

# **Annex to the Report of the Coordinating Group 46<sup>th</sup> Board Meeting**

GF/B46/12

8-10 November 2021, *Virtual*

## **Board Information**

Purpose of the paper: Annex to GF/B46/12, providing overview of decisions taken by the three committees between the 45th and 46th Board Meetings.

## Annex to GF/B46/12

### Committee Decisions adopted between the 45th and 46th Board meetings (12 May 2021 – 8 November 2021)

<b>Decision Points approved by the Audit and Finance Committee between the 45th and 46th Board Meetings</b>	
<b>DP Ref. No.</b>	<b>Title</b>
<b>16th AFC Meeting, 7-8 July 2021</b>	
GF/AFC16/DP01	2021 External Audit Plan
<b>17th AFC Meeting, 7-8 October 2021</b>	
GF/AFC17/DP01	Approval of the 2021 Interim Financial Report
GF/AFC17/DP02	Amended Risk Appetite Statements
GF/AFC17/DP03	Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2020-2022 Allocation Period
GF/AFC17/DP04	Approval of the OIG's 2022 Work Plan, Budget and Key Performance Indicators
GF/AFC17/DP05	Recommendation on the 2022 Work Plan and Budget Narrative and the 2022 Operating Expenses Budget

#### **16th Audit and Finance Committee Meeting Decision Points**

##### **Points**

##### **GF/AFC16/DP01: Approval of 2021 External Audit Plan**

Based on its review and discussion, the Audit and Finance Committee approves the External Audit Plan for the year ending 31 December 2021 set forth in GF/AFC16/04.

#### **17th Audit and Finance Committee Meeting Decision Points**

##### **Points**

##### **GF/AFC17/DP01: Approval of the 2021 Interim Financial Report**

The Audit and Finance Committee authorizes the issuance of, and therefore approves, the Global Fund's 2021 Interim Financial Report, which includes the Interim Condensed Financial Statements as at and for the period ended 30 June 2021 that have been reviewed by KPMG SA, as set forth in Annex 1 to GF/AFC17/05.

Budgetary implications (included in OPEX budget).

## **GF/AFC17/DP02: Amended Risk Appetite Statements**

### 1. The Audit and Finance Committee (AFC):

- a. acknowledges the disruption caused by the pandemic and the increase in inherent levels of risk, which require adjustments to Risk Appetite Statements in order to facilitate risk management, maintain the level of ambition and achieve programmatic objectives;
- b. notes the Strategy Committee's concurrence with the amended Risk Appetite Statements for risks under such committee's oversight, as set forth in Annex 1 to GF/SC17/14\_Rev2;
- c. recognizes the Strategy Committee's request that the Board receive greater reporting on emerging risk trends and the effectiveness and results of the assurance measures, including the additional assurances put in place; and
- d. concurs with the amended Risk Appetite Statements for risks under its oversight, as set forth in Annex 1 to GF/AFC17/02\_Rev2.

2. Accordingly, the AFC recommends the following decision point to the Board for approval at its Forty-Sixth meeting in November 2021:

### ***Board Decision Point: GF/B46/DP05: Amended Risk Appetite Statements***

#### 1. The Board:

- a. recalls its ultimate responsibility to the Global Fund's stakeholders for overseeing the implementation of effective risk management;
  - b. affirms the Strategy Committee's concurrence with the amended Risk Appetite Statements under such committee's oversight, as set forth in Annex 1 to GF/SC17/14\_Rev2 and pursuant to decision point GF/SC17/DP02;
  - c. further affirms the Audit and Finance Committee's concurrence with the amended Risk Appetite Statements under such committee's oversight, as set forth in Annex 1 to GF/AFC17/02\_Rev2 and pursuant to decision point GF/AFC17/DP02; and
  - d. instructs the Secretariat to provide greater reporting on emerging risk trends and the effectiveness and results of the assurance measures, including the additional assurances put in place.
2. Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statements, including risk appetites, target risk levels and timeframes to achieve target risk, as set forth in Annex 1 to GF/B46/06, acknowledging that the target risk level for each risk shall become the revised risk appetite at the target due date.
3. This decision point and the amended Risk Appetite Statements approved by it shall supersede decision point GF/B39/DP11 (May 2018).

Budgetary implications (included in OPEX budget).

**GF/AFC17/DP03: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2020-2022 Allocation Period**

Based on its review and discussion of the Secretariat's analysis of sources and uses of funds, as presented in GF/AFC17/07 – Part A, the Audit and Finance Committee, in accordance with its delegated authority from the Board under the Comprehensive Funding Policy, approves US\$ 100 million as available sources of funds for financing prioritized and costed areas of need on the register of unfunded quality demand for the 2020-2022 allocation period, according to the prioritization process adopted by the Strategy Committee pursuant to decision point GF/SC04/DP02 and as presented in Annex 1 to GF/SC04/04 – Revision 2.

Budgetary implications (included in OPEX budget).

**GF/AFC17/DP04: Approval of the OIG's 2022 Work Plan, Budget and Key Performance Indicators**

The Audit and Finance Committee (the "AFC"):

- a. approves the 2022 work plan of the OIG set forth in Section V of GF/AFC17/09;
- b. approves the inclusion of the OIG's 2022 operating expenses budget, in the amount of US\$14.9 million, in the 2022 Operating Expenses Budget of the Global Fund (the "2022 OPEX Budget") to be recommended by the AFC to the Board for approval at the forty-sixth Board meeting in November 2021;
- c. approves the 2022 Key Performance Indicators for the OIG set forth in Annex 2 of GF/AFC17/09.

**GF/AFC17/DP05: Recommendation on the 2022 Work Plan and Budget Narrative and the 2022 Operating Expenses Budget**

1. The Audit and Finance Committee (the "AFC"):

- a. Notes the decision by the Board to increase the forecasted aggregate operating expenses available for the 2020-2022 allocation period by US\$ 30 million, such that the amount made available for operating expenses for the 2020-2022 allocation cycle is US\$ 930 million (GF/B45/DP03);
- b. Acknowledges its review and discussion of the 2022 Work Plan and Budget Narrative, as set forth in GF/AFC17/04 – Part A, and decides to recommend it to the Board for approval at its 46th Meeting in November 2021;
- c. Decides to recommend the 2022 Operating Expenses Budget, in the amount of US\$ 322.2 million, as set forth in GF/AFC17/04 – Part B, and which includes US\$ 65.5 million for in-country and external assurance activities as described in GF/AFC17/04-Part B, to the Board for approval at its 46th Meeting in November 2021; and
- d. Notes its approval of including the Office of the Inspector General's 2022 budget, in the amount of US\$ 14.9 million, in the 2022 Operating Expenses Budget (GF/AFC17/DP04).

2. Accordingly, the AFC recommends the following decision point to the Board for approval at its 46th Meeting in November 2021:

***Decision Point: GF/B46/DP07: 2022 Work Plan and Budget Narrative and the 2022 Operating Expenses Budget***

Based on the recommendation of the Audit and Finance Committee, the Board approves the:

1. 2022 Work Plan and Budget Narrative, as set forth in GF/B46/02; and
2. 2022 Operating Expenses Budget in the amount of US\$ 322.2million, as set forth in GF/B46/02 (the “2022 OPEX Budget”), which includes (i) US\$ 65.5 million for in-country and external assurance activities, as described in GF/B46/02, and (ii) US\$ 14.9 million for the Office of the Inspector General’s 2022 operating expenses.

**Decision Points approved by the Strategy Committee  
between the 45th and 46th Board Meetings**

DP Ref. No.	Title
<b>16th SC Meeting, 5-6 July 2021</b>	
No decisions taken during SC16 Meeting	
GF/SC16/EDP01	Establishment of the Working Group on Technical Review Panel Matters
<b>17th SC Meeting, 5-6 &amp; 15 October 2021</b>	
GF/SC17/DP01	Recommendation on Strategy Narrative for the 2023-2028 Global Fund Strategy
GF/SC17/DP02	Amended Risk Appetite Statements
GF/SC17/DP03	Technical Evaluation Reference Group Annual Work Plan 2022
GF/SC17/DP04	New model for Independent Evaluation
GF/SC17/DP05	4th Exceptional Funding Request to Address the Health Crisis in Venezuela
GF/SC17/DP06	KPI Adjustments
GF/SC17/DP07	Global Disease Split for the 2023-2025 Allocation Methodology

**16th Strategy Committee Meeting Decision Points**

**Points**

**GF/SC16/EDP01: Establishment of the Working Group on Technical Review Panel Matters**

In view of supporting the Technical Review Panel (the “TRP”) in fulfilling its mandate during the 2023-2025 allocation period, the Strategy Committee (the “SC”):

1. Approves the establishment of a Working Group on TRP Matters (the “Working Group”) to, primarily, oversee the revision of the terms of reference of the TRP and the replenishment of the TRP membership pool, based on SC guidance and lessons from the 2020-2022 allocation period – noting that the Working Group can make proposals to the SC, which remains responsible for TRP oversight;
2. Approves the functions, working modalities, and delegated authority of the Working Group as set forth in GF/SC16/ER01; and
3. Requests that the Working Group present the SC with the following for approval:
  - i. at its meeting in March 2022, the revised terms of reference of the TRP; and
  - ii. at its meeting in October 2022, the proposed approach for replenishment of the TRP membership pool, including, as applicable, proposal of new candidates for TRP membership.

## 17th Strategy Committee Meeting Decision Points

### Points

#### **GF/SC17/DP01: Recommendation on Strategy Narrative for the 2023-2028 Global Fund Strategy**

1. The Strategy Committee (“SC”) recommends that the Board approve the Strategy Narrative in Annex 1 to GF/SC17/10, subject to agreed revisions recommended by the SC as recorded in the Report of the 17th Strategy Committee Meeting.
2. Therefore, the SC recommends the following decision point to the Board for approval at its 46th meeting in November 2021:

#### ***Decision Point: GF/B46/DP03: Approval of Strategy Narrative for the 2023-2028 Global Fund Strategy***

Based on the recommendation of the Strategy Committee, as presented in GF/B46/03\_rev1, the Board:

1. approves the Strategy Narrative for the 2023-2028 Global Fund Strategy in Annex 1 to GF/B46/03\_rev1 and requests that the Secretariat develop, for presentation to the Strategy Committee in March 2022 and subsequently the Board in May 2022, an approach for Strategy implementation with a focus on delivering the key changes outlined in the Strategy using all existing levers and identifying where new solutions will be required; and
2. expresses its recognition to the Standing Committees for their work in the context of the development of the Strategy and looks forward to the continuous engagement between the Board, Secretariat and the Standing Committees, in line with their respective mandates, throughout the implementation of the Strategy.

Budgetary implications: The Secretariat will work with the Audit and Finance Committee on anticipated costing and operating expenses related to the Strategy once the Final Strategy is approved.

#### **GF/SC17/DP02: Amended Risk Appetite Statements**

1. The Strategy Committee concurs with the amended Risk Appetite Statements for the risks under its oversight, as set forth in Annex 1 to GF/SC17/14\_Rev2.
2. Accordingly, the Strategy Committee:
  - i. recommends that the Audit and Finance Committee incorporate the Risk Appetite Statements endorsed through this decision point in the final Risk Appetite Statements to be recommended to the Board for approval; and
  - ii. requests that the Board receive greater reporting on emerging risk trends and the effectiveness and results of the assurance measures, including the additional assurances put in place.

Budgetary implications (included in OPEX budget).

### **GF/SC17/DP03: Technical Evaluation Reference Group Annual Work Plan 2022**

1. The Strategy Committee (the “SC”) approves the Technical Evaluation Reference Group’s (the “TERG”) Annual Work Plan 2022, as presented in GF/SC17/06\_Rev1, as part of the TERG Evaluation Plan 2017-2022.

2. Accordingly, the SC acknowledges and recommends the 2022 TERG budget of USD 1.51 million, as outlined in GF/SC17/06\_Rev1, which has been included in the Global Fund’s 2022 operating expenses budget will be submitted to the Board for approval at its November 2021 meeting, based on the recommendation of the Audit and Finance Committee.

Budgetary implications (included in OPEX budget) USD 1.51 million is included in OPEX.

### **GF/SC17/DP04: New model for Independent Evaluation**

1. The Strategy Committee:

- a. Acknowledges its review and discussion of the new model for Independent Evaluation, as set forth in GF/SC17/16\_Rev2 and decides to recommend this new model for the evaluation function of the Global Fund, which shall replace the Technical Evaluation Reference Group (“TERG”), to the Board for approval at its 46th meeting in November 2021;
- b. Recommends for approval by the Board the Terms of Reference for the Independent Evaluation Panel as set forth in Annex 3 of GF/SC17/16\_Rev2, which will constitute one structure of the independent evaluation function, previously held by the TERG;
- c. Has reviewed and overseen the development by the Secretariat of the initial Job Description for the Chief Evaluation and Learning Officer (“CELO”), as set forth in Annex 4 of GF/SC17/16\_Rev2. The CELO is heading the evaluation structure of the Secretariat which constitutes the other structure of the independent evaluation function, previously held by the TERG;

The Strategy Committee:

- d. Requests the Ethics and Governance Committee (the “EGC”) consider recommending to the Board for approval the changes to the Bylaws of the Global Fund and to the Charter of the Strategy Committee [respectively in Annexes 1 and 2 of GF/SC17/16\_Rev2] to reflect changes required for the new independent model for independent evaluation; and
- e. Subject to this EGC recommendation and to the Board approving the decision point recommended below, the Strategy Committee instructs the Secretariat to launch the recruitment process for the Chief Evaluation and Learning Officer who, for the first term, will exceptionally be jointly selected by the representative of the Strategy Committee on the TERG, the TERG leadership, and the Executive Director, and appointed in accordance with standard Global Fund human resources procedures for a non-renewable six-year term.
- f. Accordingly, the Strategy Committee recommends the following decision point to the Board for approval at its forty-sixth meeting in November 2021:

***Decision Point: GF/B46/DP06: Creation of the Independent Evaluation Panel***

The Board notes the recommendation of the Strategy Committee and of the Ethics and Governance Committee, as set forth in GF/B46/05 rev1, with respect to the new independent evaluation model which shall replace the Technical Evaluation Reference

Group ("TERG") and decides to approve the creation of the Independent Evaluation Panel, as described in GF/B46/05 rev1.

Accordingly, the Board:

1. Amends the Global Fund Bylaws, as set forth in Annex 1 of GF/B46/05 rev1, effective 31 December 2022;
2. Amends the Charter of the Strategy Committee, as set forth in Annex 2 of GF/B46/05 rev1, effective 31 December 2022;
3. Approves the Terms of Reference of the Independent Evaluation Panel ("IEP"), as set forth in Annex 3 of GF/B46/05 rev1 effective 31 December 2022, which will constitute one structure of the independent evaluation function previously held by the TERG, noting that approval of subsequent non-material modifications to this document are delegated to the Strategy Committee;
4. Requests the Secretariat, under the oversight of the relevant standing Committees, to update any policies, relevant governance documents, charters, terms of reference, agreements or prior decisions needed to align with the documents approved under paragraphs 1, 2 and 3 of this decision point and to manage the orderly transition between the Technical Evaluation Reference Group ("TERG") and the IEP;
5. Requests the Strategy Committee, in fulfilling its oversight role over the independent evaluation function, to consider the effectiveness of the guidance and procedures developed to safeguard both the independence and the learning components of the evaluation function; and
6. Decides to dissolve TERG following the transition period ending 31 December 2022 and instructs the Strategy Committee to develop and oversee transitional arrangement between the IEP and the TERG.

Budgetary implications (included in, or additional to, OPEX budget).

#### **GF/SC17/DP05: 4th Exceptional Funding Request to Address the Health Crisis in Venezuela**

1. Acknowledging the Board's approval under GF/B39/DP04 to consider potential extraordinary funding for non-eligible countries experiencing health crises, the Strategy Committee:
2. Confirms that the Secretariat's analysis of the continuing health crisis in Venezuela, as described in GF/SC17/18, which was developed in consultation with partners and civil society and submitted to the Strategy Committee in accordance with GF/B39/DP04, meets the criteria described in GF/B39/03 – Revision 1; and
3. Determines that the potential impact of the proposed new investment of US\$ 12,000,000, as described in Annex 1 of GF/SC17/18, justifies funding the investment from funds that would otherwise be available for investment in prioritized areas of unfunded quality demand in eligible countries pursuant to GF/SC04/04 – Revision 2.
4. Accordingly, the Strategy Committee recommends the following decision point to the Board for electronic approval:

***Electronic Board Decision Point: GF/B46/EDPXX Approval of Additional Funding to Address the Health Crisis in Venezuela***

The Board:

1. Expresses continuing concern about the protracted public health crisis in Venezuela, which has been further exacerbated by the COVID-19 pandemic, and continues to

adversely impact the fight against HIV, tuberculosis and malaria in Venezuela and the region;

2. Notes that while the Board exceptionally approved the eligibility of Venezuela's malaria component under GF/B41/EDP06, resulting in an allocation of US\$ 19,800,000 for the 2020-2022 allocation period, Venezuela's HIV and tuberculosis components were not eligible to receive allocations in the 2020-2022 allocation period;
3. Acknowledges the new proposal for exceptional funding in 2022 and 2023 presented by the Secretariat, and developed in consultation with partners and civil society, in accordance with the approach for potential engagement with non-eligible countries in crisis approved by the Board through GF/B39/DP04;
4. Recognizes that the emergency circumstances in Venezuela continue to require unique implementation and management arrangements, which differ substantially from the standard Global Fund funding model and applicable policies, as described in GF/B46/ERXX and Annex 1;
5. Accepts that the proposed implementation and management arrangements continue to entail unique risks, as described in GF/B46/ERXX and Annex 1, including that the Office of the Inspector General will not be able to provide the Board with assurance, whether through audit or investigation work, over the funds disbursed under the proposed funding arrangements and that civil society oversight may not be able to provide adequate assurance as envisaged in GF/B46/ERXX and Annex 1;
6. Based on the recommendation of the Strategy Committee, approves the investment and terms set forth in Annex 1, to provide an additional US\$ 12,000,000, for the years 2022 and 2023, to support the procurement of critical HIV & TB health products for Venezuela and social monitoring of the investment; and
7. Calls for continuous engagement from relevant partners, donors and other stakeholders to further support a regional response to the health crisis in Venezuela.

Budgetary implications: up to US\$ 12,000,000, funded through available sources of funds identified by the Audit and Finance Committee under GF/AFC17/DP03.

#### **GF/SC17/DP06: KPI Adjustments**

1. Based on its review and discussion of the proposals presented by the Secretariat, the Strategy Committee (the "SC") recommends that the Board approve revisions to Key Performance Indicator 6e as set forth in GF/SC17/23.
2. Accordingly, the SC recommends the following decision point to the Board for approval at its 46<sup>th</sup> Meeting in November 2021:

##### ***GF/B46/EDPXX: KPI Adjustments***

Based on the recommendation of the Strategy Committee, the Board approves the revisions to Key Performance Indicator 6e as presented in GF/B46/15.

This decision has no budgetary implications.

## **GF/SC17/DP07: Global Disease Split for the 2023-2025 Allocation Methodology**

1. Based on its review and discussion of the Secretariat's analysis and recommendations relating to the global disease split for the 2023-2025 allocation period, the Strategy Committee:

- a. Agrees that while additional resources are urgently required to address the increased share of deaths from tuberculosis, changing the global disease split may jeopardize HIV and malaria programs as well as funding for the lowest income countries;
- b. Considers that tools other than the global disease split could be effective in increasing funding for tuberculosis and notes that other opportunities to mobilize additional financing for tuberculosis by partners must be pursued, alongside efforts to maximize the impact of current funding for tuberculosis programs; and
- c. In light of the divergence of views on the appropriate approach for leveraging additional resources for tuberculosis within the Strategy Committee, concludes that the final global disease split for the 2023-2025 allocation period should be a matter decided by the Board.

2. Accordingly the Strategy Committee recommends that the Board consider the following options for the global disease split:

a. Option 1:

- i. Any available funds for country allocation up to and including US\$ 11 billion will be apportioned as follows: 50% for HIV/AIDS, 18% for tuberculosis, and 32% for malaria; and
- ii. Any additional available funds for country allocation above US\$ 11 billion will be apportioned as follows:
  - a. 45% of such funds will be apportioned to HIV/AIDS;
  - b. 25% of such funds will be apportioned to tuberculosis; and
  - c. 30% of such funds will be apportioned to malaria.

b. Option 2:

- i. Maintain the current global disease split at 50% for HIV/AIDS, 18% for tuberculosis, and 32% for malaria.

3. The Strategy Committee requests the Secretariat to present these options to the Board for consideration at its 46th meeting, with a summary of the Strategy Committee's discussions on each option.

**Decision Points approved by the Ethics and Governance Committee  
between the 45th and 46th Board Meetings**

DP Ref. No.	Title
<b>16th EGC Meeting, 8-9 July 2021</b>	
GF/EGC16/DP02	Approval of Revisions to the Guideline for Annual Performance Assessment of Board Direct Reports
<b>17th EGC Meeting, 4-5 October 2021</b>	
GF/EGC17/DP01	Approval of the 2022 Ethics Function Work Plan and Associate Operating Expenses Budget
GF/EGC17/EDP01	New model for Independent Evaluation

**16th Ethics and Governance Committee Meeting Decision Points**

**Points**

**GF/EGC16/DP02: Approval of Revisions to the Guideline for Annual Performance Assessment of Board Direct Reports**

The Ethics and Governance Committee approves revisions to the Guideline for Annual Performance Assessment of Board Direct Reports, as set forth in GF/EGC16/02.

Budgetary implications (included in OPEX budget).

**17th Ethics and Governance Committee Meeting Decision Points**

**Points**

**GF/EGC17/DP01: Approval of the 2022 Ethics Function Work Plan and Associate Operating Expenses Budget**

1. The Ethics and Governance Committee (the “EGC”) approves the 2022 Work Plan for the Ethics Function, as presented in GF/EGC17/02.

2. Additionally, the EGC recommends to the Audit and Finance Committee the 2022 operating expenses budget associate with the 2022 workplan, tin the amount of USD 3, 051, 357 as set forth in this document, for inclusion in the Global Fund’s overall 2022 operating expenses budget that will be presented to the Board for approval at its November 2021 meeting.

## **GF/EGC17/EDP01: New model for Independent Evaluation**

1. Upon request by the Strategy Committee, the Ethics and Governance Committee recommends to the Board for approval the changes to the Bylaws of the Global Fund and to the Charter of the Strategy Committee (respectively in Annexes 1 and 2 of GF/EGC17/ER01) to reflect changes required for the new independent model for independent evaluation

2. Accordingly, the Ethics and Governance Committee recommends the following decision point to the Board for approval at its forty-sixth meeting in November 2021:

### ***Decision Point: GF/B46/DP06: Creation of the Independent Evaluation Panel***

The Board notes the recommendation of the Strategy Committee and of the Ethics and Governance Committee, as set forth in GF/B46/05 rev1, with respect to the new independent evaluation model which shall replace the Technical Evaluation Reference Group ("TERG") and decides to approve the creation of the Independent Evaluation Panel, as described in GF/B46/05 rev1.

Accordingly, the Board:

1. Amends the Global Fund Bylaws, as set forth in Annex 1 of GF/B46/05 rev1, effective 31 December 2022;

2. Amends the Charter of the Strategy Committee, as set forth in Annex 2 of GF/B46/05 rev1, effective 31 December 2022;

3. Approves the Terms of Reference of the Independent Evaluation Panel ("IEP"), as set forth in Annex 3 of GF/B46/05 rev1 effective 31 December 2022, which will constitute one structure of the independent evaluation function previously held by the TERG, noting that approval of subsequent non-material modifications to this document are delegated to the Strategy Committee;

4. Requests the Secretariat, under the oversight of the relevant standing Committees, to update any policies, relevant governance documents, charters, terms of reference, agreements or prior decisions needed to align with the documents approved under paragraphs 1, 2 and 3 of this decision point and to manage the orderly transition between the Technical Evaluation Reference Group ("TERG") and the IEP;

5. Requests the Strategy Committee, in fulfilling its oversight role over the independent evaluation function, to consider the effectiveness of the guidance and procedures developed to safeguard both the independence and the learning components of the evaluation function; and

6. Decides to dissolve TERG following the transition period ending 31 December 2022 and instructs the Strategy Committee to develop and oversee transitional arrangement between the IEP and the TERG.

Budgetary implications (included in, or additional to, OPEX budget).