



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Fourteenth Board Meeting
Guatemala City, 31 October - 3 November 2006**

GF/B14/2

REPORT OF THE THIRTEENTH BOARD MEETING

Outline: This document presents the draft Report of the Thirteenth Board Meeting and includes all decisions made at that meeting. The Report of the Thirteenth Board Meeting is subject to ratification by the Board of the Global Fund at its Fourteenth Board Meeting, 31 October – 3 November 2006 in Guatemala City, Guatemala.

Accompanying documentation from the Thirteenth Board Meeting is available at www.theglobalfund.org or by writing to board@theglobalfund.org.

Decision points are clearly indicated.

Decision Point:

The Board approves the Report of the Thirteenth Board Meeting.

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Agenda Item 1: Introduction and Welcome

1. The Chair of the Board, Dr Carol Jacobs, welcomed Board members to the Thirteenth Board Meeting. She recognized the contributions of the former Vice-Chair, Dr Michel Kazatchkine, and the support he had provided to her and the Board's committees, and she welcomed the new Vice-Chair, Dr Lieve Fransen of the European Commission. She noted that the new Vice-Chair would have similar responsibilities, supervising committees and their leadership and membership.
2. The Chair extended a particular welcome to new Board members: Dr. Francoise Ndayishimiye, Board member representing Communities Living with the Diseases; Mr Alexander Konuzin, formerly the Alternate and now Board member representing Eastern Europe; Mr. Javier Hourcade Bellocq, Alternate representing the Communities delegation; Ms. Asia Russell, Alternate representing NGOs in Developed Countries; Dr. Lydia Mungherera, Alternate representing NGOs from Developing Countries; Dr Philippe Duneton, Alternate for France; Dr. Regina Rabinovitch, Board member representing Private Foundations; Mr. Bedouma Alain Yoda, Alternate representing West and Central Africa; Ms. Elisabeth Mataka, Board member representing NGOs from Developing Countries; Dr. Sheila Dinotshe Tlou, formerly Alternate and now Board member representing Eastern and Southern Africa; and Ms. Annmaree O'Keefe, the Alternate at this meeting for the constituency representing the UK and Australia.
3. The Chair thanked the committees for their work on behalf of the entire Board and recognized the new chairs of two of the committees: Dr. Bill Steiger of the U.S. for the Policy and Strategy Committee and Mr. Jerry O'Dwyer of Point Seven for the Finance and Audit Committee. She noted also that two ad hoc committees had been functioning since the December 2005 Board Meeting and she thanked Dr Helene Gayle of Private Foundations and Mr Peter van Rooijen of Developed Country NGOs for their work as chairs of these committees. The Chair also recognized Dr Brian Brink, the Alternate Board member representing the Private Sector, who had returned after an absence due to illness.
4. The Chair emphasized the principles of the Global Fund, particularly transparency and accountability, and referred to her 15 communications to Board members since the previous Board meeting. She discussed the results of the Board survey, noting concern that Board meetings focused more on process than strategy, and thanked the Board for their feedback. The Chair spoke briefly about the management action plan, reporting that the Secretariat was making good progress. On behalf of the Board, she thanked the Secretariat for its efficiency, hard work and support, particularly recognizing Ms. Helen Evans who had acted as interim Chief of Operations for several months, and she noted that Dr Nosa Orobato, incoming Chief of Operations, would be introduced by the Executive Director.
5. The new Vice-Chair of the Board, Dr Lieve Fransen, expressed her gratitude to the Board for the trust they had expressed in electing her, and she welcomed Portugal and Finland as new constituents in the Board delegation representing Belgium and the European Commission. She thanked Mr. Jerry O'Dwyer for taking over as Chair of the Finance and Audit Committee so quickly and Mr. Ren Minghui for his hard work as Committee Vice-Chair. She spoke about her involvement with the Global Fund over the past five years, praised the passion, professionalism and motivation of colleagues past and present, and acknowledged the hard work of the current Board Chair. She closed by speaking of the importance of working towards increased and more predictable resource flows for the Global Fund.

Agenda Item 2: Appointment of the Rapporteur
Approval of the Agenda
Approval of the Report of the Twelfth Board Meeting

1. The Chair presented the agenda as distributed for approval by the Board and proposed some further changes, which were approved.
2. The Chair informed the Board that the Rapporteur for the Twelfth Board Meeting in December 2005, Mr Peter van Rooijen, the Board member representing Developed Country NGOs, had reviewed and approved the Report of the Twelfth Board Meeting as an accurate reflection of the meeting's proceedings. She thanked Mr van Rooijen and stated that Mr Carsten Staur from the Point Seven Constituency had agreed to serve as Rapporteur for the Thirteenth Board Meeting.
3. A delegate requested that any references to the Gleneagles Communiqué in the Report of the Twelfth Board Meeting concerning universal access to treatment should reflect the original language rather than paraphrasing it. The delegate also asked for a correction to the reference in the Report to the Board's discussion of the airline levy proposal. These were accepted as friendly amendments.

Decision Point: Approval of Agenda

The agenda for the Thirteenth Board Meeting (GF/B13/1) is approved, as amended at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Appointment of Rapporteur

Mr. Carsten Staur from the Point Seven Constituency is designated as Rapporteur for the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Approval of Report of the Twelfth Board Meeting

The Report of the Twelfth Board Meeting (GF/B13/2) is approved, as amended at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Agenda Item 3: Report of the Executive Director

1. The Executive Director, Prof Richard Feachem, delivered a report covering four areas: corporate priorities for 2006; senior staffing; the “Friends” organizations and upcoming Board meetings.

2. He reported that corporate priorities for 2006 included: developing the Global Fund’s strategy for 2006-2010; scaling up interventions, alignment and harmonization of investments; managing for results and measuring impact; securing the resources necessary in 2006 and 2007 and enhancing internal systems to ensure a high-performing and efficient Secretariat. He referred to his written report for the goals and objectives in each area, and he noted that the key performance indicators for 2006, to be discussed later in the meeting, were in line with these priorities.

3. The Executive Director introduced the new Chief of Operations, Dr Nosa Orobato, who would be present for the duration of the Board meeting though he would not begin his official duties until July 2006. He introduced Mr Mike Marchment, interim Senior Director for Business Services, who was standing in following the retirement of Mr John Burke. He reported that headhunting agency Heidrick & Struggles were working to find suitable candidates for this position and also for a Senior Advisor to the Executive Director to replace Dr Vinand Nantulya, with mid-summer appointments expected for both. He encouraged Board members to forward suggestions for candidates for any of the Secretariat’s open positions, especially for those at a senior level.

4. The Executive Director recognized the valuable work of the various Friends of the Fund organizations. He welcomed Executive Director Ms Natasha Bilmoria of Friends of the Fight in the U.S. and the President of Amis du Fond mondial, Dr Michèle Barzac, to the meeting. He then shared the best wishes of Mr Tadashi Yamamoto, the Director of Friends Japan and talked about the gradual expansion of this network of support organizations around the world.

5. The Executive Director thanked Morocco and the Eastern Mediterranean Constituency for hosting the December 2005 Board Meeting and Guatemala for beginning to arrange the November 2006 Board Meeting. He noted the large effort required by the host country and thanked all involved.

6. In the subsequent discussion and question period, delegates thanked the Executive Director for his report. A number of delegates spoke about the importance of harmonization and alignment for better utilization of grants and wondered about the Secretariat’s progress in this area, the resulting workload for staff and the need for Board leadership in this area. Another delegate commented on the usefulness of the joint meeting of the Global Fund, the World Bank and PEPFAR in January 2006 for building common understanding as donors working in the same countries.

7. A number of delegates spoke about resource mobilization issues, including increasing private sector involvement, the need for new sources of funding, the International Finance Facility, the replenishment and its role in providing predictable funding flows and the importance of providing regular information to Board members on all campaigns to enable them to support these initiatives. A delegate asked for clarification regarding the procedure for allocating the resources mobilized by the (RED) campaign given the Global Fund’s rules about not earmarking donated funds. The delegate also asked how the Global Fund would ensure ethical conduct among the companies involved and cited the example of UNICEF’s Code of Conduct for working with private enterprises. A delegate highlighted the importance of the Friends organizations for mobilizing political, private sector and financial support for the Global Fund and suggested that the leaders of these organizations be invited to attend Board meetings regularly.

8. A couple of delegates spoke about the importance of strengthening Country Coordinating Mechanisms (CCMs) to ensure that they fulfilled their mandate as it was envisioned with multi-sectoral participation. One delegate talked about pushing for the meaningful involvement of civil society in CCMs by using Round 6 as leverage and for increasing civil society involvement in the Global Implementation Support Team (GIST), where civil society had an important role to play in early warning systems and technical support. The delegate representing Italy stated that the Italian Development Cooperation was willing to work with the managers of CCMs in countries where it was working or had experience.

9. Other areas for questions or concern included the compliance levels of recipients in reporting data to the Price Reporting Mechanism; the fact that the Board had not been involved in drawing up the terms of reference for the Board survey; the volume of documents to be read before Board meetings and the possibility of sending them earlier or including an executive summary for each paper; staff morale and Secretariat management; the global tender for Local Fund Agents (LFAs) and the need for a link between the tender and the strategy process; drug and commodity quality; the Office of the Inspector General; the responsibility of the Global Fund to ensure that countries do not fail in grant implementation by using and sharing the best practices of successful countries; and the high incidence of tuberculosis in Africa, despite decreasing incidence elsewhere.

10. In responding to a number of the comments and questions, the Executive Director confirmed that all grants that included the purchase of health products had a requirement to enter this information into the Price Reporting Mechanism but that implementation was still at an early stage. He reported that 51 grants had reported data to the system and that the Secretariat was working with grant recipients to ensure greater compliance, including by exploring an offline alternative for countries that had had trouble with the online system.

11. The Executive Director emphasized the critical importance of harmonization and alignment and acknowledged that while the Global Fund had made significant progress, there remained more to be done. He repeated that there was a cost to the Secretariat and grant recipients in terms of the extra workload involved in making vigorous efforts in this area. In response to a specific question regarding the working relationship between the Global Fund and UNAIDS, he talked about the partnership at the policy level in Geneva and at the country level, where the relationship was very close, and he reported a recent announcement that the Global Fund would make use of all UNAIDS country offices to further support its in-country work.

12. Concerning the (RED) campaign, the Executive Director stated that the reality was that in order to generate greater private and corporate contributions, these individuals and entities needed to be able to identify with specific activities and that in the case of (RED), the Global Fund was notionally associating funds with particular activities in order to allow these companies to identify their fundraising with programs on AIDS in Africa.

13. The Executive Director reported that a major task in 2006 was to completely re-tender the large LFA contracts and that efforts were underway to incorporate lessons learned on what had and had not worked in the past. He confirmed that work was underway with the LFA manager and contracts team on the tender and with the strategy team to ensure that any shifts in policy were incorporated. He acknowledged that there might be some issues of timing relative to the strategy development process, but the intent was to fully inform the re-tendering process with the Global Fund's experiences.

14. The Executive Director thanked the delegate from Italy for the offer of support for CCMs and stated the Secretariat's full agreement on the importance of strengthening CCMs and the role of civil society in this area. He agreed that civil society also had a role to play in GIST and other related initiatives.

15. The Executive Director thanked Board members for their wide-ranging remarks on resource mobilization. In response to questions about innovative financing mechanisms, he spoke about the working relationship with France, Brazil, Norway and others on the airline levy; the role of the Global Fund in a recent meeting on the International Drug Purchase Facility, of which the Global Fund hoped to be a major recipient; and the involvement of the Global Fund in the launch of the International Finance Facility pilot project with the Global Alliance for Vaccines and Immunization and ongoing work in this area.

16. He referred Board members to the report of the Deputy Director for more information on Secretariat management and to the Inspector General (IG) for more information on that office, reminding the Board that it would be inappropriate of him to report on this area since the IG did not report to him.

Agenda Item 4: Operations Update

1. The Deputy Director and Interim Chief of Operations, Ms Helen Evans, delivered a report on the status of the grant portfolio, including Phase 2 renewals and Round 5 grant signing and the heavy workloads they entailed; improvements made to the Early Alert and Reporting System (EARS) in consultation with partners, Country Coordinating Mechanisms (CCMs) and GIST; the Global Fund's partnerships and work on harmonization; and the stronger focus on the private sector with the addition of a co-investment officer, which was beginning to show returns such as Unilever in Tanzania making company facilities available to the community as well as employees. She summarized the benefits of harmonization across all sectors as including reduced transaction costs and increased efficiency and effectiveness, and she reminded Board members that this important work also had a cost to the Secretariat.

2. The Interim Chief of Operations reported on the challenges of defining CCM compliance with requirements and the need to recognize that CCM strengthening was an iterative process. She emphasized that there was strong application of the five requirements but that the interpretation of some aspects was still being defined. The Interim Chief of Operations reviewed the priorities for 2006, including Round 5 grant signing, streamlining of the Phase 2 process, improving the quality of disbursement decisions, targeted partnerships and building more in-country support.

3. In the subsequent question and comment period, delegates thanked the Interim Chief of Operations for her report. A delegate commented on the improvement in the speed of grant signing and disbursements but expressed concern about the reporting burden for countries as the number of grants increased and asked whether efforts had been made to harmonize reporting requirements in countries with multiple grants.

4. A couple of delegates asked whether Pakistan had been given the opportunity to make a case for contextual considerations before being given a "No Go" for a Phase 2 malaria grant, noting that the country had received documents from the Secretariat late and that the process had appeared rushed.

5. A delegate spoke about the importance of the full development and implementation of EARS in order to track grant performance effectively and ensure early notification of countries running into difficulties. Another delegate asked for more information on the status of EARS and spoke of the importance of involving civil society in EARS at the country level. The delegate representing the U.S. offered to support efforts in improving the information available on problem areas in grant implementation in order that money could be invested effectively in capacity building where it is needed.

6. A delegate talked about the importance of fully integrating people living with HIV into the membership and work of CCMs and wondered what the Global Fund could do to find a solution in countries where stigma and discrimination prevent such participation.

7. Other areas for questions or comments included: concern about the workload entailed by Phase 2 processes and the need to identify the issues; the need to improve or streamline Global Fund systems and processes to increase efficiency; compliance by recipients with requirements such as the Price Reporting Mechanism; LFA capacity and the implications for recipients; translation of documents; and the importance of moving to a focus on results.

8. In response, the Interim Chief of Operations noted that the “No Go” decision concerning the malaria grant in Pakistan had not been rushed but had had a lengthy panel discussion with context taken into consideration (for which a three-month no-cost extension had already been given) and that the country had been given one month to respond.

9. She emphasized that a focus on achievements and results was not just an Operations priority but a corporate priority. She also emphasized the continuing work with partners in grantee countries to build understanding of the Global Fund model and to look at issues such as reporting burdens. She acknowledged that stigma and discrimination against people living with HIV presented obstacles in many areas of the work of the Global Fund and that sometimes creative solutions would be required in order to meet the requirements for CCMs, such as in countries where CCM members had not publicly declared their status.

10. The Interim Chief of Operations reported that the Secretariat had set up an internal working group to look at internal processes and ways to increase efficiency. She acknowledged that as Global Fund processes had evolved, LFA capacity was affected and that the Secretariat was looking at this issue as well.

11. She thanked the delegate from the U.S. for the offer of support and asked that Mr Duncan Earle, the manager of Operational Partnerships and Country Support within the Secretariat, follow up on this opportunity.

12. In closing, the Interim Chief of Operations stated that over the three to four months she had been filling the position, she had learned a lot. She thanked the staff of Operations and particularly the Interim Deputy Chief of Operations, Ms. Hind Khatib-Othman, for their support.

Agenda Item 5: Report of the Policy and Strategy Committee

1. Dr Bill Steiger, Chair of the Policy and Strategy Committee (PSC), presented the PSC report, which comprised a brief review of the PSC’s work on the strategy development process and related decision points, an update on the work of the Technical Evaluation Reference Group (TERG) and a report on the work of the Partnership Forum Steering Group.

Strategy Development

2. The PSC Chair gave a brief presentation to review the timing of the strategy development process, reminding the Board that it was currently at the point of considering options on the various strategic issues, which had been divided into three batches for PSC and Board discussion, and that there was no possibility of extending decisions on a number of these issues beyond November 2006 due, for example, to the time pressures of early grants expiring. He asked the Board to empower PSC members to make recommendations on these issues in order to produce a package of strategic options by November.

3. The PSC Chair presented an overview of the PSC discussions on the Batch 1 issues (strategic positioning, Global Fund size, optimizing grant performance and Beyond Phase 2), which had already gone through Board consultations before the Board meeting. He also presented decision points, one on the progress of the strategy effort overall and others related to two of the strategic issues – optimizing grant performance and Beyond Phase 2. The first decision point, concerning progress on the strategy development process, asked the Board to endorse the work done to date and the plan for the work going forward. He clarified that “agreed outcomes” referred to options to be presented to the Board and that only the Board would make final decisions. He also clarified that the term “a draft strategy document” referred to a document describing the totality of the strategic decisions made by the Board over the course of the relevant Board meetings, on the basis of which follow-up work could begin, and that a final, polished document for the purpose of an external audience would be developed after the Board had concluded its consideration of all the strategic issues.

4. The second decision point concerned the facilitation of pooled procurement. The decision point had been discussed and amended from its originally presented form at the Board retreat a few days before. He noted that procurement was one of the major obstacles to rapid and successful implementation in many countries and that much could be done to improve performance by speeding the order and delivery of drugs and other health commodities while strengthening local capacity for procurement and supply management by providing technical assistance. He observed that while the details of this were not yet worked out, the Secretariat would work with the PSC in the coming months to develop options.

5. In the subsequent discussion, a delegate asked whether the implications of pooled procurement for the current procurement policy had been examined. The PSC Chair responded that the PSC saw pooled procurement as more of an adjunct to current policy that would not affect current policies on cost or quality but would allow a more efficient, cost-effective system for grantees than the one used today.

6. Another delegate asked whether pooled procurement opened the door to regional procurement. The PSC Chair responded that regional procurement would be possible under a system of pooled procurement and that there would need to be flexibility for grantees to find a system that worked best for them as it is possible that no single arrangement would work for all grantees.

7. A delegate raised the issue of inadequate supply of some drugs and the need to work on supply development, not only procurement. The PSC Chair concurred that this was an issue and said it was a topic for the strategic issues in Batch 3 under the theme of “market dynamics”.

8. The PSC Chair introduced the third decision point concerning TRP clarifications and LFA assessments, noting that there were efficiencies to be gained by using the six- to ten-week period of time between TRP recommendations and Board approval of new proposals to speed up assessments and clarifications in advance of Board approval. He acknowledged there was some risk involved, as there is no guarantee that every proposal the TRP recommended would be approved by the Board. He noted that this had never happened but that it was within the Board’s purview and that consideration of recommended grants had been postponed in the past due to resource shortfalls. He explained that this would be a voluntary process, giving grantees the opportunity to do this work in advance to expedite grant agreement signing.

9. A delegate wondered whether such a change needed a Board decision, as it should be considered a procedural improvement and carried out by the Secretariat. The PSC Chair explained that in order to ensure that the Board’s role in approving grants was not seen as a rubber stamp and to send a message to potential grantees that there was no guarantee of approval with TRP recommendation, the PSC had concluded that it should be a Board decision.

10. The final decision point presented by the PSC Chair concerned the provision of funding for continuity of services in cases of grant termination for whatever reason, including grant expiry. Current policy approved by the Board limited this to “lifesaving treatment”. The PSC Chair reported that in the course of PSC discussions, the PSC had decided to request a slight broadening of this definition so that courses of treatment that would extend for some time would be included here, such as treatment for multidrug-resistant tuberculosis (MDR-TB).

11. The PSC Chair then presented a slide on an interim approach for continuation of funding for expired grants, as 2007 was expected to be the earliest that a permanent solution would be in place. He stated that the PSC would consider options for an interim measure at its July 2006 meeting and make a recommendation to the Board. He proposed that, given the tight timeframe before expiry of the first set of grants, the Board vote on this recommendation electronically in July.

12. The PSC Chair presented the next batches of strategic issues to the Board: Batch 2 – comprised of the issues of alignment and harmonization, health systems strengthening, leveraging civil society and the private sector, and optimizing resource mobilization; and Batch 3 – comprised of the issues of market dynamics, funding the right things, the business model and structure, and measuring impact and ensuring accountability. He reported that it was the intent of the PSC to present the remaining batches to the Board in November with a draft report and comment period to follow.

13. A delegate noted that there were practical changes the Secretariat could make in the short term while the Board worked at the strategic level and that the Board should allow the Secretariat more leeway to get on with this work. The PSC Chair agreed that there were many intermediate steps that could improve the Global Fund’s efficiency and policies and that the Secretariat should go ahead with those.

14. A delegate thanked the PSC for its enormous effort and asked for clarification that in terms of the batches, nothing was approved until everything was approved, since the Board needed to see the whole piece of work together. The delegate also observed that in terms of harmonization and alignment, it was not just a strategic issue but also a practical issue that must be examined at the country level as well as the headquarters level.

15. Another delegate observed that decisions about the Global Fund’s business model and how it would be developed were critical to its future and must be linked to discussions of financing. The delegate also noted that it was striking that Board members on the PSC were very familiar with strategy development process and many of those who were not on the committee were not. The delegate highlighted the importance of PSC members working with other members of their delegations to build full understanding of the strategy development process and the attendant issues. The delegate asked that significant time be dedicated to the strategy development at the next Board meeting. On a related note, another delegate asked that the PSC and Portfolio Committees work closely together and that their Vice-Chairs attend each other’s meetings to ensure full cooperation and shared information.

16. The PSC Chair reiterated that every constituency must be represented at PSC meetings and should come well-prepared and fully empowered to make recommendations. He also asked that Board members start providing proposals on issues such as harmonization and alignment and the business model, as it was time to move from the conceptual to the concrete in order to produce viable recommendations to the Board in November.

Technical Evaluation and Reference Group (TERG) Update

17. Professor Rolf Korte, the Chair of the TERG, referred Board members to the briefing package for greater detail of the committee's work and briefly reviewed three areas: the five-year evaluation, the results of a 360° stakeholder assessment and an evaluation of proposal development processes.

18. The TERG Chair reminded Board members that the TERG had proposed a phased evaluation over five years with intermediate results made available throughout. He reported that a series of studies would conclude with two comprehensive reports synthesizing all results: one report in November 2007 on the Global Fund's organizational efficiency and partner environment and a final concluding report on disease impact in November 2008, which could only be measured after the full five-year term of the first grants had elapsed. He reported that in 2006, the priority studies were a 360° stakeholder assessment, a portfolio review and an assessment of the information base to measure impact, culminating in a full report in November 2006.

19. The TERG Chair stated that the key themes emerging from the 360° Stakeholder Assessment were: the inclusion of civil society and public/private partnerships; Global Fund partnerships and technical assistance; harmonization and alignment; the functioning of Global Fund structures including CCMs and LFAs and governance.

20. He reported that an evaluation of the proposal development and review process had provided major findings, including the urgent need to improve communication and common understanding of Global Fund policies and procedures among partners, and the need for proposal guidelines to emphasize the importance of building technical assistance into the proposal budget. The TRP self-assessment process and related report had been valuable, and he encouraged the TRP to strengthen this self-assessment to further improve its decision-making processes. He also noted the need for improved information on country capacity to implement grants in order to better inform TRP decision-making and that the TRP should ensure that proposals were coherent in relation to national strategies.

21. In the subsequent question period, delegates thanked the TERG for their work. A delegate noted the importance of having clear indicators for the evaluation and wondered about the possibility of disaggregating indicators by intervention. The delegate also stressed the importance of the full participation of local stakeholders in the evaluation, including Country Coordinating Mechanisms and people living with or affected by the diseases. Another delegate asked about the budget and terms of reference for the TERG and wondered whether the Board was providing the proper direction to the committee.

22. The TERG Chair agreed that it would be valuable to disaggregate indicators into intervention areas but that it would overburden evaluators to do this. He stated that the TERG worked with various partners at the country level, including bilateral and multilateral partners, research institutions in developed and developing countries and people living with HIV. He indicated that the TERG would provide a budget to the Board in November 2006 as part of its evaluation proposal package. He said there were no additional costs at that point which could not be covered by existing budget and that Board members would have an opportunity to decide on this issue at the next Board meeting.

Partnership Forum

23. Dr Brian Brink, Chair of the Partnership Forum Steering Committee (PFSC) delivered a presentation on the Partnership Forum, to be held 1-3 July 2006 in Durban, South Africa. He spoke about the Partnership Forum as an essential part of the Global Fund's architecture that was coming at a critical juncture in the Global Fund's history and would provide the opportunity to learn and reflect. He said it would be a participatory process with approximately 500 diverse people to be invited from a balanced list and that an eForum had been launched to reach a broader constituency. He stated that the Partnership Forum would rely on structured facilitation for sharing experiences, critical analysis and strategic input.

24. The PFSC Chair reported that the specific aims of the Partnership Forum were to demonstrate improved value, generate concrete outputs to inform Board processes (particularly the strategy deliberations of the PSC), support TERG's five-year evaluation, celebrate the success of the Global Fund and communicate this to a broad range of external stakeholders. He spoke about efforts to seek funding from public and private sources and improving the communication of Partnership Forum process, outcomes and recommendations. He said the three-day event would take place as follows: day 1 – sharing good practices, skills-building, opening event and celebrating Global Fund successes; day 2 – the first real working day – learning from what has and has not worked and day 3 – developing strategic solutions, organized according to strategic themes.

25. The PFSC Chair introduced the lead facilitator of the Partnership Forum, Dr Mandeep Dhaliwal, a physician and lawyer with 16 years of experience working on HIV, tuberculosis and malaria in developing countries and six years of supporting community responses to HIV, particularly through the HIV/AIDS Alliance.

26. Dr Dhaliwal thanked the Board and observed that the Partnership Forum underlined Board commitment to partnership as an operating principle. She said that a facilitation team would be selected in the coming weeks to be diverse by region and experience, and that she looked forward to working with the Secretariat in making the Partnership Forum a success.

27. The PFSC Chair added that a media strategy was being developed to showcase results and highlight the democratic and efficient nature of the Global Fund's model and to stress ongoing resource needs. In addition, events such as an opening gala and site visits were being planned. The Committee Chair then reported on the eForum, a moderated online discussion being conducted in four languages and organized under four strategic themes in order to increase input to the Partnership Forum. The level of participation to date had been 1,250 participants with 15 new people registering each day, from 100 countries producing 700 messages and one million views (passive participation).

28. The PFSC Chair said that a report in some form would be produced three days after the Partnership Forum in time for the Policy and Strategy Committee meeting, and the Partnership Forum process would be evaluated after the event to determine whether or not it added value.

29. The Board Chair thanked Dr. Dhaliwal for taking up the position of lead facilitator, South Africa for offering to host the event, the eForum creators and facilitators for excellent work and the Partnership Committee Chair for his work.

Decision Point: Progress on Strategy Development

The Board acknowledges the progress made on developing options for the strategic issues in Batch 1 as outlined in the Report of the Policy and Strategy Committee (GF/B13/7). In particular, the Board notes the agreed outcomes of the Policy and Strategy Committee set out in Annex 3 to the Report of the Policy and Strategy Committee (GF/B13/7).

In addition, the Board requests that the development of options continue, and that the Policy and Strategy Committee present to the Board the work on option development for Batches 2 and 3, as well as a draft strategy document, at the Fourteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Facilitating Pooled Procurement

The Board endorses in principle the recommendation of the Policy and Strategy Committee, as part of the strategic issue of "Optimizing Grant Performance", that the Global Fund facilitate the provision of voluntary pooled procurement for recipients of grants subject to the development and Board approval of a suitable feasibility and business plan. To that end, the Board requests that the Policy and Strategy Committee further explore possible strategic models for and implications of including Global Fund facilitation of the provision of pooled procurement, and report to the Board on progress at the Fourteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Earlier Initiation of TRP Clarifications and LFA Assessments

The Board endorses the recommendation of the Policy and Strategy Committee, as part of the strategic issue of "Optimizing Grant Performance" that the Technical Review Panel clarification and Local Fund Agent assessment processes begin prior to Board approval of the proposals submitted by the Country Coordinating Mechanisms. The Board therefore requests the Portfolio Committee to recommend for approval to the Board specific conditions for the application of this decision in time for it to apply to the next round of proposals. These conditions shall include, but not be limited to, a statement to the Country Coordinating Mechanism by the Secretariat that a Technical Review Panel recommendation shall only result in the Global Fund awarding a grant if the recommendation is approved by the Board, which retains the sole authority to make such approvals.

There are no material budgetary implications for this decision.

Decision Point: Revision to the Continuity of Services Policy

The Board recognizes that the funding under the Continuity of Services Policy should apply to ongoing courses of treatment, whether the treatment is for a limited duration (such as tuberculosis) or is life-long (such as antiretroviral therapy). To address this, the Board amends the decision at the Twelfth Board Meeting on Continuity of Services as set out in Annex 4 to the Report of the Policy and Strategy Committee (GF/B13/7).

There are no material budgetary implications for this decision.

Agenda Item 6: Annual Report

1. Mr Jon Lidén, Head of Communications in the Secretariat, made a brief presentation on the draft text of the 2005 Annual Report. He noted that not many written comments had been received from the Board delegations, and changes and corrections had been made according to the comments that had been received, including changing the language used in reference to the Gleneagles Communiqué and universal access and clarification on some text concerning EARS.
2. He presented the cover of the new annual report on a slide and mentioned that a previous cover had won an award for the best annual report cover photo. He confirmed that the content of the report reflected data through to 31 December 2005 so that the report was purely a report on that year. A couple of small clarifications regarding pledges and their timeframes were raised and agreed on.

Decision point: Annual Report

The Board approves the Annual Report as presented in GF/B13/15 and as amended at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Agenda Item 7: Follow-up to the Internal Oversight Services Report

1. Mr Peter van Rooijen, Chair of the ad hoc Oversight Committee, reminded the Board that the Committee had been formed to ensure appropriate follow-up measures in response to the Internal Oversight Services (IOS) Report that had been reviewed at the previous Board meeting and to ensure that systems and processes for personal and institutional accountability were being implemented.
2. The Committee Chair thanked the ad hoc committee members and informed the Board that they had met once in a meeting that included senior management of the Secretariat and had conducted subsequent meetings via conference call to follow up on progress. The IG, Mr Ibrahim Zeekeh, had been involved in all meetings as requested by the Board, and he had advised management and the Committee during that process.
3. The Committee Chair reported that the Committee had reviewed and approved the Secretariat's Management Action Plan (MAP), which followed the Management Response to the IOS Report and was included as an annex to the Committee's report. The Committee had worked on the basis of the Management Response to the IOS report, and the IG had supported the Committee and the management in establishing and improving clear links between the IOS Report and the MAP. Both management and the Committee agreed that the MAP was an important building block in the development of a Global Fund Accountability Framework that could be finalized before the end of 2006.
4. The Committee had also discussed the protection of whistle-blowers with the Deputy Executive Director and the Legal team. Secretariat employees who were staff of the World Health Organization (WHO) were covered by whistleblower protection under WHO financial rules. The issue of whistle-blowing had arisen with respect to two employees and the Committee found that the management had taken the appropriate steps, consistent with the whistle-blowing policy of WHO.

5. The Committee Chair reported that the evaluation of the Executive Director's performance would take into account the findings of the IOS Report as they were addressed in the MAP and that the Executive Director would include this as part of his presentation to follow. As requested, management had also presented the MAP to the Ethics Committee for review and potential recommendations on strengthening the Global Fund's conflict of interest policy. The Chair of Ethics Committee would report on progress in this area.

6. The Committee Chair reported that the Committee had found that management and staff had worked hard to implement the MAP, working in an open and constructive way with a clear focus on taking lessons learned into account and improving management systems. Given the progress made to date, the Committee, management and the IG agreed that further implementation of the MAP was part of the responsibility of management and that the oversight of this process fell under the mandate of the IG.

7. The Executive Director presented the MAP to the Board, summarizing the principle areas of action, leadership and timelines, and he then went through each area, reporting on the status of its implementation to date and next steps. He emphasized that the MAP was only one element to strengthen the Secretariat in 2006. Others included organizational development actions led by Deputy Executive Director Helen Evans, the Transition Options Project, Staff Council activities and the Organizational Accountability Framework.

8. In the question and comment period, delegates thanked the Oversight Committee and the Executive Director. A few delegates indicated that they were very encouraged by the management response, and one delegate who was also a member of the Oversight Committee said that work was underway to ensure that the response from the Board was equally constructive. A delegate asked for a response from the IG on the link between the MAP and his 2006 workplan, which the Board Chair asked him to incorporate into his report, which would be delivered during the presentation of the Finance and Audit Committee.

9. A member of the Ethics Committee indicated that it would report back to the Board at the next Board meeting once it had reviewed the options. A few delegates emphasized the importance of maintaining the momentum of the work accomplished to date in order to rebuild the confidence of the staff and stakeholders by providing regular progress updates and ensuring the issue was on the agenda of the next Board meeting.

Decision point: Follow-up to the Internal Oversight Services Report

The Board endorses the findings of the ad hoc Oversight Committee with respect to:

- (a) the management action plan prepared in response to the report of the WHO Office of Internal Oversight Services (the "IOS Report"); and
- (b) work carried out to date by the Global Fund's Deputy Executive Director and the Legal Counsel with respect to determination of accountability for adverse findings described in the IOS Report and the protection of whistleblowers.

The Board accordingly dissolves the ad hoc Oversight Committee and requests the Secretariat to continue to carry out the processes referred to in points (a) and (b) of this decision, with continued attention to the protection of whistle-blowers. The Board requests the Inspector General to continue to oversee the work of the Secretariat in this area and report back to the Board as part of his normal periodic reports to the Board.

There are no material budgetary implications for this decision.

Agenda Item 8: Secretariat Update

1. The Deputy Executive Director, Helen Evans, referred Board members to her written report and gave a presentation on staff morale and culture, which was part of her mandate to manage the Secretariat. She explained that her report built on the September 2005 report that she had presented to the Board, and she had drawn heavily on the Staff Survey conducted in early 2006 and on a Staff Council Report based on interviews conducted with staff members.
2. She reported that the conclusions of the Staff Survey and the Staff Council Report confirmed that staff members were drawn to the Global Fund by its mission and vision. When asked about how the Global Fund compared to their previous place of work, 57 percent stated that it was better or much better, and 60 percent felt optimistic about changes in the next few months. She acknowledged that there were significant issues of lack of trust with the management and between work units, and that there was a large amount of stress which was leading to burn-out amongst longer-serving staff. She was particularly concerned that the longest-serving staff members were the most pessimistic.
3. Summarizing the major factors that contributed to stress and lack of trust, she saw there were three key areas: inadequate management rigor and skills, role modelling and collaboration at all levels; a lack of clarity on roles and responsibilities; and inadequate documents, procedures and tools required to do the job, including IT tools.
4. The Deputy Executive Director reported that current management action concerning contracting and human resources had already started to make a difference in the areas of support systems, clarity of roles and confidence in procedures and that management had committed to working on an Accountability Framework so that staff at all levels were aware of lines of accountability and responsibility. She acknowledged that some of the procedures concerning grant management processes would take a bit longer but were nonetheless essential.
5. The Deputy Executive Director reminded the Board that staff were motivated and attracted by the Global Fund because it was a new organization and they therefore did not want a rigid structure but they did want clarity while having the encouragement to innovate. She explained that the strategy development process would clarify issues related to the architecture of the Global Fund and the business model, and the Deputy Executive Director asked that when the Board made decisions that they be clear and include a timeframe where necessary, citing a business plan for procurement as an example.
6. In the subsequent discussion, delegates thanked the Deputy Executive Director for her report. One delegate stated that in future Board meetings, there should be a dialogue between Board and Secretariat on the implications of Board decisions and that procurement was a good example, as the Board wanted to know if it could help the Secretariat make the workload lighter. Another delegate agreed and commented that the underlying message was that staff love working for the Global Fund and were very committed and that the Board needed to build on the strength of the Secretariat and support it. The delegate proposed a related decision point to be presented to the Board the next day. A third delegate was pleased to see that the number of women in senior management had risen to 30 percent and hoped that new vacancies would not bring the proportion down.
7. The Deputy Executive Director thanked delegates for their remarks and stressed that appointments were merit-based but at the same time mindful of the need for gender and geographical balance.

Agenda Item 9: Executive Director Performance Review 2005

Report on 2005 Key Performance Indicators

1. The Executive Director delivered a brief presentation on the key performance indicators (KPIs) for 2005, summarizing part of a written report that had been sent to all Board members prior to the meeting. The written report covered his performance from 2002-2005, though 2005 was the first year that definitive KPIs had been identified to measure performance.
2. The Executive Director reviewed changes in timelines for two of the 14 KPIs for 2005 as a result of Board decisions, reporting that the comprehensive strategy for the Global Fund was on track to be completed by November 2006, and an analysis of the options for the transition of the Global Fund to institutional independence was on track to be completed by November 2006.
3. The Executive Director highlighted progress on the remaining 12 KPIs, of which nine had met or almost met their targets in 2005 in the areas of grant performance, resource mobilization, Secretariat performance and financial management, and reporting. Three KPIs had fallen short of their targets: the speed of grant signing and first disbursements, which the Executive Director observed had improved with each round and would further increase as a result of a Board decision made earlier that day regarding TRP clarifications and also due to greater efforts by the Secretariat; staff satisfaction and motivation, an area in which the senior management had made a strong commitment to work with the Staff Council and all staff to make further improvements; and the percentage of managers who were women, which had already increased during the first four months of 2006 and could increase further as a result of vacancies to be filled later in the year.

Decision Point: Executive Director Performance Review 2005

The Board takes note of the Report on Performance by the Executive Director (GF/B13/5), including performance against Key Performance Indicators in 2005, and expresses its satisfaction with the results achieved.

There are no material budgetary implications for this decision.

Agenda Item 10: 2006 Key Performance Indicators

Report on 2006 Key Performance Indicators

1. The Executive Director presented the proposed KPIs for 2006, developed with assistance from McKinsey and Co. and the Private Sector delegation, and following the same format as the 2005 KPIs but restructured to match the five corporate priorities set for the year. He reported that eleven of the 15 KPIs were the same as those for 2005, and of these, the targets of six had remained the same, one had decreased (speed of grant signing and first disbursement) and four had increased (in the areas of grant performance, disbursement, communications and reporting, and staff diversity relating to gender, geographic region and communities of people living with and affected by the diseases).

2. Four new KPIs had been added in 2006, of which three measured areas of increasing focus for the organization: the success of the Early Alert and Response System, the progress in better harmonizing the processes of the Global Fund with those of recipient countries and the number of grants that included plans to measure the impact achieved with Global Fund investments.

3. In the discussion that followed, some delegates expressed interest in having a clear target for the completion of the Transitions Options Project incorporated into the 2006 KPIs. However, it was concluded that since there was already a clear understanding from the Secretariat that an options paper would be prepared for the November Board Meeting, a target was not needed.

4. A number of delegates expressed concern over the time required to sign grant agreements and urged the Secretariat to find additional ways to accelerate this process. Other delegates said they would be interested in seeing more indicators on internal management incorporated into the KPIs, including the execution of the Management Action Plan and implementation of conflict of interest and whistleblower policies. It was agreed that strong management leadership was needed in these areas but that specific KPIs would not be included at this time.

5. A few delegates noted that even if the target for the inclusion of people living with and affected by the diseases were fully met, this group would still only make up one percent of Secretariat staff. The Executive Director acknowledged that this was an important issue for the Secretariat and that he would work with delegates to find appropriate solutions.

Decision Point: Executive Director Performance Review 2006

The Board approves the proposed 15 Key Performance Indicators for the Executive Director and associated 2006 targets as presented in Annex 1 of GF/B13/12.

There are no material budgetary implications for this decision.

Agenda Item 11: Recruitment of the Executive Director

Update on the Bylaws

1. The Global Fund's Legal Counsel presented proposed changes to the Global Fund's Bylaws concerning the term of office and principles of recruitment of the Executive Director as a result of the decision taken by the Board at its Twelfth Board Meeting in December 2005. The Legal Counsel had been asked by the Board to work with WHO and Swiss counsel to amend the Bylaws as necessary to reflect this decision.

2. Changes included the amendment of Article 8 to reflect the new term of office for the Executive Director, Sections 17 and 26 of the Board Operating Procedures regarding the competitive process and Section 27 concerning the annual performance assessment of the Executive Director. The Legal Counsel noted that because the term of office for the Executive Director differed from normal procedures for WHO staff members, it would be included in the Log of Exceptions for the Administrative Services Agreement (ASA).

3. In the subsequent discussion, some delegates asked that the language in the Bylaws be made more gender neutral, and the Chair asked that changes be made accordingly. A number of delegates expressed concern that it would be difficult to apply the requirement that the selection of the Executive Director be merit-based and not political. The Legal Counsel agreed that this would be a challenge but that the Board had already agreed on this principle at its December 2005 meeting.

4. Two decision points were passed and the third was tabled until after the report of the Ad Hoc Committee on the Recruitment of the Executive Director.

Report of the Ad Hoc Committee on the Recruitment of the Executive Director

5. The Chair of the Board noted that Dr Helene Gayle of the Private Foundations delegation had served as the Chair of the Ad Hoc Committee on the Recruitment of the Executive Director but had since concluded her service to the Board. She asked the Vice-Chair to present the report on D. Gayle's behalf.

6. The Committee Vice-Chair reported that the Ad Hoc Committee had been formed following a decision by the Board at its Twelfth Meeting in December 2005. The Committee's mandate included creating the Terms of Reference (TORs) for the Executive Director and establishing a process for both the recruitment and transition of the Executive Director.

7. The Committee Vice-Chair presented a revised TOR for the Executive Director based on the existing TOR, which had been approved at the Eighth Board Meeting. For the recruitment process of the Executive Director, the Committee Chair stated that the Committee had discussed various options for the membership of a selection committee and had shared a set of finalized options with Board members and their constituencies in order to reach a consensus. The Committee Chair also presented the proposed TOR for the selection committee.

8. The proposed selection criteria for the Executive Director and an action plan for the recruitment process were reviewed. The Committee Chair reported that the Committee had taken note of the Executive Director's communication that he would not seek another term. Based on advice from WHO, the Board had asked that the Executive Director be notified of its desire to extend his contract beyond 15 July 2006 in order to ensure a smooth transition, with the details to be determined.

9. The delegate representing WHO asked that the record reflect that WHO was satisfied with the TOR for the Executive Director and that under the terms of the ASA, WHO appointed the Executive Director on the recommendation of the Board and delegated responsibilities such as budget implementation, hiring, etc. However, there were some things that the Executive Director did not have the authority to do. The delegate noted that while the proposed TOR stated that the Executive Director would execute Board policy decisions, there was a possibility that some Board policy decisions might not be acceptable to WHO. The WHO delegate clarified that it was not necessary to name the WHO regulations in the TOR as long as this point was captured in the Board meeting record.

10. In the discussion concerning the third decision point, clarification was requested regarding the rationale for deleting section E of the TOR for the selection committee. The Board Chair confirmed that this change would result in the selection committee presenting a number of candidates to the Board for decision rather than having the selection committee vote on candidates. Some discussion followed regarding guidelines for decision-making by the selection committee and the number of candidates the committee would present to the Board.

11. In the discussion regarding the extension of the term of the incumbent Executive Director to the end of 2006, concern was expressed that the end of his contract was too soon to enable his successor to begin the job without a lengthy gap between the two. The necessity of having a period of overlap and a range of time with an outside limit was discussed. The Executive Director confirmed that he had stated in writing to the Chair of the Board that he would be available until April 2007 but not beyond, and that he would give up the post when the Board asked him to. Gratitude was expressed to the incumbent Executive Director for his willingness to extend his contract.

12. Decision points 2, 4 and 5 were tabled, and the Board Chair noted that tabled decisions would be discussed in the Executive Session. A working group was set up with the Vice-Chair of the Board and a number of delegations to work on tabled decisions.

13. As a result of the executive session which was held on Thursday evening, a new decision point is before the Board relative to performance assessment of the Executive Director. This concerns the performance assessment for 2005. The suggestion was made that for 2006 the performance assessment process look more closely at competencies, and that a special committee be created to work on this.

14. The next discussion involved the composition of the Executive Director Nomination Committee. A delegate stated that they thought the agreement reached was to have three members each from the donor and the recipient blocks, but the proposed decision point only names two. The Chair pointed out that Developed Country NGOs, Western and Central Africa and Western Pacific constituted three representatives from the recipient block, not counting the Chair's constituency of Latin American and the Caribbean. The delegate responded that they would request one more representative from a recipient country.

15. There was some concern expressed that the nomination committee is heavily biased towards the North. France stated that their understanding was that members were appointed to the committee as individuals, not as representatives of their constituency. The names were therefore inserted as follows: Carol Jacobs (Chair); Lieve Fransen (Vice-Chair); Carsten Staur (Point Seven); Peter van Rooijen (Developed Country NGO); Urbain Olanguena Awono (West and Central Africa); Ren Minghui (Western Pacific); Jimmy Kolker (U.S.) and Carole Presern (UK and Australia).

16. A delegate pointed out that the Bylaws approved the day before state that the committee should represent the diversity of the Board, and that diversity mostly has to do with ethnicity. The Chair pointed out that the Developed Country NGO constituency represents a very diverse group, including members from both the North and the South and the Developed Country NGO stated that they had had a very clear process for choosing their representative and that they would not go back on their decision. A Board Member, with respect to the suggestion that a UN agency representative be included in the committee, was somewhat skeptical of involving them in the nomination committee. As a result of the discussion, the representative from the UN agencies withdrew their candidacy for inclusion in the nomination committee. The decision point was passed.

17. The next item of business concerned the terms of reference for the nomination committee. Some Board Members emphasized the importance of having a transparent process, that every delegation should feel confident in the process itself. After much discussion, it was decided that the nomination committee was to present five candidates. The decision point was passed with this amendment.

18. Following the discussion on the nomination committee, the Board addressed the issue of the selection criteria for the recruitment of the Executive Director. The decision point was passed.

19. After the decision regarding the action plan, the Board took up the issue of the Executive Director transition and whether or not it would include overlap between the existing Executive Director and the new candidate. The initial proposal was to extend Prof Feachem's contract to 31 December 2006. However, it was argued that if a candidate was only selected in November 2006, this would not allow enough time for the candidate to be ready to take office on 1 January 2007. It was proposed that Prof Feachem's contract be extended to 31 March 2007 to allow for sufficient time for the newly-selected Executive Director to be ready to take office. Private Sector asked who would determine when the new Executive Director would be ready to take over. The decision point was amended to include that the Chair and Vice-Chair would determine when the candidate was ready. The decision was then passed.

Decision Points: Approval of Revised Board Operating Procedures and Bylaws (Executive Director Clauses)

Decision Point

The Board amends Article 8 of the Bylaws as follows:

“Article 8. Secretariat

8.1 Composition

The Secretariat is responsible for managing the day-to-day operations of the Foundation.

The Secretariat is headed by an Executive Director, who is selected by the Foundation Board based on merit, in a non-political, open and competitive manner. The Executive Director and acts as the chief executive officer of the Foundation and serves for a term of four years, renewable for not more than one additional term of three years.

The Executive Director is responsible to the Foundation Board for the day-to-day management of the Foundation, and for specific duties and responsibilities assigned to him or her by the Foundation Board.

Secretariat staff are selected by the Executive Director, under policies and procedures approved by the Foundation Board.”

There are no material budgetary implications for this decision.

Decision Point

The Board amends Section 17 of the Board Operating Procedures as follows:

17. Executive Director

The Executive Director shall attend all Board meetings, and shall be responsible for the preparation and distribution of all materials required for the meeting, and for such other duties and responsibilities as may be assigned by the Board or the Chair. The Executive Director shall be appointed by the Board for a term of four years, renewable for not more than one additional term of three years ~~two year renewable term.~~

There are no material budgetary implications for this decision.

Decision Point: Executive Director Recruitment Process

The Board approves the revised Terms of Reference for the Executive Director, attached as Annex 1 to the Report of the Executive Director Transition (GF/B13/14), which shall be used as the basis for the recruitment of a new Executive Director.

There are no material budgetary implications for this decision.

Decision Point: Assessment of Executive Director

The Board reaffirms its commitment to the performance measurement system for the Executive Director adopted at the Ninth Board Meeting in Arusha and requests the Chair and the Vice-Chair to appoint a Performance Assessment Committee, consisting of four Board Members (or Alternates) which is tasked with:

- concluding the 2005 Performance Report of the Executive Director in the context of the adapted procedure agreed for 2005, the Management Response to the IOS Report and the Report of the Oversight Committee;
- implementing the full performance measurement system in respect of the Executive Director's performance objectives and targets for 2006, with particular attention to establishing a revised list of competencies against which performance will be measured;
- compiling an interim report for the Board to be presented at the Fourteenth Board Meeting in November 2006; and
- compiling a final report for the Board to be presented at the Board meeting scheduled for April 2007.

There are no material budgetary implications for this decision.

Decision Point: Executive Director Nomination Committee

The Board approves the composition of the Executive Director Nomination Committee to be composed of Carol Jacobs, Lieve Fransen, Carsten Staur, Carol Presern, Jimmy Kolker, Peter Van Rooijen, Urbain Olangena Awono and Ren Minghui.

There are no material budgetary implications for this decision.

Decision Point: Executive Director Nomination Committee Terms of Reference

The Board decides that the Executive Director Nomination Committee shall operate under the following terms of reference:

1. The Nomination Committee shall assist the Board with the selection of the next Executive Director of the Global Fund under an Action Plan approved by the Board. To that end, it shall:
 - select an executive search firm, based on a competitive process;
 - guide recruitment based on the criteria for selection of the Executive Director that were approved by the Board; and
 - oversee the search process.
2. The Nomination Committee shall present a list of five candidates to the Board, giving reasons for their assessments which should include the extent to which each candidate fulfils the relevant selection criteria and the candidate's ability to perform the duties of the Executive Director as outlined in the Terms of Reference.
3. The Nomination Committee shall prepare a decision making process for the Board on the selection of candidate at the Fourteenth Board Meeting.

4. Membership in the Committee shall not count towards the two-committee limit set forth in Section 23 of the Board Operating Procedures.

There are no material budgetary implications for this decision.

Decision Point: Executive Director Selection Criteria

The Board approves the selection criteria for the recruitment of the Executive Director as outlined in Annex 3 to the Report of the Executive Director Transition (GF/B13/14) as revised at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Executive Director Recruitment Process

The Board approves the action plan for the recruitment of the Executive Director set forth in Annex 2 to the Report of the Executive Director Transition (GF/B13/14) as revised at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Executive Director Contract Extension

The timeline set by the Board for the selection of the new Executive Director is based on the expectation that he or she would be able to take office by January 2007. However, given that this is not certain to happen the Board requests WHO to extend the contract of Professor Feachem to 31 March 2007. The Board acknowledges Professor Feachem's statement that, notwithstanding the end date of his contract, he is able to leave office at the time his successor is ready to assume it, as determined by the Chair and Vice-Chair of the Board.

There are no material budgetary implications for this decision.

Agenda Item 12: Report of the Finance and Audit Committee

Comprehensive Funding Policy

1. The Chief Financial Officer (CFO), Mr Barry Greene, gave a presentation explaining the Finance and Audit Committee (FAC) review of the Comprehensive Funding Policy, and considerations and recommendations for its refinement which would enable the Board to approve grant proposals based on the anticipated availability of funds at the time of grant agreement signing. The decision point made explicit the point that Phase 2 funding must be in the bank before the grant agreement could actually be signed.

2005 Audited Financial Statements and Budget Performance

2. The CFO gave a presentation on the audited financial statements and budget performance for 2005. He reported that eight percent less than the amount budgeted had been spent and therefore the efficiency target had been met. He reviewed budget variances, which amounted to a savings of US\$ 5.4 million after meeting the efficiency target. He reviewed operating expense ratios, which he noted were coming down over time, and operating expenses per active grant, which averaged US\$ 222,000 per grant. He then presented the 2005 Audited Financial Statements prepared by auditors Ernst and Young.

3. In the subsequent discussion, a delegate stated that despite the fact that there was an annual audit of the financial statements; the Board had fiduciary responsibilities that required ensuring there were additional systems in place to ensure that money was being well spent. He cited the Price Reporting Mechanism (PRM) as one such system and asked for clear timelines from the Secretariat on its full implementation. The Executive Director responded that 73 grants were currently compliant with the PRM and that compliance had been encouraged though not demanded of the remainder of grantees that were purchasing products. He acknowledged that there were some technical obstacles to the full implementation of the PRM and that by requiring compliance before disbursements were triggered, an on-the-spot estimate was that the Secretariat could reach 60 percent compliance within six months and be at or close to 100 percent within a year. The Vice-Chair of the Board noted that the Secretariat would report back to the Board on its progress, and the Executive Director said that he would confirm a target once the Secretariat had done the math.

Office of the Inspector General

4. The Chair of the FAC, Mr Jerry O'Dwyer, gave a presentation on the Charter, budget and workplan of the Office of the Inspector General (OIG). He reported that the IG had presented the FAC with a comprehensive set of benchmarks, and the FAC had considered these and the workload of the office, particularly external work with Principal Recipients, in recommending an increase in the budget of the OIG. He noted that the increase could be offset by savings in Secretariat and LFA expenses. In addition, securing adequate office for the OIG, which had been problematic, had been done by taking on new space which had come available to the Secretariat in its current office building.

5. The FAC Chair reviewed the OIG's workplan for 2006, which contained both audit and investigation. He highlighted the four priority areas of audit presented by the OIG and agreed by FAC: LFAs, both system and management; travel budgets; Principal Recipient and sub-recipient transactions; and the Credit Suisse payments at the Secretariat. He noted that these items would likely appear annually on the workplan of the OIG.

6. In the subsequent discussion, significant questions were raised about the reporting lines of the OIG, how investigations would be instigated and managed, who would see the full details of investigation reports and who would handle disciplinary measures, should they be required. The IG clarified that the Charter defined the responsibilities of the OIG, serving as a framework of office and prepared on the basis of the terms of reference endorsed by the Board but not providing procedural details. He confirmed that arrangements had been made with the Executive Director regarding how the OIG deals with investigation reports and that reports concerning staff would be shared with WHO, but reports concerning things outside the scope of the Secretariat would not be shared with WHO. He also confirmed that reports would normally go to the Executive Director but, as the OIG was independent, he would decide who should see reports based on their content.

7. A delegate asked whether an OIG staffed with eight people was appropriate for an organization the size of the Global Fund, given that WHO had a similar-sized office. The IG presented benchmarking on office size and budgets compared to various UN agencies to demonstrate that it was not unreasonable. He also noted that, given the minimal field presence of the Global Fund, it had an additional need for oversight functions. The Vice-Chair of the Board asked the IG to provide copies of that data to Board members.

8. The Vice-Chair acknowledged that better clarification was required on a number of issues, though not necessarily in the OIG Charter. She suggested that a reference to the ASA be included in the decision point and FAC could further review the Charter, or else the adoption of the Charter could be postponed pending further review with FAC and WHO.

9. The Chair of FAC agreed that though many of the answers to people's questions had been documented, it was important that Board members felt clear on all aspects of the OIG. In addition, he noted that it was important to clarify reporting relationships in a way that enabled various officers to discharge their duties while respecting the independence of the OIG. He clarified that anyone could approach the OIG to initiate an inquiry, and that the IG would decide whether further investigation were necessary. He agreed that the Board should approve the Charter on the condition that it included a "chapeau" text referring to the ASA and that FAC came back to the Board in November with a comprehensive report on the development of the OIG that responded to all points raised during the discussion.

10. In closing, the Inspector General clarified that the OIG would be following up on the full content of the MAP before November to ensure that all areas addressed in the WHO Internal Oversight Services Report were fully addressed.

Resource Mobilization

11. The Director of External Relations, Dr Christoph Benn, recalled to the Board that at the last meeting of the Board, the Secretariat had been mandated to develop a resource mobilization strategy and to report regularly to the Board on this subject. He reported that the PSC was looking at resource mobilization in the context of strategic development and therefore a resource mobilization framework had been proposed. The FAC had discussed guiding principles for such a framework, which he shared with the Board. He reviewed potential sources of funding and the need to retain public sector confidence while seeking complementary donors in other sectors, and he discussed the roles of the Board and Secretariat in resource mobilization. He concluded by stating that the FAC recommended adopting the resource mobilization framework and that the FAC will keep under review the strategic development process as it related to resource mobilization.

12. In the subsequent discussion, issues raised included the need for further debate of in-kind donations of products; the role of the Board in resource mobilization; the recently-launched (RED) campaign; the importance of increasing private sector involvement in resource mobilization; and the cost of raising money in the private sector.

13. The delegate representing France announced that Spain, a member of his constituency, had recently announced an increase of its contribution to the Global Fund from €35 million to €50 million or about US\$ 60 million.

14. The Vice-Chair clarified that FAC had the topic of resource mobilization on its regular agenda and would report at the next Board meeting and that the subject would also come back in the context of strategic development at the next Board meeting.

15. The Director of External Relations noted that the paper on resource mobilization reflected current policy but that the issue of in-kind donations had been touched on at the Board retreat

and a reopening of the subject would be welcome, recognizing the opportunities that it presented but which were limited by current policy. He also thanked France and Spain for the welcome announcement of an increased contribution and noted that this contribution was complemented by a contribution by the Catalunya Regional Development Agency.

Replenishment

16. The Director of External Relations reported that Mr. Sven Sandström had met twice with the FAC and provided a report on the replenishment process in 2005. He had agreed that he would provide further recommendations to the FAC for the next replenishment cycle for consideration at the next Board meeting. The Director of External Relations presented a decision point concerning the importance of replenishment and the role of FAC in its oversight.

17. There was some discussion as to whether the FAC had approved an agenda for the replenishment at its last meeting. The FAC Chair confirmed that the draft agenda had been presented but had not been formally approved. The bulk of the discussion had concerned the future of the replenishment and the preparations for the mid-term review in July 2006.

18. The FAC Chair reported to the Board for information only that the FAC had also discussed currency risk management, budget planning, guidelines for activities paid for from Global Fund bank accounts, the budget for the Partnership Forum and the Transition Options Project, on which there was some urgency in making decisions.

Resource Forecast for 2006 and Round 5 Appeals

19. The CFO conducted a brief review of the resource forecast for 2006, presenting three different pledging scenarios and the resulting predicted availability of funds for Round 6 approvals in November 2006. The CFO then presented a slide on the approval of funding for four successful Round 5 appeals as funding was now available.

Decision Point: Comprehensive Funding Policy

The Board amends paragraphs (a) and (c) of decision point 3 under the Comprehensive Funding Policy approved at the Sixth Board Meeting as follows:

- 3 Proposals are approved for the entire term of the proposal (up to five years) with a financial commitment for the initial two years with the possibility of renewal for up to an additional three years, with the following conditions:
 - a The Board may approve proposals and commit funds for two years up to the cumulative uncommitted amount of assets [~~pledged through the calendar year of the Board decision~~] that the Board determines will be available at the time of signing the related grant agreements in accordance with 3(b);
 - b A sufficient amount of assets to meet the full cost of two years of implementation of approved grants must be deposited with the Trustee or readily available on demand prior to the Secretariat signing a grant agreement;
 - c Based on successful implementation of a grant, funding beyond its first 2 years receives priority over the funding of new proposals. A sufficient amount of assets to meet the cost of such additional funding for the grant must be deposited with the Trustee or readily available on demand prior to the Secretariat signing an amendment to the grant agreement committing such additional funding;
 - d No funds for appeals should be reserved. Successful appeals should be funded immediately if resources are available or as soon as new resources become available.

There are no material budgetary implications for this decision.

Decision Point: Audited Financial Statements for 2005

The Board approves the 2005 Financial Statements of the Global Fund which have been audited by Ernst and Young, attached as Annex 7 to the Report of the Finance and Audit Committee (GF/B13/9).

There are no material budgetary implications for this decision.

Decision Points: Office of the Inspector General Workplan and Budget

Decision Point 1:

The Board approves the Charter of the Office of the Inspector General, attached as Annex 5 to the Report of the Finance and Audit Committee (GF/B13/9) with the addition of a reference to the Administrative Services Agreement with the World Health Organization (WHO).

There are no material budgetary implications for this decision.

Decision Point 2:

The Board approves the 2006 budget in the amount of US\$ 2,015,000 to be used exclusively for the Office of the Inspector General ("OIG"), as set out on page 6 of the Report of the Finance and Audit Committee (GF/B13/9) and as proposed by the Inspector General and recommended by the Finance and Audit Committee. This amount supersedes and replaces the US\$ 823,000 which was allocated to the OIG in the 2006 Secretariat Operating Expenses Budget approved at the Twelfth Board Meeting.

The budgetary implications of this decision are a maximum of US\$ 1,192,000 in 2006 which would be reduced by any savings achieved on the budget approved for LFA fees and Secretariat expenses.

Decision Points: Resource Mobilization

Decision Point 1:

The Board adopts the Resource Mobilization Framework developed by the Finance and Audit Committee, attached as Annex 1 of the Report of the Finance and Audit Committee (GF/B13/9), and requests the Finance and Audit Committee to monitor the implementation of the framework, and its role in guiding the replenishment process, and report regularly to the Board.

There are no material budgetary implications for this decision.

Decision Point 2:

The Board requests the Finance and Audit Committee to keep under review the strategy development process led by the Policy and Strategy Committee as it relates to Resource Mobilization and to develop a longer-term resource mobilization policy in the light of the approved strategy.

There are no material budgetary implications for this decision.

Decision Point: Replenishment

The Board recognizes the importance of the replenishment in ensuring sustainable and predictable funding and its role in increasing the Global Fund's donor base. The Board requests the Finance and Audit Committee to continue its oversight role of the process and to guide the Mid-Term Replenishment.

There are no material budgetary implications for this decision.

Decision Point: Round 5 Appeals

The Board approves for funding, in the amounts indicated, the following Round 5 proposals that were recommended by the Internal Appeal Panel in its Report to the Twelfth Board Meeting (GF/B12/8) and could not be approved for funding at the Twelfth Board Meeting due to resource constraints:

- i. Equatorial Guinea (Malaria) -- US\$ 12,906,111
- ii. Philippines (Tuberculosis) -- Euro 11,709,434
- iii. Sudan (HIV/AIDS) -- US\$ 29,424,335
- iv. Sudan (Tuberculosis) -- US\$ 6,830,013

The Board's approval is made with the clear understanding the amount listed for each proposal is an upper ceiling rather than the final Phase 1 Grant amounts.

There are no material budgetary implications for this decision.

Agenda Item 13: Round 6

1. The delegate representing UNAIDS delivered a presentation on the work of UNAIDS to identify gaps and obstacles in reaching universal access to treatment and the need to link the work of the Global Fund to this commitment.

2. A decision point was then presented concerning the launch of Round 6. A couple of delegates expressed their concern about the resource forecast for Round 6 and asked that this concern be reflected in the meeting record, though they did not oppose the launch of Round 6. One talked about the importance of informing all CCMs of the resource shortfall and making it clear to all concerned.

3. Other issues raised in the discussion included universal access and the implications of not launching a round in 2006; the way the Global Fund Board considered proposals and the issue of equitable funding, particularly in the case of countries with high disease burdens that had not been successful in their Global Fund applications; the urgency of increased and predictable financing for the Global Fund; the role of the Board in fundraising; the risk of losing credibility if Round 6 were not launched; the focus on infectious diseases at the G8 meeting in St. Petersburg in July and the impact the Global Fund had had to date in funded countries. The motion was passed.

4. The Executive Director thanked the Board and announced that it was National Hero's Day in Barbados and the Board Chair, Dr. Carol Jacobs, was being honored with the first-ever Barbados Gold Medal of Achievement for her outstanding work in the fight against the HIV pandemic both globally and locally. He stated that the Governor-General of Barbados would present the award to the Chair upon her return to Barbados the following week.

Decision Point: Launch of Round 6

The Board decides to launch Round 6 today.

The Sixth Call for Proposals, including the Guidelines for Proposals approved at this Board meeting, shall be issued by the Secretariat no later than thirty days after the date of this decision.

Round 6 proposals will be approved at the Fourteenth Board Meeting.

The Board requests the Finance and Audit Committee to present an estimate of resources available for Round 6 at the Fourteenth Board Meeting (based on the Comprehensive Funding Policy, as amended at the Thirteenth Board Meeting).

The Board has taken account of the various forecasts of assets presented at this Board meeting (GF/B13/11 Revision 1). The Board, noting the limited level of currently confirmed pledges for 2007, makes an urgent appeal to current and potential donors to expedite and increase their pledges for 2006 and 2007 so that Round 6 can be funded.

The budgetary implications in 2006 of this decision are US\$2,025,000, comprised of US\$ 710,000 for LFA fees and US\$ 1,315,000 for TRP and Secretariat expenses.

Agenda Item 14: Trustee Report

1. Mr. Keith Jay of the World Bank, the Global Fund's trustee, delivered the Trustee's Report. He reviewed the Global Fund's contributions received to date, totaling US\$ 5 billion, including contributions in the course of 2005 totaling US\$ 1.4 billion (against commitments of US\$ 1.5 billion). He also indicated that disbursements during 2005 amounted to nearly US\$ 1.1 billion.
2. During the first quarter of 2006, the Global Fund had received contributions of US\$ 259 million. Mr. Jay noted that this amount was not particularly unusual, as historically the bulk of contributions occurred during the April to July time period, in part due to the July 31st deadline of the U.S. contribution rules.
3. There were no immediate questions following the Trustee's Report.

Agenda Item 15: Portfolio Committee Report

1. The Chair of the Portfolio Committee (PC), Minister Urbain Awono, presented the report on the work of the PC, to include eligibility criteria, Round 6 guidelines, appointment of members of the TRP, length of term of the TRP Chair and Vice-Chair, Phase 2 decision-making policies and procedures and funding of the Green Light Committee (GLC). He informed the Board that the PC had met twice and set up two working groups in order to address these areas of work.

Eligibility criteria for upper middle-income countries

2. The PC Chair summarized the existing eligibility criteria, under which upper middle-income countries were eligible only if faced with a high disease burden in a particular disease component, and reviewed counterpart financing requirements for upper middle-income countries as stipulated in the Global Fund guidelines. He explained the Committee's recommendation to expand the eligibility criteria for upper middle-income countries regardless of their national disease burden to include small island states and countries with vulnerable populations with HIV prevalence greater than 5 percent within the sub-population. He noted that the rationale for this recommendation was to contain the spread of epidemics from vulnerable populations to the general population.

3. In the subsequent discussion, several delegations objected to the portion of the proposed decision point which would expand the list of upper middle-income countries, stating that this would detract from the focus on support for low-income countries. Though stopping the spread from vulnerable populations to a general epidemic was perceived to be strategically important, it was felt that these countries have access to other funding sources. In addition, constituencies expressed concern that a reverse incentive might be created whereby upper middle-income countries might not prioritize addressing national epidemics appropriately.

4. Other delegations supported broadening eligibility criteria to include more upper middle-income countries but queried the feasibility of monitoring national sero-prevalence rates to determine eligibility due to prevalence of greater than five percent. The delegate for UNAIDS addressed this concern, stating that UNAIDS already asks countries to provide the necessary data, including information on methodology of collection as a matter of standard procedure. She stated that UNAIDS works in collaboration with a reference group of partners to validate this data, and has expanded the amount of data available regarding vulnerable populations in upper middle-income countries.

5. Delegations supporting the full decision point argued that attacking epidemics before they reach a high prevalence level represents good public health practice as well as a sound economic strategy, given that prevention and containing a smaller epidemic is less expensive.

6. The decision point was amended to expand eligibility only to small island economies, striking part B of the decision point which included language concerning upper middle-income countries.

Round 6 Guidelines

7. The PC Chair presented the revised guidelines and proposal form for Round 6 proposals, which the Committee and Secretariat had revised to a more aligned and coherent form. He gave an overview of key changes to the guidelines and application form, including eligibility criteria for upper middle-income countries, counterpart financing and reinforced language pertaining to adherence to CCM eligibility requirements adopted in April of 2005. In addition, the Health Systems Strengthening (HSS) category had been removed as a separate component category, in favor of HSS activities included as part of a disease component. The guidelines had also been revised to emphasize linkages to existing programs previously funded by the Global Fund and to other donor funded programs.

8. Delegates suggested a friendly amendment to the guidelines which would ensure that CCM members had sufficient time to review the proposals (at least one week) and called for future consideration of how proposal guidelines could be improved to address gender inequality, perceived to be a key driver of the epidemic.

Appointment of Technical Review Panel Members and Support Group

9. The PC Chair presented an overview of the TRP applicant screening, which had been done in collaboration with the World Bank, WHO and UNAIDS. Of 618 applications received, 202 applicants were included in a first screening list and 107 applicants were included in the final list proposed. The Chair further noted that representation of female candidates among those recommended for Board approval had increased from 22 to 28 percent since Round 5.

10. There was little discussion on this decision point beyond concern expressed by delegates that cross-cutting expertise be adequately accounted for among the list of proposed candidates. The Secretariat responded to this concern, stating that three alternate members from the TRP of Round 5 had been retained in order to address this need. Expansion of the pool of alternates was also an important step taken in order to ensure availability of appropriate expertise.

Length of Term for TRP Chair and Vice-Chair

11. The PC Chair reviewed discussions at the Twelfth Board Meeting in Marrakech regarding a possible exception to the stated term limit for the current TRP Vice-Chair. The decision point (then) had not been approved because the Board required a revision of the guidelines, rather than an exception. The Portfolio Committee was tasked with devising this rule, reflected in the decision point brought before the Board for approval.

12. He stated that given that the current TRP Chair had served for four grant rounds and the Vice-Chair had served on three rounds, the decision point was intended to enable the Vice-Chair to serve as Chair for rounds seven and eight, ensuring continuity.

13. Delegates expressed concern that limiting the number of rounds to be served by the Chair and Vice-Chair of the TRP represented micromanagement of this body which should be independent and was charged with electing its own leadership. It was also suggested that sound and experienced leadership of the TRP should not be replaced because of regulations such as the term limits. The Board Chair responded that delegations had already expressed discomfort with a TRP Chair or Vice-Chair serving as many as eight rounds and that this point was no longer under discussion.

Phase 2 Decision-making Policies and Procedures

14. The PC Chair prefaced a presentation of this decision point by noting that decision-making procedures and policies adopted at the Ninth Board Meeting would expire at this Board meeting. In addition, the current decision-making policies and procedures concerning Phase 2 decisions required a decision by the Board as to which of three options prepared by the PC were most suitable:

- Continuation with the current procedures, requiring Phase 2 decisions to be made by the Board, based on the review of recommendations provided by the Secretariat (and adopted at the Ninth Board Meeting);
- Return to original procedures (adopted at the Seventh Board Meeting and revoked by the Ninth Board Meeting decision) whereby Phase 2 decision-making was delegated to the Secretariat, with Board confirmation of No-go decisions only; or
- Adoption of an alternative set of procedures.

15. The PC Chair stated that the Committee's recommendation to the Board was in favor the first of the three options. A friendly amendment was proposed to include language in the decision point extending the current trial period until the Fifteenth Board, rather than abolishing the trial period. This friendly amendment was accepted by the full Board, and the decision point was passed.

Funding of Green Light Committee

16. The Board had decided at a previous meeting that financing of MDR-TB programs must first have the approval of the Green Light Committee (GLC). The PC had been tasked with considering possible funding mechanisms for the GLC, recognizing that its services were badly needed to scale up interventions on MDR-TB treatment.

17. Delegates asked for clarification on the budgetary implications of the decision point. The Secretariat responded that in fact the US\$ 1.4 million shown in the PC Report had been deleted. Instead, the PC's recommendation was that for future proposals, funding for the GLC would be included in grant applications. Similarly, when existing grants arrived at the point of Phase 2 renewal, these costs would be budgeted for in the amount allocated for Phase 2.

18. The Chair of the PC indicated that the US\$ 1.4 million associated with the decision point had been removed due to objection in principal by some delegations. Delegates voiced the belief that the work of the GLC was extremely significant for the entire developing world and that it was inappropriate to look to other donors to support the GLC. In addition, delegates expressed dissatisfaction at the process of deciding to remove the cost of funding the GLC from the decision, as the delegates felt they had not been adequately consulted on this point.

19. The PC Chair responded that although the PC at first thought that the Global Fund could fill the gap for 2006, consideration of Global Fund guidelines and bylaws led the Committee to conclude that it would be difficult for the Global Fund to intervene directly. In addition, the Committee determined that the decision point nonetheless served to sharpen the awareness of donors to the GLC that the gap of US\$ 1.4 million must be filled.

20. The PC Chair thanked the Secretariat, the Executive Director of the Global Fund and the Deputy Executive Director for their dedication and hard work. He also acknowledged the Vice-Chair of the PC prior to his departure from the Committee.

Decision Point: Revised Eligibility Criteria for Round 6

The Board decides that for Round 6, proposals from applicants whose economies are classified by the World Bank as "upper-middle income" may become eligible if the applicant falls under the "small island economy" exception to the International Development Association lending eligibility requirements, regardless of national disease burden.

This decision does not affect the applicability of counterpart financing and other eligibility requirements.

The Board requests the Portfolio Committee to review eligibility criteria for upper-middle income countries for Round 7 and provide recommendations at the Fourteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Approval of Round 6 Guidelines and Proposal Form

The Board approves the Guidelines and Proposal Form for the Sixth Call for Proposals (as presented in Annex 4 and Annex 5 of GF/B13/8), as amended at the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Appointment of TRP Members and Support Group

The Board approves:

- a) Dr. Blaise Genton as a new Technical Review Panel (TRP) member to fill the vacancy of a Malaria expert commencing from Round 6;
- b) In respect of Round 6, seventeen (17) Alternate Member positions in total, and specifically in respect of the 2006 TRP replenishment process, those persons recommended by the Portfolio Committee and the Executive Director from the Support Group to fill the fourteen (14) Round 6 TRP Alternate Member position vacancies (as presented in Table 1 of Annex 7 of GF/B13/8); and
- c) A Technical Review Panel Support Group (as presented in Table 1 of Annex 7 of GF/B13/8), comprising the group of experts from which TRP membership will be replenished in the event of TRP member vacancies as they may arise.

There are no material budgetary implications for this decision.

Decision Point: Length of Term for the TRP Chair

The Board decides that the Technical Review Panel Chair may serve as Chair for no more than two rounds. The normal term limit of four rounds for TRP members may be extended for two rounds in the event that a member is approved as Chair.

There are no material budgetary implications for this decision.

Decision Point: Phase 2 Decision Making Process

The Board decides to extend the application of the Phase 2 Decision-Making Policies and Procedures set out in Annex 1 to the Report of the Portfolio Committee to the Twelfth Board Meeting (GF/B12/6) and as amended at the Twelfth Board Meeting, until the Fifteenth Board Meeting.

The Board requests the Portfolio Committee to review the Phase 2 Decision-Making Policies and Procedures and develop recommendations for the Board to consider at its Fourteenth meeting.

There are no material budgetary implications for this decision.

Decision Point: Funding for Green Light Committee Activities

The Board recognizes the essential service provided by the Green Light Committee as a unique entity that ensures the quality of multidrug-resistant tuberculosis control programs. The Board reaffirms its decision taken at the Third Board Meeting, which requires recipients of Global Fund grants to procure second-line anti-tuberculosis drugs through the Green Light Committee, and recognizes that the Green Light Committee provides a package of services for multidrug-resistant tuberculosis control treatment that cannot be disaggregated. The Board urges the Green Light Committee to develop a proactive resource-mobilization effort to attract other donor funding.

The Board decides that applicants:

- i. applying for grants with multidrug-resistant tuberculosis control components in Round 6 and beyond; or
- ii. submitting a Request for Continued Funding for grants with multidrug-resistant tuberculosis control components as of January 2007,

must include a cost-sharing element for Green Light Committee services. To limit transaction costs, this will be defined by the Secretariat in consultation with the Green Light Committee as a flat rate per grant per year that will not exceed US\$ 50,000 per grant per year. This figure is subject to review by the Portfolio Committee.

The Board requests the Secretariat to explore mechanisms to apply these cost-sharing principles for Green Light Committee services to programs funded by grants in Rounds 1 through 5 that are not already covered by paragraph (a) (ii) of this decision and report back to the Board at the Fourteenth Board Meeting.

There are no material budgetary implications for this decision.

Agenda Item 16: Grant Consolidation

1. The delegate for the Western Pacific Region presented a motion on grant consolidation. The delegate noted the expanding portfolio of Global Fund grants, each of which required significant input from the Fund Portfolio Manager and the LFA and expenditure (approximately US\$ 222,000 per year). As new grants often represented a scale-up of activities begun in a previous round with common elements such as the same PR, sub-recipients and coverage indicators, he stated that opportunities for harmonization and consolidation existed. The delegate advocated for support in principle by the Board of efforts to consolidate grants resulting in a single set of targets, work plan budget and programmatic reports.

Decision Point: Grant Consolidation

The Board supports in principle the concept of Grant Consolidation and requests that the Portfolio Committee explore the implications of, and possible models for grant consolidation, and to prepare a report and recommendation to the Board at the Fifteenth Board Meeting.

The budgetary implications of this decision for 2006 will be reviewed by the Secretariat and submitted to the Finance and Audit Committee for review and approval.

Agenda Item 17: Local Fund Agents

1. The delegate for Developed Country NGOs presented a motion regarding existing contracts with LFAs coming to an end, proposing that new contracting arrangements with LFAs should reflect the outcome of the strategy development process as well as the outcomes of the ongoing work of the PC in this area. The delegate explained that the model being prepared by the PSC would not be available prior to the Fourteenth Board Meeting and that therefore the motion was necessary to provide contingency guidance.
2. A delegate expressed concern that the strategy would not be approved by the Board before the Fourteenth Board Meeting, and that incorporating outcomes of the strategy process before approval would not be appropriate. The Board Chair suggested a change in wording, which was satisfactory to the delegate.

Decision Point: Local Fund Agents

The Board takes note of the fact that the term of existing contracts with LFAs is coming to an end in October/November 2006 and that it will soon be necessary to enter into new ones.

The Board expresses its desire that contracting arrangements with LFAs reflect the outcome of the strategy development process, as well as the outcomes of the ongoing work of the Portfolio Committee in this area.

To that end, the Board requests the Secretariat to explore and make contractual arrangements that advance that goal.

There are no material budgetary implications for this decision.

Agenda Item 18: Phase 2 Nigeria Grants

1. Dr Peter Ndumbe from Cameroon, an expert in infectious diseases, presented the report of the independent panel on the Nigeria grants. The independent panel had first conducted an analysis of the documents that had resulted in a "No Go" recommendation on two Round 1 grants, which had been subsequently blocked by the Board twice.
2. The conflicting views were summarized as follows: the Secretariat had judged overall performance of the grants to be insufficient to justify further investment and that the progress reported was not supported by the evidence. The CCM and PR had argued, however, that after an admittedly slow start, major progress had been made in the most recent quarter. The independent panel was to judge, therefore, whether or not normal grant operation had, in fact, been reached.
3. The key issues in the two grants concerned programmatic results and governance. The independent panel then presented two options for moving forward. The first option would be to give the grant focusing on PMTCT a "Conditional Go" but discontinue the ARV grant; the second option would be to cancel both grants and use the experience gained in the implementation of the Round 5 grants.

4. A delegate stated that the second option must be observed as requested changes had not been made in the country and the CCM had not met to respond to the questions raised in the report despite requests. Another delegate pointed out that the Board had been very understanding and had tried to save these programs but that they were not viable. A delegate observed that the situation raised issues that went beyond Nigeria, such as EARS, ensuring that all CCM members got sufficient information in a timely fashion and technical partners were involved. Another delegate raised the issue of similar difficulties in a neighboring country and wondered whether it were not possible to continue at least the PMTCT component. However, delegates agreed that the focus should be on future grants.

5. The decision to cancel the grant focusing on ARV treatment was passed. The Chair reminded the Board of the continuation of funding policy, which ensured continuation of funding for treatment for up to two years to allow countries to find other sources of funding. The motion to cancel the grant for PMTCT programs was passed. The Chair thanked Prof Korte and Dr Ndembe for their work on the independent panel.

Decision Point:

The Board declines to approve additional funding for the Phase 2 period of the Nigeria Grant number NGA-102-G01-H-00 (Expansion of Prevention of Mother to Child Centers of Excellence).

There are no material budgetary implications for this decision.

Decision Point:

The Board declines to approve additional funding for the Phase 2 period of the Nigeria Grant number NGA-102-G03-H-00 (Program for the expansion of anti-retroviral therapy in Nigeria).

There are no material budgetary implications for this decision.

Agenda Item 19: Ethics Committee

1. The Ethics Committee presented their report. The committee has worked hard to produce policies on whistle-blowing and on lobbying, and it feels that the passing of these policies is essential for the Global Fund.

2. The whistle-blowing policy was developed to encourage reporting on fraud and illegal activity. The policies require that all reports be sent to the OIG via hotline. However, any individual can go outside this normal process if the hotline system fails them. Under WHO regulations, staff cannot go outside the organization unless the Inspector General gives them permission to do so.

3. The WHO thanked the committee for its hard work, and spoke to how the ASA could be modified to meet the needs of the Global Fund. The U.S. noted that the policy developed by the committee is more rigorous than the current WHO policy, and it expressed the hope that the additional policies being adopted here be adopted by the WHO as well.

Decision Point: Whistle-blowing Policy

The Board approves the whistle-blowing policies set forth in Annex 1A and 1B in the Report of the Ethics Committee (GF/B13/6), as amended below, and encourages the Office of Inspector General to implement these policies as soon as practical.

Footnote 3 in the whistle-blowing policy for the Secretariat and Governance Bodies of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Annex 1A) is amended to read as follows:

This section shall not apply to Secretariat staff until such time as the World Health Organization determines that the Policy may be implemented under WHO rules and takes all administrative steps to facilitate its implementation.

The budgetary implications of this decision point have been included and presented with the budget of the Office of the Inspector General.

Decision Point: Lobbying Policy

The Board approves the “Code of Conduct for Contacts with Members of the Global Fund Involved in Funding Decisions” set forth as Annex 2 to the Report of the Ethics Committee (GF/B13/6) and decides that this code of conduct shall be put on the Global Fund website and that a copy shall be sent to all Country Coordinating Mechanisms and Principal Recipients with all funding application materials. The Board decides that the Code of conduct shall also apply with regard to the selection of the Executive Director of the Global Fund. The Board further decides that all violations of this Code of Conduct shall be reported promptly to the Ethics Committee for action, which may include, among other things, placing funding in jeopardy by reporting all violations of the code as part of the information used in the funding decision.

There are no material budgetary implications for this decision.

Decision Point: Secondment Activity at the Secretariat

The Board notes with concern the questions raised by the Ethics Committee on existing Secretariat secondment practice, and requests that the Ethics Committee undertake a review of the Secretariat policy on secondments and associated conflict of interest issues and report back to the Board at the Fourteenth Board Meeting.

There are no material budgetary implications for this decision.

Decision Point: Chair of the Ethics Committee

The Board accepts the resignation of Ms Anandi Yuvaraj from the position of Chair of the Ethics Committee.

The Board accepts the resignation of the Latin American and Caribbean constituency from the Ethics Committee, and approves its replacement by the Eastern and Southern Africa constituency.

The Board appoints Professor Sheila Dinotshe Tlou of the Eastern and Southern Africa constituency as Chair of the Ethics Committee.

There are no material budgetary implications for this decision.

Agenda Item 20: Any Other Business

1. The first item was a return to the revision of the Bylaws and Board Operating Procedures. Up to this point, the Board had already approved the first two changes, but there remained one revision to vote upon. Because this involves an issue which cannot be resolved until other decisions have been finalized, the Chair asked that this decision point be postponed to the next Board meeting.
2. Legal Counsel presented a report on the Decision Point 3 from the Twelfth Board Meeting in Marrakech, which had three sections. The first two sections were approved during the first day of the Thirteenth Board Meeting, but the third one is still outstanding. Legal is to make any necessary changes and distribute electronically for review.
3. The Chair then introduced the Guatemalan Ambassador to Geneva. The Ambassador extended an invitation to the Global Fund to hold the Fourteenth Board Meeting in his country. He proposed that the meeting be held in the city of Antigua, which is 40 minutes from the capital and said that the government was ready to collaborate with the Global Fund Secretariat to ensure a successful meeting. The Ambassador extended his wishes for success in the remainder of the Board meeting and stated that the government was looking forward to welcoming the Board to Guatemala.
4. Decision points concerning amendments to Bylaws concerning signing authority and recognition of the Staff Council were presented briefly and passed.
5. A discussion followed concerning the question of Secretariat support and workload. There was no agreement about the wording of a proposed decision point, and it was agreed that the issue would be raised again at the following Board meeting.
6. The Western Pacific delegation made a brief presentation concerning an invitation by China to host the Sixteenth Board Meeting in the fall of 2007. The Communities delegation asked whether or not it was true that China had restrictions concerning the issuing of travel visas to people living with HIV. The delegate stated that they would make the necessary accommodations for the meeting.
7. The Head of Board and Donor Relations, Ms Dianne Stewart, reviewed the Board calendar and the schedule for the Fourteenth Board Meeting in Guatemala. She stated that the Secretariat hoped to organize site visits in the region, the exact countries to be confirmed later (Cuba, Jamaica, Guatemala and others were under consideration.) She reminded members that there would be travel implications, both in terms of time and cost and that there had been discussion during the recent Board retreat whether to hold a consultation prior to the Board meeting itself. Because the Board had agreed to hold only two Board meetings a year, each meeting would become longer and the suggestion was that the Fourteenth Board Meeting be a four-day meeting. With the inclusion of site visits, this would mean a ten-day commitment from Board members. She reported that the calendar would be available on the website the following week, along with the planning timetable for Round 6.
8. The Board Chair thanked the Chair and the Vice-Chair of the FAC for their contributions, as Lieve Fransen was giving up the role of committee chair in order to serve as Vice-Chair of the Board, while Flavio Lovisolo, Vice-Chair, was leaving his constituency. The Chair also thanked a number of Board members who were finishing their terms.

Decision Point: Delegation of Authority to Sign Agreements

1. The Board authorizes the Chair and Vice-Chair of the Board and the Executive Director to execute agreements on the Board's behalf. As necessary and appropriate to maintain continuity of Secretariat operations, in the event the Executive Director is unavailable to exercise such authority, the Board authorizes each of the Deputy Executive Director, the Chief of Operations and the Senior Director, Business Services to execute agreements on the Board's behalf.

2. The Board revokes the decision made at the Sixth Board Meeting regarding the Board's delegation of authority to execute agreements (GF/B7/2 p. 22).

There are no material budgetary implications for this decision.

Decision Point: Staff Council

The Board acknowledges the formation of the Global Fund Staff Council in November 2005 and notes the intention of the Board Chair, the Vice-Chair, and the Staff Council to meet prior to every Board meeting.

There are no material budgetary implications for this decision.