\%$ and $<10\%$ | 2     |
|  | HIV national prevalence $< 0.5\%$ and MARPS $<5\%$ OR no data                             | 1     |

\*Source of data: WHO and UNAIDS

ii. For Tuberculosis

| Indicator  | Value  | Score |
|--|--|-------|
| Combination of tuberculosis notification rate per 100,000 population (all forms including relapses); and WHO list of high burden countries (TB, TB/HIV or MDR-TB) ** | TB Notification rate per 100,000 population $\geq 146$ )<br><b>OR</b><br>TB Notification rate per 100,000 population $\geq 83$ and $<146$ and high TB burden, high TB/HIV burden, or high MDR-TB burden country        | 4     |
|  | TB Notification rate per 100,000 population $\geq 83$ and $<146$<br><b>OR</b><br>TB Notification rate per 100,000 population $\geq 38$ and $<83$ and high TB burden, high TB/HIV burden, or high MDR-TB burden country | 3     |
|  | TB Notification rate per 100,000 population $\geq 38$ and $<83$<br><b>OR</b><br>TB Notification rate per 100,000 population $< 38$ and high TB burden, high TB/HIV burden, or high MDR-TB burden country               | 2     |
|  | TB Notification rate per 100,000 population $< 38$   | 1     |

\*\* Source of data: WHO

<sup>1</sup> MARP: Most at risk populations

iii. For Malaria<sup>2</sup>

| Indicator   | Value  | Score |
|---|--|-------|
| Combination of mortality rate per 1,000 persons at risk of malaria; morbidity rate per 1,000 persons at risk of malaria; and contribution to global deaths attributable to malaria*** | Mortality rate $\geq 0.75$ and morbidity rate $\geq 10$<br>OR<br>Contribution to global deaths $\geq 1\%$  | 4     |
|   | Mortality rate $\geq 0.75$ and morbidity rate $<10$ OR<br>Mortality rate $\geq 0.1$ and $<0.75$ regardless of morbidity rate<br>OR<br>Contribution to global deaths $\geq 0.25\%$ and $<1\%$ | 3     |
|   | Mortality rate $<0.1$ and morbidity rate $\geq 1$<br>OR<br>Contribution to global deaths $\geq 0.01\%$ and $< 0.25\%$  | 2     |
|   | Mortality rate $<0.1$ and morbidity rate $<1$<br>OR<br>Contribution to global deaths $< 0.01\%$  | 1     |

\*\*\* Source of data: WHO

**Decision Point GF/B21/DP18**

1. *The Board decides that for Round 10 a dedicated reserve of resources for proposals from applicants who decide to submit a proposal which focuses only on most-at-risk populations for HIV/AIDS will be established. It is anticipated that this will lead to discussions on future eligibility and strategy.*
2. *The Board strongly recommends that proposals coming from ‘lower-middle’ and ‘upper-middle’ income applicants clearly demonstrate increasing government contribution over the proposal lifetime to ensure sustainability of the proposal interventions in the long-term and a possible exit strategy from requiring Global Fund financing. The TRP shall take this into consideration when recommending proposals for funding.*
3. *The following conditions will apply to the funding stream described in paragraph 1 above:*
  - (a) *US \$75 million will be made available for the period of the initial commitment for all these proposals;*
  - (b) *The totality of the five years of all these proposals cannot exceed US \$200 million;*
  - (c) *Applicants can request up to US \$5 million for the initial commitment and US \$12.5 million over the proposal lifetime;*
  - (d) *Existing income eligibility and cost-sharing requirements shall apply for these applicants;*

<sup>2</sup> (i) It is recommended to use burden estimates for earlier years (2000) in order not to penalize countries that have demonstrated progress; and

(ii) In the case that a proposal is submitted from a sub-national Applicant it will be scored according to incidence and mortality rates for those specific areas (and the contribution of those areas to the global burden).

- (e) Applicants must opt at the time of submission of their Round 10 proposal to apply under this stream and may not submit another proposal for Round 10 for the same disease component;
- (f) Applicants may not submit a separate health systems strengthening cross-cutting part under this funding stream;
- (g) The prioritization for funding amongst these Round 10 TRP-recommended proposals is described in the Annex to this decision point; and
- (h) In the event that a recommended proposal is not able to be funded under this funding stream due to the fact that maximum resources allocated have been exhausted, these proposals will be subject to the prioritization provisions set out GF/B21/DP17.

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

**Prioritization for funding amongst Round 10 TRP-recommended Proposals under the dedicated reserve for Most at Risk Populations for HIV/AIDS - Annex to DP/B21/DP18**

8. The system for prioritizing among Round 10 TRP-recommended proposals under this funding stream, in the event that there are insufficient resources available to approve all TRP-recommended proposals, is as follows:

- a. The Secretariat is responsible for assigning a score to all TRP-recommended components of proposals in accordance with the composite index described in paragraph b. below and is to present the Board with these scores at the time of the Board's consideration of the TRP's recommendations. They are then financed in descending order (with the highest scoring proposals receiving priority).
- b. A composite index, based on two criteria, is used to assign scores to each TRP-recommended component of a proposal as described below.

| Criteria           | Indicator  | Value       | Score |
|--------------------|--|-------------|-------|
| TRP Recommendation | TRP Recommendation Category                                      | Category 1  | 4     |
|                    |  | Category 2  | 4     |
|                    |  | Category 2B | 3     |
| Disease Burden     | Specific disease burden criteria set forth in paragraph c. below |             | 4     |
|                    |  |             | 3     |
|                    |  |             | 1     |

- c. The specific disease burden indicator, value and score which will be used to assign scores for HIV/AIDS disease burden are:

| Indicator                                 | Value                             | Score |
|---|-----------------------------------|-------|
| HIV prevalence in vulnerable populations* | MARP <sup>3</sup> prevalence ≥10% | 4     |
|   | MARP prevalence ≥5% and <10%      | 3     |
|   | MARPS <5% OR no data              | 1     |

\*Source of data: WHO and UNAIDS

- d. If an applicant requests funds for more than one most at risk populations then scores will be allocated for each target population according to the indicator and values described above and the scores will be averaged. The average will then be rounded to the nearest score.

### **Decision Point GF/B21/DP19**

1. *Recognizing the continued need for countries to maintain and scale up their national programs to fight HIV/AIDS, tuberculosis and malaria and reaffirming the Board's commitment for the new architecture for grant funding, the Board urges donors to make firm pledges at the Replenishment Meeting in October 2010 to meet the expected demand and to allow the scaling up of life saving treatment.*
2. *With reference to its decision regarding the launch of the next Round of proposals (GF/B20/DP30), the Board requests the Secretariat to issue a Call for Proposals for Round 10, on or about 20 May 2010 with a submission date on or about 20 August 2010, and to provide for review of those proposals in time for approval at the Twenty-Second Board Meeting in December 2010.*
3. *The Call for Proposals for Round 10 shall include a provision for a dedicated funding stream for proposals which focus only on Most at Risk Populations (GF/B21/DP18).*
4. *In determining the amount of assets available to be committed for Round 10 at the time of approval of the proposals, only pledges to be received within (and for use within) the period up to and including 31 December 2011 shall be considered. Notwithstanding Article 3d of the Comprehensive Funding Policy, the determination of available assets as at 31 December 2011 will be updated at the end of the first quarter of 2011 in relation to new pledges.*
5. *In the event that insufficient resources are available to approve all TRP recommended proposals, the provisions of Decision Point GF/B21/DP17 will apply.*

**The budgetary implications of this decision point have already been approved by the Board (GF/B20/DP30) and are reflected in the 2010 budget.**

<sup>3</sup> MARP: Most at risk populations

## **Agenda Item 6: Report of the Policy and Strategy Committee**

1. Dr Suwit Wibulpolprasert, PSC Chair, presented a report of the Committee, which included information on the Secretariat's performance against its Key Performance Indicators (KPIs) and the progress report of the Five-Year Evaluation Sub-Committee as well as decision points on initiating a second wave of National Strategy Applications (NSAs), the Health Systems Funding Platform, and an additional funding mechanism for strongly-performing grants.

2. On the KPIs, the PSC Chair explained that the Committee had assessed the year-end results for 2009. After doing so it had taken a decision recognizing the improved performance reported against the majority of indicators and its satisfaction with explanations provided for the targets not met and corrective actions identified in certain key areas including for speed of disbursement.

3. Dr. Lennarth Hjelmåker, PSC Member, reported the progress achieved by the PSC Sub-Committee on the future role of the TERG. The Sub-Committee had undertaken Board consultations, including a meeting during the Twenty-First Board Meeting. Further activities are planned to explore how an independent evaluation function is established in institutions with similar remit to that of the Global Fund. The Sub-Committee will present its findings to the 14<sup>th</sup> Meeting of PSC, for recommendation to the Twenty-Second Board Meeting.

4. The PSC Chair next presented a decision point on the NSAs, which calls for the Board to initiate a second wave of NSAs to be approved concurrently with Round 11 applications.

5. In discussion, the Board Chair noted that the decision is subject to the availability of funding and reminded the Board that by approving the decision, it would not be committing to funding at this stage. Two Board Members requested amendments to the decision point - one to add that the next NSA wave should be geographically balanced and the other to strike a sentence referring to the equal treatment of NSAs and proposals being simultaneously submitted for funding, which was seen as restrictive. Several delegates also asked for clarification on multi-stakeholder involvement in the NSA process and the role the Country Coordinating Mechanisms (CCMs) would play. The Board rejected the amendment regarding geographical balance, while accepting a slight wording change to the sentence that was requested to be stricken.

6. In response to the calls for clarification, the Executive Director said it was his understanding that the decision point calls for the Secretariat to do further work around the meaningful involvement of civil society before the format for the Second Learning Wave (NSA) is finalized. Mr David Salinas, Manager, Strategy and Policy Team at the Secretariat, further explained that in the First Learning Wave there were a number of measures to promote multi-stakeholder involvement including within the strategy assessment criteria, the proposals process, and implementation. The first wave yielded lessons that will allow the Secretariat to strengthen the next wave. At the PSC, a number of different options were presented relating to multi-stakeholder involvement for the Second Wave, one of which would ask those countries whose multi-stakeholder involvement was minimal in their application to explain why and indicate how it could be improved including using possible remedial actions. The decision point passed.

7. With regard to the Health Systems Funding Platform, the PSC Chair reminded the Board that the Secretariat had proposed two tracks. After receiving an update from the Secretariat on progress in these areas, the PSC proposed a decision point which calls for the Secretariat to move quickly on exploring opportunities for improved harmonization and better alignment with country mechanisms of existing investments (Track 1). The decision point also calls for the Secretariat to move forward with the development of a joint application form with GAVI and the World Bank for health system strengthening (HSS) activities (Track 2 Option 1) and with a pilot program funding HSS activities included in national health plans which would be carried out in four to five countries in parallel with Round 11 (Track 2 Option 2).

8. In discussion, delegates raised concerns about the scope of the partnership with GAVI, the World Bank and about multi-stakeholder involvement. Some delegates were also concerned that it may be too ambitious to move forward with the pilot in parallel with Round 11.

9. In response, the Executive Director, said that he understood the concerns, but that it was too early to answer many of the questions. He stated that the partnership with GAVI means that proposals submitted to the Global Fund for HSS would be brought together with those submitted to GAVI for HSS. The decision point passed.

10. The PSC Chair explained that the decision point on the additional funding mechanism for strongly performing grants approves the establishment of a dedicated funding envelope to allow for additional funds to be allocated to grants that are performing strongly and allocates US\$ 30 million as a funding reserve for 2011. The decision point passed without discussion.

#### **Decision Point GF/B21/DP4**

##### ***The Board:***

- 1. notes the progress achieved in the implementation of the First Learning Wave (“FLW”) of National Strategy Application (“NSAs”);***
- 2. acknowledges the analysis of lessons of the FLW and the recommendations for further investment on the basis of NSAs presented in GF/PSC13/02, which respond to the Board’s decision GF/B20/DP26 requesting these; and***
- 3. refers to its decision GF/B18/DP20 to bring the NSA procedure into operation through a phased roll-out.***

***The Board requests the Secretariat to initiate a next NSA funding opportunity on a schedule that enables funding decisions to be made at the Board meeting in the fourth quarter of 2011, subject to availability of funding. The TRP-recommended applications emanating from this NSA submission opportunity shall be treated at least in the same manner as other proposals being simultaneously considered for new funding (see Section 9 of the Comprehensive Funding Policy).***

##### ***In addition, the Board requests the Secretariat to:***

- 1. ensure the next NSA funding opportunity builds on the lessons learned in the FLW;***

2. *plan for the next NSA funding opportunity to include an incrementally larger number of countries than the FLW;*
3. *focus on applications based on a national disease strategy that has been jointly assessed using a credible, joint assessment approach for national disease strategies that accords with the fundamental principles supported by the Policy and Strategy Committee (GF/B16/06):*
  - i. *country ownership;*
  - ii. *independence;*
  - iii. *consistency;*
  - iv. *adequate expertise;*
  - v. *transparency; and*
  - vi. *multi-stakeholder involvement;*
4. *further encourage meaningful multi-stakeholder involvement in the development of the national strategy;*
5. *ensure the application and grant management processes for the next NSA funding opportunity are consistent with the new Global Fund grant architecture (as described in GF/B20/DP31 and GF/PSC12/02);*
6. *draw lessons from the next NSA funding opportunity to inform a future broader roll-out of the NSA procedure; and*
7. *periodically update the Board through the PSC on the possible financial implications of the next NSA funding opportunity, and consult with the PIC on implementation.*

*The Board authorizes the Secretariat to make exceptions to existing policies and procedures to the extent necessary to implement the next NSA funding opportunity, under the same conditions as those for the FLW, as stated in GF/B18/DP20. The principles in that decision shall also apply to the next NSA funding opportunity, with the exception of the principle regarding the funding period, which will be based on the Global Fund new architecture.*

*This decision does not have material budgetary implications.*

#### *Decision Point GF/B21/DP5*

*The Board affirms the critical importance of strong health systems to achieve the Global Fund's mandate to fight AIDS, tuberculosis and malaria.*

*The Board endorses an incremental approach to coordinated health systems strengthening investments under Track 1 and Track 2 as presented by the Secretariat in GF/PSC13/03 in collaboration with partners.*

*The Board requests the Secretariat to continue rapid implementation of Track 1.*

*The Board requests the Secretariat to continue, based on consultations at country level, implementation of Track 2 Option 1 through the development of a joint proposal form with GAVI as described in GF/PSC13/03. The joint proposal form would be approved by the PIC (as per current policy) for use as soon as possible, no later than Round 11. Any funding proposals using this new joint proposal form would be subject to TRP review and Board approval processes.*



*The Board requests further work on Track 2 Option 2 such that funding requests emanating from a pilot in 4-5 countries could be approved by the Board at the same time as it approves Round 11. The Board requests that in the interim, its Policy and Strategy Committee review and approve the pilot's design at its meeting in late 2010.*

*The Board requests the Secretariat to increase dialogue with partners, and develop a communications strategy and mechanisms for building health systems capacity at country level as part of the implementation and to regularly provide updates to the PSC.*

*The Board endorses the current scope of Global Fund HSS support as the scope for Global Fund HSS support within the Platform. This will help to achieve outcomes for the three diseases and improve progress towards achieving MDGs 4, 5 and 6.*

*The Board requests TERG to oversee the independent evaluation of the Joint Platform.*

*This decision does not have material budgetary implications.*

#### *Decision Point GF/B21/DP6*

*The Board refers to its decision made at the Twentieth Board Meeting on the Global Fund Architecture Review (GF/B20/DP31) and takes note of document GF/PSC13/04 regarding the mechanism under which additional funding to accelerate strongly performing programs can be made available at the time of grant renewal.*

*Therefore, the Board decides as follows:*

- *Approves the establishment of a dedicated funding envelope to allow for additional funds to be committed to programs on the basis of demonstrated strong performance and impact at the time of the requests for and approval of additional commitments under the Periodic Reviews and Commitments Policy (the "Incremental Funding at grant renewal").*
- *Allocates for this purpose an amount of 30 million US\$ as a funding reserve for 2011, and will consider establishing a funding reserve for 2012 at its meeting in November 2011.*
- *Requests the Secretariat to implement this mechanism and manage this funding reserve in line with the procedure defined in Annex 2 of the PSC Report to the Board (GF/B21/4).*
- *Replaces references to "Scale-up Funds" in the Comprehensive Funding Policy of the Global Fund (Annex 5 Version 2 of GF/B20/12) with "Incremental Funding at grant renewal".*

*This decision does not have material budgetary implications.*

## **Agenda Item 7: Report of the Portfolio and Implementation Committee**

1. The PIC Chair, Ms. Michele Moloney Kitts, made a presentation with PIC Vice-Chair, Ms Blandina S. J. Nyoni, which included decisions on revisions on the terms of reference (TORs) for the TRP and TRP term limits for Round 10. Before beginning the presentation, the PIC Chair informed the Board that this would be Mr Bill Paton's last Board Meeting as the Global Fund's Director of Country Programs and she wanted to thank him for his service to the organization and his support to the PIC.

2. Before presenting the decision points, the PIC Chair and Vice-Chair highlighted several issues which had been discussed by the Committee, including the revision to the proposal forms and guidelines for Round 10, especially on the inclusion of value for money in Round 10, and solutions that had been discussed for making technical assistance more readily available to applicants. The PIC Chair and Vice-Chair also presented key priorities that the PIC will be working on in the following year.

3. In discussion, Board Members raised concerns about management of grants under the Additional Safeguards Policy, the complexity of the proposal forms and guidelines, to the financing of technical assistance, the participation of UN officials on the TRP and the issue of stock-outs.

4. In response, the PIC Chair said that the Additional Safeguards Policy and stock-outs were key issues for the Committee and that they are being tracked. The Secretariat reports to the PIC on additional safeguards policy on annual basis, and stock-outs is a standing PIC agenda item. She also said that the Committee welcomes creative ideas on simplification of the proposal form. Since the goal is to make a substantive change, it is also important to hear from countries that have to complete the proposals and to understand what TRP needs to be able to assess the proposals. On UN participation in the TRP, the PIC Chair said she understood the concerns with regard to conflict of interest and assured the Board that the PIC will monitor it carefully and report any issues. Although the Committee understands there have been problems in the past, there was consensus to move forward to give it another try. The Executive Director cautioned that the inclusion of UN officials may be in conflict with the Global Fund's Framework Document, which specifically states that UN officials should not be included in the TRP. The PIC Chair noted that UN officials were allowed to serve in the TRP in previous rounds and that she would consult with the TRP Chair and Secretariat staff to better understand the implications with regard to the Framework Document. Finally, on technical assistance, the PIC has asked the Secretariat to do more consultations on the demand side, since that is the focus.

5. In further discussion about the decision point on term limits, one delegate wanted to know how many permanent TRP members would be phased out in Round 10 and how many would be remaining. In response, the PIC Chair said that 11 will be leaving TRP after the completion of Round 9. The PIC is requesting extensions to the terms of eight TRP members across thematic areas, because the TRP Replenishment process may not be concluded in time for Round 10. The decision point passed, but it was noted that these types of exceptions should be rare.

6. The decision point on the TRP TORs also passed after a minor amendment was made. In response to the comment the Executive Director raised earlier concerning the wording of the Framework Document with regard to UN officials serving on the TRP, a few delegates wanted to know what the next steps should be.

The PIC Chair requested that time is taken to consult with the Secretariat's Legal Team and to get an understanding of the history of the issue before making any formal changes to the Framework Document.

**Decision point GF/B21/DP7**

***The Board decides to amend the Terms of Reference of the Technical Review Panel, as set forth in Annex 1 of the Report of the Portfolio Implementation Committee (GF/B21/5, Revision 2).***

***The Board decides that for the final re-submission wave of the Rolling Continuation Channel (RCC), the Terms of Reference as amended at the Nineteenth Board Meeting (GF/B19/DP16), will be applicable.***

***The budgetary implications for this decision point in 2010 are estimated at approximately US\$36,000 for TRP travel expenses, accommodation and honoraria for the review of Rounds-based proposals. The Secretariat will endeavor to absorb the incremental costs in 2010 by making commensurate savings within the approved budget.***

**Decision Point GF/B21/DP8**

***The Board decides to make an exception to Article 17 of the Terms of Reference of the Technical Review Panel (Annex 1 of GF/B21/5, Revision 1) only for Round 10 to permit existing Permanent TRP Members to serve more than four Rounds to ensure that a sufficient pool of experienced TRP Members are available on which to draw on for Round 10.***

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

**Agenda Item 8: Report of the Finance and Audit Committee**

1. Mr Peter van Rooijen, Chair of the Finance and Audit Committee (FAC), presented a report, which included decision points on the reattribution of the 2009 budget, employee remuneration, approval of the financial statements, Secretariat office space and a review of the Comprehensive Funding Policy.

2. The FAC Chair began with some points of information from recent FAC meetings. He said that the FAC had discussed the risk management framework, which has also been discussed by other committees. FAC believes it is important and that the framework should be owned by the Board, not just committees. The FAC decided to amend the benefit rules of the Provident Fund on additional voluntary contributions. This is a limited past service buy-back contribution system. In addition, the Committee discussed operating expenses and program efficiencies that exceeded targets and reviewed forecasts of assets. It also was updated on resource mobilization matters and reviewed new initiatives such as the co-branded indexes and investment assets and portfolio returns.

3. With regard to the decision point on the reattribution of the 2009 budget, the FAC Chair explained that there was a request to carry over US\$ 2.85 million for professional fees from the 2009 budget to the 2010 budget related to the timing of the work on the external evaluation of the Affordable Medicines Facility - malaria (AMFm). The decision point passed without discussion.

4. In response to a Board request, FAC asked for information on the process and principles applied to the remuneration system at the Global Fund to ensure salary scales are being applied consistently. FAC noted that the Secretariat will review individual cases where there is felt to be salary inequities. The FAC Chair explained that these inequities occurred as a result of transitioning out of WHO, followed by a 25 percent increase in staff at the time. For grades 7 and below, a panel of senior management and external experts will review the salaries and propose salary adjustments to the Executive Director for approval. For grade 8 and above, Human Resources will recommend adjustments to the Executive Director for approval. Input was provided on the issue of the salary threshold of CHF 245,000, beyond which the Board has to approve the salary. The FAC recommends the creation of a Remuneration Group to review and approve such cases. The FAC Chair also noted that clear rules on the use of consultants and how their work is evaluated also did not exist. The Secretariat need to clarify these rules to FAC by the end of the year.
5. In discussion, delegates wanted to make sure it was understood that the exceptions to the threshold salary were rare. One delegate felt that the threshold salary was quite high when compared to average salaries in developing countries and in the UN system. The Executive Director stated that he was in full agreement with the proposed decision point. The decision point was approved.
6. On the financial statements, the FAC Chair said that the Global Fund had received a clean audit opinion from Ernst & Young, free of any qualifications and without significant management recommendations. It was noted that this was a very good outcome for the first annual audit after the transition from WHO. The decision point passed without discussion.
7. With regard to Secretariat office space, the FAC Chair explained that the Committee has discussed details on the process of agreeing on a development contract to construct a new office building (“Health Campus”) for the Global Fund which will then be leased. With support from the Swiss government, there was a tender to select a developer. FAC approved signing a letter of intent before the Secretariat began negotiations on the development contract. The decision point passed.
8. In the final decision point which requests a review of the Global Fund’s Comprehensive Funding policy, the FAC Chair explained that the second paragraph is a response to suggest the FAC undertakes two phases to work on this. Before 30 June, the Committee will be looking at promissory notes and other instruments of commitment and their impact on the Comprehensive Funding Policy. The second phase would be more of a review of the policy itself and any changes would be brought to the next meeting. The Board Vice-Chair noted that the decision point does not alter anything, but allows FAC to discuss it further. The decision point passed.
9. In further discussion on the FAC report, one delegate asked the Secretariat to report back to the Board on issues relating to the Local Fund Agents (LFAs) so that the Board can review the quality of information received from them. The delegate also requested the Secretariat to conduct a review of Round 9 efficiencies. Another Board Member commended the Secretariat on the work it has done in resource mobilization and urged Board Members to support these initiatives and closely review the outcomes of the efforts.
10. Later in the meeting, the FAC Chair presented a further decision point on the criteria to which the Executive Director will respond to the remuneration group

when exceptions are needed. In discussion, delegates asked for more time to consider the criteria. The FAC Chair decided to take an e-mail vote on the decision to allow further consultation.

#### **Decision Point GF/B21/DP9**

*In light of the considerations set out in the Finance and Audit Committee's Report to the Board (GF/B21/6), the Board approves the reattribution of US\$ 2.85 million of the Affordable Medicines Facility - malaria (AMFm) professional fees budget from 2009 to 2010.*

**The budgetary implications of this decision are to reduce the 2009 budget by US\$ 2.85 million and to increase the 2010 budget by the same amount.**

#### **Decision Point GF/B21/DP10**

*The Board delegates its authority to the Chair and Vice Chair of the Finance and Audit Committee ("FAC") together with one constituency member from the Donors block and one constituency member from the Implementers block invited by the Chair of the FAC (the "Remuneration Group") to approve new staff salaries that exceed the threshold of CHF 245,000 set in the Global Fund Human Resources Policy Framework. The approval of salaries will be based on criteria proposed by the FAC and approved by the Board. The Remuneration Group will inform the Board of its decisions when the Board meets in Executive Session. Decisions on the salary of the Executive Director remain with the Board.*

*The Board requests the Executive Director to present to the Remuneration Group:*

- i) The existing exceptions to the threshold; and*
- ii) On an on-going basis, the salaries that exceed the threshold as a result of increases given to staff based on satisfactory justifications.*

*The threshold may be adjusted by the Remuneration Group, when needed, taking into account the process set out in the Global Fund Human Resources Policy Framework (GF/EDP/08/16 - Annex 1, Section 2.3).*

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

#### **Decision Point GF/B21/DP11**

*The Board approves the 2009 Financial Statements of the Global Fund which have been audited by Ernst & Young.*

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

### Decision Point GF/B21/DP12

*The Board refers to its decision made at the Twentieth Board Meeting on Secretariat Office Space (GF/B20/DP19). Having reviewed the draft development contract (GF/B21/6 - Annex 4) pertaining to the development of a building in which the Secretariat would lease office space, the Board requests the Finance and Audit Committee to approve the development contract for signature by the Secretariat once it is finalized and report on this issue to the Board at the Twenty-Second Board Meeting.*

*This decision does not have material budgetary implications.*

### Decision Point GF/B21/DP13

*The Board refers to the Chair's Summary of the Third Global Fund Voluntary Replenishment (2011-2013) Preparatory Meeting (the "Preparatory Meeting") noting that participants at the meeting "without at this stage taking any collective positions on the substance of the issue - encouraged the Board to review the comprehensive funding policy." The Board also refers to the briefing note entitled "Use of Promissory Notes and Similar Obligations as a Means of Contributing to the Global Fund," prepared by the Secretariat at the request of participants of the Preparatory Meeting.*

*The Board requests the Finance and Audit Committee to conduct a review of the Global Fund Comprehensive Funding Policy, with the support of the Secretariat and through a balanced and inclusive process. Considering the relevance of this review for the Third Voluntary Replenishment, the Board requests the FAC to provide to the Board its analysis and recommendations on the use of promissory notes and similar obligations and its impact on the Comprehensive Funding Policy prior to 30 June 2010. Any proposed changes to the Comprehensive Funding Policy would be considered by the FAC after 30 June 2010 and recommendations would be provided by the FAC to the Board before the Twenty-Second Board Meeting.*

*This decision does not have material budgetary implications.*

## **Agenda Item 9: Report of the Office of the Inspector General**

1. Mr John Parsons, the Global Fund's Inspector General (IG), presented the Board with an update on the OIG's work. In 2009, the OIG delivered 13 country audits. It has been asked to increase that to 20 in 2010. The audits not only look at financial inputs, but also the reliability of data and the quality of service of programs. The IG explained that the commitment to consolidate the results of the audits was met. Another report is expected later in 2010.

2. With regard to the Board decision related to follow-up to the OIGs work by the Secretariat, the IG said that despite recent progress, the Secretariat needs to continue to focus on follow-up to OIG recommendations. The OIG seeks constructive engagement with the Secretariat on this issue.

3. The IG also provided an update on the situation with the United Nations Development Programme (UNDP), which was not providing access to their audits of programs for which it serves as Principal Recipient (PR). Although a letter from the Chair of the Global Fund Board has been sent to the Chair of the UNDP Board, the Global Fund has not yet received a response. The IG said that the climate at the UNDP Board may now be more amenable to the required access and suggested that members of the Global Fund Board who are also on the UNDP Board make the case to their missions in New York that it is a reasonable request for the Global Fund to have access to those audit reports. Delegates were particularly concerned about the relationship with UNDP and wondered if their participation as a PR should be limited until the issue regarding the access to their audits has been resolved.

4. A representative from UNDP confirmed that they do have their own audit process and that they take it very seriously, but their Board has restricted access to those documents. UNDP management is committed to working with the Global Fund to resolve this problem and has begun delivering expanded summaries of their audits. However, they cannot go against the UNDP Board decision which restricts access to the audit reports themselves.

5. The Executive Director commented that he has met with Helen Clark, the Administrator for UNDP, on two different occasions and addressed with her the issues that are under discussion. He said she fully understands, but her power is limited on UNDP Board decisions. In terms of working together with the OIG, the Executive Director said that he feels that the relationship is working well. When the IG brings evidence, the Executive Director has to decide what to do. Suspending funding is a very difficult thing to do, he explained, especially when considering the impact on people on treatment

6. The IG further reported that investigations and related initiatives have increased 150 percent in the last year, with 40 cases currently under investigation. There has been a significant increase in the amount of money recovered in the past six months. The OIG is also working with the Ethics Committee on whistleblower policies and procedures and has identified that there is no provision for protection against retaliation. On governance and managerial issues, the IG said he was pleased to collaborate on a code of conduct for suppliers. The code sets the expectation of suppliers. If they transgress, there is a sanctions procedure. The IG believes that an accountability framework for roles and responsibilities is needed. The IG intends to undertake a peer review of the OIG function to provide assurance on the quality of its work and will engage with FAC to ensure that this is done.

7. In discussion, delegates raised concerns about the heavy investigations workload of the OIG and wondered whether there was a way to triage the many requests that come through. In response, the IG explained that a triage process is in place to see if referrals warrant an investigation. At the moment, 35 are under assessment and 40 are under investigation. The IG assured the Board that his office is on top of the caseload as he has been able to bring in specialists to do the work. OIG staff continue to be concerned about the lack of privileges and immunities when they are conducting an audit or an investigation. The IG reiterated that safety is a big issue. He also reminded the Board that he could be sued in civil court and that he does not have any insurance for that. He requested further research into how other agencies work in situations where immunities do not exist.

**Agenda Item 10: Report of the Finance and Audit Committee on Office of Inspector General Matters**

1. The FAC Chair explained that the role of the FAC Sub-Committee is to work with the IG so that FAC has a full understanding of his reports and to look at how the OIG and the Secretariat work together and ways that the working relationship can be made more efficient. The FAC tries to discuss what it takes to strike the right balance and to see where it aligns with Board concerns. The FAC Chair said he believes issues discussed at the Sub-Committee level are aligned with Board discussions and concerns. When the many reports of the OIG are read together the areas where prioritization is needed are more visible.

**Agenda Item 11: Secretariat Follow-Up on Inspector General's Findings and Recommendations**

1. Dr Debrework Zewdie, the Global Fund's Deputy Executive Director affirmed that the Secretariat perceives the role of the OIG positively, and takes advantage of OIG findings and recommendations to strengthen programs on the ground. She noted that Secretariat responses to OIG findings aim to balance two important priorities: the effective management of risks around Global Fund resources, and the continuation of essential services. Dr Zewdie drew attention to the fact that in manpower terms, the OIG's presence in countries during audits and investigations can be equivalent to a Fund Portfolio Manager resident in the country for as many as four full years. Naturally therefore, the work of the OIG should always be expected to reveal areas for improvement in Global Fund programs. The fact that in most cases, the OIG's work is initiated based on notifications raised by the LFA, the CCM or the Secretariat is testament to the strength of the Global Fund's risk management framework, and provides reassurance. In addition, Dr Zewdie conveyed that OIG recommendations are welcomed by the Secretariat as an opportunity to improve its own processes, and to strengthen risk management measures such that problems are systematically anticipated and prevented before they occur. She noted that a number of improvements are already under way addressing Secretariat processes, as well as the work of LFAs, CCMs and PRs. In relation to UNDP, she reiterated that the Secretariat is paying close attention to the issues raised; and called on stakeholders with in-country presence to reinforce their partnership in the mission of the Global Fund.

**Agenda Item 12: Trustee Report**

1. Ms Susan McAdams of the World Bank, the Global Fund's Trustee, made a brief presentation which focused on the amount of money that has been received from donors, the investment income and the current investment climate. Ms. McAdams explained that donor contributions have risen steadily since the Global Fund's inception. So far, 55 contribution agreements have been signed for a total of US\$ 16.2 billion paid in with another US\$ 845 million due on prior contribution agreements. Grant commitments have now caught up and are keeping pace with contributions. Transaction volumes continue to increase as more disbursements are done. Since inception, the trust fund has earned a total of US\$ 975 million for the Global Fund. This puts investment income for the Global Fund in the G7.

2. Ms McAdams explained to the Board that the markets are calming, with most indicators and prices returning to pre-crisis levels. Concern still exists mainly in bond markets. Bond yields in the U.S. and the EU remain low. Bond yields have gone down 80 percent since 2006. On the other hand, equity indices have recovered and overall volatility has fallen and is normalizing.



3. The Global Fund trust fund returns did very well during the Global financial crisis because of the conservative investment strategy. Overall, the value of portfolio income rose and the Global Fund's liquid portfolio continues to post positive returns, with the World Bank focused on staying conservative and preserving capital.

4. In discussion, one delegate asked why the numbers for donor contributions were different from the financial statements. Another delegate asked what fee the Global Fund pays to the World Bank for managing the trust. Another delegate asked if the Global Fund was subsidizing smaller accounts and if it was time to talk about a more aggressive investment strategy.

5. In response, Ms McAdams explained that the World Bank is reporting donor contributions on a cash basis, while a different method is used for reporting in the financial statements. That is why there is a discrepancy between the two numbers. In terms of the fee, the World Bank's policy is not to make a profit, but to cover costs associated with managing the accounts. Although the Global Fund has the largest trust fund that the World Bank manages, it is not the only large account and the fee structure is similar for all accounts. Ms McAdams explained that the World Bank is vigilant about making sure there is no cross-subsidizing among the accounts. In response to the question about a more aggressive investment strategy, Ms McAdams reminded delegates that FAC and the Board had discussed this issue for two years. The consensus was that the Board wanted to minimize loss of capital, which is why a conservative approach was taken. If the Board wants to change its mind, the World Bank is happy to work with a different strategy.

### **Agenda Item 13: Report of the Ethics Committee**

1. Dr Bobby John, Chair of the Ethics Committee (EC), made a presentation that included one decision point, which contained an amendment to the EC's TORs giving the EC the additional responsibility to oversee ethical related reputational risks and requesting approval for the appointment of a new Committee Member.

2. In discussion, delegates wanted to know if the ethical reputational risks pertained to the Global Fund and implementers and what the rules would be around dealing with affected populations.

3. In response, the EC Chair said that the reason for requesting the mandate was so that the EC could explore what these issues mean for the various populations so that it could come back to the Board with a recommendation in due course. The decision point passed.

#### **Decision Point GF/B21/DP14**

***The Board approves the appointment of the Dr Aishath Shiham from the South East Asia Constituency as a member of the Ethics Committee until the adjournment of the first Board meeting of 2011.***

***The Board also approves the amendments to the Ethics Committee's Terms of Reference as follows:***

## **AMENDED TERMS OF REFERENCE OF THE ETHICS COMMITTEE**

### **Ethics Committee (EC)**

- *Develop and promote on an ongoing basis a values and integrity framework, and provide guidance and information on the related policies including the Policy on Ethics and Conflict of Interest for Global Fund Institutions (Col Policy), and all codes of conduct;*
- *Provide oversight for ethical and related reputational risks;*
- *Oversee the Col Policy and its implementation, and advise the bodies and staff of the Global Fund on conflict of interest and ethics issues;*
- *Resolve differences in the interpretation of conflict of interest;*
- *At its discretion, bring any conflict issue it may consider necessary to the Board for discussion and determination;*
- *Take such other actions as are consistent with the Global Fund Bylaws, Board Operating Procedures, COI Policy and a values and integrity framework, as are necessary and appropriate for achieving the objectives of the Committee;*
- *Review the Secretariat's bi-annual report of secondment staff appointments;*
- *Keep appropriate written records of its activities; and*
- *Report annually to the Foundation Board.*

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

Before breaking for the lunch, the delegate from Point 7 informed the Board that Mr Lennarth Hjelmåker, a long-time Board Member from the Point 7 Constituency had just been confirmed as the Swedish Ambassador to Tanzania and would be stepping down from his duties with the Global Fund Board. She asked everyone to join her in thanking Mr Hjelmåker for his contribution. The Executive Director expressed his gratitude for all of the contributions made by Mr Hjelmåker and expressed his warmest wishes of success.

Mr Hjelmåker thanked everyone for the warm wishes and said he had enjoyed making the Global Fund what it is. He said he is going to miss the Global Fund, but he felt it was important for him to go back to the field to implement on the ground.

## **Agenda Item 14: Annual Report**

1. Mr Jon Lidén, the Global Fund's Director of Communications, presented the Annual Report to the Board. He explained that the Annual Report has taken less of a role than in previous years since the most pertinent information about the Global Fund is now contained in the Results reports. This Annual Report contains a brief description of highlights from the year and the financial statements to fulfil reporting requirements.

2. In discussion, one delegate noted a correction that needed to be made to the list of Board Members and requested a change so that country groupings in the report are consistent with the categories used for Board constituencies. The delegate also requested that future reports include information on donor contributions. The Annual Report was approved as amended.

### **Decision Point GF/B21/DP15**

*The Board approves the Annual Report as presented in GF/B21/14.*

*The Board decides that, starting with the Annual Report for 2010, the Annual Report will include appropriate information on donor contributions to the Global Fund.*

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

## **Agenda Item 15: Report of the Market Dynamics Commodities Ad Hoc Committee**

1. Mr Dai Ellis, Chair of the Market Dynamics and Commodities Ad Hoc Committee (MDC) presented a decision point regarding the contingency plan for four antimalarials and points for information on voluntary pooled procurement, the quality assurance policy and priority areas for action within the Committee. He noted that a slight wording change was made to the decision point that had been circulated earlier. He explained that the first part of the decision point presents a short-term solution to extend the Board's previously approved exception to the quality assurance policy to December 2010. The longer-term solution makes provisions to prevent having to ask for exceptions at every Board Meeting. Under this proposal the first step is to ask for the Secretariat to work with WHO to create an expert review process in exceptional cases to look at quality risks as well as clinical risks associated with the unavailability of viable clinical alternative.

2. In discussion, several delegates commended the Committee on its work. Delegates also wanted to be assured that exceptions to the quality assurance policy would be limited. The decision point passed.

### **Decision Point GF/B21/DP16**

***1. The Board approves a restatement of the Interim Exception to the Global Fund's Quality Assurance Policy for Pharmaceutical Products as set out in Annex 4 to the MDC Report to the Board (GF/B21/8 Revision 1, Annex 4). This interim exception expires on 31 December 2010.***

**2. The Board requests the Secretariat to work on an urgent basis with WHO to establish a process for the Expert Review Panel (ERP) to specifically consider and assist to deal with exceptional cases in the future. Such exceptional cases would be limited to situations in which financing provided by the Global Fund would be used to procure a Finished Pharmaceutical Product (FPP) of a formulation for which:**

- (i) no available\* FPP complies with the quality standards of the Global Fund's Quality Assurance Policy; and**
- (ii) WHO has made a determination, based on the available information, that no therapeutic alternatives exist that would be adequate for the specific country or region of intended use.**

***In such exceptional cases, ERP review should include an assessment of the clinical risk of providing ineffective or no treatment, in addition to a quality risk analysis. If necessary, the Terms of Reference of the ERP shall be revised accordingly.***

**\* 'Available' means that the manufacturer can supply the requested quantity of the FPP within not less than 90 days of the requested delivery date.**

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

## **Agenda Item 16: Report of the Affordable Medicines Facility - Malaria Ad Hoc Committee**

1. Ms Kirsten Myhr, Vice-Chair of the AMFm Ad Hoc Committee gave the Board an update on preparations for the launch of the initiative. The Vice-Chair reported that Master Supply Agreements have been signed with three out of six eligible ACT manufacturers; the remainder would be signed shortly. Co-payment amounts had been defined and communicated to countries. The AMFm logo had been developed and field-tested. The First Line Buyer Undertaking had been finalized and distributed. The first orders of co-paid ACTs from eligible First Line buyers were expected in May, with the first ACTs expected to arrive in countries in August 2010. The Vice-Chair shared an update on the budget for the Independent Evaluation, and the firms engaged as the Independent Evaluator and Data Collection Contractors were announced. The Committee welcomed the TERG Position Paper on the Independent Evaluation. As requested at the previous Board meeting, UNITAID, with the support of Roll Back Malaria and the Global Fund, had issued an RFP for services to update ACT demand forecasts.

2. The Vice Chair raised some issues of concern of the Committee. These included the availability of ACTs and their market share - both key components of the evaluation of AMFm Phase 1 - in countries where ACTs were prescription-only. The Committee noted fixed-dose combinations were preferable to co-blistered and that they would give consideration to the use of financial incentives to favor fixed-dose combinations. The AMFm Committee supports recommendations made by the MDC regarding a contingency plan to permit Cambodia to purchase ACTs but expressed concern that the contingency plan might be seen as a relaxation of the Quality Assurance policy and could pose a reputational risk to the Global Fund. The Committee Vice-Chair also requested that the Global Fund and partners work, under WHO leadership, to address pharmacovigilance and drug resistance monitoring issues.

3. Dr. Lola Dare, the Chair of the Technical Evaluation Reference Group (TERG), presented some key findings from the TERG technical paper on the Independent Evaluation. The TERG Chair explained that the Phase 1 evaluation will focus on the upstream aspects of the business model, with possible comparisons with other financing models. Given the timeframe of the evaluation, examination of the downstream aspects, which focus on service delivery aspects of the model, will be more limited. The recommendations also include that ex-ante agreement be reached on a balanced scorecard and measures of success.

4. Following the presentations, several delegates discussed whether the period of implementation was sufficient for the independent evaluation to provide conclusive information for the Board's decision at the end of AMFm Phase 1, and the incremental cost of a potential extension. Some delegations asked whether the TERG recommendations might eliminate the 'use' parameter from the evaluation. The Chair of the TERG clarified that neither the upstream nor the downstream aspect was more important than the other. The TERG Chair further clarified that the TERG recommendations do not deviate from the current Board decision; rather, they speak to what can be achieved within the 12-month observation period between the baseline and endpoint assessments. There will be a full upstream evaluation. Some downstream evaluation will be conducted, through household surveys, operational research surveys; however, this would not be done at national scale in all AMFm pilots.

5. Other points raised by delegations included: the importance of diagnostics under AMFm; the question of resistance, including the need to displace oral artemisinin monotherapies to combat resistance; the importance of setting realistic expectations in the context of pilots of short duration; and a reminder of reasons why AMFm was being launched, to make the right drug - ACTs - affordable, replacing the increasingly ineffective options and the undesirable oral artemisinin monotherapies. One delegate noted that while it was essential to focus on the poorest quintile, it was also important to value the lives of the middle income quintiles in poor countries. Another expressed a concern that unless ACTs are provided free of charge, even the reduced retail prices of ACTs under the AMFm would not be affordable to the poor.

6. In response, Dr. Olusoji Adeyi, Director of the AMFm Unit, said that the AMFm would be launched a few weeks after the Board meeting. Regarding diagnostics, he noted that most cases of presumptive treatment take place in the private sector; hence universal access to diagnostics requires the achievement of universal access in the private sector. He mentioned that given a new WHO guideline on the goal of universal access to diagnostics, it was important to learn how to achieve the goal, including the most suitable financing mechanisms; the operations research elements of AMFm Phase 1 provide opportunities to learn how to increase coverage of diagnostics in the private sector in a way that can inform scaling up to universal access. He noted that even though ACTs under AMFm would not be free in the private sector, people now paying retail prices of about US\$ 7-10 for ACTs would be better off paying a small fraction of those prices for the same products, and those now paying for increasingly ineffective medicines like CQ would be better off paying about the same prices for ACTs that work.

7. The Board Chair reiterated to the Board that the criteria that have already been approved by the Board regarding AMFm should be adhered to. If there is a need to overturn decisions or make new decisions, then it needs to be brought through the AMFm Ad Hoc Committee process. If it is urgent, then the Board could take an electronic vote, between meetings if necessary.

## **Agenda Item 17: Special Session on Maternal and Child Health**

1. The Chair introduced a special session exploring the Global Fund's potential to address issues related to maternal and child health (MCH). He said that the PSC had worked on a paper that detailed ways in which the Global Fund is already supporting MCH, however, there may be areas in which the Global Fund can do more, especially to help countries that are struggling to address MCH.
2. The session included presentations from Dr. Rifat Atun, Director of the Global Fund's Policy, Strategy and Evaluation Cluster, who presented a paper that details how the Global Fund's work currently impacts MCH; H.E. Mphu Ramatlapeng, Minister of Health for Lesotho, spoke about the impact that the Global Fund has had on the women and children of Lesotho and called for Global Fund to do more on MCH explicitly. Ann Starrs, President of Family Care International, spoke about the importance of achieving MDGs 4 and 5 and her sense that we need to explore ways in which MCH could be incorporated more formally into the Global Fund; and WHO Secretary-General Margaret Chan, raised questions about how the Global Fund architecture could be modified so that it could have more of an impact on MDGs 4 and 5.
3. In support, Board Members expressed their commitment toward doing what the Global Fund can within its mandate to support MCH. Several Board members said that they did not wish at this time to expand the Global Fund's mandate to include MCH because the work that is being done in AIDS, TB and malaria may suffer. Several other Board members pointed out that the Global Fund would need substantial additional funds to take on MCH as another part of its mandate and questioned where those funds would be coming from given the current economic climate.
4. In response, the speakers agreed that it would be necessary for the Global Fund to have additional resources to take on more MCH work and were satisfied that the Board is open to discussing options for further including MCH within its mandate.
5. The Chair of the Board presented a Decision Point which stated that although the Global Fund would not move away from its core mandate, it would work to identify ways in which it could accommodate more MCH programming within its existing mandate. The decision point passed.

### **Decision Point GF/B21/DP20**

***The Global Fund Board recognizes that the health-related Millennium Development Goals are interlinked. Achieving MDG 6 (combating HIV, malaria and TB and other diseases), MDG 4 (reducing child mortality) and MDG 5 (improving maternal health) can only be approached in an integrated manner and the success of one MDG depends on progress on all others.***

***The Board acknowledges that HIV, tuberculosis and malaria place a heavy burden on the health of women and children. In sub-Saharan Africa, HIV is responsible for 46 per cent of all deaths among women of reproductive age. HIV, TB and malaria are among the most common indirect causes of maternal deaths. All three diseases heavily impact on the health of children: Children***

account for more than 80 per cent of malaria, and over 2 million children are living with HIV, 90 per cent of them living in sub-Saharan Africa.

*The Board notes the efforts of a broad range of partners who are working to accelerate action and to scale up integrated services, and especially applauds the efforts of MCH advocates, who have been tireless in their efforts to improve the health and save the lives of women and children.*

*The Board is encouraged by the contributions of the Global Fund in financing country-led programs that improve maternal and child health, including scaling up PMTCT services, malaria prevention and treatment, anti-retroviral therapy, integration of sexual and reproductive health services with HIV/AIDS programmes and support for children orphaned by HIV/AIDS. The Global Fund investments are also strengthening health and community systems, and supporting a range of interventions to promote gender equality and equity, as articulated in the Gender Equality Strategy (Decision Point GF/B18/DP18).*

*The Board supports the efforts of countries to integrate MCH within their HIV/AIDS, TB and malaria programmes, and strongly encourages CCMs to look at opportunities to scale up an integrated health response that includes MCH in their applications for HIV/AIDS, TB, malaria and HSS.*

*However, the Board notes that despite support for integrated MCH services through the current Global Fund portfolio, some areas along the continuum of care in maternal and child health will not be addressed by 2015. These areas, as outlined in the Consensus for Maternal, Newborn and Child Health, include comprehensive family planning, skilled care for women and newborns during and after pregnancy and childbirth.*

*The Board encourages countries and partners, as a matter of urgency, to work together in the context of opportunities presented through grant reprogramming, Round 10, and changes to the Global Fund grant architecture to urgently scale up investments in MCH in the context of the Global Fund's core mandate.*

*The Board strongly encourages CCMs to identify opportunities to scale up an integrated health response that includes MCH in their applications for HIV/AIDS, tuberculosis, malaria and HSS.*

*The Board agrees to work with partners in exploring ways to further enhance and integrate the Global Fund's contributions in this area within the context of national strategies and integrated approaches.*

*The Board requests the Secretariat to review and elaborate the potential options and their implications for enhancing the contributions of the Global Fund to MCH, recognizing the urgent need for additional and sufficient financing for MCH as well as for AIDS, tuberculosis and malaria, and exploring how this will impact on existing Global Fund policies, partnerships, resource mobilization, procedures, and operations, including CCMs, TRP and staffing at the Secretariat. The Board further requests the Secretariat to report on this matter at the 14th Policy and Strategy Committee meeting for its recommendation to the Twenty-Second Board Meeting.*

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