

Thirty-Third Board Meeting
Report of the Thirty-Third
Board Meeting
31 March – 1 April, 2015

GF/B33/24
Board Decision

Report of the Thirty-Third Board Meeting

Purpose

This document presents the Report of the Thirty-Third Global Fund Board Meeting, held in Geneva, Switzerland, from 31 March – 1 April 2015.

Agenda items. The Meeting comprised 18 agenda items. 7 agenda items included Decision Points (two agenda items presented two Decision Points and one agenda item presented three Decision Points, respectively). 11 agenda items were for information. Two executive sessions were held.

Decisions. The Report includes a full record of the meeting including the 11 Decision Points adopted by the Board (Annex 1). Of the 11 decisions presented, five (2) were amended (GF/B33/DPO9 and GF/B33/DP10) prior to Board approval.

Documents. A document list is attached to this Report (Annex 2). Documentation from the Thirty-Second Board Meeting is available at:

<http://www.theglobalfund.org/en/board/meetings/thirtythird/>

Presentations. Presentation materials are available to Board Members on the *BoardEffect* platform.

Participants. The participant list for the Thirty-Second Board Meeting can be consulted at:

<http://www.theglobalfund.org/en/board/meetings/thirtythird/>

Next Board Meeting. The Thirty-Fourth Global Fund Board Meeting will be held on 16-17 November 2015 in Geneva, Switzerland.

Glossary: a glossary of acronyms can be found in Annex 3.

The Report of the Thirty-Third Board Meeting was approved by the Board of the Global Fund via electronic vote on 7 July 2015 (GF/B33/EDP10).

Table of Contents

Agenda Item 1: Opening	4
Agenda item 2: Update from the Executive Director	5
Agenda item 3: 2014 Financial Performance.....	8
Agenda item 4: Annual Financial Report 2014	10
Agenda item 5: Appointment of the External Auditor	12
Agenda item 6: Corporate Key Performance Indicators.....	12
Agenda item 7: the Risk Management Report.....	14
Agenda item 8: Office of the Inspector General Matters	15
Agenda item 9: Update on Community, Rights and Gender Matters (CRG)	19
Agenda item 10: Overview of the Strategy Development Process.....	20
Agenda item 11: Update from the Technical Review Panel (TRP).....	21
Agenda item 12: Global Fund Policy of Co-infections and Co-morbidities (COIM).....	23
Agenda item 13: Report of the Development Continuum Working Group	25
Agenda item 14: Strategy Development and Partnership Forum Process	27
Agenda item 15: Ethics Official 2014 Annual Report	30
Agenda item 16: Ethics and Integrity Initiative	30
Agenda item 17: Update on Resource Mobilization & the Fifth Replenishment Campaign ..	33
Agenda item 18: Closing	35
Annex 1: Decisions Taken at the Thirty-Third Board Meeting.....	36
Annex 2: Thirty-Third Board Meeting Documents List	40
Annex 3: Glossary of Acronyms	41

Agenda Item 1: Opening

1. The Chair of the Board, Dr Nafsiah Mboi, welcomed participants to the meeting, thanking all involved in bringing the Board together for its Thirty-Third meeting. On behalf of the Board Leadership, Dr Mboi extended a warm welcome to the new Inspector General, Mouhamadou Diagne, attending his first Global Fund Board Meeting. Dr Mboi recognized the contributions of the Executive Director and staff at the Global Fund Secretariat, the members of the Board's Standing Committees, and the important work of the Development Continuum Working Group and the Ethics Steering Committee. She then welcomed new Board Members and Alternate Members, recognized the new constituencies of the United Kingdom, and Canada, Switzerland and Australia, and extended a welcome to invited guests from Azerbaijan, the Holy See, Kuwait, Qatar and the Russian Federation.
2. The traditional candle of remembrance was lit by Dr Mohsen Asadi-Lari, Board Member for the Eastern Mediterranean constituency, who paid tribute to health workers, patients, and family members of people affected by the three diseases, as well as those presently working to prevent, treat and support those living with and affected by HIV/AIDS, tuberculosis and malaria
3. Turning to the first decisions to be made at the meeting, the Chair of the Board reminded the Board that individual constituency votes would be recorded in the Board Meeting Report per the recommendations of the Governance Plan for Impact.¹
4. **Decision.** The Board appointed Professor Christian Otu Onyebuchi Chukwu, Board Member for the West and Central Africa constituency, as Rapporteur. The vote was unanimous with no abstentions or dissenters. (Decision Point GF/B33/DP01)
5. **Decision.** Turning to the Agenda, the Chair of the Board recalled the consultation process undertaken in preparing the Agenda, which had resulted in specific changes to the Agenda, including taking the decision to appoint the next Chair and Vice-Chair of the Board (the "Board Leadership") in open session. The Board unanimously approved the Agenda. (Decision Point GF/B33/DP02)
6. **Decision.** The Chair of the Board announced the next decision item, the appointment of the incoming Board Leadership. Recalling discussions held in executive session the previous evening, Dr Mboi formally introduced the consensus candidates proposed by the Donor and Implementer Groups respectively: Norbert Hauser for the role of Chair of the Board, and Aida Kurtovic for the role of Vice-Chair. The Board unanimously approved the appointment of the new Chair and Vice-Chair of the Board for a term of two years from 2015-2017. (Decision Point GF/B33/DP03)
7. On behalf of the Implementer Group, Loretta Wong, Board Member for the Developing Country NGOs constituency, congratulated Ms Kurtovic on her appointment, commending her passion, energy and deep commitment to the Global Fund. Brian Brink, Chair of the Donor Group, then welcomed Mr Hauser, emphasizing the Donor Group's unanimous support for his candidacy, and speaking of an illustrious career, and of the positive impact of his past service to the Global Fund.
8. The Board reviewed the "Action Sheet" of matters for follow-up arising from previous Board Meetings. Dr Mboi emphasized that the Board and committee leadership continued to pay close attention to ongoing oversight, reporting requirements and ad-hoc deliverables arising from past Board Meetings.

¹ GF/B32/08 – Revision 2: Governance Plan for Impact

Agenda item 2: Update from the Executive Director

9. The Executive Director, Dr Mark Dybul, opened the next session by thanking the outgoing Chair and Vice-Chair of the Board for their service. Dr Dybul noted that the Chair of the Board had received France's Legion of Honor and welcomed the new Inspector General, Mr. Mouhamadou Diagne, who recently joined the organization.

10. Dr Dybul reflected on his recent visits to several countries in Southern Africa and the Latin American and the Caribbean regions. The main themes highlighted included: the value of the Global Fund partnership model and its remarkable impact in reducing incidence of the three diseases; achievements to date on the implementation of the current funding model; the increasing sophistication of health services; value and impact of innovation; quality assurance of Global Fund programs; the building of resilient and sustainable health systems supported by robust financial, procurement, and human resources systems ; and preparation for and provision of adequate support to countries transitioning out of Global Fund funding

11. The Executive Director provided additional commentary about the first Office of the Inspector General Annual Opinion on governance, risk and internal controls of the Global Fund (document GF/B33/07) which was discussed in greater detail later in the meeting, and thanked the government of Japan for its support since the inception of the Global Fund and for hosting the preparatory meeting in December 2015 ahead of its Fifth Replenishment

12. **Board discussion.** The Chair of the Board thanked Dr. Dybul for sharing his thoughts, lessons learnt during recent country visits and latest developments related to the work conducted at the Secretariat to support Global Fund programs. Constituencies expressed their appreciation for the country focus in the Executive Director's presentation, as a reminder of the responsibility of the Global Fund Board to be cognizant of the true purpose of the partnership.

13. The Developed Country NGO constituency shared concern that the Global Fund must accelerate the efforts and pace to allocate resources where are most needed, particularly in view of the approximately USD 2 billion of funding requests registered on the recently published Register of Unfunded Quality Demand (UQD).

14. The Developing Country NGO constituency acknowledged the importance of meaningful involvement of young people, putting young people in leadership positions to voice their perspectives and needs. This will facilitate more effective responses with specific focus on young women and girls. In particular, given the Global Fund's support for the "All In Campaign", the organization is well placed to translate the vision of this global campaign focused to equip education leaders with tools to promote health coverage opportunities into practical action on the ground.

15. The Eastern and Southern Africa constituency commended the Executive Director, with his team, for his extraordinary leadership and commitment in directing attention to practical application of the Global Fund investments. It was acknowledged that his recent visits to countries in the region were especially useful, serving as opportunities to increase cross-sectoral dialogue, especially on the topics of financial sustainability and domestic investment in health.

16. Eastern Europe and Central Asia. The constituency appreciates the deepened interest in issues related to middle income countries, given that the region is home to several middle-income countries, which are developing their transition strategies. The constituency requested an update on progress on work related to sustainability issues as they pertain to middle-income countries.

17. The Eastern Mediterranean Region constituency suggested that the work being done on quality assurance, efficient management, and risk management should be shared with country partners and

Country Coordinating Mechanisms as examples of best practices. The constituency supported other comments made about health system strengthening and expressed interest to develop joint proposals encompassing all three diseases. Further it encouraged the Global Fund to look beyond the three diseases in the context of the Sustainable Development Goals. Finally, it was noted that the Eastern Mediterranean Region is experiencing a massive refugee crisis and therefore the Global Fund needs to consider focusing explicit attention to these populations given their heightened vulnerability to disease.

18. The European Commission observed that a common theme of current discussions is how the Global Fund is maturing over time. The constituency was pleased with the progress of implementing the new funding model, especially its renewed focus on the country context which has enabled the Global Fund to differentiate its financing instruments and establish stronger ties with governments and partners. However, this new approach has implications for an organization that has no in-country presence and depends on partners in country to take joint responsibility. As such, it requires the Secretariat to adapt and direct resources in a manner that may differ from the current operating model, which depends upon partners in countries to take joint responsibility. Furthermore, the constituency welcomed the discussion about financing health systems beyond the three diseases and in this context urged closer collaboration other global initiatives, such as Gavi.

19. France expressed its support for the prioritization of health systems and communities, and urged greater collaboration with other health actors. The partnership model of the Global Fund is more important than ever; partnership should be an integral part of the replenishment preparatory meeting in Japan in December 2015. Finally, the constituency requested additional information and documentation on the e-marketplace during the course of the meeting.

20. Germany expressed its appreciation for the successful implementation of the new funding model. It encouraged the Board to consider how to adapt it to meet the needs of countries as 2015 will be a decisive year for the Global Fund as it matures and develops the new strategy. The strategy needs to focus on maximizing and sustaining impact on the ground and, to that end, the constituency recommends a standalone strategic objective with respect to strengthening health systems. To maximize impact on health systems it is imperative that the Global Fund aligns its investments with national health financing strategies and positions itself strategically with other global health actors, strengthening its collaborations with partners at all levels including on the ground and other key financing institutions such as Gavi.

21. Japan began its remarks by updating the Board on the planning for the preparatory meeting for the Fifth Replenishment of the Global Fund to be hosted by Tokyo in December 2015, as announced by Prime Minister Abe. The constituency informed the Board of its involvement in discussions of the new Sustainable Development Goals (SDGs) and that these currently include a target to end the epidemics of AIDS, tuberculosis and malaria by 2030. Finally, the constituency welcomed the emphasis of the Board and the Executive Director on health systems strengthening.

22. The Latin America and the Caribbean constituency thanked the Executive Director for his comprehensive report on achievements and challenges faced by the Global Fund, with an emphasis on the challenges around development of the next strategy, fully implementing the funding model and ensuring a successful replenishment. It also expressed appreciation for the prioritization of country visits in the region, including Gonaive, Haiti, and especially in the context of developing the new strategy. The Constituency expressed appreciation for the dedication and commitment of the outgoing Board Leadership over the past two years, particularly for guiding the Board through the implementation of current funding model and establishing the basic foundations for a strengthened Global Fund including a successful replenishment conference. The Board Member further thanked Dr Mboi for hosting the Thirty-First Board Meeting in her home country Indonesia.

23. The Point Seven constituency stressed that the success of the Global Fund depended upon community involvement and that the Ebola experience may provide some useful lessons. The constituency also expressed its interest in exploring how the Global Fund could achieve broader health impact beyond the three diseases. Moreover, the Global Fund should better showcase its message around the amount of resources dedicated to and resultant impact in health systems strengthening as in the new strategy it will be imperative for the Global Fund to define its health systems agenda. The constituency further noted the vital work done on innovation and market shaping and thanked the Secretariat for the pre-Board session on young people, calling for an increasing and consistent attention to young people and hearing their voices in order to appropriately respond to their needs.

24. The South East Asia constituency affirmed its support for the comments made about strengthening health systems – an issue not only of infrastructure but also access. In the post 2015 global health agenda, it will be crucial to reduce financial barriers and build financial systems that will protect people from catastrophic financial collapse as a result of unaffordable medical expenses. The constituency emphasized the importance of community systems strengthening as strong primary healthcare platforms depend upon meaningful engagement of civil society. Finally, as countries transition to domestic financing, structures should be established to maintain their involvement in the Global Fund family in order to ensure long-term and sustainable impact.

25. The United Kingdom constituency also supported comments made regarding health system strengthening noting the limited presence of the Global Fund in country. In recent years there have been significant investments in strengthening health systems in West Africa. The Ebola crisis revealed that this is not only an issue of finance; health systems require appropriate incentive structures and solid governance for optimal performance.

26. The West and Central Africa constituency reflected that the Ebola crisis in the region provided important lessons for the Global Fund, especially regarding community involvement and the importance of strengthening health systems through partnership. For example, in Nigeria, the response to Ebola was closely linked to efforts to eradicate polio; partnering with other health actors will strengthen the response to AIDS, tuberculosis and malaria.

27. UNAIDS stated that the new strategy should reflect a sense of urgency. Given the goal of ending the epidemics by 2030, the next five years will prove crucial in forming the foundation to meet that goal. In addition, UNAIDS is concerned that the current way of working is unlikely to facilitate achievement of the desired outcomes. The Global Fund should deploy every possible measure of flexibility to support countries to deliver high impact interventions such as investing in populations with the highest burden, and in community capacity to deliver services and promote accountability.

28. WHO reported that the new partnership between WHO and the Global Fund in the past year has enabled the organization to support the development of more than 100 concept notes, for which there is a high success rate. The constituency further supported comments made on the importance of health system strengthening, a need that was vividly demonstrated in the Ebola response. WHO would like the next strategy to consider how health systems can support disease control activities, and how disease control activities can also contribute to strengthening health systems.

29. **Executive Director response.** Thanking the Board for the many excellent comments, which would all be carefully considered, the Executive Director focused his response on specific questions raised. Firstly, in regard to concerns about the size of unfunded quality demand (UQD), Dr Dybul acknowledged a consequence of urging countries to consider full expression of demand was that the number would be large. The Global Fund anticipated that after the initial allocation for the current replenishment period additional resources would become available to fund components in the UQD register. The Secretariat is currently developing an approach to award funds that may be available for items on the UQD register. However, current assessments indicate no funding is available for UQD at

this time. It is anticipated that this will continue to be the case for the remainder of 2015. Further, it has been reported that the UQD register has been a helpful advocacy tool with local governments to demonstrate what could be achieved with additional resources. Finally, private sector colleagues are helping to identify potential donors to finance items on the UQD register.

30. Regarding the e-marketplace initiative, the Executive Director confirmed that the FOPC and the Strategy, Investment and Impact Committee (“SIIC”) both receive regular updates on progress. In addition there have been numerous briefings of Board Members and relevant stakeholders over the past eight months. It was clarified that the e-marketplace is still in its initial phase. Next steps include continuing engagement with partners, Board Constituencies, SIIC, and FOPC, and additional reporting in November 2015 before proceeding to the next phase.

31. Responding to questions and observations around health system strengthening investments, the Executive Director emphasized its importance to all three diseases. While the organization can contribute to HSS, it was emphasized that the Global Fund is not solely responsible for health systems. Furthermore Dr Dybul affirmed that the Secretariat has been working closely with Gavi on a number of issues, including the post-Ebola response and health system strengthening.

32. Regarding young people, the Executive Director conveyed that in addition to close collaboration with UNAIDS and UNICEF on the All In Campaign, the Secretariat is working with PEPFAR on its Determined, Resilient, AIDS-free, Mentored, and Safe (DREAMS) initiative. For example, the danger of an explosion of HIV among young people in Southern Africa demands a multi-sector response.

Agenda item 3: 2014 Financial Performance

33. The Chair of the Board introduced Jason Lawrence, Vice-Chair of the Finance and Operational Performance Committee (FOPC) who introduced the agenda item. The Vice-Chair of the FOPC noted that the Committee had met once since the last Board meeting at which time the committee conducted a full review of the financial situation of the Global Fund. He noted that, of particular interest for the Board, were issues related to unfunded quality demand, shortened grant duration, and foreign exchange.

34. Daniel Camus, Chief Financial Officer (“CFO”), presented the financial situation of the Global Fund at the end of 2014, including actual figures of pledges and contributions, grant expenses and disbursements, as well as operating expenses (“OPEX”). The CFO underscored that the Global Fund has felt the challenging global economic environment in 2014 marked by geo-political instability, relatively strong growth outlook for the US economy compared to the European markets and reduction of commodity prices that contributed to significant depreciation of many currencies against the United States Dollar (“USD”). In this context, the CFO highlighted that, given the Global Fund’s international donor base, as well as global focus of its activities, the organization is highly exposed to currency fluctuations.

35. The CFO reminded the Board that, today, the Global Fund is currently better equipped to steer through this economic environment. New financial processes and systems enable the Secretariat to react appropriately to unfavorable economic changes as these occur. The Secretariat is in the final stage of establishing banking relationships to set up operational bank accounts and agreements, which will facilitate foreign-exchange derivative transactions that could hedge the Global Fund’s exposure to foreign-exchange risk. The heightened regulatory attention with respect to international financial transactions and need to accommodate the Global Fund’s legal status has either prolonged contract negotiations or, in the case where agreements had been reached, significantly delayed the opening of active accounts.

36. The CFO noted both the Audit and Ethics Committee's and the FOPC's review of the closing 2014 financial results. Turning the Board's attention to the asset position, Mr. Camus noted that the assets as at 31 December 2014 were USD 7.7 billion, which included USD 4.4 billion in cash or cash equivalents, including both committed and uncommitted resources, with no significant change compared to the 2013 closing balance, and USD 3.2 billion in contributions receivable.

37. The CFO then turned to the Global Fund's effort toward the stabilization and reduction, where possible, of cash balances held in countries. Primarily as a result of closer monitoring and general enhancement of cash management processes at the Secretariat, the total in-country cash balance has been stabilized at approximately USD 1.3 billion. Additional efforts will be made in 2015 to support the improvement of financial management capabilities at implementer level, with expected further reductions to the in-country cash balances of implementers.

38. Donor contributions and cash receipts² by the end of the year totaled USD 3.4 billion and USD 3.2 billion respectively. The CFO informed Board Members of the differences between the first forecast of the year ("F1") for these two figures, USD 4.9 and 3.9 billion respectively. This related mainly to: timing shifts linked to national legislative requirements; the timing of the signing of contribution agreements, due to administrative processes; the Secretariat's efforts to navigate the foreign exchange impact on Global Fund resources; and to the partial recognition of certain contributions in 2014 due to the cash-based method of accounting applied.

39. Of special interest to the Board, the 2014 value of grant expenses was USD 2.5 billion and disbursements were USD 2.9 billion. While overall grant expenses and disbursements were about 25% lower than the F1, the CFO confirmed that there was no disruption of services. Moreover, the variance in grant expenses could largely be attributed to the bulk of concept notes being submitted in Q4 2014, for funding approval signing in 2015. Other factors for the lower actual-versus-forecasted figures included general reduction of annual grant commitments in line with actual absorption rates and improved financial management with a special focus on regular monitoring of cash balances in country.

40. Turning to shortened grant durations, the CFO informed that it is estimated that approximately USD 1.1 billion may be required to address the potential impact of this in 2017. This represents a decrease from the initial estimate of USD 1.8 billion in September 2014. This is driven by a stricter assessment of the potential needs and the additional information provided in the most recent funding requests. It was noted that preliminary estimates of country absorptive capacity for the upcoming years, suggests that it will be possible to manage the impact of shortened grants within the limits of the initial allocation and in line with the asset-liabilities matching enshrined in the Amended and Restated Comprehensive Funding Policy ("the CFP"). At the November 2015 Board meeting, the Secretariat will present an updated version of the Mid-Term Plan with a re-assessment of the overall portfolio's funding needs out to 2018.

41. Concluding, the CFO reported that the Secretariat's 2015 operating expenses ended the year at USD 282.8 million, or 5% below the Board-approved budget. A detailed summary of the 2014 OPEX end-of-year figures is captured in document GF/B33/02.

42. **Board Discussion.** The Board commended the Secretariat for its efforts and improvements around financial matters and processes, as well as the information provided in relation to cash management. The Vice Chair of the Board opened the floor for final questions and observations.

43. Grant disbursements. Several constituencies expressed the concern that while there may have been no disruption in services in 2014 as a result of lower disbursements levels, it will be important to understand the reasons behind the current disbursement rates. In addition, one constituency raised concern about the slow disbursement rate of the special initiatives, recognizing that it is essential to

² Excluding AMFM and other restricted contributions

ensure that Global Fund resources are well spent. Constituencies underscored the need to understand and develop measures, as required, to address bottlenecks in countries' absorption capacity. It will be important to realign demand with speed of disbursements, especially in the context of the next replenishment.

44. Shortened grant duration. The Board sought clarity on the sustainability of the Secretariat's approach and requested more detailed information about how the potential funding need in 2016 will be addressed, and the appropriate operational mechanism that will facilitate this.

45. Foreign exchange. One constituency requested an estimation of the expected financial impact of foreign exchange losses for the rest of the current replenishment period.

46. Cash in countries. One constituency raised the question of whether significant cash balances exist in countries that do not grant privileges and immunities to the Global Fund.

47. FOPC and Secretariat response. Soltan Mammadov, the Chair of the FOPC, thanked the Board for the helpful comments and relayed that many of the same issues, especially matters of grant disbursements and shortened grant duration, are discussed on an ongoing basis in the FOPC. The Committee is monitoring the situation closely and is scheduled to meet in person twice before the next Board meeting, at which time more precise information will be available as part of the Mid Term Plan.

48. **Secretariat response**. The CFO then commented that a key role of the finance team is to ensure minimum risk in execution of the strategy, and to make sure that countries have the necessary resources they need to implement their programs in a timely fashion. In regard to the request for an estimation of the impact that foreign exchange volatility will have through the entire replenishment period, the Board was informed that with its current capacity and systems, including establishment of new relationships with commercial banks, the Global Fund will be able to closely monitor and respond as needs arise.

49. Addressing Board observations on the absorptive capacity of countries, the Executive Director noted that improvement in this area is a shared responsibility of the entire Global Fund family. Regarding alignment with the CFP in the context of shortened grant duration, the Global Fund now has the tools in place to handle the delicate balance of being flexible, while mitigating risk and thereby supporting the ultimate goal of maximizing the use of funds to achieve the greatest impact.

Agenda item 4: Annual Financial Report 2014 and Audited Consolidated Financial Statements

50. The Vice-Chair of the Board, introduced the Chair of the AEC, Graham Joscelyne, who introduced the Annual Financial Report 2014 including the audited 2014 Consolidated Financial Statements, and the audited 2014 Statutory Financial Statements, both presented for Board decision. (Document GF/B33/03 – Revision 1, Annex 1 and Annex 2 respectively). The AEC Chair recounted the robust review process undertaken by the Committee, including review and acceptance of the reports just mentioned; review and acceptance of the 2014 external audit results and unqualified opinion issued by Ernst & Young SA (“EY”, or the “External Auditor”); consideration of management's responses; a statement of assurance from the OIG; and responses from the above parties to AEC questions and comments. In addition, Mr. Joscelyne informed the Board that the AEC had sought confirmation from the FOPC as to their comfort with the information presented on financial reporting. He recalled that in 2014, EY had undertaken a mid-year review of the Interim Condensed Consolidated Financial Statements, which had been published upon review and approval by the AEC under the authority

delegated to the Committee by the Board.³ Finally, Mr. Joscelyne commended the Chief Financial Officer and his staff for the implementation of significant improvements to financial processes and tools.

51. **Secretariat presentation.** The CFO presented the key numbers contained in the Annual Financial Report 2014 which includes the audited 2014 Consolidated Financial Statements, and the 2014 Statutory Financial Statements, both of which have been audited by the External Auditor.

52. **Statement of Income.** The CFO noted a 32% decrease in contribution income from 2013, as the majority of the new contribution agreements were signed soon after the Fourth Replenishment Conference in December 2013. Secondly, he reminded the Board of the reduction in grant expenditure of 23%, mainly driven by the transition to the funding model, improved financial management and reduced absorption. In addition, a net foreign exchange loss of \$292m was reported due to the sharp depreciation of key currencies against the USD, of which USD 216 million, or 74%, remains unrealized. Operating expenditures of the Secretariat increased by 5% over 2013, reflecting the budgeted costs associated with NFM roll-out in 2014 and support functions investment to improve the Global Fund operations.

53. **Balance Sheet.** The CFO noted assets of US\$ 7.7 billion, and that overall cash and cash equivalents remained stable at US\$ 4.4 billion as compared to end-2013. With respect to the Global Fund Provident Fund, the staff retirement fund which operates financially within the balance sheet, the CFO provided a brief overview of the investment approach, noting that 75% of investments are held in bonds, which are contractually hedged, and 25% in equity. The Provident Fund sets aside an Investment Fluctuation Reserve, aiming to mitigate the volatility of the portfolio. This stands at 14% of the total portfolio. Finally, the Provident Fund had made a surplus of US\$7.4 million in 2014, to be allocated in 2015 to the employee retirement reserve as per the Constitution Declaration and Benefit Rules.

54. Turning to the Cash Flow Statement, the CFO commented on the neutral cash flow position at end-2014 as compared to end-2013. Concluding his presentation, Mr. Camus commended Secretariat staff for a robust financial closing process, brought forward by six weeks as compared to previous years.

55. **External Auditor opinion.** Laurent Bludzien, Auditor-in-Chief at EY, presented the external audit opinions for both the 2014 Consolidated Financial Statements and the 2014 Statutory Financial Statements. First, Mr. Bludzien stated that the Consolidated Financial Statements for 2014 presented a true and fair view of the financial position of the Global Fund, of the results of operations and cash flows, in accordance with International Financial Reporting Standards (“IFRS”). He confirmed that EY was in a position to sign a standard and unqualified audit opinion in accordance with IFRS, emphasizing that this represented the best possible audit opinion. Secondly, Mr. Bludzien informed the Board that the 2014 Statutory Financial Statements were in full compliance with relevant Swiss law and the Global Fund’s By Laws. Furthermore, as required by Swiss law, Mr. Bludzien confirmed the External Auditor’s independence, and confirmed the existence of an internal control system, designed for the preparation of financial statements according to the instructions of the Board. In conclusion, and on the basis of the two unqualified audit opinions presented, the External Auditor recommended that the financial statements submitted to the Board be approved.

56. **Board discussion.** In a brief discussion, the European Commission (EC) constituency thanked the Secretariat for a clear and comprehensive Annual Financial Report 2014, commended the progress made in strengthening financial management systems and closing out past Management Letter Points, and recognized the significance of the unqualified audit opinions. The EC also recalled the recent decision to assimilate the Global Fund to the status of international organization, noted that the EC had conducted a recent Five Pillar Assessment of the Global Fund, and emphasized increased trust in Global

³ Decision Point GF/B31/EDP17: Interim Condensed Consolidated Financial Statements

Fund financial management systems. The constituency called for more information as to the impact of the recent IT systems failure on the financial management systems.

57. **AEC response.** The Chair of the AEC confirmed that the AEC had received satisfactory confirmation that financial management systems were robust and reliable, through discussion with, and questioning of, the Secretariat and the External Auditor.

58. **Decisions.** First, the Board unanimously approved the Global Fund's Annual Financial Report 2014, which includes the audited 2014 Consolidated Financial Statements. (Decision Point GF/B33/DPO4) Secondly, the Board unanimously approved the audited 2014 Statutory Financial Statements. (Decision Point GF/B33/DPO5)

Agenda item 5: Appointment of the External Auditor

59. The AEC Chair presented a proposal to appoint Ernst & Young SA ("EY", the "External Auditor") as external auditor for the 2015 fiscal year. Emphasizing the importance of external auditor independence, Mr. Joscelyne noted that under current Swiss legislation, there is no requirement to rotate the audit firm itself. Rather, Swiss law requires rotation of the audit partner every seven years. The AEC Chair confirmed that, while EY has served as External Auditor since the beginning of the Global Fund, the lead audit partner has indeed rotated with the current lead audit partner having served for five consecutive years. The CFO advised that the proposed appointment would be for a one-year period, with external audit arrangements to be revisited in early 2016.

60. **Board discussion and response.** In response to a constituency's enquiry regarding the timing of the review of external audit arrangements, the AEC Chair acknowledged that the Committee had accepted management's recommendation to reappoint EY for the 2015 fiscal year. This took into account the Secretariat's current focus on the ongoing upgrades to systems and processes, the value of the current external auditor's knowledge during a period of transition and change, and the significant investment of time required to complete a competitive bidding process. The AEC had therefore agreed to recommend reappointment of EY, on the understanding that a competitive bidding process will be launched in late-2015. Following issuance of the 2015 financial statements, the AEC will review retained proposals and recommend an external auditor to the Board for appointment for the 2016 fiscal year.

61. **Decision.** The Board took a unanimous decision to appoint Ernst and Young SA as the Global Fund's external auditor for the 2015 fiscal year. (Decision Point GF/B33/DPO6).

Agenda item 6: Corporate Key Performance Indicators

62. The Vice-Chair of the Board introduced the CFO, Daniel Camus, who presented the 2014-2016 Corporate Key Performance Indicator (KPI) Framework to the Board, as laid out in documents GF/B33/04a and GF/B33/04b. These covered 2014 results against Board-approved annual targets and 2015 targets for Board approval—from the set approved by the Board in November 2014—for the indicators 6 (measuring alignment with national reporting systems), 12 (human rights protection), and 16 (quality of management and leadership).

63. **Board discussion.** The Vice Chair of the Board observed that, in line with the Board delegated responsibility, the Corporate KPIs had been discussed at length by the FOPC, AEC and SIIC. Each committee reviewed the current set of Board-approved Corporate KPIs including their measurements and annual targets under their respective mandates. The Vice Chair underlined that the Global Fund has made significant improvements in terms of measuring its performance, and that the development of the Corporate KPIs is a positive first step in the long and challenging process toward being able to track the organization's performance over time with the aim to identify trends, gaps and achievements.

64. The Board showed appreciation for the work that has gone into developing and tracking the Corporate KPIs and for the positive results in most areas where the Global Fund is on track to achieve or surpass KPI targets. At the same time, a number of concerns were raised about several individual indicators, particularly those relating to human rights and health system strengthening.

65. Human Rights. Several constituencies expressed concern that the Human Rights indicator, KPI 12, is not adequate to track performance and achievements. By measuring the number of violations instead of specific actions to address such violations this indicator does not provide the Board with a clear and comprehensive picture of how the Global Fund investments are addressing human rights issues. One constituency raised concern that country specific, cultural and contextual differences should be considered. Finding a definition which is 'fit for purpose' and appropriate benchmarks for this indicator is critical, given the significance of human rights for the existing and future Strategy of the Global Fund. In this context the Board emphasized that the next strategy should define the Global Fund's role in promoting human rights and identify more effective means to track progress.

66. Health systems strengthening. The Board also emphasized that, given the critical need for health system strengthening (HSS) in many implementer countries, it is a matter of urgency for the Global Fund to develop better tools to measure its impact in this area. To this end, it is important to work together with partners to develop useful indicators as a matter of urgency. The GF needs to be in a position to begin tracking the impact of its investments in HSS in the short term and in time for the launch of the next Strategy. Hence, the enhanced HSS indicator needs to be meaningful, measurable and powerful enough to track progress at all levels, and with partners.

67. Value for money. Two constituencies questioned whether the focus on reducing costs is the most effective approach to measure value for money, especially given the need for innovation. For example, if commodity prices drop too low, industry may have less incentive to develop the innovative products the Global Fund and partners need to reach their goals. There was a suggestion that the Secretariat develop a system to track whether price reduction has a negative or undesired impact on the market and broaden the definition of this indicator.

68. KPIs of lower performance. Constituencies raised questions related to KPIs where performance has not met annual targets, including measuring the corporate expenditure rate, and treatment of multi-drug resistant TB. The Secretariat clarified that the MDR-TB target is achievable and that the difficulty is in figuring out the best way to count patients.

69. Ambition of targets, early introduction of new indicators and reporting burden. One constituency suggested that any new indicators be employed from 2016 to allow for modification before the launch of the new Strategy and Global Fund replenishment in 2017. Another constituency requested that the new performance measurements should not result in increased reporting requirements for implementers. Additional commentary from Board members focused on the ambitiousness of current targets; for example the 2014 target set for KPI 6 measuring alignment with national reporting systems since has been comfortably met, so the 2015 benchmark could be even more ambitious.

70. Girls and young women. Related to the above point, two constituencies suggested that the Board consider an indicator to measure progress in addressing the needs of girls and young women, given that, in many countries, HIV incidence is increasing among them.

71. Domestic resource mobilization. While the Global Fund is performing well against the target set for KPI 14, which measures the percentage of programs accessing funding where government contributions meet minimum counterpart financing thresholds, one constituency suggested that the FOPC conduct a more detailed analysis of what is behind the reported \$3.9 billion in domestic financing for the three diseases in order to identify lessons learned.

72. **Committee Leaderships and Secretariat responses.** The Chairs of the FOPC, AEC and SIIC, and secretariat staff responded to the questions in line with their respective mandates. Regarding the HSS indicator, it was acknowledged that the Global Fund needs to find a more appropriate measurement. However, the Secretariat noted that the Global Fund is not a technical agency. It therefore needs to consider how the indicators it adopts align with globally accepted indicators. Similarly, it was further acknowledged that finding a suitable human rights indicator is extremely challenging. While there is general agreement that the Global Fund needs to be proactive on promotion and protection of human rights, it has proven difficult to identify a clear human-rights related measure directly linked to Global Fund financing. Moreover, the SIIC chair is in conversations with the Secretariat about creating a measurable human rights action plan at the Global Fund with the aim to identify new indicators, ensure wide commitment to achieving those indicators, and track progress.

73. The Secretariat noted that the value for money indicator will be reviewed in light of market considerations, and that the 2015 target for KPIs 6 is now set at the appropriate level since only a few countries are yet to report Global Fund contributions on their national disease strategy budgets.

74. The AEC Chair reminded the Board that, before the end of the year, the OIG is due to conduct an audit of the Global Fund performance against its current set of Corporate KPIs. The results of this exercise will be presented to the Board in about one year. The FOPC Chair stressed that tracking the performance of the Global Fund is a crosscutting work area in which all three committee are involved. In order to facilitate this task it would be helpful if each committee identifies focal points to follow KPIs related matters as to enhance cross-committee collaboration and involvement in developing new indicators and tracking progress over time.

75. **Decision.** Following the discussions, the Board unanimously approved the updated 2015 targets for the Corporate KPIs 6, 12 and 16. (GF/B33/DP07).

Agenda item 7: the Risk Management Report

76. The Chair of the Board introduced the agenda item and chaired the ensuing Board discussion on risk management matters. The Chief Risk Officer (“CRO”), Cees Klumper, began his remarks by describing the successful training on risk management offered to Board delegates on the pre-Board day. This risk management training will become a regular part of Board meetings while the possibility of sharing its content as a live webcast is also being explored.

77. The CRO noted that since the period covered in the semi-annual Risk Management Report, document GF/B33/05, is only three months, there have been relatively few changes to the overall risk profile of the organization since the last Board Meeting held in November 2014. The CRO drew the Board’s attention to three risks that have changed since the last Board meeting as outlined in the document. First, the hard drive failures in the Secretariat’s IT systems and ensuing challenges to restore services raised from ‘medium’ to ‘high’ the risk regarding interruption of activities in IT. Secondly, the risk related to Global Fund culture was downgraded from ‘high’ to ‘medium’ following improvement shown in the results of the 2014 staff survey. Finally, the higher exposure of the Global Fund to foreign exchange-related risks as a result of recent events in the global currency markets highlighted in the CFO presentation earlier in the meeting led to the inclusion of this risk to the Corporate Risk Register. The CRO further informed the Board that discussions regarding identification and classification of strategic risks to the organization will resume in June 2015 with the SIIC.

78. The CRO then updated the Board about the risk and assurance work, explaining that the second phase of the project –including the development of assurance plans for individual grants and their implementation in seven countries – will begin within the next month.

79. **Board discussion.** The Chair of the Board thanked the CRO for his presentation and opened the floor for questions and further discussion noting that this session was for Board information.

80. Country-level risks. The Board stressed the need to include significant discussion of country-level risks, especially regarding assurance matters in the next Risk Management Report. As the Global Fund moves to differentiated approaches in countries, there is a need for new tools and processes to identify and mitigate risks as these arise, and at the appropriate level. One constituency suggested that Country Teams at the Secretariat should collaborate more closely with in-country partners in addressing assurance, and that country-based risk management training and workshops, such as that which was recently organized in the Eastern Europe and Central Asia region, need to be part of a structured process.

81. Human rights. Many constituencies emphasized the significant and challenging operational risks in the area of human rights, and urged the Secretariat to strengthen risk assessment and mitigation strategies. In this context it was further noted the need for new tools and systems to minimize the risk that the Global Fund and partners will not achieve their goals due to human rights infringements and violations.

82. Foreign exchange risk. The Developed Country NGOs Constituency requested that the Secretariat provide timely updates to the FOPC in its efforts to develop relationships with commercial banks with the aim to establish operational bank accounts or agreements facilitating foreign-exchange derivative transactions that could hedge, and therefore mitigate, the Global Fund's exposure to foreign-exchange losses.

83. Document retention and record management. Following the IT incident that took place in mid-December 2014 and recovery efforts to restore critical information at the Secretariat, constituencies requested further analysis of the event, including independent assessments to determine whether the new backup systems put in place have been appropriately tested and whether IT service providers might have financial liability. The FOPC will continue to maintain close oversight of IT matters.

84. Transitioning countries. One constituency highlighted the risk of increased infection rates in countries that no longer receive Global Fund financial support.

85. **Secretariat response.** The Executive Director clarified that the risk and assurance initiative, a joint effort by himself and the Inspector General, encountered delays in late 2014 but it is now back on schedule to meet the timelines as outlined to the Board in November 2014. The CRO further explained that all items captured in the Risk Register have not been included in Risk Management Report; the current version of the full Risk Register includes 30 risks out of which 18 are related to country operations and programming. The next Risk Management Report to the Board will include full and in-depth analysis of risks captured in the Risk Register. Responding to commentary raised from the floor, the CRO noted that in line with the Global Fund's movement to apply a differentiated approach in countries, the Secretariat is now working to tailor its risk processes and tools to the different country contexts. The CFO will explore issues of financial liability in the upcoming review of the December 2014 IT incident and will report to the FOPC accordingly. Before closing the session, the CRO briefly described the Secretariat's efforts to enhance the tool used to assess and mitigate risks related to human rights acknowledging the need for its further improvement with a view to addressing violations across the entire portfolio beyond high risk programs.

Agenda item 8: Office of the Inspector General Matters

86. The Chair of the Board welcomed Graham Joscelyne, AEC Chair, who provided the Committee's views on the work of the Office of the Inspector General ("OIG"). Mr Joscelyne expressed comfort with

the management of the leadership transition, and extended appreciation to Katie Hodson for serving as Inspector General *ad interim*. Mr Joscelyne further confirmed the AEC's satisfaction with the OIG 2014 Annual Report (Document GF/B33/06), and emphasized the significance and value of the first OIG Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund (Document GF/B33/07; the "Annual Opinion"). He underlined that the delivery of the Annual Opinion was not an obligation under international auditing standards but rather represented leading-edge activity by the OIG, bearing testament to the quality of OIG work.

87. The Inspector General, Mouhamadou Diagne, made introductory remarks, first thanking the Board for its confidence in appointing him as Inspector General. Mr. Diagne expressed sincere appreciation for the work of his predecessor, Martin O'Malley, in building a strong OIG function; to his management team; and to the Executive Director and Management Executive Committee at the Secretariat for the warm welcome. Mr. Diagne then spoke of the broad principles and priorities that would guide him in his role. First, a focus on continuity with continuous improvement, and on building on the effective improvements already implemented within the OIG. Second, he committed to upholding OIG independence, as the basis of its credibility, while working collaboratively with the Secretariat and stakeholders. Third, reflecting on priorities, the Inspector General noted commitment to the alignment of the OIG's work with the Global Fund's strategic objectives, underlining the balance between providing assurance on internal controls and engaging at a strategic level. He emphasized strong focus on responding to reports of fraud and corruption, balanced with a proactive approach to developing intelligence capabilities. Finally, he underlined the importance of talent management and appropriate resourcing to enable the OIG to fulfil its mandate successfully.

01 Office of the Inspector General Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund

88. Mr. Diagne presented the OIG's first Annual Opinion to the Board. He noted that delivery of the Annual Opinion demonstrated the maturity of the OIG function. He explained that the Annual Opinion aims to provide a holistic view of the adequacy and effectiveness of the Global Fund's internal controls, risk management and governance. Its conclusions demonstrate that the Global Fund made significant progress since 2012, particularly in strengthening the grant-making methodology, improvements to financial management processes, and in the increasingly proactive approach to risk management. Mr. Diagne highlighted four key areas for further improvement, namely: (1) due diligence; (2) grant oversight, or the oversight of use of funds once disbursed to grantees; (3) grant differentiation across the portfolio; and (4) continued progress on combined assurance. Concluding his remarks, the Inspector General noted variability in maturity across the functions of the organization, but underlined that the key message communicated by the Annual Opinion was one of an organization moving in the right direction. Finally, the Inspector General expressed his appreciation for the forward-looking and constructive engagement exhibited by the Executive Director and the Management Executive Committee.

02 Office of the Inspector General 2014 Annual Report

89. Katie Hodson, who served as Interim Inspector General from January to March 2015, presented the OIG 2014 Annual Report (document GF/B33/06). Ms. Hodson provided an update on staffing matters including diversity, outlined structural changes implemented in 2014 to embed thematic expertise across all teams, and noted the creation of the Strategy and Policy Unit and the Intelligence and Operational Excellence team. She further highlighted changes to OIG policy and strategy. These include the introduction of a new audit approach in line with Global Fund strategic objectives, and the launch of the stakeholder engagement models. Ms. Hodson commented on key OIG assignments including the Governance Review and the review of Results-Based Financing. She also noted improved trust in, and awareness of, the whistle-blowing mechanism and confirmed the complete close-out of all

legacy investigations cases. Finally, she confirmed the encouraging results of the External Quality Assessments (“EQAs”) of the Investigations and Audit Units, and reported on performance against KPIs.

90. Reflecting on the challenges faced by the OIG, Ms. Hodson noted that, as a result of significant staffing constraints, the Audit Unit had delivered against an approved 2014 work plan which was reduced in scope. The focus, therefore, had been to deliver the Annual Opinion. Furthermore, given the 30 legacy cases dating back to 2009, the Investigations Unit had had limited time for proactive interventions.

91. Commenting on the OIG’s plans and vision for 2015, Ms. Hodson reflected on the introduction of the Human Rights Complaints Procedure as a positive direction for the OIG. Finally, she reiterated the OIG’s continuing focus on identifying root causes of issues identified through audits and investigations, and to the commitment to sustainable and realizable solutions to problems identified.

03 Update on Implementation of the Office of the Inspector General Agreed Management Actions

92. Katie Hodson, Head of Investigations, presented the Update on Implementation of OIG Agreed Management Actions (document GF/B33/08), a regular report outlining, for Board information, Secretariat progress in closing out Agreed Management Actions (“AMAs”), and a status overview of the overarching key control issues arising from past audits and investigations (Document Retention and Record Management; Recoveries; Grant Closures; Accountability Framework; Combined Assurance). Ms. Hodson noted OIG satisfaction with the Secretariat’s commitment to closing out AMAs and to the professional interactions between the Secretariat and the OIG in reaching agreement to determine realizable and implementable AMAs.

93. **Secretariat response.** The Executive Director informed the Board that the OIG submits a monthly report to the Management Executive Committee (“MEC”), and confirmed that the MEC continues to review and track the status of open AMAs on an ongoing basis, with progress being made across the five thematic areas. Dr Dybul then drew the Board’s attention to the issue of recoveries, and a recent management decision to introduce a new method for the exceptional resolution of difficult recoveries cases whereby funding may be reduced by twice the amount of outstanding recoverable amounts, or a “2:1 reduction of funding approach”. He noted that the proposal had been communicated to and discussed with the AEC, FOPC and SIIC prior to implementation, and reiterated its purpose as a last resort, where all reasonable recovery efforts have been exhausted.

04 Discussion and Response

94. Board discussion. Constituencies extended a warm welcome to the Inspector General, and appreciation to Katie Hodson for serving as Inspector General *ad interim*. Constituencies commended the OIG for its effective 2014 performance, commenting in particular on the ethos of cooperation, partnership and prevention, the close-out of legacy investigations cases, as well as the strategic focus of OIG activities and the effectiveness of the OIG’s “Speak Up” campaign. Constituencies welcomed the first OIG Annual Opinion, and one constituency commented positively on the intended closer collaboration with law enforcement bodies and internal audit and investigations functions in country. Finally, one constituency expressed support for the 2:1 adjustment approach as a last resort to resolve recoveries cases.

95. Human rights. Constituencies endorsed the introduction of the Human Rights Complaints Procedure, commending the commitment to responding to human rights violations. They urged the OIG to ensure that employees have the necessary skills and experience for this work. The Communities

constituency offered their support to the OIG in order to ensure the applicability and accessibility of tools implemented to promote and protect human rights. South East Asia and Developed Country NGOs called for human rights allegations, including those that have indirect links to Global Fund activities, to be investigated with uncompromising persistence and urgency, particularly in the context of sustaining enabling environments, supporting key populations, and community systems strengthening.

96. Assurance. One constituency urged expediency on the implementation of the Risk and Assurance initiative, calling for the FOPC and the AEC to oversee the project and report back to the Board. One constituency called for the Secretariat to develop, under the oversight of the SIIC, a framework for the improved use of country systems, including measures to assess and strengthen them.

97. Differentiation. One constituency reiterated the need for a strategy for implementation of the differentiated approach to grant management, including means to ensure improved oversight of small grants in view of declining headcount, calling on the FOPC to oversee this matter.

98. Governance, risk management and internal controls. One constituency emphasized the importance of continuing progress to ensure control processes are applied consistently and are fully embedded operations.

99. CCM audit. One constituency urged the OIG to consider CCM composition in its audit of CCMs, particularly with regard to gender balance, noting that a quota for female representation does not necessarily ensure expertise in gender equality matters.

100. **OIG Response**. The Inspector General thanked the Board for the warm welcome and the thoughtful comments. Mr. Diagne welcomed the recognition of improved professional relations with OIG staff who visit countries, and noted the OIG's ethos of uncompromisingly addressing issues of fraud and correction whilst maintaining a balanced and fair approach. In addition, he noted the intention to engage with communities ahead of the internal review of CCMs planned for 2015.

101. Human Rights. Mr. Diagne confirmed his strong personal and professional commitment to human rights, noting the increasing recognition in the development community of the direct link between development and issues of human rights and gender. Mr. Diagne recalled that human rights was one of the six priority themes of the OIG Investigations Unit. He emphasized that the OIG's response to allegations of violations would necessarily focus on issues relevant to the grant making activities of the Global Fund, paying close attention to ensuring a focused scope and careful operationalization of the principles laid out in the Human Rights Complaints Procedure. In addition, he noted that resource requirements to respond to allegations would be reviewed following development of the OIG's methodology and approach to this new field of work. Adding further commentary on staff expertise, Katie Hodson commented that the Investigations Unit's fact-finding methodologies remained relevant. She assured the Board that the OIG would continue to assess the expertise and training required by staff carefully in order to appropriately assess, and, where applicable, investigate, human rights violation allegations.

102. Collaboration. Regarding collaboration with anti-fraud agencies and assurance providers in country, the Inspector General reiterated the ongoing work and continued commitment to working closely with partners, in-country assurance providers and supreme audit institutions to leverage skills and processes.

103. Annual Opinion. Mr. Diagne reemphasized the need to consider not only the Global Fund's ranking on the maturity scale, but also the organization's trajectory along the maturity scale, demonstrating the significant progress made since 2012. The Inspector General underlined the need to reflect carefully on the Global Fund's objectives in moving along the maturity scale, noting the critical cost-benefit considerations in management decisions around investment in controls in a resource-constrained

environment. He emphasized that even long-established organizations continue to struggle with issues of risk management, and assessing organizational performance and programmatic impact. Attaining a common understanding of the critical risks to the organization, and the levels of risk they represent, is key.

104. **Secretariat response.** In response to one constituency's request for the development of a framework for better use of country systems, Mark Edington, Head, Grant Management, confirmed that the Secretariat was continuing to develop its approach to health systems strengthening, noting the linkages to the Results Based Financing framework, the next Global Fund Strategy, and the Global Fund's role in the health landscape of the future. Furthermore, he noted that the Board, through the SIIC and the FOPC, should expect to receive information *in the future* regarding the implementation of a differentiated approach to grant management. He confirmed that development of the approach to differentiation was under way with due consideration to balancing of risk, materiality and disease burden, and focusing of resources across the portfolio for maximum impact.

Agenda item 9: Update on Community, Rights and Gender Matters (CRG)

105. Kate Thomson, Head, Community, Rights and Gender (CRG) Department provided an overview of the work undertaken to ensure that Global Fund investments going forward adequately address issues related to CRG. The report⁴, developed after a request at the Thirty-Second Board Meeting held in November 2014, identified a substantial body of work to increase attention to CRG issues, embed CRG principles into Global Fund policies and procedures, and strengthen the engagement of civil society in Global Fund processes. The initial work has focused on developing tools, processes and procedures to operationalize the Global Fund's strategic objective on human rights and incorporate human rights considerations throughout the funding cycle, including the development of new metrics.

106. **Board discussion.** In the discussion that followed, constituency comments focused on the main areas highlighted below.

107. **Implementation.** Several constituencies expressed appreciation for the work, and stressed that the primary focus moving forward must be on implementation – ensuring that the principles, procedures and plans translate into programs on the ground, leading to measurable impact. The CRG Department was also urged to engage in current efforts around Combined Assurance. Given the fact that the Sustainable Development Goals (SDGs) will include the goal of ending the epidemics by 2030, many constituencies argued that increased attention to CRG issues is required as a matter of urgency. A request was made to map the role and current CRG related activities of partners.

108. **Financing.** Some were concerned that much of the CRG need identified in concept notes and programs is included as part of the 'above allocation' request rather than within a country-component's allocation request. As Global Fund program investments for public services have risen there has not been a commensurate increase in civil society investments. To achieve progress, investments in community systems need to increase. There is also a growing gap between legal frameworks in countries, and implementation and community practices. A question was raised about how the Secretariat is monitoring the human-rights provisions included in new grant agreements, which establish five minimum standards on human rights. CRG issues must be fully integrated into work plans and budgets, be aligned with national health strategies, and reflect a more cross-sectoral approach.

109. **Adolescents and Youth.** A number of constituencies proposed that in addition to gender, adolescents and youth should be considered a specific area of focused attention and a distinct sub-population that requires dedicated approaches. Past and future concept notes should be analyzed from

⁴ GF/B33/09 – Community, Rights and Gender Report

a youth perspective. The push for sex-disaggregated data is critical, but disaggregated data for adolescents and youth will be required to measure impact in these key areas.

110. New Global Fund Strategy. Constituencies agreed that the new Global Fund Strategy needs to be rights-based and should include a strategic objective on gender equity so that work can be intensified and progress measured. Some constituencies again raised the concern about the current KPI measuring performance in this area (KPI 12) and suggested the development of more robust CRG-related KPIs for the next Strategy.

111. The Secretariat's capacity. Given the ambitious CRG agenda, and the speed with which progress must be achieved, some constituencies questioned whether the CRG Department at the Secretariat is adequately staffed. The Board further noted that the importance of CRG issues to be integrated across Secretariat teams to ensure there is sustained effort to institutionalize the work. For example, the training program for CRG Focal Points is laudable, but the program should be extended across the full Grant Management Division.

112. Annual report of CRG progress. The Board supported the proposal to have an annual report on CRG progress. Such a report should analyze the level of CRG inclusion in strategy development, grant making, implementation, and impact, and should include concrete examples of good practices and model projects. These would be helpful advocacy tools, and could potentially be developed as educational tools for implementers, as well as for other global public health efforts.

113. Migrants and internally displaced persons. One constituency raised the question as to whether the Global Fund should place more focus on international migrants and internally displaced persons. The suggestion was made to standardize tools for data collection, in particular for HIV/TB co-infections, in these populations.

114. Importance of language. Further commentary focused on ensuring that implementing countries have adequate understanding and ownership of their programs; to this end the Global Fund needs to improve its effort to provide technical assistance and communications in the languages of implementing countries.

Agenda item 10: Overview of the Strategy Development Process

115. David Stevenson, Chair of the SIIC, then provided a brief overview of the upcoming sessions on the development of the next Global Fund Strategy. Conveying the regrets of the SIIC Vice-Chair, Mr Stevenson outlined the main areas of oversight of the SIIC related to strategy development. He acknowledged, with thanks, the support of the Board and Committee Leaderships, and noted that the process is intended to be inclusive, involving input and feedback from all stakeholders, not only those directly involved with Global Fund governance. It will also take account of the evaluation of the implementation of the current strategy by the Technical Evaluation Reference Group (TERG), as well as the evaluation and lessons learned identified by the Technical Review Panel (TRP) of the rollout of the (new) funding model, and input from technical partners.

116. Later sessions would include a recommendation from the SIIC on a proposed policy for funding co-infections and co-morbidities of the HIV/AIDS, tuberculosis and malaria, risk management issues linked to strategic decision-making, corporate key performance indicators and updates from the Development Continuum Working Group and on planning for the Partnership Forums, both of which would provide valuable input to the new strategy development process.

117. The SIIC Chair recognized the considerable progress in many areas, while noting that there is much still to do in 2015. Looking ahead, the SIIC is constantly keeping in its focus the 'big picture':

where the Global Fund will be in the next 20-25 years, and how it will fit into the global health architecture of the future. He invited the delegates to participate actively in the discussions around strategy development, both through the Board sessions which would follow throughout the day, as well as through written input. He then thanked the Chair and passed the floor to Lucie Blok, Chair of the TRP.

Agenda item 11: Update from the Technical Review Panel (TRP)

118. Lucie Blok, Chair of the TRP, presented observations from the TRP's multiple concept-note review windows, as set forth in document GF/B33/10⁵. She noted that the new funding model was a major improvement over the rounds-based system in terms of predictability of funding and promoting strategic focus and priority-setting. The TRP Chair clarified the role of the TRP: to determine how the Global Fund can deploy its limited resources to achieve the highest impact. In this context, the TRP must often make difficult choices.

119. The TRP Chair then focused on three main issues highlighted in the TRP Report: the challenges around the implementation of the incentive funding part of the allocation methodology; questions about the burden on countries to quantify unfunded quality demand through the submission of above-allocation, and complications that have arisen from the shortened grant duration. The TRP Chair then requested the Board to provide more guidance on how to manage the tension between the goals of reaching and sustaining elimination, versus direct impact on mortality. These present decision-making dilemmas for the panel. The TRP Chair noted that, while the TRP strongly supports ambitious country scale up plans, it is also aware of the considerable operational challenges that need to be overcome before these ambitions can be achieved. The TRP further recommended that the Board consider additional ways to incentivize innovation and stronger performance, including by leveraging resources and collaboration with partners in countries.

120. **Board discussion.** The Vice-Chair of the Board noted that the TRP Report provided the Board its first opportunity to review the actual effects of the new funding model, with the increased number of concept notes submitted. Throughout the discussion, constituencies expressed appreciation for the work of the TRP, whose members carry out one of the most difficult but crucial roles in the Global Fund.

121. Young people, key populations, human rights and gender. Many constituencies emphasized that concept notes should be reviewed keeping in mind the Global Fund's principles and commitments related to rights and inclusion of communities, promotion and protection of human rights, and attention to the full range of gender issues with a special focus on young women, girls, and key populations. Numerous comments stressed the importance of prioritizing of the prevention, treatment and other needs of these groups in the new Global Fund Strategy.

122. Resource Allocations. Constituencies asked whether allocation policies should incorporate more flexibility to be able to reallocate funding to countries that are in greatest need. A refined allocation methodology should be consistent and transparent, respect minimum requirements, and consider continuity of services. But it should allow the Global Fund to make investments that reflect its true priorities, including practical solutions for ensuring equitable health outcomes for women and girls, supporting human rights, and meeting the needs of key populations and communities.

123. Effectiveness, scale-up and sustainability. Several constituencies expressed support for the emphasis on evidence, impact, and long-term sustainability. It will be important that the strategy development process integrates sustainability and transition strategies to be explored, in order to address urgent priorities for prevention and treatment interventions in highly affected communities.

⁵ GF/B33/10 – Update from the Technical Review Panel

Constituencies agreed that improved coordination between the Global Fund and other actors in the health sector will be needed to ensure scale up is feasible, financially sustainable and can be implemented efficiently. Integration with national health strategies is a high priority for many constituencies, but there are complexities involved, for example, when the quality of the national strategy is inconsistent across diseases. The Global Fund will need to determine how to prioritize opportunities for immediate impact against the need for long-term investments in capacity development. The Global Fund should be part of the broader work in countries on long term sustainability. This will involve dialogue with Ministers of Health, Ministers of Finance and will need to be anchored in the long term development plans in countries. It was noted that ambitious programmes will fail if they are not geared towards longer term sustainability, including planning for sustainable financing of programmes, the health sector more broadly, investment in human resources beyond short term incentives and integrated services delivery.

124. Technical and policy advice. The TRP is seen by constituencies as an extremely important body of the Global Fund, in particular because of its strong focus on an independent assessment of the technical soundness and strategic focus of proposals. It was noted, however, that under the new funding model, the TRP had increased its focus on policy matters, such as the incentive stream and shortened grant duration. Concern was expressed about some of the messages that the TRP is sending to countries in terms of technical and policy issues. As a result, some constituencies felt that TRP evaluations and feedback on proposals with potential policy implications should first be deliberated by the SIIC to avoid countries receiving conflicting advice. However, other constituencies noted appreciation for the comprehensive view of the funding model provided by the TRP.

125. Incentive funding. Some constituencies agreed with the TRP view that incentive funding has proven a significant challenge for countries to implement, and has not really achieved its objective of promoting strategic investment and innovation.

126. Unfunded quality demand. Constituencies discussed whether the above-allocation process, noting specifically unfunded quality demand, adds significant burden to countries, sharing input from country partners that the exercise of defining and quantifying total demand and total needs and opportunities is a significant investment of time and resources. Some constituencies posited the information garnered from these analyses provides a fuller and more contextual picture of true demand, which enables more strategic investment decisions and supports resource mobilization.

127. TRP evaluation. Several constituencies noted that an evaluation of the TRP might be valuable at this time to ensure the mandate and composition of the TRP are fully aligned with the principles of the funding model, allocation methodology and identified priorities in the next strategy. These priorities to factor include improved and advanced investments in health systems strengthening, as well as the needed focus on the issues of community, rights, gender, and young people, added to the challenges generated by the allocation-based funding model.

128. **TRP response.** In response to the extensive comments, the TRP Chair indicated, on behalf of the TRP, support for the Board's call for more attention to issues of community, rights, gender and young people. The TRP Chair then responded to issues regarding the role of the TRP in the context of global normative guidance and the technical expertise of Global Fund partners. The TRP Chair clarified that the TRP does not provide normative technical guidance, but assesses the justifications that countries use to prioritize investments. The TRP reviews concept notes recognizing that countries have the knowledge, background and context required to develop appropriate strategies and plans. The TRP Chair also described the diversity in experience, geography, background and technical expertise represented on the TRP, and noted that the fundamental aim of the TRP members is to ensure that available funding supports programs that have the greatest potential for impact.

129. **SIIC response.** The Chair of the SIIC described how the SIIC has discussed, at length, many of the issues raised by the TRP in its report. The Global Fund is in the early stages of the process of developing its new strategy, so identifying lessons learned from current practices is extremely timely. The SIIC Chair noted that the SIIC retreat in June would focus primarily on high-level strategy discussions, focusing on the goals and objectives of the next Global Fund Strategy. It would then move onto more technical aspects, such as operational lessons learned from the implementation of the new funding model. The SIIC Chair also highlighted the importance of national plans. He urged the Board to consider the role of the Global Fund in exerting leadership to ensure that countries have adequate resources and support to design the most effective and high quality national strategy plans. Finally in response to comments on the scope of the TRP's work, he observed that, in its independent role, the TRP has a responsibility to not only review funding requests for technical soundness and strategic focus, but also to share lessons learned with the Board through the SIIC, including considerations that have broader policy and financial implications.

130. **Secretariat response.** In responding to the Board Mark Edington highlighted that the KPI to measure integration with national strategies has been met, and survey results indicate that Global Fund investments are more integrated than they have ever been. He also noted that, even while many constituencies raise issues related to gender, key populations and human rights, as a high priority, in reality many concept notes do not reflect this same prioritization, which is increasingly noted by the TRP and addressed during grant-making. He then expressed deep appreciation for the work of the TRP in meeting the challenge of trying to resolve the policy principles declared by the Board and its Committees with the reality of countries, which often following their own principles in developing national priorities and plans.

Agenda item 12: Global Fund Policy of Co-infections and Co-morbidities (COIM)

131. In a session chaired by the Vice-Chair of the Board, Head of Strategy and Policy Harley Feldbaum provided a brief overview of the background to the Decision Point for Global Fund support to co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria ("COIM"), which was an extension of an earlier Board Decision⁶ approving interim measures to finance Hepatitis C treatment. The wide range of co-infections and co-morbidities which could potentially be covered by the scope of the proposed COIM policy would require some serious choices and trade-offs, but should be considered as an opportunity to invest for increased impact given the global context of Global Fund investment, as well as the interactions between AIDS, tuberculosis and malaria with the other health issues that affect people living with the three diseases.

132. Senior Advisor on HIV and AIDS Dr. Ade Fakoya was then introduced to present the proposal as set forth in Document GF/B33/11. Dr. Fakoya began his presentation by thanking WHO for its invaluable collaboration and assistance in bringing this proposal to its current iteration. He clarified the definitions of co-infections and co-morbidities used by the Secretariat in the development of the proposed framework, highlighting that country needs and demands would determine its application, and outlined the process used to analyze the financial burden of co-infections and co-morbidities as related to HIV/AIDS, TB and malaria.

133. Dr. Harley Feldbaum then summarized the comprehensive SIIC discussions on the options and objectives which should be considered in the context of financing treatment for co-infections, such as saving the lives of those on ARV treatment, increasing impact in the fight against the three diseases, and improving service delivery through support to comprehensive packages of interventions. He then outlined the three options that were initially presented to the SIIC, focusing on as the option

⁶ GF/B32/07- Global Fund Financing of Hepatitis C Treatment

recommended by the SIIC, which focuses on prioritizing scale-up of existing core interventions for the three diseases, based on strong investment cases that are evidence-based, demonstrate impact and value-for-money, and incorporate efforts to address co-infections in the overall approach for the three diseases. The SIIC Chair, Mr. David Stevenson, confirmed that the proposed policy had been thoroughly discussed by the SIIC, and that the Committee's view was that additional guidance should be made available as necessary to determine when financing for co-infections was appropriate for inclusion in country strategies.

134. **Board discussion.** The Vice-Chair opened the discussion for comments, noting that the proposal had been fully considered and endorsed by the SIIC, so that interventions should be brief and focused on whether or not constituencies supported the proposed policy outlined in the relevant Decision Point.

135. Consistency with Global Fund mandate. Constituencies appreciated that the proposed COIM framework is consistent with Global Fund efforts to reduce morbidity and mortality from diseases closely linked to AIDS, tuberculosis and malaria which have a significant disease burden in highly affected countries. Several delegates noted that the framework is inclusive and comprehensive, and allows for appropriate consideration of country context and evidence. Furthermore, the framework is expected to enhance Global Fund investments to improve systems and integrate health services. One constituency commented that financing COIM should continue to target the three diseases and should not alter the existing disease split, or the current and future allocations methodology. However, another constituency noted that this should not pre-judge any future discussions on possible broadening of the Global Fund's mandate on the assumption that any financing of co-interventions would be approved in strict conformity with the conditions set forth in the framework.

136. Commodity pricing. Constituencies encouraged the Global Fund to continue negotiations with pharmaceutical companies to explore more favorable pricing, for instance for hepatitis C treatment and cervical cancer diagnostics.

137. Financing. One constituency noted that the strategy and allocations were fixed for the current period, but the adoption of this policy could affect future allocations. Potential inclusion in proposals of co-morbidity and co-infections needs for an entire country could lead to large increases in demands for funding which could not be met. This was an issue which would need careful consideration as the organization develops its new strategy, and should be reflected in the replenishment discussions. Another point raised was that the Global Fund should consider whether concept notes that include COIM requests should include a strong country commitment to contribute domestic resources. The Communities constituency requested clarification on the provision in the COIM framework that "financing would not detract from or displace financing for cost-effective HIV, TB or malaria interventions".

138. Partnerships. Constituencies also noted that a new COIM policy would present excellent opportunities for stronger partnerships with other global health financing agencies such as UNITAID, Gavi and the Global Financing Facility (GFF) at the World Bank, and act as a real stimulus to promote closer financial partnership collaboration. The issue of quality national data was raised, with the comment that Global Fund partners such as WHO, UNAIDS, and others, should collaborate to ensure the availability of reliable national data to support the development of concept notes.

139. Implementation. One constituency commented that it would be necessary to ensure that the required expertise to evaluate proposals related to COIMs was represented on the TRP, while others noted that the grant-making process should be designed with due reference to equity and universal health coverage.

140. **Secretariat response.** The Head of Strategy and Policy, Dr Feldbaum, thanked the Board for its positive comments, and confirmed that under the proposed COIM policy, financing would not detract

from or displace financing for cost-effective HIV, TB or malaria interventions, and that Global Fund financing would not displace resources from other funding sources. To address the clarification requested by the Communities constituency, it was noted that this would not mean no financing could go towards COIMs, but that the COIM framework should be read as a whole and viewed as permitting financing where there is a strong investment case with continued priority for HIV, TB and malaria interventions.

141. He also welcomed the suggestion to move forward in partnership with other health financing agencies, and commented that the intention was to keep the framework at a high level, considering proposals on a case-by-case basis. In all cases, however, funding would need to be consistent with national programs with priority given to HIV/TB and Malaria interventions under a strong investment case.

142. **Decision.** In a unanimous decision, the Board approved the framework for financing co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria, as set forth in GF/B33/11, and approved Decision Point GF/B33/DPo8.

Agenda item 13: Report of the Development Continuum Working Group

143. In a session chaired by the Vice-Chair of the Board, Ambassador Anders Nordström, Chair of the Development Continuum Working Group (“DCWG”), presented the outcomes of the work of the Group, which had been convened by the Secretariat and worked closely with the SIIC throughout its term. The task of the DCWG had been to gather evidence and information on how the global landscape has been changing in terms of health and development, and to provide some perspectives on how the Global Fund should consider this new environment as it develops the next Global Fund Strategy.

144. Ambassador Nordström informed the Board that there had been four sub-groups within the DCWG made up of a broad range of different stakeholders from health and from non-health organizations, SIIC Members, Board Members, Technical Partners and Civil Society Implementers. These had considered different aspects of the evolving development landscape, such as changing health needs, political dynamics, economic development, improvements in institutional technical and human capacities, accountability, the role of civil society, while also recognizing that countries in specific challenging operating environments face additional challenges. The final outcome of these deliberations, including some specific suggestions identified by the DCWG around a more differentiated way of working for the Global Fund, approaches around sustainability and challenging environments, and how the Global Fund can influence pro-health and human rights policies, is reflected in background document called “Evolving the Global Fund for Greater Impact in a Changing Global Landscape: report of the Development Continuum Group” sent to the Board ahead of the its Thirty-third meeting. Ambassador Nordström stressed that this was not a formal Board document for decision, but rather to provoke reflection, to take a step back and think about the future considering how best the Global Fund could continue to operate within such a changing development landscape.

145. **Board discussion.** Constituencies welcomed the report as a helpful think piece that could be considered in the strategy development process, especially its analysis of sustainability and the move toward a more differentiated approach to grant making. It was generally agreed that the ideas in the report should be considered in the context of promoting scale-up of existing proven strategies to maximize impact on the three diseases.

146. Differentiated approach. The Board appreciated the recommendation of the DCWG that a differentiated approach toward countries, especially in the changing development environment, is the best approach going forward. The poorest people are no longer confined to political boundaries, and the

burden of the three diseases continues to concentrate in middle-income countries, exacerbated by a widening economic gap within countries and a continuing shift in disease burden. The next Global Fund Strategy should take this into account, and consider how best to measure development and sustainability other than from an economic standpoint alone. A differentiated approach would have a positive impact on the way the Global Fund addresses resource allocation, policy dialogue, risk management, and technical partnerships. In addition, developing a bottom-up, tailor-made approach would require recognition of the balance between differentiation and efficiency, while a focus on sustainability and increased domestic financing in a long-term strategy would allow in-country multi-stakeholder partnerships to maintain collective engagement in Global Fund policies and processes.

147. Sustainability and transition planning. The Board appreciated the report's emphasis on financial and programmatic sustainability and transitional planning; new transition policies and tools are needed as a matter of urgency. However, sustainability will need to be approached differently in different country contexts. In countries with concentrated epidemics, the Global Fund will need to focus more on the non-financial programmatic dimensions of sustainability. In countries with growing epidemics, an emphasis on sustainability may be in conflict with the urgent need for disease control measures.

148. One constituency highlighted that countries in economic transition need sufficient time to plan and implement a transition process with full involvement of all key country stakeholders, development and technical partners. Financial and technical assistance were also needed to develop the necessary policies and fiscal space to sustain programs, ensure health systems and community systems strengthening, and enforce legislation and budget allocations for health services, especially those provided by NGOS to key populations. In support of financial sustainability, one constituency suggested that the Global Fund might explore channeling its resources through the emerging universal health coverage systems and identifying other creative ways to stimulate domestic financing to ensure that domestic resources support continued services for key populations. It will also be important to have a system in place for adequate monitoring and evaluation of transition plans.

149. Loans. Constituencies voiced concern about the idea that the Global Fund may consider providing loans to middle-income countries that are no longer eligible for direct financing. This may change the nature of Global Fund operations and engagement with countries. Specifically it may leave decision-making power to the government and parliamentarians, discouraging countries from using country-based partnerships and CCMs to identify other domestic sources of financing the three diseases.

150. Gender. Some constituencies expressed concern that the Working Group had not focused on addressing issues related to the needs of particular communities or vulnerable groups, and proposed that more consideration be given to the Global Fund's role and investment for equitable health outcomes for women and girls.

151. Health commodities and market shaping. One constituency commented that the need for innovative approaches related to health commodities should be reflected in the strategy development process, which would benefit from a more sophisticated analysis of opportunities around market shaping. Some constituencies expressed concern that countries joining trade blocks with more developed countries could be subjected to international trade agreements which might result in increased costs of critical health commodities, and it would be important to look into the political aspects of this.

152. Challenging Operating Environments. It was agreed that the report provides some good guidance towards the Global Fund's role in countries facing challenging operating environments, whether related to political or financial instability, weak health systems, conflicts, displaced populations and migration, or other crises that complicate health service delivery. Given the increasing prevalence of conflict and crises on around the globe, further work is urgently needed to look at operationalizing some of these

suggestions and options to determine the best approaches to working in challenging operating environments.

153. Consultative process and the role of the private sector. Several constituencies conveyed that they would have preferred a more inclusive consultative process, especially with regard to civil society and the private sector which both have essential roles in country transition planning. It was noted that the private sector plays a fundamental role in economic and social development, and in the context of a broader development landscape it is important to consider working in a more innovative way with the private sector, for example in leveraging private sector skills and expertise through partnerships.

154. Overall, constituencies felt that the observations contained in the report prepared by the DCWG provided valuable input and should be taken into consideration by the SIIC and reflected in the next Global Fund Strategy.

155. **SIIC response.** The Chair of the SIIC, David Stevenson responded by informing the Board that the SIIC had been very much engaged with the work of the DCWG over the past months, and expressed his thanks and appreciation to Ambassador Nordström and the members of the DCWG for their efforts, noting that the Report and the input from the Board would be considered very seriously as the SIIC moves forward in developing the new Global Fund Strategy.

Agenda item 14: Strategy Development and Partnership Forum Process

156. David Stevenson, Chair of the SIIC, introduced the agenda item, which was to provide an overview of progress to date in the strategy development process, including an update on planning for the Partnership Forums. Input from the Board during the discussions would be used to develop a high level framework for the new Global Fund Strategy, including the vision, the mission and the draft strategic objectives, and further developed by the SIIC through consultations and deliberations with stakeholders, input from Board constituencies, and a committee retreat in June. This high level strategic framework will be presented to the Board for decision at its next meeting.

157. The Board Chair then introduced Head of Strategy and Policy Harley Feldbaum to present the strategy development process and timeline, who drew the Board's attention to key issues which have emerged in the process, including those raised during the pre-Board briefings and during earlier discussions during the Board Meeting. He also reminded the Board Members that the timelines for the strategy development and the 5th Replenishment were running in parallel with both scheduled for completion in the summer of 2016, meaning that the strategy had two clear purposes: increasing the effectiveness of the Global Fund in driving increased impact, and generating more excitement about Global Fund achievements in support of the Replenishment. He then closed his presentation by informing the Board that the Secretariat planned to bring the high-level framework with goals and targets to the Board in November 2015, with the final strategy being recommended for Board approval at the Board Meeting in the spring of 2016.

158. Following his remarks, the Head of the Office of Board Affairs, Carole Presern, described to the Board the planned consultation process being put in place to gather input on the new Global Fund Strategy, particularly the Partnership Forums and a series of e-forums. She stressed that there would be multiple opportunities for stakeholders to engage and provide input, and Board members were asked to reach out to their networks to ensure optimal engagement and a truly inclusive process. Both the strategy development timeline and the planned Partnership Forums consultation process are described in detail in Document GF/33/13 – Revision 17 which was shared with the Board in advance of the Meeting.

⁷ Update on Strategy Development and Partnership Fora

159. **Board discussion.** The Board Chair then opened the floor for further discussion.

160. Strategy Development. Constituencies appreciated the progress made on strategy development, highlighting the need for a timely review of strategic interaction with key partners to align with targets linked to the SDGs going forward. This would allow for increased coordination and communication with partners at the country level and at the global level to increase joint commitment and ensure maximum investment and impact towards ending the three diseases. The importance of developing an effective strategy was also noted in relation to ensuring a successful replenishment campaign and sufficient funding to allow for sufficient scale-up in the fight against the three diseases.

161. Some delegates noted that one of the main objectives of the strategy should be ending the epidemics while maximizing health impact and maintaining focus on poor countries with the highest disease burden, while recognizing the need to invest in high impact locations and key affected populations. The tension between the goals of saving lives and ending epidemics was also noted, although some delegates felt that as both of these were high priority the Global Fund should strive to achieve both goals.

162. One constituency commented that the next strategy would need to take into account the more holistic approach of the SDGs and the implications that this could have for the Global Fund's role, in particular around health systems strengthening and RMNCH. Further development of the partnership approach and giving priority to human rights, gender and equity issues were noted as key, as was health financing and the need to increase engagement with national financing systems. It was also noted that the strategy would need to define the role and engagement of the Global Fund in middle-income countries including opportunities for market shaping and innovation such as the Equitable Access Initiative. It was proposed that a review of the Global Fund's business model, including the multiple structures and processes that comprise the grant making process, could also be helpful in the development of the next strategy. During the discussion, reference was made to the session the previous day on Key Performance Indicators (KPIs) and several constituencies agreed that KPIs should be developed in tandem with the strategy, taking into account the Global Fund's objectives for the next strategic period, rather than being defined after the objectives had been agreed, as was the case previously.

163. There was some concern expressed by some Board Members on the level of consultation around initiatives such as the Working Group on the Development Continuum and the Equitable Access Initiative. It was also agreed that the consultation process for the development of the strategy going forward should be more transparent and inclusive, ensuring that all constituencies had the opportunity to provide input to all aspects of the strategy development process. To that end a proposal was put forward by several constituencies to convene a Board Retreat focusing on strategy development before the next Board meeting in November 2015.

164. Human Rights, Key Populations and Gender. Constituencies asserted that as a core Global Fund principle and a strategic priority, human rights would need to be highlighted in the new strategy, and that measurable, meaningful and clear performance indicators would be needed to track progress at the country level, at the secretariat level, and with technical partners. The Partnership Forums was seen as an opportunity to gather wider input on how best to measure impact in terms of human rights, at the country level, the Secretariat level, and amongst partner agencies. Requests were also made for greater emphasis in the strategic framework on issues of gender equity in order to achieve credible outcomes for adolescent girls and women, as well as contributing to improving access to services.

165. Health systems strengthening. The Board agreed that the new Global Fund Strategy would need to better define the role of the Global Fund in health systems strengthening, and this could be based on an analysis of the effect of Global Fund investments on health systems in countries, such as improved

supply chain management, increased lab capacity, and health worker training. It was noted that effective investment in health systems would require an integrated approach to service delivery as well as improved harmonization with other sources of funding, while interventions to strengthen community systems also had a role to play in strengthening health systems.

166. Ensuring sustainable impact. Many constituencies supported a strong emphasis on ensuring programmatic and financial sustainability, stressing the need to encourage increased domestic resources in the three diseases while avoiding any adverse impact on domestic resource allocations for national health priorities. This would require strengthening and broadening partnerships and implementing a flexible and differentiated approach to working in the different country contexts, including potentially moving from a strictly country-based and sub-national approach to include more regional perspectives and approaches, in particular in countries with challenging operating environments.

167. Partnership Forums and online consultations. A number of constituencies raised concerns about holding the first Partnership Forum in Ethiopia, given the restrictive policies in place for key populations, and the potential ramifications for the safety and security of participants. It was felt that Global Fund principles were not being upheld, and the Board was reminded of the issues surrounding other international meetings in Addis Ababa. The Secretariat was requested to provide a list of countries where the Board can hold meetings, taking into account HIV travel restrictions and the Sexual Orientation and Gender Identities (“SOGI”) strategy adopted at the 19th Board Meeting⁸, as well as a policy governing processes and measures required should a meeting be considered in a venue that contradicts principles contained in the SOGI strategy.

168. Questions were also raised by several constituencies around the participant selection process for the Partnership Forums, as well as the proposal to combine participation from the Latin America and the Caribbean constituency and the Eastern Europe and Central Asia constituency in the 3rd Partnership Forum in South America, although the commonalities around transition, sustainability and concentrated epidemics in these regions were recognized.

169. **Secretariat and SIIC response.** The Head of Strategy and Policy responded by thanking the Board Members for the considerable amount of helpful input during the discussion, in particular related to gender, human rights, key populations, and health and community systems strengthening. He noted the concerns from the Board around sustainability and a differentiated approach, as well as the need to engage with middle income countries post-transition and comments related to innovation, and collaboration on data quality and management.

170. He then informed the Board that this would be an iterative process going forward, using Board input and consultations at the first Partnership Forum to develop a revised and more focused strategic framework and prioritized goals. This would be brought to the SIIC at its June 2015 meeting, after which further stakeholder input would be sought through the two remaining Partnership Forums and the on-line discussion forums in June and September. A final well-prioritized, clean, specific, and measurable framework would then be presented to the October SIIC and the November Board Meetings. In closing, Dr Feldman stressed the continued importance of Board engagement in the strategy development process, noting this as key to achieving an effective and successful 2017-2021 Global Fund Strategy.

171. The Head of the Office of Board Affairs, Carole Presern, clarified that the consultative process for the Partnership Forums would continue to strive for broad inclusivity, continuous engagement and transparency, including efforts to enable participation in multiple languages. She also reiterated that there would be numerous other opportunities for input and discussion, regular updates on progress,

⁸ GF/B19/04 Attachment 3: The Global Fund Strategy in Relation to Sexual Orientation and Gender Identities (SOGI)

and feedback loops throughout the process in the coming months. In response to the comments around the location of the first Partnership Forum in Addis Ababa, Dr Presern recognized the concerns expressed, but reminded the Board that this could also provide opportunities for advocacy at the highest level. She also agreed that the safety and security of participants was paramount and this had been considered throughout the process, and had included outreach by the Secretariat to the networks of affected communities in the region.

172. The SIIC Chair then informed the Board that the location of the first Partnership Forum in Addis Ababa had been a decision agreed by all SIIC members. In addition, the Secretariat had sent a formal communication to the Government of Ethiopia to request access and full participation at the meeting by all members of the Global Fund family, to which an affirmative response was received.

Agenda item 15: Ethics Official 2014 Annual Report

173. In an agenda item chaired by the Vice-Chair of the Board, the AEC Chair introduced the Ethics Official 2014 Annual Report, the second such report issued to the Board by the Ethics Official. Mr. Joscelyne commented in particular on increasing attention to ethics matters at the Global Fund, and expressed support for Gulen Newton in her role as Ethics Official, and noted the key role of the AEC in overseeing ethics matters.

174. Ms. Newton presented the Ethics Official 2014 Annual Report to the Board, (document GF/B33/14), focusing her comments on three key messages. Firstly, the increased focus on better integrating ethics-related principles into Global Fund operations and into the governance structure, particularly through the Ethics and Integrity Initiative, which is helping to build momentum towards full integration of best practice management of ethics matters. Secondly, she highlighted the forthcoming policy developments, which will enhance awareness of the need to identify, address and manage ethics-related issues, and provide clear articulation of tangible expectations. Third, looking to the future, Ms. Newton noted that the effective implementation of the Ethics and Integrity Framework will require the support of stakeholders across the Global Fund landscape. In addition, Ms. Newton provided a detailed update to the Board on the volume and nature of ethics-related matters addressed by the Ethics Official in 2014, including insights into the general trends witnessed, and observations on conflict of interest matters in relation to LFAs.

175. **Board discussion.** In a brief discussion, constituencies thanked the Ethics Official and her team for their work and commitment. A number of constituencies expressed concern regarding the volume of conflict of interest matters the Secretariat addressed relating to LFAs, and urged the Secretariat to take appropriate measures, in the context of the Ethics and Integrity Framework, to continue to mitigate and manage such conflicts.

Agenda item 16: Ethics and Integrity Initiative

176. The Vice-Chair of the Board introduced the agenda item, recalling the initiative launched in early 2014 to enhance ethics-related policy and practice across the Global Fund landscape, and the progress made to date. Amb. Guigaz further emphasized her strong personal commitment to the initiative.

177. Wendy Harrison, independent member of the AEC specializing in ethics matters, made introductory remarks. Drawing on extensive experience in the private sector, combined with three years' service to the AEC, Mrs. Harrison provided the Board with insights and guidance as to the purpose, functioning and route to success for the Global Fund's ethics function. She advised the Board that an ethics function for the Global Fund must be designed to serve the needs of the organization, with the ultimate goal of improving the ability of the Global Fund to succeed in its mission. Specifically, Mrs.

Harrison emphasized that a successful ethics function should not create a bureaucracy, nor a shadow policing organization, but must focus on strengthening operations, improving processes and controls, and providing a holistic risk management approach that will support the organization to meet its strategic objectives.

178. Mrs. Harrison underlined need for healthy and resilient ethics-related policy and procedural foundations, enabling efficient and constructive resolution of ethics matters, thus enabling the Global Fund to focus on its mission of fighting the three diseases. Moreover, she underlined the links to both donor trust, and implementer trust, noting the value of a firm ethical foundation in ensuring the dedication of both funds and energy to the core mission.

179. Finally, recognizing some contention around the location of the proposed Ethics Officer, Mrs. Harrison advised the Board that the optimal location of any ethics function required attention to the appropriate balance between engagement and independence. She commented that the ethics function should be closely linked to core operations, should have a means to report independently to the Board or a committee on specific matters, and should work in partnership with the OIG and other existing internal functions to ensure alignment of processes, share information, and enable ethics and integrity policies and procedures to inform, and be embedded in, operations and controls across the Global Fund.

180. The AEC Vice-Chair and Chair of the Ethics Steering Committee, Claude Rubinowicz, presented the Code of Ethical Conduct for Governance Officials (the “Code of Ethical Conduct”), and the Terms of Reference (“TOR”) of the Ethics Officer as detailed in document GF/B33/15 – Revision 2. Mr. Rubinowicz recalled the broad consultation process undertaken to develop the proposals, and clarified that the documents were intended to be flexible, designed to suit the needs of the organization at this point in time, with the potential for reevaluation and revision as the needs of the organization develop. The Code of Ethical Conduct as presented incorporated friendly amendments received from the Developing Country NGO constituency. Finally, he presented the division of responsibility and decision making and referral processes between the Ethics Officer, the Executive Director, the OIG and the committee responsible for ethics matters.

181. Mr. Rubinowicz drew the Board’s attention to the two revised decision points, the first to approve the location and reporting arrangements for the Ethics Officer, and the second to approve the Code of Ethical Conduct, and to agree in principle to the TOR for the Ethics Officer. The latter would be subject to further refinement through broad consultation, for resubmission to the Board for approval in June 2015. In addition, Mr. Rubinowicz advised of a further friendly amendment to the reporting arrangements for the Ethics Officer.

182. **Board discussion.** Constituencies expressed support for the increased focus on ethics, agreeing that the ethics function of the organization is critical to its success, and recognizing that the Global Fund is taking an innovative approach in developing an ethics framework which spans the Global Fund landscape, including governance officials. They appreciated the iterative nature of the proposal presented, while calling for acceleration of progress. Several constituencies confirmed that the updates and revisions made during the course of the Board meeting reflected their inputs; others noted that their concerns had not yet been adequately addressed.

183. Code of Ethical Conduct. Constituencies expressed qualified support for the proposal in order to move this critical issue forward, with the proviso that the Code of Ethical Conduct must remain a ‘living’ document that will be revisited and revised as necessary.

184. Ethics Officer Reporting Line and Decision Making. Concern was expressed in relation to the reporting line of the Ethics Officer. The Private Foundations constituency firmly communicated the need for an Ethics Officer to report to the Executive Director on operational matters, observing the distinction between a formal reporting line, and the advisory role currently stated in the TOR. Moreover,

the constituency expressed a view that the Board should not assume the role of line manager, stating for the record that while the constituency supported the initiative and its principles, careful attention needed to be paid to appropriate differentiation of roles and responsibilities including at the governance level.

185. A number of constituencies also requested confirmation that with regard to complex ethical issues concerning operations of the organization, the Executive Director would have ultimate decision-making authority. In addition, several constituencies questioned the meaning of having the Ethics Officer reporting to the OIG ‘for administrative purposes’, with edits made to the language of the decision point during the discussion, for increased clarity. The Board was reassured that the new Board Leadership would guide a process to further clarify the reporting lines and responsibilities set forth in the TOR, to be resubmitted for Board decision in June 2015.

186. Ethics Officer TOR. One constituency questioned the capacity of one individual to undertake the full scope of tasks outlined in the TOR.

187. Next Steps and Budget. One constituency called for a roadmap for the Ethics and Integrity Initiative, defining the next steps for the project. Another constituency asserted that the ethics function needed to be adequately resourced in order to fully operationalize and embed ethics and integrity into all levels of governance and operations, and to deliver the planned training. The constituency requested a budget reflecting the costs involved in creating the ethics function.

188. **OIG response**. The Vice-Chair called on the Inspector General to comment. Mr. Diagne began by reemphasizing the critical importance of OIG independence, and the OIG’s role in providing assurance on governance matters. This independence, and the ability to review the ethics function, could be compromised if the OIG were to be integrally involved in the design and implementation of the ethics function. Mr. Diagne advised that the most appropriate approach would be to apply a ‘three lines of defense’ model, with the ethics function embedded in day-to-day operations, and the OIG providing third-line assurance. However, in the interest of moving forward on the recruitment and appointment of an Ethics Officer, and knowing that the role of the Ethics Officer vis-à-vis the OIG Charter would be clarified in the TOR to be presented to the Board in June, he confirmed his agreement that the OIG could support the refinement of the TOR, and serve as administrative host for the position.

189. **AEC response**. Wendy Harrison acknowledged the difficulty in moving forward with a proposal that is not fully finalized, while noting the importance of allowing the incoming Ethics Officer to contribute to the design of the ethics function and the refinement of the policy framework. The Chair of the AEC thanked the Inspector General for his generous support to the initiative, while underlining the need to ensure OIG independence is not compromised.

190. The Chair of the Ethics Steering Committee reassured the Board that the Executive Director would hold full decision making authority for ethics-related matters pertaining to Global Fund operations, noting that the Ethics Officer may bring complex matters to the committee responsible for ethics for guidance, in order to effectively advise the Executive Director.

191. With respect to budgetary implications, Mr. Rubinowicz expressed a view that the long-term headcount for the ethics function would remain very limited, drawing on and collaborating with resources from across the Global Fund. Costs for 2016 will be discussed with the FOPC, and included in the 2016 operating expenses budget, for Board approval in November 2015.

192. **Decisions**. The first decision to approve the location and reporting arrangements for the Ethics Officer was approved. Private Foundations dissented. (Decision Point GF/B33/DP09)

193. The second decision to approve the Ethics and Integrity Second Stage Policy Proposals, including the Code of Ethical Conduct for Governance Officials, was approved unanimously. (Decision Point GF/B33/DP10).

Agenda item 17: Update on Resource Mobilization and the Fifth Replenishment Campaign

194. The next session was chaired by the Chair of the Board. Jason Lawrence, Vice-Chair of the FOPC, introduced the agenda item on the Secretariat's efforts to raise additional resources for Global Fund programs and the upcoming activities in preparation for the Fifth Replenishment. Mr. Lawrence reported to the Board that since the initial allocation⁹ was announced to countries in March 2014 an additional USD 42 million and USD 130 million has been pledged by private sector donors and public donors, respectively. Furthermore the Vice-Chair of the FOPC informed the Board that interest and mechanisms to secure investments among private companies and High Net-Worth Individuals ("HNWIS") to fund items in the UQD register was discussed at the last FOPC meeting held in March 2015. Mr. Lawrence stressed that domestic financing along with all donors – traditional, private sector and emerging powers – will be key players in the next replenishment strategy.

195. The Head of External Relations, Christoph Benn, began his remarks by thanking the FOPC for its active engagement, support and guidance in relation to resource mobilization activities conducted by the External Relations Division at the Secretariat. He then provided an update on the achievements and plans around resource mobilization work as laid out in Document GF/B33/16. Specifically, Mr. Benn provided a brief overview of the regions where the Global Fund is in discussions with HNWIs to find investment opportunities, mainly in their respective countries of origin.

196. Updating the Board on the upcoming activities in preparation for the Fifth Replenishment of the Global Fund, the Head of External Relations commented on the emerging themes and overarching message of the replenishment campaign. Upcoming replenishment milestones include:

- a) A high-level event in the margins of the United Nations summit for the adoption of the post-2015 development agenda in New York City in September 2015;
- b) Preparatory meeting for the Fifth Replenishment hosted by the Government of Japan in Tokyo on 17 December 2015; and
- c) Replenishment Launch Event in Q2/3 2016 (TBC)

197. **Board Discussion.** The Chair of the Board thanked the Vice-Chair of the FOPC and Mr. Benn for their presentation and opened the floor for discussion noting that this topic was for information. The Board showed appreciation for the additional resources pledged for the current replenishment period since the announcement of the initial allocation, and thanked the government of Japan for hosting the preparatory meeting for the Fifth Replenishment of the Global Fund.

198. Domestic financing. Several constituencies emphasized the importance of domestic financing in view to complement Global Fund funding and to ensure synergies and sustainability of national health programs. Additional information on the domestic financing strategy was requested to be provided at the next Board meeting.

199. Innovation. Constituencies reminded the benefits of Debt-to-Health programs and requested additional insights about the Secretariat's identification of procurement and supply chain management and financial risk management as the key platforms to meet health challenges. The importance of exploring innovative approaches to resource mobilization was emphasized, particularly in relation to

⁹ GF/BM31/DP08

emerging economies and upper-middle countries as a fruitful avenue for increasing contributions to Global Fund programs.

200. Maternal and child health. The Communities constituency highlighted the significant attention to gender and child-related issues during Board deliberations and urged the Global Fund to consider linking the resource mobilization strategy to reproductive, maternal, newborn and child health. It was further requested to explore the inclusion of The Partnership for Maternal, Newborn and Child Health (PMNCH) within the Partners constituency, in view of the potential benefits in relation to greater impact of Global Fund programs as well as resource mobilization efforts.

201. HNWIs. One constituency underscored the substantial potential of contributions from HNWIs willing to support Global Fund programs in their countries of origin, and requested additional information about difficulties to secure and put these resources to work. Another constituency advised against having different categories of donors, sources of funding (i.e., public and private), and binding rules which vary by category.

202. Replenishment Strategy. The Board thanked the Secretariat for sharing the emerging replenishment themes and asked for further elaboration of these. Several Board Members referred to the replenishment messages requesting to ensure they reflect the new Global Fund Strategy as well as the Sustainable Development Goals, which will have come into force by the time of the Fifth Replenishment Conference. Most importantly, such key messages should convey the impact of Global Fund investments on the ground. Moreover, scale up and acceleration of progress achieved thus far are paramount to the goal of ending the three epidemics.

203. A constituency urged the Secretariat to make use of the UQD register to raise awareness around domestic financing as well as to assess overall unmet needs. Final commentary focused on linkages between current levels of disbursements to countries and the exercise to assess needs for the next replenishment; creation of opportunities to involve key populations in the development of the next replenishment strategy; and government policy decisions as additional and valuable resources in view to implement and share responsibility for health interventions.

204. **Secretariat response**. Addressing questions in relation to domestic financing, Mr. Benn informed the Board that recent conversations between the Secretariat and Ministers of Finance in countries benefiting from Global Fund programs touched on the UQD register. Moreover, country discussions are not restricted to Global Fund programs as the ultimate goal is to increase overall domestic investments in health. Referring to HNWIs, Mr. Benn noted that one of the most attractive features of the Global Fund is its accountability and assurances provided through systems already put in place. The Secretariat will further explore and present in upcoming FOPC meeting options to facilitate contributions from HNWIs in line with Global Fund core processes, systems and values. Mr. Benn acknowledged and confirmed that political support and government policies are essential to sustainable health financing, and as such, non-financial contributions are also being considered in the context of the resource mobilization strategy. Turning to specific messages of the replenishment strategy, Mr. Benn reassured constituencies that while the replenishment conference will take place ahead of the Board adoption of the next five year strategy, the replenishment messages are being developed in parallel and will be refined over time fully in harmony with the strategy development process.

205. Before closing the session, the Executive Director informed the Board that the Secretariat has reached out to the Partnership for Maternal and Newborn and Child Health (“PMNCH”), and requested the Partners constituency to explore how PMNCH might participate or be represented on the Global Fund Board through this constituency. He also explained that the decision to focus the activities of the Innovation Hub at the Secretariat on financial management and procurement and supply chain management was based on the direction from consultations with implementers, potential private sector

partners and the Board as well as from reports from the Office of the Inspector General, that the Global Fund should target these specific health system weaknesses.

Agenda item 18: Closing

206. In closing the meeting, Board Chair Dr Mboi remarked on the significance of the moment – for the life of the Global Fund, and for her personally – as she and the Board Vice-Chair would be stepping down and handing over to a new Board Leadership after this meeting.

207. Looking forward she remarked on the issues to be discussed at the next Board meeting in November 2015, including continued planning for the new Global Fund Strategy 2017-2021; recommendations from the Transitional Governance Committee on an enhanced governance structure for the organization; the Corporate KPI targets for 2016 and the operating expenses budget for the next fiscal year; and the annual reports providing updates on risk management and on privileges and immunities.

208. She thanked the Board Members for their active participation in the Board deliberations; the Chairs and Vice-Chairs and members of the Board's Committees; the Office of Board Affairs for its tireless support; and the new Inspector General and the Executive Director and their respective teams for their perseverance and dedication. She also gave special thanks to Ambassador Anders Nordström for his many years of active service to the Global Fund.

209. Dr Mboi then presented core governance documents, including the Global Fund By Laws, and the Operating Procedures of the Board and Committee, and a gavel to the incoming Chair Norbert Hauser and Vice-Chair Aida Kurtovic, as symbols of their new responsibilities and authority.

210. **Decision:** At the end of the meeting, the Board expressed gratitude to the outgoing Chair and Vice-Chair and unanimously decided to grant them the honorary titles of Chair Emeritus and Vice-Chair Emeritus of the Board, respectively, as captured in the Decision Point (GF/B33/11).

Annex 1: Decisions Taken at the Thirty-Third Board Meeting

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
GF/B33/DP01	Appointment of Rapporteur Professor Christian Otu Onyebuchi Chukwu from the West and Central Africa constituency is designated as Rapporteur for the Thirty-Third Board Meeting.	Unanimous		
GF/B33/DP02	Approval of Agenda The agenda for the Thirty-Third Board Meeting (GF/B33/01 – Revision 2) is approved.	Unanimous		
GF/B33/DP03	Appointment of the Chair and Vice-Chair of the Board The Board appoints Norbert Hauser as Chair of the Board and Aida Kurtovic as Vice-Chair of the Board to each serve a term starting from the adjournment of the Thirty-Third Board Meeting on 1 April 2015 and until the adjournment of the first in person Board Meeting in 2017.	Unanimous		
GF/B33/DP04	Annual Financial Report 2014 The Board authorizes the issuance of, and therefore approves, the Global Fund’s Annual Financial Report 2014, which includes the 2014 Consolidated Financial Statements that have been audited by Ernst & Young SA, as set forth in Annex 1 to GF/B33/03 – Revision 1.	Unanimous		
GF/B33/DP05	2014 Statutory Financial Statements The Board authorizes the issuance of, and therefore approves, the Global Fund’s 2014 Statutory Financial Statements, which have been audited by Ernst & Young SA, as set forth in Annex 2 to GF/B33/03 – Revision 1.	Unanimous		
GF/B33/DP06	Appointment of External Auditor The Board appoints Ernst & Young SA as the Global Fund’s external auditor for the 2015 fiscal year.	Unanimous		
GF/B33/DP07	Remaining Targets for the 2014 - 2016 Corporate Key Performance Indicator Framework 1. The Board: a. Notes additional analysis was required to finalize the performance targets for the updated 2014 – 2016 Global Fund Corporate Key Performance Indicator Framework (the “KPI Framework”) that was approved in November 2014 (GF/B32/DP10); and	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<ul style="list-style-type: none"> b. Acknowledges the Secretariat's presentation of 2014 performance assessments and updates, as well as updated performance targets, for the KPI Framework, as set forth in GF/B33/04B. 2. Accordingly, the Board approves the updated performance targets for Key Performance Indicators 6, 12 and 16, as presented in GF/B33/04B. 			
GF/B33/DP08	<p>Policy on Co-infections and Co-morbidities</p> <ul style="list-style-type: none"> 1. The Board acknowledges its approval of an interim measure for the financing of Hepatitis C virus treatment until the approval of a broader policy on co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria (GF/B32/DP07). 2. Based on the recommendations of the Strategy, Investment and Impact Committee, the Board approves the framework for financing co-infections and co-morbidities of HIV/AIDS, tuberculosis and malaria, as set forth in GF/B33/11. 3. Accordingly, the Board notes this decision point supersedes GF/B32/DP07. 	Unanimous		
GF/B33/DP09	<p>Ethics and Integrity: Reporting and Location Arrangements for the Ethics Officer</p> <ul style="list-style-type: none"> 1. The Board approves a reporting arrangement for the Ethics Officer as follows: <ul style="list-style-type: none"> a. The Ethics Officer will report on its activities directly to the Board through the Committee responsible for ethics matters (the "Committee"). b. The Ethics Officer will provide regular advice and support: <ul style="list-style-type: none"> i. To the Executive Director on ethical matters pertaining to the Secretariat's activities, including issues related to grant recipients, CCMs, third-party providers (e.g., LFAs and suppliers) and staff. Based on the Ethics Officer's advice, the Executive Director will determine and implement appropriate remedial actions. ii. To the Committee on all other ethical matters not included in paragraph 1(b)(i) above. Based on the Ethics Officer's advice, the Committee will determine appropriate remedial actions. c. The Ethics Officer will be located within the Office of the Inspector General for administrative purposes only. 	Canada Switzerland Australia, European Commission, France, Germany, Japan, Point 7, Private Sector, UK, USA, Communities, Developed NGOs, Developing NGOs, EECA, EMR, ESA, LAC, SEA, WCA, WPR	Private Foundations	

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
GF/B33/DP10	<p>Ethics and Integrity: Second Stage Policy Proposals</p> <ol style="list-style-type: none"> 1. The Board acknowledges the Audit and Ethics Committee’s second stage policy proposals as set forth in document GF/B33/15 – Revision 2. 2. Accordingly, the Board: <ol style="list-style-type: none"> a. Approves the Code of Ethical Conduct for Governance Officials contained in Annex A to GF/B33/15 – Revision 2; and b. Notes that the Code of Ethical Conduct for Governance Officials will be reviewed following appointment of the Ethics Officer. This review will be conducted by the Board Leadership in collaboration with the Committee responsible for ethics matters (the “Committee”). The findings of the review will be presented to the Board for discussion and potential revisions to the Code of Ethical Conduct as applicable. 3. In addition, the Board: <ol style="list-style-type: none"> a. Notes the Board’s decision to approve the reporting arrangements for the Ethics Officer described in GF/B33/DP09; b. Endorses, in principle, the Terms of Reference of the Ethics Officer contained in Annex B to GF/B33/15 – Revision 2; and c. Requests that the Terms of Reference of the Ethics Officer be further developed by the Board Leadership in collaboration with the Committee, with the support of the Office of the Inspector General, through a comprehensive consultation process and submitted to the Board through the Committee for approval by June 2015. 4. Following approval by the Board of the Terms of Reference of the Ethics Officer in June 2015, the recruitment process will be launched. 	Unanimous		
GF/B33/DP11	<p>Appreciation of Outgoing Chair and Vice-Chair of the Board</p> <ol style="list-style-type: none"> 1. The Board expresses its deep appreciation to Dr Nafsiah Mboi for her leadership as Chair of the Board. She has served the Global Fund with a high degree of personal commitment and passion. During her tenure, Ibu Naf has presided over significant deliberations and decisions that will continue to shape the future of the Global Fund. 2. The Board also expresses sincere gratitude to Ambassador Mireille Guigaz for her leadership as Vice-Chair of the Board. She has served the Global Fund with dedication and 	Unanimous		

Decision Point number	Decision Point text	Voting summary		
		For	Against	Abstain
	<p>distinction. During her tenure, Mireille has been an active driver of discussions and initiatives that will have a lasting impact on the Global Fund.</p> <p>3. Their stewardship of the Board through the launch of a new funding model, an ethics and integrity initiative, and the approval of a governance plan for impact have pointed the Global Fund towards continued success and efficiency in achieving its mission.</p> <p>4. The Board wishes Ibu Naf and Mireille every success in their future endeavors and bestows upon them the honorary titles of Chair Emeritus and Vice-Chair Emeritus of the Board, respectively.</p>			

Annex 2: Thirty-Third Board Meeting Documents List¹⁰

GF/B33/01 Revision 2	Thirty-Third Board Meeting Agenda
GF/B33/02	Financial Situation of the Global Fund : 2014 Actuals
GF/B33/03	Global Fund Annual Financial Report 2014 and 2014 Audited Consolidated Financial Statements
GF/B33/04/Part A and B	Global Fund Corporate Key Performance Indicators: 2015 Performance Targets
GF/B33/05	Risk Management Report
GF/B33/06	Office of the Inspector General 2014 Annual Report
GF/B33/07	Office of the Inspector Annual Opinion on Governance, Risk Management and Internal Controls of the Global Fund
GF/B33/08	Office of the Inspector General Status Update on Agreed Management Actions
GF/B33/09	Update on Community, Rights and Gender Matters
GF/B33/10	Update from the Technical Review Panel
GF/B33/11	Global Fund Support for Co-infections and Co-morbidities
GF/B33/13 Revision 2	Update on Strategy Development and Partnership Forums
GF/B33/14	Ethics Official 2014 Annual Report
GF/B33/15 – Revision 2 (Plus Annexes A, B, C)	Ethics and Integrity Initiative
GF/B33/16	Update on 5th Replenishment Campaign
GF/B33/17	Audit and Ethics Committee Report to the Board
GF/B33/18	Finance and Operational Performance Committee Report to the Board
GF/B33/19	Strategy, Investment and Impact Committee Report to the Board
GF/B33/20	Transitional Governance Committee Report to the Board
GF/B33/21	Recoveries Report
GF/B33/22	Report of Board Decisions taken in between in-person sessions of the Board
GF/B33/23	Appointment of the External Auditor
n/a	Report of the Development Continuum Working Group

¹⁰ Paper number GF/BM33/12 was dropped from the official list of Board documents sent ahead of meeting.

Annex 3: Glossary of Acronyms

A list of commonly-used Global Fund acronyms is available at the following link:
http://www.theglobalfund.org/documents/core/guides/Core_GovernanceHandbookVocabulary_List_en/

AEC Audit and Ethics Committee

AMAs agreed management actions

CCM Country Coordinating Mechanism

CFO Chief Financial Officer

CGR Community, Rights and Gender

COIM Co-infections and Co-morbidities

CRO Chief Risk Officer

CSS community systems strengthening

D2H Debt2Health

ESC Ethics Steering Committee

EY

FOPC Finance and Operational Performance Committee

FPM Fund Portfolio Manager

HNWI

HSS health systems strengthening

KPI key performance indicator

LFA Local Fund Agent

LLIN long-lasting insecticidal nets

MDGs Millennium Development Goals

MDR-TB multidrug-resistant tuberculosis

MTP mid-term plan

NFM new funding model

NGO nongovernmental organization

OIG Office of the Inspector General

OPEX operating expenses

PEPFAR President's Emergency Plan for AIDS Relief (USA)

PR Principal Recipient

RMNCH reproductive, maternal, newborn and child health

SIIC Strategy, Investment and Impact Committee

TERG Technical Evaluation Reference Group

TGC Transitional Governance Committee

TRP Technical Review Panel

UNAIDS Joint United Nations Programme on HIV/AIDS

UQD unfunded quality demand

WHO World Health Organization