



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Report of the Policy and Strategy Committee

Amb. Lennarth Hjelmåker, PSC Chair

IMPORTANT INFORMATION

Decisions in this presentation may have been amended after the presentation was given. For the final approved decision please refer to the final decisions document on the Global Fund website:

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

Nineteenth Board Meeting
Geneva, 5-6 May 2009



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El Fondo Mundial
De lucha contra el SIDA, la tuberculosis y la malaria



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To Fight AIDS, Tuberculosis and Malaria



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Глобальный фонд
для борьбы со СПИДом, туберкулезом и малярией



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الصندوق العالمي
لمكافحة الإيدز والسل والملاريا

Agenda

Relationship Between the Global Fund and the United Nations

For decision

Memorandum of Understanding between the Global Fund and the Organization of the Islamic Conference

For decision

Extension of the Terms of TERG Members

For decision

Global Fund Strategy in relation to Sexual Orientation and Gender Identities

For decision

Key Performance Indicators

For information

Relationship between the Global Fund and the United Nations

Context and PSC discussion

Context

- At Sixteenth Board Meeting: Board decided to discontinue the Administrative Service Agreement with WHO and noted *“the need to further clarify the relationship and partnership with WHO and the UN system”*
- At Eighteenth Board Meeting: Board endorsed an *“initiative that the Global Fund, through its Executive Director, take steps to pursue a decision by the 63rd UN General Assembly to grant Observer Status to the Global Fund”*

Discussion

- The PSC was briefed on the progress made by the group working on this initiative.

Relationship between the Global Fund and the United Nations

Recommended decision point

Relationship between the Global Fund and the United Nations (UN)

The Board reiterates its endorsement of the Global Fund's initiative to obtain a decision of the UN General Assembly granting Observer Status to the Global Fund at the UN General Assembly (Decision Point GF/B18/DP15).

The Board notes that the Global Fund would be represented by the Executive Director at the UN General Assembly.

All Board constituencies, in particular those including UN Member States, are requested to support the Global Fund's application for Observer Status.

This decision does not have material budgetary implications.

Relationship between the Global Fund and the United Nations

Recommended decision point

Proposed PSC Chair amendment

Relationship between the Global Fund and the United Nations (UN)

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The Board notes that the Global Fund would be represented by the Executive Director at the UN General Assembly.

~~All Board constituencies, in particular those including UN Member States, are requested to support the Global Fund's application for Observer Status.~~

This decision does not have material budgetary implications.

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Memorandum of Understanding between the Global Fund and the Organization of the Islamic Conference

Context and PSC discussion

Context

- The Organization of the Islamic Conference (OIC) is an inter-governmental organization bringing together 57 countries in Africa, Asia, the Middle East and the Caribbean regions
- Mission is to represent Muslim people and to strengthen cooperation among Member States in political, economic cultural and social fields.
- The Secretariat has developed an MoU with the OIC
- MoU represents high level political support based on common objectives
- The Secretariat presented a draft of this MoU to the PSC for its consideration

Discussion

The PSC:

- stressed that the key principles in the PSC paper on cooperation agreements should be taken into account in the collaboration with the OIC
- noted that the Board should be notified of any major changes to the MoU

Recommended decision point

Memorandum of Understanding between the Global Fund and the Organization of Islamic Conference

The Board notes the Secretariat's continued focus on strengthening the Global Fund's relationship with its key partners in the fight against the three diseases. In this context, the Board expresses its satisfaction with and endorsement for the principles of the memorandum of understanding with the Organization of Islamic Conference (the "OIC MoU") set out in Attachment 2 of the Policy and Strategy Committee's Report to the Board (GF/B19/4), and requests the Executive Director to finalize and sign the OIC MoU.

This decision does not have material budgetary implications.



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Extension of the Terms of TERG Members

PSC discussion and outcomes

- The terms of six TERG members are due to expire in May 2009
- The PSC agreed with the TERG Selection Committee's proposal to extend the terms of TERG members until the November Board meeting

Recommended decision point

Extension of the Terms of TERG Members

The Board notes that the terms of six TERG members were due to expire at the conclusion of the Five-Year Evaluation, in May 2009. The Board decides to extend the terms of these six members of the TERG until the conclusion of the Twentieth Board Meeting. The Board thanks the TERG members for their contribution to the Global Fund and for their willingness to continue their work for this additional period.

This decision does not have material budgetary implications.

Agenda

Relationship Between the Global Fund and the United Nations

For decision

Memorandum of Understanding between the Global Fund and the Organization of the Islamic Conference

For decision

Extension of the Terms of TERG Members

For decision

Global Fund Strategy in relation to Sexual Orientation and Gender Identities

For decision

Key Performance Indicators

For information

Global Fund Strategy in relation to Sexual Orientation and Gender Identities

Context

- The Global Fund Strategy in relation to Sexual Orientation and Gender Identities (SOGI) is part of the overall gender strategy
- The first part of the Gender Equality Strategy was adopted at the Eighteenth Board Meeting
- The Secretariat presented its work on the SOGI Strategy to the PSC

Global Fund Strategy in relation to Sexual Orientation and Gender Identities

PSC discussion at meeting

During its deliberations at the PSC meeting, the PSC:

- welcomed the draft SOGI Strategy;
- noted that the Strategy and its implementation should complement the Gender Equality Strategy;
- agreed that available evidence of “vulnerability” is compelling, and also that more evidence can and should be collected;
- emphasized the need for the Global Fund to proceed in a way that creates benefits for the communities addressed by the Strategy;
- recognized the barriers posed by criminalization and discussed approaches (and modified language) regarding partnerships, communications, and appropriate venues for Board meeting; and
- recommended attention to language and approaches that reinforce existing progress, efforts and commitments already agreed to; and
- requested a clearer definition of the terminology of “sexual minorities” or alternatively to explore a more appropriate term.

Global Fund Strategy in relation to Sexual Orientation and Gender Identities

PSC discussion following meeting

Following the PSC meeting:

- A revised version of the SOGI Strategy was prepared by the Secretariat based on PSC input;
- PSC members discussed the revised version during a conference call;
- During those deliberations the PSC:
 - noted the tension between “requesting,” “requiring” and “encouraging” countries to address SOGI-related vulnerabilities and needs in the fight against the three diseases; and
 - noted that a number of key areas would be addressed in the SOGI Strategy implementation plan¹
- The final version of the SOGI Strategy can be found in document GF/B19/4 – Attachment 3.

¹ E.g., proposed concrete opportunities for countries to take action, financial implications, and fit with Global Fund processes, operations and new developments like architectural changes and NSAs

Global Fund Strategy in relation to Sexual Orientation and Gender Identities

Recommended decision point

Global Fund Strategy in Relation to Sexual Orientation and Gender Identities

The Board approves “The Global Fund Strategy in Relation to Sexual Orientation and Gender Identities (SOGI)” (GF/B19/4 – Attachment 3) and requests the Secretariat to report on progress of implementation of the strategy to the Policy and Strategy Committee at its next meeting.

This decision does not have material budgetary implications.

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Relationship Between the Global Fund and the United Nations

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Key Performance Indicators

For information



Key Performance Indicators

PSC discussion and outcomes (1/3)

PSC discussion

- In accordance with decision at Sixteenth Board Meeting, the PSC assessed the results achieved against the Key Performance Indicators (KPIs) at end 2008;
- It also discussed revisions to the KPI framework for 2009 and targets for 2010.

Results against 2008 KPIs

The PSC:

- commended the Secretariat on **the quality and transparency of the report**;
- acknowledged **solid performance against 2008 KPIs**; and
- was **satisfied with the explanations provided** for the targets not met and the proposed corrective actions

PSC discussion and outcomes (2/3)

Results against 2008 KPIs

The PSC expressed concerns in the following areas:

- **Speed of grant signing** – the PSC:
 - reemphasized importance of ensuring rapid disbursement of funds once proposals are approved
 - however, also recognized the importance of balancing efforts to better align with country financial cycles, ensure grant signing speed and program implementation quality
- **‘Funding follows performance’** – the PSC stressed the importance of upholding the performance-based funding principle
- **Transparency and accountability** – the PSC emphasized the importance of timely publication and sharing of grant implementation and performance data
- **Operating expenses** – the PSC noted the increase in operating expenses and recommended it be discussed at the FAC

Key Performance Indicators

PSC discussion and outcomes (3/3)

Revisions to 2009 KPIs

The PSC:

- supported proposed revisions for 2009 and for 2010 targets with a few modifications (included in GF/PSC11/04 – revision 1)
- recommended to ensure a **KPI derived from the Gender Equality Strategy** is included (following consultation with all relevant partners)
- A sub-group of PSC members will continue working to propose at the next PSC:
 - Improved measurement approaches for health systems strengthening, value for money and quality of services;
 - The relevant indicator which is the outcome of the Gender Equality Strategy; and
 - The removal of indicators from the KPI framework (as appropriate)

Key Performance Indicators

Decision taken by the PSC

Key Performance Indicators: 2008 Reporting and KPIs for 2009 and 2010

The Policy and Strategy Committee:

1. Takes note of the year-end results for the 2008 Key Performance Indicators (KPIs) presented by the Secretariat and recognizes its solid performance. The PSC is satisfied with the explanations provided for the targets not met and the proposed corrective actions;
2. Approves the revised KPIs for 2009, including the baseline and targets for the KPIs numbered 22 through 26, as presented in Table 2 to GF/PSC11/04 – revision 1;
3. Approves the targets for 2010, as presented in Table 2 to GF/PSC11/04 – revision 1.

This decision does not have any material budgetary implications.



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Follow-up to Chairs and Vice-Chairs Retreat

Rajat Gupta, Board Chair

Amb. Lennarth Hjelmåker, PSC Chair

Nineteenth Board Meeting
Geneva, 5-6 May 2009



Agenda

Restructuring of Board Committees

For decision

Executive Director as non-voting Board member

For decision

Attendance at Executive Sessions of the Board

For decision

Terms of reference for Board Chair and Vice-Chair

For decision

Restructuring of Board Committees

Context

Glion, Switzerland, 6-7 October 2008:

- The retreat of the Chairs and Vice-Chairs of the Board discussed Global Fund governance issues, including the restructuring of the Board committees
- The Board and Committee leadership, in liaison with the Secretariat, developed two models for consideration at the 11th PSC meeting

Restructuring of Board Committees

PSC discussion (1/2)

The PSC noted that:

- one major reason for the Board to engage in discussions on a revised committee structure and revised mandates is to provide for a more comprehensive oversight of procurement-related matters;¹
- the starting point for restructuring should be:
 - that changes should contribute to improved performance at country level; and
 - that the governance structure should not be overburdened and thus create increased complexity
- further deliberations on a revised committee structure should be based on the principles of:
 - a committee of the whole dealing with overall policy and strategy issues;
 - function-specific standing committees with limited membership; and
 - ad hoc committees focused on specific issues;

¹ incl. voluntary pooled procurement, supply chain management, quality assurance, market dynamics and new technologies

Restructuring of Board Committees

PSC discussion (2/2)

The PSC also noted that:

- issue-driven ad hoc committees should enable participation by technical experts and that such committees should report directly to the Board or, as a sub-committee, to one of the standing committees; and
- the present mandate of the AMFm¹ Ad Hoc Committee expires at the Nineteenth Board Meeting; and:
 - that this requires that the Board agree on the future governance of the AMFm initiative.
 - that the AMFm Ad Hoc Committee will be making a recommendation to the Board at the Nineteenth Board Meeting on the continued governance of AMFm during its initial phase (Phase 1).

¹ Affordable Medicines Facility for Malaria

Restructuring of Board Committees

PSC discussion outcomes (1/3)

The PSC agreed to propose the following committee structure for approval by the Board¹ :

- **Policy and Strategy Committee** – with largely unchanged ToRs but without market dynamics, implementation of tech. assistance and of gender/SOGI strategies;
- **Finance and Audit Committee** – with unchanged ToRs but stronger focus on resource mobilization;
- **Portfolio and Implementation Committee** – with ToRs based on those of current Portfolio Committee but with a greater focus on the country level – i.e. including implementation of gender and SOGI strategies; alignment and harmonization; implementation of MoUs; operational partnerships and implementation of technical assistance; integration of special initiatives
- **Ethics Committee** – with unchanged ToRs;
- **Ad Hoc AMFm Committee** – maintained for the duration of the AMFm Phase 1 period (see GF/B19/7 for ToRs proposed by AMFm Ad Hoc Committee); and
- **Ad Hoc Market Dynamics and Procurement Committee** – a committee to give broader oversight on market dynamics, procurement and commodities matters whose mandate will be subject to review by the Board at the first Board meeting in 2011.

¹ the PSC also stressed that the leadership of the committees should work closely to ensure the complementarity of their work and to move topics between the policy and implementation level as appropriate



Restructuring of Board Committees

PSC discussion outcomes (2/3)

- The PSC agreed that:
 - the current membership structure (each constituency represented on PSC and one other standing committee (FAC or PC)) would be maintained
 - Membership on the Ethics Committee and the ad hoc committees would not count towards this allocation of committee seats
- Based on this, the PSC agreed on the following membership structure:
 - **Policy and Strategy Committee:** 20 members (voting) + World Bank + WHO + UNAIDS;
 - **Finance and Audit Committee:** 8 members (voting) + World Bank;
 - **Portfolio and Implementation Committee:** 12 members (voting) + WHO + UNAIDS;
 - **Ethics Committee:** 6 members (voting); and
 - **Market Dynamics and Procurement Ad Hoc Committee:** 8 members (voting) + WHO + World Bank + 2-4 external experts.



Restructuring of Board Committees

PSC discussion outcomes (3/3)

- The AMFm Ad Hoc Committee's recommendation to the Board on AMFm governance includes a proposal for the membership structure for the AMFm Ad Hoc Committee
- The proposal is for membership by 10 voting members and includes continued representation by relevant partners and donors (including UNITAID and RBM and the introduction of WHO as an additional non-voting member)
- It was noted that the Committee Rules and Procedures require the leadership of committees to be drawn from Board delegations (preferably Board Members or Alternates)
- It was pointed out that, at its discretion, the Board may make exceptions to the Committee Rules and Procedures subject to Board approval in each specific case (including by inviting nominations from non-Board members on an exceptional basis to perform a leadership role on ad hoc committees)



Restructuring of Board Committees

Recommended decision point (1/2)

Restructuring of Board Committees

The Board adopts the model for restructuring the Board committees set out in the Report of the Policy and Strategy Committee (GF/B19/4) – the “PSC Report”.

Accordingly, the Board decides:

1. to create an ad hoc committee of the Board for market dynamics, procurement, and commodities matters (the “Market Dynamics and Commodities Committee” or “MDC”) with the terms of reference set out in document GF/B19/4 – Attachment 4 for the period up to the first Board meeting in 2011, when the Board will consider whether to continue the MDC’s mandate. Membership in the MDC shall not count towards the two-committee limit set forth in Section 23 of the Board Operating Procedures. This committee will temporarily remove the Portfolio Committee’s responsibilities in this area;
2. to continue the mandate of the AMFm Ad Hoc Committee for the AMFm Phase 1 Period; [...]

Restructuring of Board Committees

Recommended decision point (2/2)

[...]

3. to rename the Portfolio Committee the “Portfolio and Implementation Committee” (PIC);
4. to approve the amendments to the Committee Rules and Procedures set out in document GF/B19/4 – Attachment 5.

[The Board requests the Board Chair and Vice Chair to review prior Board decisions with a view to clarifying and, if necessary, re-assigning responsibilities among the Committees in line with this decision.]

The budgetary implications of this decision are estimated at approximately US\$ 940,000 for a whole year and US\$ 470,000 in 2009. The Secretariat will endeavor to absorb the incremental costs in 2009 by making commensurate savings within the approved budget.



Agenda

Restructuring of Board Committees **For decision**

Executive Director as non-voting Board member **For decision**

Attendance at Executive Sessions of the Board **For decision**

Terms of reference for Board Chair and Vice-Chair **For decision**

Executive Director as non-voting Board member

PSC discussion

The PSC:

- recognized that the participation of the ED as a non-voting ex-officio member in the deliberations of the Board will strengthen the link between the Board and the Secretariat;
- pointed out that the ED can provide valuable input into Board discussions based on the experience available at the Secretariat; and
- stressed that a decision in this matter should not be seen as a precedent for the addition of other parties as non-voting Board members.

Executive Director as non-voting Board member

Recommended decision point (1/2)

Executive Director as Non-Voting Board Member

The Board decides that the Executive Director shall be an ex-officio non voting member of the Board, with immediate effect, and approves the following Amendments to Articles 7.1 and 7.2 of the Bylaws and Part A, Section 1 of the Board Operating Procedures:

Bylaws: Articles 7.1 and 7.2

7.1 Composition

The Foundation Board shall consist of twenty voting members and ~~four~~ five nonvoting members. Each voting member shall have one vote. [...] ~~The four five ex-officio nonvoting members of the Foundation Board shall consist of:~~

- *One representative from WHO;*
- *One representative from the Joint United Nations Programme on HIV/AIDS (“UNAIDS”);*
- *One representative from the trustee; ~~and~~*
- *One Swiss Citizen with his or her domicile in Switzerland authorized to act of behalf of the Foundation to the extent required by Swiss law.; and*
- *The Executive Director of the Foundation.*

[...]



Executive Director as non-voting Board member

Recommended decision point (2/2)

[...]

7.2 Appointment of Foundation Board Members

[...] Board Members shall be deemed to act in their capacity as representatives of their respective Governments, organizations, constituencies or other entities. The Executive Director shall act in his or her capacity as chief executive officer of the Foundation and will serve on the Foundation Board for the duration of his or her term. [...]

Board Operating Procedures: Part A, Section 1

Board Members

[...] Board Members serve as the representative of the particular county, organization or other entity, or other constituency holding the Board seat. The Executive Director shall hold an ex-officio seat on the Board as Chief Executive Officer of the Foundation for the duration of his or her term. Except as provided for in Sections A.4 and A.5 below, only properly accredited Board Members have the right to vote and to participate in Board deliberations.

This decision does not have material budgetary implications.

Agenda

Restructuring of Board Committees **For decision**

Executive Director as non-voting Board member **For decision**

Attendance at Executive Sessions of the Board **For decision**

Terms of reference for Board Chair and Vice-Chair **For decision**

Recommended decision point

Attendance at Executive Sessions of the Board

The Board amends the Board Operating Procedures, Part C, Section 14, as follows:

[...] 14. Restricted Session

In its discretion, the Board may conduct its business in Restricted Session (Board Members and Alternates only). The Board Chair may decide to exclude any non-voting ex-officio Board members from attending a Restricted Session at such times and for such purposes as he or she deems appropriate.

This decision does not have material budgetary implications.

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Restructuring of Board Committees	<u>For decision</u>
Executive Director as non-voting Board member	<u>For decision</u>
Attendance at Executive Sessions of the Board	<u>For decision</u>
Terms of reference for Board Chair and Vice-Chair	<u>For decision</u>

Recommended decision point

Terms of Reference for Chair and Vice-Chair

The Board approves the terms of reference for the Chair and Vice-Chair of the Board, as laid out in Attachment 6 of GF/B19/4. The terms of reference shall be used by the Board in its consideration of the candidature of any proposed applicant for the positions as well as the candidates themselves to ensure they are fully aware of what the role(s) involve.

This decision does not have material budgetary implications.