



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twenty- Third Board Meeting
Geneva, Switzerland, 11 - 12 May 2011

GF/B23/2
For Decision

REPORT OF THE TWENTY-SECOND BOARD MEETING

Outline: This document presents the draft Report of the Twenty-Second Board Meeting and includes all decisions made at that meeting. The Report of the Twenty-Second Board Meeting is subject to ratification by the Board of the Global Fund at its Twenty-Third Board Meeting, 11-12 May 2011, in Geneva, Switzerland.

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

Decision Points are clearly indicated.

Table of Contents

Agenda Item 1: Welcome Statements from the Chair and Vice-Chair	3
Agenda Item 2: Approval of the Rapporteur	3
Approval of the Agenda	3
Approval of the Report of the Twenty-First Board Meeting.....	3
Agenda Item 3: Report of the Executive Director	4
Agenda Item 4: Round 10 TRP Recommendations.....	6
Agenda Item 5: Future Funding Opportunities.....	7
Agenda Item 6: Board Retreat and strategy.....	9
Agenda Item 7: Report of the Policy and Strategy Committee.....	10
Agenda Item 8: Eligibility, Prioritization and Cost-Sharing	16
Agenda Item 9: Report of the Portfolio and Implementation Committee.....	17
Agenda Item 10: Report of the Market Dynamics and Commodities Ad Hoc Committee.....	18
Agenda Item 11: Report of the Affordable Medicines Facility - malaria Ad Hoc Committee.....	21
Agenda Item 12: Report to the Board on Matters Related to the Office of the Inspector General	23
Agenda Item 13: Ethics committee Update.....	25
Agenda Item 14: Report of the Finance and Audit Committee.....	25
Agenda Item 15: Report of the Trustee	30
Agenda Item 16: Appointment of the Executive Director	30
Agenda Item 17: Future Funding Opportunities, Timing of Round 11 and Second Wave National Strategy Applications.....	31

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

1. The Twenty-Second Board Meeting opened with a candle-lighting ceremony that was led by Communities delegation member Ms Carol Morolake Odetoyinbo. The candle was lit as a symbol to remember all who had passed away from AIDS, tuberculosis (TB) and malaria, paying particular attention to women, who bear a disproportionate burden of HIV. "Epidemics," she noted "do not bow to economics". A moment of silence was observed after the candle was lit.
2. Board Chair Dr Tedros Adhanom Ghebreyesus welcomed the Board to the Twenty-Second Global Fund Board Meeting and thanked the Government of Bulgaria for hosting the meeting, the first to be held in Eastern Europe. He noted that the recently concluded Board Policy Retreat (held 10 - 11 December 2010) had established strategic directions for the Global Fund Strategy, which will guide Global Fund activities from 2012 - 2017.
3. The Board Chair stated that in the course of discussion over the past few days the Board had agreed to establish a working group tasked with moving forward on a comprehensive reform agenda aimed at improving the efficiency and effectiveness of the Global Fund. He asked for nominations for the working group and noted that working groups on resource mobilization and maternal, newborn and child health (MNCH) may also be established to drive work in those areas. He confirmed that working groups will include implementing, donor and Secretariat representation.
4. Board Vice-Chair Mr Ernest Loevenson thanked the Chair and encouraged the Board to consider the health impact as well as the budgetary impact of its decisions. He noted that the organization needed to be aware of the signals it sends to those working on the frontlines of the epidemic, such as the recent decision to suspend training activities as a result of investigations by the Office of the Inspector General (OIG).

Agenda Item 2: Approval of the Rapporteur Approval of the Agenda Approval of the Report of the Twenty-First Board Meeting

1. The Vice-Chair informed the Board that Mr Simon Bland, United Kingdom (UK)/Australia constituency is designated as rapporteur for the Twenty-Second Board Meeting. The decision point was approved without discussion.
2. The Vice-Chair presented the agenda, with one amendment, for the Twenty-Second Board Meeting. The decision point was approved without discussion.
3. The Vice-Chair presented the Report of the Twenty-First Board Meeting. The decision point was approved without discussion.

Decision Point GF/B22/DP1

Mr Simon Bland from the United Kingdom and Australia constituency is designated as rapporteur for the Twenty-Second Board Meeting.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Decision Point GF/B22/DP2:

The agenda for the Twenty-Second Board Meeting (GF/B22/1, Revision 1), as amended, is approved.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Decision Point GF/B22/DP3:

The report of the Twenty-First Board Meeting (GF/B22/2) is approved.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Agenda Item 3: Report of the Executive Director

1. Global Fund Executive Director Prof Michel Kazatchkine delivered his report to the Board, noting that 2011 will mark the tenth anniversary of the Global Fund. In his report he highlighted the impact that Global Fund-financed programmes were making on HIV, TB and malaria epidemics. The most recent programme results to the end of 2009 include substantial increases in the number of anti-malarial bed nets distributed, the number of people receiving directly observed therapy (DOTS) courses for TB and the number of people on antiretroviral therapy (ART), as well as data indicating the Global Fund's impact in preventing new infections in all three diseases. The Global Fund has also significantly increased its investments in maternal and child health, including an initiative launched 15 months ago to improve the quality and coverage of preventing mother to child transmission (PMTCT) programmes.

2. Prof Kazatchkine thanked donors for pledges received through the Third Voluntary Replenishment from an expanded number of public and private-sector donors. He confirmed that the replenishment funding outcome was US \$11.7 billion, 20% higher than the Second Voluntary Replenishment. He noted that the results fell short of the lowest (US \$13 billion) of three financing scenarios provided to donors in advance of the March 2010 replenishment meeting in The Hague, the Netherlands. He underscored the Secretariat's commitment to strengthening and adapting the Global Fund financing model, including moving forward on an ambitious reform agenda aimed at improving efficiency, effectiveness and long-term sustainability. He referenced efficiency gains to date through a range of measures, including grant consolidation, voluntary procurement and the price and quality reporting mechanism, noting that a zero growth Secretariat budget is proposed for 2011 as part of overall measures to reduce costs and gain efficiencies. The shift to a Country Team Approach to managing the grants portfolio is also improving efficiencies and reducing the time between grant approval and signing and between signing and disbursement. He also noted that efforts to secure additional pledges from donors for 2011 - 2013 are ongoing, and that the Secretariat is working closely with its partners to date.

3. The Executive Director informed the Board that an action plan on fraud and corruption was developed, as outlined in a recent joint communication to the Board by the Executive Director and Inspector General. The plan includes a temporary suspension of training activities as a result of OIG investigations which indicated that training programmes were particularly vulnerable to fraud. The suspension will be lifted once additional financial oversight measures are in place. The Secretariat is also working with country partners to strengthen and clarify the responsibility of Local Fund Agents (LFAs) in ensuring adequate financial controls are in place to improve the prevention and detection of fraud, and is introducing a range of financial control measures and clarifying the conditions under which grants will be suspended. He reiterated the 'zero tolerance' policy for fraud at the Global Fund.

4. Ms Sandra Elisabeth Roelofs, First Lady of Georgia, was invited to speak. She congratulated the Global Fund on its strong performance to date and underscored the need for the Global Fund to work with government and civil society organizations in middle-income countries, such as Georgia, to help guide their transition from recipient to non-recipient status. She cited the need for Global Fund support in defining a national health strategy designed to reach Millennium Development Goals (MDGs) by 2015 as particularly important, ending her remarks by inviting the Global Fund to hold a Board meeting in Georgia prior to 2015.

5. In discussion, Board delegates raised concerns about inadequate human rights protections for most-at-risk populations (MARPs) in Eastern Europe and Central Asia, noting a recent communication on this issue was sent to the Global Fund. Similar concerns were raised in relation to vulnerable populations in other regions, with delegates advocating for accelerated implementation of the Sexual Orientation and Gender Identity Strategy (SOGI) as one of several mechanisms to improve service access and human rights protections for key populations.

6. Board delegates congratulated the Secretariat and its country partners for the contribution the Global Fund is making towards achieving MDGs 4, 5 and 6, and on the replenishment results. Delegates urged the Secretariat to continue improving efficiencies by accelerating implementation of its ambitious reform agenda. Several delegates voiced concerns regarding the recent suspension of training activities across the grants portfolio, suggesting that a more graduated approach in responding to OIG investigations and findings may be less disruptive to country programmes. Ensuring service delivery continuity in countries which are transitioning out of being recipient countries, increasing the community systems strengthening component of its grants portfolio, improving access to HIV testing for pregnant women, expanding partnerships with the private sector and reducing the time between grant signing and disbursement of funds were also raised by Board delegates as issues to be addressed. Delegates also raised concerns about the potential impact of free trade negotiations between the European Union and India, indicating that a trade agreement which limits available flexibilities under the Trade-Related Intellectual Property Safeguard (TRIPS) provision of the Doha World Trade Organization agreement could reduce the availability of generic drugs in low and middle-income countries.

7. Several Board delegates spoke to specific aspects of the reform agenda, emphasizing that improving the efficiency and effectiveness of the Global Fund is a shared responsibility, one that the current global economic context makes even more critical. Some delegates cautioned the Global Fund against making decisions on the hope of future contributions becoming available, with others noting that the Global Fund needed to be careful and strategic about how to achieve greater

efficiencies and cost reductions, focusing on grant performance and need rather than across the board budget cuts. Delegates strongly endorsed implementation of the Country Team Approach, efficiency gains in grant performance, grant consolidation and single-stream financing as important elements of the reform agenda. Mr Masaya Fujiwara (Japan delegate) announced that Japan will contribute US \$114 million in the beginning of next year, the first disbursement of US \$800 million for the 2011 - 2013 period. Delegates also noted the risk to the Global Fund in relying on traditional donors and strongly endorsed efforts to expand and diversify its funding base to ensure long-term sustainability.

8. The Executive Director thanked the Board for their response, noting that there are 9 Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries which had not yet confirmed pledges. He noted that training activities represent approximately 10% of overall grant amounts. As part of the action plan on preventing fraud and corruption, the Secretariat is working closely with all Principal Recipients to identify the financial controls they have in place to address the vulnerability of training activities to fraud.

Agenda Item 4: Round 10 TRP Recommendations

1. The Board Chair thanked the Technical Review Panel (TRP) Chair, Dr Bolanle Oyeledun, and Vice-Chairs, Mr Shawn Baker and Dr George Gotsadze, for their work in leading the review of Round 10 proposals.

2. Dr Oyeledun presented the Report of the TRP and Secretariat on Round 10 proposals, noting that significant additional expertise was added to the TRP, and that the terms of some TRP members were extended, in accordance with a decision point from the Twenty-First Global Fund Board Meeting. Dr. Oyeledun noted that the TRP reviewed funding requests for Round 10, totalling US \$4.33 billion over two years/US \$11.35 billion over five years, representing 150 disease proposals with 28 attached cross-cutting health systems strengthening (HSS) requests. The TRP is recommending funding 79 proposals, with an aggregate 2-year upper ceiling (Phase 1) total of US \$1.73 billion. The overall success rate of Round 10 proposals was 53%.

3. Dr. Oyeledun presented a number of analyses of TRP-recommended proposals: by region, country income level, HIV/AIDS most-at-risk populations (MARPs) Reserve Fund, disease focus and cross-cutting HSS and community systems strengthening (CSS) components. The TRP Chair noted that the HIV/AIDS MARPs Reserve Fund provided a strong incentive for Round 10, with a success rate of 48% (compared to the overall HIV proposal success rate of 38%). The TRP recommends that the Board consider extending the MARPs Reserve Fund beyond Round 10 and expanding it to the other diseases. The TRP also recommends that the consolidated funding process be simplified. The Value for Money principle was an important parameter for TRP review, with some proposals inadequately addressing this as an element. Dr Oyeledun added that areas for improvement included: gender, sexual orientation, criminalization of vulnerable populations, hepatitis C (HCV) diagnosis and treatment and antiretroviral (ARV) adherence (especially community-based approaches to ARV adherence).

4. Dr Oyeledun noted that the TRP had a number of recommendations for future Rounds, including: improving the rigour of performance evaluation frameworks (focusing more on outcome and impact indicators); detailed guidance in application materials on M&E frameworks; human resource compensation guidance to reduce human resource policies or interventions that would distort the

workforce at the country level; justifications for the use of UN agencies as Principal Recipient (PR) or Sub-Recipient (SR) (including a transition plan to a local PR); the use of local technical assistance (including detailed guidance on what constitutes technical assistance).

5. In discussion delegates noted the relatively poor success rate of TB and HIV proposals and encouraged the Secretariat to follow up on the systemic recommendations from the TRP as part of the broader reform agenda implementation process, particularly as they relate to grant consolidation and budgeting, Value for Money criteria, integrated disease proposals (e.g., HIV/TB), HSS guidance, strong M&E frameworks and the use of local organizations to provide technical assistance and act as PRs and SRs. Delegates also noted the need to demonstrate impact on MNCH and raised concerns about the relatively poor performance of low-income countries in Round 10.

6. The Board Chair congratulated the TRP on their work, acknowledging Dr Oyeledun in particular, whose term as Chair is ending. The Board Chair and Executive Director then agreed to leave the Board meeting temporarily to meet with a group of civil society representatives from Eastern European and Central Asian countries who wished to present a letter to the Global Fund Board.

Agenda Item 5: Future Funding Opportunities

1. Dr Christoph Benn, Director of External Relationships and Partnerships, provided an update on results from the Third Voluntary Replenishment on behalf of Mr Richard Manning, Replenishment Vice-Chair. He noted that results overall must be considered in light of the recent global economic downturn. He referenced pledges from a number of donors and noted that the Secretariat and its partners were engaged in ongoing efforts to secure additional pledges from a number of donors, including several that are expected to pledge in late 2010 or early 2011.

2. Dr Benn provided the Board with rough estimates of what pledges received up to 2011 could represent in terms of potential programmes, noting that a significant proportion of pledges received to date must cover existing financial commitments from Round 8 and Round 9 grants. He noted that the Board's decision on timing for Round 11 will determine when the Global Fund could offer additional funding opportunities.

3. Mr David Curry, Finance Director, presented the forecast of assets available for Round 10, indicating that uncommitted assets of US \$1.736 billion are forecast to be available at the time of signing Round 10 grant agreements. This will allow the Board to approve all Round 10 proposals recommended by the TRP. After the allocation of US \$1.733 billion for Round 10, Mr Curry projected that as a result of the Commitment Reserve for renewals described in GF/B22/6, there will be sufficient uncommitted assets for all forecast grant renewals (Phase 2 and RCC) during the Third Replenishment period (2011-13), leaving US \$36 million uncommitted at the end of 2013.

4. The Finance Director presented various scenarios for future funding opportunities beyond Round 10, noting that resource availability to fund new Rounds (once Round 9 and Round 10 Phase II grant renewals are completed) will be constrained until 2014. He presented three scenarios which would allow the Global Fund to free up additional resources in the 2011 - 2013 period, based on a number of potential actions, including keeping the Phase II grant ceiling of 75%, spreading the commitment obligation from three years to two years (with a potential renewal

for the final year), spreading the commitment obligation over successive one-year tranches (which would push some renewals back into the next replenishment cycle) or establishing a 10% reduction on grant renewals. He added that these actions could also be combined in a number of ways to free up sufficient funding to launch Round 11.

5. The Finance Director referenced the paper on future funding opportunities submitted to the Board, noting that the intent of the Comprehensive Funding Policy (CFP) is to improve alignment, harmonization and predictability, and that the Global Fund was currently not in compliance with its CFP. He reminded the Board of its decision at the Twenty-First Board Meeting to launch National Strategy Applications (NSA) second wave funding in October 2010 and to develop the Health Systems Funding Platform (HSFP) pilot to launch (in 4 - 5 countries) in conjunction with Round 11. The NSA launch was deferred, as a result of replenishment results, until it could be discussed at the current Board meeting. He presented several timing options for Round 11, NSA Second Wave and HSFP launches, taking into consideration a number of different potential scenarios for addressing the resource constraints for the 2011 - 2013 replenishment period.

6. Delegates raised concerns over several challenges presented by the various funding opportunities presented, including the potential impact of annual funding cycles on continuation of services, consistency with the Global Fund's CFP, the impact on predictability and sustainability, the need to launch Round 11 expeditiously (in part to help drive the reform agenda) and the potential gap between pledges and actual disbursements from donors in calculating resource availability. Several delegates reminded the Board of lessons learned from efficiency gains in Round 8 and Round 9, which resulted in reductions in services.

7. Mr Ruwan De Mel, Director, Strategy and Policy Development unit, presented three options for the timing of Round 11, NSA Second Wave and HSFP launches, as well as various resource scenarios (or combination of various scenarios) based on current forecasts, for the Board's consideration, which would be key to driving the Board's decision on the timing of these launches.

8. In discussion, delegates reiterated the need to find creative solutions to addressing constraints on future funding opportunities (noting the significant impact of the large Round 8 and Round 9 grant renewals on resources available for the 2011 - 2013 replenishment period) that ensured continuity of service, predictability and sustainability of funding. Delegates suggested that the CFP may need revision, discussed the advantages and disadvantages of imposing 75% or 90% grant renewal ceiling caps, with civil society delegates noting that the introduction of similar measures for Round 8 grants appeared to be arbitrarily imposed, without considering service continuity or grant performance.

9. Based on earlier discussion among Board delegates, the Vice-Chair and Chair agreed that a contact group would be established to review the various options and financing scenarios presented to the Board and return to the Board later in the meeting with recommendations that address both TRP-recommendations for Round 10 proposals and the timing and financing of future funding opportunities.

Agenda Item 6: Board Retreat and Strategy

1. The Board Chair presented highlights from the Chair's Summary of the Board Retreat, held 10 - 11 December in Sofia, Bulgaria. The Policy Retreat was held to develop Board consensus on objectives and other parameters for the Global Fund

strategy for 2012 - 2016. Delegates agreed that the six strategic objectives confirmed at the retreat would be helpful in driving development of the new strategy, although there was a divergence of opinion regarding whether the mandate of the Global Fund should be explicitly expanded to include MDG 4 (reduce child mortality) and MDG 5 (improve maternal health) in addition to its existing focus on combating AIDS, TB and malaria. Delegates agreed to 'keep the door open' with respect to expanding the mandate of the Global Fund to explicitly include maternal and child health. The Chair noted that minor wording changes suggested by Board delegates in discussion would be incorporated into the Chair's Summary, and in the forthcoming decision point, and that a complete report of the Board Policy Retreat would be available in January 2011.

Global Fund Strategy Development Process

1. The Board Chair presented a revised decision point on the strategy development process, based on discussion earlier in the meeting. The decision point passed.

Decision Point GF/B22/DP16:

The Board recognizes that the Global Fund should be guided by a strategy that reflects the principles in the Global Fund's Framework Document. The work on developing the next strategy should be based on the six broad objectives discussed at the Global Fund Board Retreat on 10 - 11 December 2010 and outlined in the Chair's summary of the Board Retreat (GF/B22/19) and the final report of the Board Retreat.

The Board decides that the next strategy will cover the period up to the end of 2016, with a mid-point review in 2014.

The strategy will be a concise, high level document setting out the broad strategic direction of the Global Fund (the "Strategy Document"), with further details captured in an accompanying implementation plan (the "Implementation Plan"). The strategy will take into account the action plan of the reform working group.

The Policy and Strategy Committee (PSC) will steer the strategy development work and make recommendations to the Board. The Secretariat will be actively involved in the development of and deliberations on the strategy, and will also ensure that any necessary content development work is carried out.

The Board requests the PSC to develop a complete draft of the Strategy Document including objectives, targets, and strategic initiatives for discussion at the Board meeting in May 2011. The Secretariat shall then develop the Implementation Plan for the strategy. The PSC shall seek appropriate input on the strategy at the Fourth Partnership Forum (in consultation with the Partnership Forum Steering Committee, which shall advise on the nature of such input). The final Strategy Document and its Implementation Plan shall be approved at the Board meeting at the end of 2011.

The budgetary implications of this decision for the 2011 Operating Expenses Budget are estimated at approximately US\$ 165,000 for

consulting fees and travel costs. This amount is not included in the proposed 2011 budget for operating expenses.

The UK/Australia Board delegate Simon Bland introduced a decision point to honour US Ambassador Richard Holbrooke, who died on 13 December 2010 in Washington. He noted that Ambassador Holbrooke was a pioneering diplomat and mentor, who had made important contributions as the President, Chairman and CEO of the Global Business Coalition against AIDS. A minute of silence was observed. The decision point passed.

Decision Point GF/B22/DP14:

The Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria expresses its shock and deep sorrow at the untimely death of Ambassador Richard C. Holbrooke.

In his position as the United States Ambassador to the United Nations and later as the founding President of the Global Business Coalition against AIDS, Ambassador Holbrooke played a ground-breaking role in ensuring that the world accepted HIV and AIDS as a threat to international security and global business as well as being a humanitarian catastrophe. He was one of the drivers behind the allocation of large, additional resources to fight HIV and AIDS and was a tireless advocate for the engagement of the private sector in the fight against the pandemic and for testing and prevention as a crucial part of this struggle.

The fight against HIV and AIDS has lost one of its most influential and passionate ambassadors. Richard Holbrooke will be missed by all who knew him and the millions who benefitted from his work.

The members of the Board and the staff of the Global Fund send our thoughts to Ambassador Holbrooke's wife, their children and grandchildren.

Agenda Item 7: Report of the Policy and Strategy Committee

1. The Policy and Strategy Committee (PSC) Chair Dr Suwit Wibulpolprasert and Vice-Chair Mr Todd Summers presented five decision points to the board: implementing the new grant architecture for health systems strengthening (HSS) activities; approving a pilot for HSS funding requests based on jointly assessed national health strategies; enhancing Global Fund support for maternal, newborn and child health; Chair and Vice-Chair nomination and election processes; and Technical Evaluation Reference Group matters.

2. With regards to the first decision point the PSC Chair noted that the committee is asking the Secretariat to report back on the implementation of the HSS funding mechanism to assess the extent to which the cross-cutting measure supports the three diseases. He also stressed that these HSS activities were not a

new funding window but a way of strengthening and monitoring cross-cutting HSS components of grants within the new grant architecture.

Decision Point GF/B22/DP4:

To provide for a technical change in grant application and management policy so as to align Global Fund funding for crosscutting health systems strengthening actions (HSS) with the Global Fund new architecture as approved by the Board at the Twentieth Board Meeting (GF/B20/DP31), the Board decides as follows:

1. Individual proposals requesting Global Fund funding can address one of the following three components: HIV/AIDS, tuberculosis, or malaria, as well as requests to support related cross-cutting health systems strengthening (focusing on system-wide approaches and actions that significantly benefit more than one of HIV/AIDS, tuberculosis and malaria components) (“cross-cutting HSS component”).
2. The Board reiterates that applicants are encouraged, wherever possible, to integrate requests for funding for HSS actions within the relevant disease component(s). Such HSS actions will be assessed by the Technical Review Panel (TRP) as part of its review of that disease component. The Board clarifies that the crosscutting HSS component is for those activities that inherently are more appropriately addressed in a crosscutting or cross-disease manner. When requesting funding for such crosscutting HSS actions applicants are still required to articulate how they address identified health systems constraints to the achievement of improved outcomes in reducing the burden of HIV/AIDS, tuberculosis and malaria.
3. The Board requests the Secretariat to measure, monitor and report - as part of the Key Performance Indicators related to funding for HSS - to the Policy and Strategy Committee (PSC) on funding provided for cross-cutting health systems strengthening proposals.
4. The Board requests the joint Portfolio and Implementation Committee and PSC Eligibility, Cost Sharing and Prioritization Working Group to develop specific criteria for cross-cutting HSS applications as part of the eligibility and prioritization scheme to be approved by the Board in time for the launch of the Round 11 call for proposals.
5. Board policies and decisions that apply to proposals and grants for all three diseases shall apply equally to proposals and grants for the crosscutting HSS component. The Board decision titled “Architecture Review - Transition Provisions” (GF/B20/DP31) shall apply to proposals and grants for the cross-cutting HSS component subject to the amendments outlined in Annex 2 to the PSC’s report to the Twenty-Second Board (GF/B22/4).
6. The aspects in the Board decision on Strategic Approach to Health Systems Strengthening (GF/B16/DP10) that relate to funding requests for “cross-cutting HSS actions” (in particular paragraphs 3 and 4) and/or are inconsistent with this decision are revoked.

7. This decision does not change the existing scope of Global Fund support to crosscutting HSS activities or create a new funding window for these HSS activities.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

3. In discussion, delegates voiced strong support for the proposed decision points as a key element of the reform agenda, noting that the HSS components should be harmonized with the International Health Partnership (IHP+) platform and support improved health outcomes beyond HIV, TB and malaria (such as MNCH). The need to better address HSS and community system strengthening (CSS) components of the grant architecture in future grant proposals was also stressed. The PSC Chair noted that the Global Fund had worked closely with WHO, IHP+, Global Alliance for Vaccines and Immunization (GAVI) and the World Bank in developing the Health Systems Funding Platform (HSFP) to ensure close alignment with existing initiatives, and stressed that clear guidance on the HSFP would be issued for potential grant applicants.

Decision Point GF/B22/DP5:

The Board:

1. Notes that further to the Board decision on the Health Systems Funding Platform (GF/B21/DP5) the Policy and Strategy Committee (PSC) has approved, in principle, the design of a pilot for 4 to 5 countries for Track 2 Option 2 (the “Pilot”);
2. Clarifies that the Pilot shall be conducted in accordance with the Board decision on “Implementing the new grant architecture for health systems strengthening activities” taken at its Twenty-Second Meeting; and
3. Authorizes the Secretariat to make exceptions to existing policies and procedures to the extent necessary and within the parameters described in the paper titled „Health Systems Funding Platform - Pilot for funding requests based on jointly assessed national health strategies” (GF/PSC14/04) as presented at the 14th PSC to implement the Pilot.

The Board notes that any exceptions to existing policies and procedures made in connection with the Pilot shall be consistent with the Framework Document of the Global Fund, including the principle that the Global Fund supports activities that help health systems overcome constraints to the achievement of improved outcomes in reducing the burden of HIV/AIDS, tuberculosis and malaria.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

4. The PSC Vice-Chair Mr Todd Summers noted that the decision point regarding the Board Chair and Vice-Chair nomination and election processes was developed as a result of issues raised during the last election process. Namely delegates agreeing on the need for balance between implementing and donor block

constituencies in Board leadership, ensuring consistency with the Board Chair and Vice-Chair Terms of Reference, retaining flexibility in Board procedures and maintaining each constituency's ownership in how they operate internally.

5. Communities delegate Ms Carol Morolake Odetoyinbo raised a question about whether an individual would retain office in the case of transition from a donor organization to an implementing or partner organization during their term. Board Relations Manager Ms Paula Hacopian clarified that under the new rules the Board Chairs and Vice-Chairs would become ex-officio members of the Board upon their election and are responsible for representing the Board as a whole. The PSC Vice-Chair noted that it is unclear whether in such a situation the Board Chair or Vice-Chair would automatically return as Board member to represent a different constituency after their leadership term expires; highlighting this is something that will need to be reviewed. Revisions were made to the original decision point to clarify the ex-officio status of Board Chairs and Vice-Chairs during and after their term. The decision point passed.

Decision Point GF/B22/DP6:

The Board approves the following amendments to the Board Chair and Vice-Chair nomination and election process:

1. The incumbent Board Chair and Vice-Chair shall launch the nomination process three months ahead of the Board meeting at which the election is scheduled to take place.
2. Any individual nominated by a voting constituency, with the attributes stipulated in the Terms of Reference of the Board Chair and Vice-Chair, may stand for office.
3. The Board Chair and Vice-Chair shall, upon election, become ex-officio members of the Board during their tenure, independent of any constituency, and shall not hold voting rights.

These amendments are reflected in the excerpts of the revised By-laws, Board Operating Procedures and Terms of Reference of the Board Chair and Vice-Chair contained in Annex 4, Revision 1 of the PSC's report to the Twenty-Second Board (GF/B22/4).

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

6. PSC Vice-Chair Mr Todd Summers introduced the decision point on Technical Evaluation Reference Group (TERG) related matters, which focuses on strengthening and maintaining monitoring and evaluation (M&E) expertise on the TERG, including retaining members whose terms have expired so that the TERG could complete its review; additional considerations included clarifying the respective role and responsibilities between the TERG and OIG in the TERG Terms of Reference, ensuring that the TERG communicates across committees and operational areas and ensuring M&E is built into the next Global Fund strategy.

Decision Point GF/B22/DP7:

1. The Board acknowledges the work of the sub-committee of the Policy and Strategy Committee (PSC) on the follow-up to the Five-Year Evaluation and on the future of the TERG, starting in May 2009. The Board also thanks the TERG for its involvement in this reflection.
2. To ensure that the TERG moves forward with sufficient resources, expertise, independence and credibility in advising the Board and its committees on monitoring and evaluation matters, the Board approves the revised Terms of Reference, membership and procedures for the Technical Evaluation Reference Group (as set out in Annex 5 to the PSC Report to the Twenty-Second Board (GF/B22/4).
3. The Board notes that Dr Ruth Levine resigned from the TERG in April 2010. The Board also notes that the terms of Dr Lola Dare and Dr Atsuko Aoyama on the TERG are due to expire, and decides to extend the terms of these two members of the TERG until the end of February 2011.
4. The Board requests the Secretariat and the PSC to launch the process of nominations for new members of the TERG with the aim of having a complete TERG to be approved electronically by the Board by the end of February 2011.
5. The Board requests the TERG to include in its 2011 annual report to the Board an assessment of its own independence and of the independence of the TERG support team within existing administrative arrangements and to make recommendations for change, if appropriate.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

7 Mr. Todd Summers, vice chair of the PSC, noted that at the last Board meeting, the Board had asked the Secretariat to provide the Board with options for strengthening support to maternal newborn and child health (MNCH) through the existing Global Fund structure.

8 The PSC Chair and vice chair outlined several options for discussion, including identifying an option for the Global Fund “host” a specific MNCH initiative, using the Health Systems Funding Platform pilot to strengthen support for MNCH, and using existing Global Fund financing options to strengthen support.

9 In the discussion, delegates expressed support for the Global Fund to continue to support MNCH outcomes through the three diseases and HSS. Some noted that the Global Fund should address the unmet need in MNCH, including the number of maternal and child deaths during childbirth. There was not consensus on how best to address MNCH, with some delegates recommending a dedicated funding window, while others suggested the use of existing mechanisms and flexibilities and better communicating those flexibilities to countries. Delegates reinforced the need to link MNCH programmes with HIV, TB and malaria programs, as well as sexual and reproductive health services and interventions to address gender inequities.

10 Some delegates noted that taking on MNCH more explicitly could pose a potential risk to the organization, as it would appear to an expansion of the mandate and be unfunded. Without clear details on whether there is existing additional funds from donors for MNCH that could be channelled to the Global Fund, there was concern expressed about the impact on resource mobilization if the Global Fund hosted an initiative or launched a special MNCH window.

A MNCH Contact Group was formed and agreed to review the decision point in accordance to the discussion. The Contact Group would return with an amended decision point. The MNCH decision point was also passed with consensus.

Decision Point GF/B22/DP15:

The Board:

1. Notes the paper presented by the Secretariat on potential options and implications for enhancing Global Fund contributions to maternal and newborn and child health (GF/B22/DP4, Annex 3), consistent with its previous decision entitled “Exploring Options for Optimizing Synergies with Maternal and Child Health.” (GF/B21/DP20);
2. Encourages countries, where applicable, to strengthen the MNCH content of their Global Fund-supported investments, maximizing existing flexibilities for integrated programming as noted in the previous Decision Point;
3. Requests the Secretariat to develop, under the oversight of PIC and in collaboration with partners, clear guidance (including indicators) for countries on strengthening the MNCH content of their HIV/AIDS, tuberculosis, malaria, and health systems strengthening portfolios. As part of this work, the Secretariat will detail the operational and budgetary implications of rolling out the guidance; and
4. Acknowledges the need to define longer-term possibilities for increased engagement by the Global Fund in MNCH, as part of the Strategy Development Process.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Agenda Item 8: Eligibility, Prioritization, Cost Sharing

1. Ms Michele Moloney-Kitts, PIC/PSC Working Group Co-Chair, presented joint recommendations from the PIC/PSC Working Group on opportunities for eligibility, prioritization and cost-sharing. She noted that the PIC/PSC Working group was asking the Board, through the decision point, to move forward on further developing options for Board consideration on eligibility, prioritization and cost-sharing. The PIC/PSC Working Group met on 27 October 2010, but there were divergent views within the PIC/PSC Working Group on the most effective

approaches for addressing this area, so additional discussion is required before recommendations can be made to the board.

2. The PIC Chair noted that the PIC/PSC Working Group discussed a number of options within the broad areas of eligibility, prioritization and cost-sharing, including counterpart financing and additionality, funding history, country income (including how best to transition from one income classification to another), disease burden and lessons learned from the Round 10 MARPs Reserve Fund. The PIC/PSC Working Group Co-Chair reminded the Board that prioritization mechanisms are required only when resources are insufficient to fund all TRP-approved proposals. Although the Working Group agreed on an approach to counterpart financing, there was a divergence of opinions on the most effective approaches to eligibility, prioritization and other cost-sharing measures, which are all key elements of the reform agenda. The PIC/PSC Working Group has asked the Secretariat to provide costing analyses to inform recommendations regarding future funding needs, including considerations regarding contributions from domestic financing sources, to help inform their next meeting.

3. In discussion, Board delegates reinforced the need to develop a strategy for graduation to ensure service delivery continuation when a country moves from one income classification to another, to consider the local epidemiological context and to ensure civil society engagement at the country level in discussions that could have a significant impact in the success of these key areas of the reform agenda.

Decision Point GF/B22/DP8:

The Board refers to its decision at the Sixteenth Board Meeting to review the Income Level and Cost Sharing Criteria for determining eligibility for funding (GF/B16/DP18).

The Board acknowledges the progress made by the joint Portfolio Implementation Committee (PIC) and Policy and Strategy Committee (PSC) working group (the 'Joint PIC-PSC Working Group') in reviewing such criteria and the prioritization rules which are to be applied where there are insufficient resources to finance all proposals approved for funding ('Prioritization Rules').

The Board recognizes the complexities of the review and acknowledges that further analysis needs to be undertaken by the Joint PIC-PSC Working Group to present more clearly defined options for the PSC and PIC to consider at a joint meeting in March 2011.

The Board requests the PSC and PIC to present recommendations to the Board at the Twenty-Third Board Meeting regarding the outcome of its review of the Income Level and Cost-Sharing Criteria and Prioritization Rules.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Agenda Item 9: Report of the Portfolio and Implementation Committee

1. Ms Michele Moloney Kitts, Chair and Ms. Blandina Nyoni, Vice-Chair of the

Portfolio and Implementation Committee (PIC), presented on the PIC report to the Board.

2. The PIC Vice-Chair presented key issues that the PIC agreed to highlight to the Board. She stated concerns raised by the PIC about the negative impact to the Global Fund and affected countries of publishing negative findings of OIG audits without appropriate context and emphasized the importance of a robust communication strategy that provides context and balance on OIG audit findings. Other items include the need for flexible financing mechanisms to respond to disease-related needs of humanitarian emergencies, the use of costed plans introduced in Round 10 coupled and linking countries with existing TA mechanisms of partners as the most promising role of the Global Fund on technical assistance.
3. The PIC Chair reported on the PIC work priorities for 2011 such as the simplification of the proposal form and guidelines for Round 11, strengthening the TRP review criteria, overall review of the proposal to signing process, strengthening the role of LFAs, and following up on policy issues raised by the TRP as part of their Round 10 Lessons Learned report. She also highlighted the importance of analyzing the Global Fund investment strategy as good input for the development of the new strategy under the oversight of PSC.
4. Two decision points were presented: (i) Exceptional Extension of Continuity of Services (COS) Funding, and (ii) Revised Country Coordinating Mechanism (CCM) Guidelines.
5. On the first decision point, the PIC Chair stated that this is related to the prior request by the Board for the PIC to consider whether or not to establish an exceptional bridge funding facility for grants with proposals that will be unsuccessful in Round 10. She reported that that the PIC and the Secretariat recommend against establishing such bridge funding facility. Instead, the PIC recommended extending funding for a few grants that are already receiving COS funding in the event that their continuation cannot be funded in Round 10 due to insufficient funds. However, the Board decided to fully fund Round 10 so the proposed COS funding extension was not required in the end.
6. On the second decision point, the PIC Chair emphasized that the revised CCM Guidelines were developed through a detailed consultation process and noted that strengthening the guidelines is consistent with the Board's reform agenda. She added that there have been extensive discussions at the PIC and prior to the presentation and the CCM Guidelines as presented reflected the best possible consensus so far. She indicated that the conflict of interest provisions were reviewed and endorsed by the Ethics Committee.
7. Board delegates had a vigorous debate regarding recent changes to the text of the guidelines, particularly as it relates to how civil society and the non-government sector are reflected in the text. Other issues raised in discussion included clarifying the role of government in CCMs; the grant oversight/monitoring function of CCMs; conflict of interest guidance; transparency of elections and term limits for CCM Chairs and Vice-Chairs; transparency in how civil society representation is established for CCMs. The PIC Chair reminded Board members that the PIC had the authority to

approve CCM Guidelines, but had asked for approval from the full Board because the revisions were very substantive.

8. The Board Vice-Chair called for a vote on the decision point, which did not pass. The Board Vice-Chair thanked the PIC for their hard work and asked the Committee to return with a revised document for Board discussion and decision.
9. After further discussions with concerned constituencies, the PIC Chair informed the Board that, despite extensive discussions with Board delegates regarding proposed revisions to the CCM Guidelines, the implementing block constituencies indicated they required more time to review and discuss revised Guidelines before they could support its approval. The PIC Chair stated that a revised document will therefore not be presented back at the Twenty-Second Board Meeting. Further discussions with implementing block constituencies will be facilitated by the Secretariat.

Agenda Item 10: Report of the Market Dynamics and Commodities Ad-hoc Committee

1. Mr Dai Ellis, Chair, Market Dynamics and Commodities Ad-hoc Committee (MDC) presented recommendations to the Board on quality assurance for pharmaceutical products, diagnostic products and transitioning to fixed-dose combinations (FDCs) of artemisinin-based combination therapies (ACTs) for malaria treatment. He explained that the decision point on quality assurance for pharmaceutical products is an amendment of the existing policy on drugs to treat HIV, TB and malaria. The proposed amendment will allow decisions on an exceptional basis, and includes technical amendments to expedite work with the WHO Expert Review Panel on these exceptional issues. The decision point passed.

Decision Point GF/B22/DP9:

The Board approves the amendment and restatement of the Quality Assurance Policy for Pharmaceutical Products as set out in Annex 1 to the report of the Market Dynamics and Commodities Ad-hoc Committee (MDC) to the Board (GF/B22/11, Revision 1) (the QA Policy).

The Board requests the Secretariat to explain to grant recipients in writing the implications of the termination of the Interim Exception and the changes to the eligibility criteria for the review of Finished Pharmaceutical Products by the Expert Review Panel (ERP) as specified in the QA Policy.

The Board requests the World Health Organisation (WHO) to consider evaluating products under the WHO Prequalification Programme in circumstances where the relevant product may only have a limited geographical relevance.

The Board confirms that, as requested by the Board at its Twenty-First Board Meeting (GF/B21/DP16), the MDC has reviewed the updated Expert

Review Panel (ERP) process to deal with exceptional cases, and considers it to be satisfactory.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

2. The MDC Chair explained that a technical advisory group was convened to develop a policy on quality assurance for diagnostic products. He noted that while the Global Fund has guidelines for diagnostic procurement, until now it has not had a formal quality assurance policy for diagnostics. The proposed policy provides general principles or criteria (such as the need to meet good manufacturing practices as reflected in International Organization for Standards or equivalent standards), intended to support evaluation of diagnostics. The MDC Chair added that the MDC may recommend specific products or assays at future Board meetings, pursuant to this policy, and highlighted a friendly amendment to the decision point that specifically addressed the need for PRs to procure quality-assured rapid diagnostic tests for malaria, as there have been quality control issues with some of these products in the past.

Decision Point GF/B22/DP10:

The Board approves the quality assurance policy for diagnostic products (“QA Policy for Diagnostics”), as set out in Annex 2 to the Report of the Market Dynamics and Commodities Ad-hoc Committee to the Board (GF/B22/11, Revision 1).

The Board requests the Secretariat to work with the World Health Organisation (WHO) towards concluding an agreement under which WHO will manage the technical evaluation of diagnostic products, including, as relevant, the establishment of an Expert Review Panel for Diagnostics, as described in the QA Policy for Diagnostics.

The Board further requests the Secretariat to work with WHO to explore measures to ensure principal recipients procure appropriately performing malaria rapid diagnostic tests (RDTs) and the MDC to report back by the Twenty-Fourth Board Meeting.

The incremental budgetary implications of this decision point for the 2011 Operating Expenses Budget amount to US\$ 675,000 to support the provision of technical services for the testing framework. This amount is not included in the proposed 2011 Operating Expenses Budget.

3. In introducing the next decision point, the MDC Chair explained that expediting the transition from co-blistered artemisinin-based combination therapies (ACTs) to fixed-dose combinations (FDCs) represented an important value for money opportunity for the Global Fund, as the modest cost increase for FDCs is more than offset by significantly increased benefits, such as improved patient adherence and reduced use of therapeutically suboptimal monotherapies.

Decision Point GF/B22/DP11:

The Board notes that World Health Organisation (WHO) guidance¹ states that fixed-dose combination formulations (FDCs) of artemisinin-based combination therapies (ACTs) are strongly preferred to co-blistered formulations.

The Board requests the Market Dynamics and Commodities Ad-hoc Committee (MDC) to present recommendations to the Board at the Twenty-Third Board Meeting regarding appropriate transition by recipients of Global Fund financing to the use of FDCs of ACTs.

The Board also requests the MDC to analyze additional measures to accelerate the transition to FDCs of HIV/AIDS and tuberculosis medicines and to present its recommendations to the Board at its Twenty-Fourth Meeting.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

4. The MDC Chair reminded the Board that the MDC was established in the expectation of significant savings in drug purchasing by reshaping the marketplace. He noted the complexity of market dynamics for HIV, TB and malaria drugs and indicated that the MDC would submit a policy recommendation on the best approach for transitioning ACTs, HIV antiretrovirals and TB drugs to FDCs at the Twenty-Third Board meeting.
5. The final decision point from the MDC was to recommend appointing Mr Oliver Sabot from the Private Foundations constituency as MDC Chair.

Decision Point GF/B22/DP12:

The Board approves the appointment of Oliver Sabot from the Private Foundations constituency as Chair of the Market Dynamics and Commodities Ad-hoc Committee (MDC) for the period from the date of this decision until the adjournment of the first Board meeting of 2011 to replace the outgoing Chair, Mr Dai Ellis.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

The Chair thanked Dai Ellis for his contribution and leadership during the past year as MDC Chair.

Agenda Item 11: Report of Affordable Medicines Facility - Malaria Ad-hoc Committee

1. Minister Leslie Ramsammy, Chair of the Affordable Medicines Facility - malaria Ad hoc Committee (AMFm AHC), provided an overview of progress in the implementation of AMFm Phase 1. He reminded the Board that nine AMFm pilots were launched in eight countries in November 2009, with Phase 1 of the pilots to be assessed through an independent technical evaluation after 12 months of

¹ WHO Guidelines for the Treatment of Malaria Second Edition (2010).
http://whqlibdoc.who.int/publications/2010/9789241547925_eng.pdf

implementation. Minister Ramsammy reminded the Board that it had decided to make a decision in 2012 about whether to expand, modify or terminate AMFm, based on a) results from the evaluation, and b) findings from implementation research relevant to AMFm being funded through various donors.

2. Phase 1 milestones provided by the AMFm AHC Chair included: negotiating price reductions and signing master supply agreements with the six eligible ACT manufacturers, including contractual commitments not to market oral monotherapies; disbursing more than US \$20 million in co-payments as of early December 2010; contracting a consortium of ICF Macro and the London School of Hygiene and Tropical Medicine to conduct the independent technical evaluation for Phase 1. The AMFm AHC Chair noted that technical evaluation findings are expected to be available at the March 2012 meeting of the Committee, which has been working with the Secretariat and the TERG to establish evaluation criteria and success benchmarks.

3. The AMFm AHC Chair noted that there had been some delays in implementing AMFm and the Committee is therefore asking the Board, through the proposed decision point, for a six month extension in the evaluation timeframe to allow for a useful assessment of Phase 1 implementation. Board delegates welcomed this timeline change. The decision point passed by consensus.

4. In discussion, Board delegates noted that the technical evaluation will have limited data on ACT “use” and encouraged the AMFm, as much as possible, to identify the expected trajectory of use over two years, based on Phase 1 data.

5. Several delegates welcomed the implementation of the AMFm, stating that the high cost of ACTs was the reason why people were buying monotherapies and expressed hope that the AMFm had implications for other Global Fund business. The Private Sector delegate raised concerns about whether due diligence was followed in selecting first-line buyers, the potential for a conflict of interest in situations where first-time buyers purchase prequalified ACTs and then sell them at heavily subsidized prices to their subsidiaries, and how soon rural and remote areas can benefit from reduced prices.

6. The AMFm AHC Chair noted that the issues regarding “use” are outlined in an independent report (by the Evidence to Policy Initiative) that was commissioned by the Committee, and entitled “Estimating Benchmarks of Success in the AMFm Phase 1.” The AHC further noted that the AMFm AHC was discussing the issues raised by the Private Sector delegate. The Board Vice-Chair encouraged the AMFm AHC to discuss with concerned delegations about the “use” issue.

Decision Point GF/B22/DP13:

The Board refers to its earlier decision regarding the evaluation of Phase 1 of the Affordable Medicines Facility - malaria (AMFm) (GF/B20/DP24), and notes that AMFm Phase 1 is currently funded as a 24-month program.

The Board recognizes the shift in the start of the implementation of AMFm Phase 1 and the need to ensure an evaluation that can inform a decision on the future of the AMFm as a business line. Accordingly, the Board decides to extend the implementation period of AMFm Phase 1 by six months and requests the AMFm Ad Hoc Committee to present a

recommendation to the Board at its second meeting in 2012 on whether to expand, accelerate, modify, terminate or suspend the AMFm business line.

The Board grants the Secretariat the authority to work with relevant countries and Principal Recipients to extend the relevant grants and to make any other consequential amendments to those grants as a result of the extension of AMFm Phase 1. The Board further decides that there are no additional funds earmarked for financing AMFm Phase 1 Supporting Interventions, and countries and Principal Recipients should plan accordingly.

In order to support the six month extension, the activities of the AMFm Unit shall be extended by six months. At current budgetary rates, not including the Professional Fees for the Independent Evaluation, an additional US\$ 1.6 million will be required in 2012. The six month extension is expected to result in an increase in Professional Fees in 2012 for the Independent Evaluation of US\$ 108,000 to cover additional labor costs, inflation and wage increases.

The six month extension will likely mean a reduction in 2011 Professional Fees expenditure for the end-point data collection contracts. However, any expenditure saved in 2011 would correspondingly be incurred in 2012. The actual costs of end-point data collection will be known when the contracts for the data collection firms are finalized. The Board notes that this could result in an additional cost or a saving to the estimated US\$ 3.9 million budget for the end-point data collection. Any additional cost to the end-point data collection budget will be presented to the Board for approval.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Agenda Item 12: Report to the Board on Matters Related to the Office of the Inspector General

1. Mr John Parsons, Inspector General, presented an overview of OIG activities covering the March - October 2010 time period: 33 country audits were completed; three out of four audits identified various types of fraud, including misappropriation of funds and theft of medical commodities; the investigation caseload has increased rapidly as a result of audit findings; US \$34.6 million needs to be recovered as a result of four audits and investigations within the March - October 2010 time frame; additional funds will require recovery once remaining investigations for that time period are completed; prosecutions as a result of OIG investigation findings are underway in seven jurisdictions.
2. Mr John Parsons referenced the joint communication on OIG matters from the Executive Director and himself, which outlines a number of steps being taken to address fraud and corruption in a coordinated, responsive manner.
3. The Inspector General acknowledged concerns expressed by NGO representatives and Board delegates over the past several weeks and explained that OIG staff work closely with country level partners and other Secretariat staff in conducting audits and investigations, and in reporting on audit and investigation findings (including notifying local authorities when criminal charges are warranted).

He noted that an Order Process Protocol is issued to countries in advance of audits, which explains the audit process, and noted investigations to date have indicated training activities are particularly vulnerable to systemic fraud. He referenced challenges in accessing complete audit reports from the United Nations Development Programme (UNDP) in countries where it is the PR or SR for Global Fund grants, noting that the Global Fund could not investigate UNDP as a result of the privileges and immunities it has as a UN agency. He also raised concerns about the physical and employment security of OIG staff and country level contractors and employees due to their work in conducting audits and investigations.

4. Dr. Debrewerke Zewdie, Deputy Executive Director, noted that immediate action is taken by the Global Fund where investigations identify fraudulent activities, up to and including suspension or termination of contracts. She explained that training activities were suspended across the Global Fund grants portfolio following OIG advice about systemic fraud in the training components of several country programmes. She emphasized the Global Fund's 'zero tolerance' for fraud, highlighting a number of measures being taken to address OIG findings, including: implementing the Country Team Approach to managing the grants portfolio; revising LFA Terms of Reference to strengthen programmatic oversight and financial controls; strengthening risk mitigation through stronger CCM oversight; and implementing 432 recommendations from the 12 most recent audit report results, aimed at improving programme management and oversight.

5. The Deputy Executive Director also stated that the Secretariat, including the OIG, and TERG were clarifying the division of labour among the TERG, Secretariat and OIG. Discussions were also ongoing about how to secure immunity from prosecution for OIG staff and local employees involved in conducting audits and investigations.

6. Mr Peter Van-Rooijen, Chair of the Sub-Committee on OIG Matters, spoke to a variety of cross-cutting issues identified by the Sub-Committee, including remuneration for OIG staff, information technology systems to support audits and investigations, the role of LFAs, collaboration with UNDP and risk mitigation.

7. Board delegates had a vigorous debate regarding OIG-related matters, including: concerns regarding the transparency of the audit and investigation process; how audit and investigation findings are communicated to country partners and other stakeholders; the negative impact of releasing audit and investigation findings without framing them in the broader context of strong programme oversight, performance and transparency across the Global Fund grants portfolio.

8. Delegates endorsed strengthening LFA capacity to mitigate the risk of fraud and ensure better financial oversight of Global Fund financed programmes, with several suggesting that grant suspension was an extreme measure that should be used only in extreme cases given the implications for service continuity. Several delegates also reinforced the need for improved CCM oversight.

9. Some Board delegates also expressed concerns regarding tensions between the OIG and the Secretariat, underscoring the need for more work on a risk management framework and better coordination and communication regarding audits and investigations undertaken by the OIG. Some delegates raised questions regarding what proportion of audit findings indicate 'undocumented expenses' compared to those that indicate more serious issues of fraud and malfeasance. Other delegates raised concerns that the PR is sometimes asked to respond to audit

findings before the audit is complete and has limited ability to appeal audit or investigation findings.

10. Mr Jeff O'Malley, UNDP, outlined actions being taken by UNDP to address some of the issues raised by the OIG, including: transitioning out of acting as PR in a number of countries; issuing guidelines in October 2010 to UNDP country offices regarding release of documentation to LFAs; and helping to build local organizational capacity in financial management. He noted that access rules governing release of project audits apply to all UN organizations. Based on the direction from the last Executive Board meeting, he anticipated having a decision point for the UNDP Board in September 2011, which would authorize release of project audits. He cautioned the Inspector General about the importance of accurate and precise communications, particularly when involving allegations of systemic fraud and corruption. He referenced the need to more broadly communicate the 'right of reply' protocol to ensure fairness in responding to audit and investigation findings and suggested establishing a protocol for information exchange that should help address the issues raised by the OIG.

11. The Inspector General thanked delegates for their interventions, noting in response that the proportion of undocumented expenses versus more serious fraud and malfeasance (from orders completed to date in the March - October 2010 time period) was approximately 50/50, and that timeliness of audit reports was sometimes compromised by a variety of factors, including access to the country where the audit was being conducted.

12. The FAC Chair thanked the Inspector General and Board delegates for the discussion, noting that the FAC Sub-Committee is continuing to advance work on risk mitigation and fraud detection on behalf of the Board. He agreed on the need to ensure an appropriate appeal process and assured the Board that oversight and communication issues will be taken forward in follow-up discussions with country partners; he invited Implementing Block constituencies to help shape interventions and responses to OIG investigations.

13. The Board Chair then presented two decision points: the first regarding the Global Fund's response to the death of Ambassador Richard Holbrooke and the second, a revised decision point on enhancing Global Fund support to MNCH, prepared by the MNCH Contact Group. The decision point regarding Ambassador Holbrooke was passed unanimously as an anonymous vote.

Agenda Item 13: Ethics Committee Update

1. Ms Marijke Winroks, Chair of the Ethics Committee, reminded the Board that the Committee's mandate was expanded at the last Board meeting and provided an overview of activities over the past year, including: preparing guidance on conflict of interest issues; addressing specific conflict of interest issues as they arise; developing codes of conduct for grant recipients and the Secretariat; developing an integrity framework with the OIG, including whistle-blowing policies; revising the Declaration of Interest form and providing advice on ethical issues related to implementing the reform agenda.

2. The Board Chair then presented a decision point appointing Mr Karlo Boras as Chair of the Ethics Committee.

Decision Point GF/B22/DP17:

The Board approves the appointment of Karlo Boras from the Developing Country NGO constituency as Chair of the Ethics Committee for the period from the date of this decision until the adjournment of the first Board meeting of 2011 to replace the outgoing Chair, Dr Bobby John.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Agenda Item 14: Report of Finance and Audit Committee

1. Mr Peter Van Rooijen, Chair, Finance and Audit Committee (FAC) presented several decision points from the FAC, including approving a budget of US \$324.7 million for 2011 Operating Expenses. The FAC Chair reported that key cost drivers of the 2011 Operating Expenses budget include: continued increases in grant activity; an increase in non-discretionary costs compared to the 2010 budget; foreign exchange related costs (in particular devaluation of the US Dollar against the Swiss Franc); an increase in the OIG budget of US \$3.3 million (from from US \$12.4 million to US \$15.7 million) to cover an expanded workload; establishing a US \$3 million contingency budget for OIG investigations, to be used if costs related to 2011 investigations are greater than anticipated; and a budget for corporate priorities, including costs related to transitioning to a Country Team Approach to managing grants, information technology costs to support grants management, and resource mobilization activities. The FAC Chair noted that the OIG contingency budget could only be used following FAC approval.

2. The FAC Chair asked the Board to authorize the Secretariat to manage foreign currency transactions, which aim at ensuring greater certainty about the cost of the Secretariat budget (given that a significant proportion of the budget, including 80% of staff salaries, are budgeted in Swiss francs) and minimizing financial risk to the organization. The FAC Chair reiterated that the 2011 Operating Expenses Budget included a self-imposed 'zero growth' budget for the Secretariat.

Decision Point GF/B22/DP18:

The Board acknowledges that a significant percentage of the Operating Expenses Budget is denominated in Swiss Francs (CHF) whereas the budget is presented in United States Dollars (USD) and the reporting currency of the Global Fund is the USD.

To give greater certainty to the Board at the time of approving the USD budget, the Board decides to give the Secretariat authority to manage foreign exchange transactions in a manner which minimizes the exposure of the budget to volatility in the exchange rate between the USD and the CHF.

The Board further authorizes the Executive Director to take all necessary steps to manage this exposure.

The steps taken to manage this exposure will be under the oversight of the Finance and Audit Committee.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

3. In presenting a number of efficiency gains within the Secretariat, the FAC Chair noted concerns regarding the implications for this budget on staff workloads and indicated that the Executive Director may ask the FAC to consider an increase at its next meeting.
4. The Executive Director drew the attention of the Board to the 82% increase in the OIG budget compared to the zero growth budget of the Secretariat and noted that maintaining a zero growth budget in the context of an expanding workload would be challenging. The decision point passed.

Decision Point GF/B22/DP19:

The Board approves the 2011 Operating Expenses Budget in the amount of US\$ 324.7 million as set out in Annex 1 to the Report of the Finance and Audit Committee (FAC) to the Twenty-Second Board (GF/B22/6), based on the exchange rate applicable on the date of release of the Report of the FAC.

Following approval of the budget, the Secretariat shall enter into a forward contract with a reputable bank. In the event that the exchange rate determined on the date of signature of the forward contract results in a change in the budget, the Secretariat shall notify the Board of such change. The new amount shall thus be deemed to be the approved Operating Expenses Budget for 2011.

The use of any amount in the US\$ 3.0 million contingency within the OIG budget for 2011 is conditional upon the advance approval of the FAC.

The budgetary implications of this decision amount to US\$ 324.7 million in 2011, which includes an allocation of seven additional staff positions for the Office of the Inspector General for 2011.

5. The FAC Chair then presented a decision point committing the Global Fund to reporting amounts receivable from implementing countries in the Annual Report. Following interventions regarding concerns about whether these figures would include disputed amounts owing, the FAC Chair noted that the amounts receivable figures in the Annual Report would report figures based on signed contribution agreements. The decision point passed.

Decision Point GF/B22/DP20:

The Board decides that the names of implementer organizations and the United States Dollar (USD) equivalent of amounts owed to the Global Fund shall be disclosed in the Annual Report.

The Board further decides that the names of donors and USD equivalent amounts committed to the Global Fund but which are overdue for payment shall also be disclosed in the Annual Report.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

6. The FAC Chair noted that the decision point on privileges and immunities addresses key points raised in Board discussion on OIG matters, and specifically addresses concerns around the security and safety of Global Fund staff in the field.

7. Board delegates acknowledged slow progress in granting privileges and immunities (i.e., granting diplomatic status for Global Fund staff) on a country-by-country basis, although some expressed concern over whether the decision point would be effective as outlined and whether other options to address security concerns would be more efficient.

8. The Executive Director explained that the Global Fund had already undertaken a number of actions on an ad hoc basis to address security concerns, but that this decision point had been developed, on the advice of legal counsel, to address the issue in a more comprehensive way that is mandated by the Board. The decision point passed.

Decision Point GF/B22/DP21:

The Board acknowledges the serious challenges and risks faced by Global Fund staff in the discharge of their duties in many countries, and reiterates the importance of states granting to the Global Fund such privileges and immunities as are necessary for the effective exercise of its functions and efficient use of its resources (as approved by the Board in its Electronic Decision Point on 14 December 2009 (EDP/09/32)).

The Board recognizes the measures taken by the Secretariat to secure privileges and immunities for the Global Fund from countries around the world. In this connection, the Board welcomes the signature by the Government of Moldova of the Agreement on Privileges and Immunities of the Global Fund.

The Board reiterates the critical need for the Global Fund to pursue its drive to obtain privileges and immunities, and urges relevant stakeholders, including all Board members and their respective constituencies, to support, facilitate and promote the Secretariat's efforts to secure privileges and immunities for the Global Fund with all deliberate speed.

The Board requests the Secretariat to update the Board regularly on the status of progress on this matter.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

9. The FAC Chair provided an overview of the decision point on the use by private foundations of long-term promissory notes containing encashment schedules not directly linked to the typical grant disbursement profile. He explained that this was an innovative mechanism to increase the Global Fund's commitment authority and mobilize additional resources from a wider spectrum of donors. He stressed that this was a financing mechanism only available to private foundations. The decision point passed.

Decision Point GF/B22/DP24:

The Board:

1. Refers to its decision entitled “Multi-Year Contributions and Promissory Notes from Private Donors” taken by electronic vote on 13 September 2010 (EDP/B21/20) to permit the use of promissory notes by private donors when providing contributions to the Global Fund.
2. Acknowledges the potential for the Global Fund to mobilize additional resources from private foundations through the use of innovative long-term promissory notes, while being mindful of the associated opportunity costs.
3. Notes that the forms of contribution instruments provided by donors should not conflict with the principles and requirements set forth in the Comprehensive Funding Policy (CFP), including the conditions under which instruments may be characterized as assets for the purpose of determining commitment authority.
4. Notes the practice of the Global Fund of accepting promissory notes with encashment schedules for annual payments over the next succeeding three years, which is in line with grant disbursement profile and thereby ensures that the Global Fund will continue to meet grant disbursement needs.
5. Decides that, for an initial period of three years, and upon the approval of the Finance and Audit Committee, the Global Fund may accept promissory notes issued by private foundations available for encashment only at the end of terms exceeding three years (“Long-Term Promissory Notes”). However, the acceptance of Long-Term Promissory Notes is contingent upon the compliance of such instruments with the requirements of the CFP and the right of the Global Fund to automatic early encashment where the Global Fund requires cash to meet grant disbursement needs.
6. Decides that contributions to the Global Fund through Long-Term Promissory Notes shall be limited to those from private foundations.
7. Requests the Secretariat to establish a minimum cash policy in order to ensure a requirement of a minimum cash threshold equal to six months of projected disbursements at any given time, as may be amended from time to time by the Finance and Audit Committee. The minimum cash threshold requirement established by the Secretariat would underpin the early encashment provisions of the long-term promissory notes to allow for payment at any point at which the cash available to the Global Fund to fund disbursements falls below the required minimum cash threshold.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

The FAC chair explained that the purpose of the decision point to create a commitment reserve was to ensure that sufficient funds would be available to finance forecasted grant renewal needs

Decision Point GF/B22/DP22:

In order to ensure that funding is available within a replenishment period (or a pre-determined period) for grant renewals, the Board decides that a new commitment reserve be created for this purpose. Under this measure, the amount of assets determined to be available for approval of a new round may be reduced by an amount to be added to this reserve to ensure that funding is available for forecasted grant renewal needs during the subsequent three years.

The Board amends the Comprehensive Funding Policy¹ by deleting the existing Section 3.d and replacing it as follows:

“The Board may approve proposals and commit funds for the resulting financial commitments up to the cumulative uncommitted amount of assets that the Board determines will be available at the time the Secretariat commits the funds in the related grant agreements. When making this determination, the Board will set aside the amount of assets required to meet forecasted grant renewal needs in respect of the subsequent three years (a ‘Commitment Reserve’), taking into account projections regarding available donor contributions for the same three-year period provided by the Finance and Audit Committee with the support of the Secretariat.”

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

The FAC chair explained that the decision point was required in order to allow for the unqualified portions of MYCAs to be considered as assets under the CFP

Decision Point GF/B22/DP23:

Taking note of Board’s decision (GF/B21/EDP20, 10 September 2010) to approve the use of multi-year contribution agreements (MYCAs), preferably on an unconditional basis, as the principal mechanism through which donors should pledge and contribute to the Global Fund, the Board decides that the unqualified portions of MYCAs are considered as assets under the category ‘or similar obligations’ in Section 4 of the Comprehensive Funding Policy.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Agenda Item 15: Report of the Trustee

1. Mr David Wilson of The World Bank (Trustee for the Global Fund), provided highlights from the Trustee Report, including: from inception to the end of September 2010 the Trustee had signed contribution agreements with 55 donors and received contributions of US \$17.4 billion in cash and promissory notes; an increasing shift to multi-year funding from the donor community, which provides better certainty and stability in resources; total disbursements of US \$12.1 billion;

significant growth in transaction volumes; and investment income for the first ¾ of 2010 of US \$145 million in the US tranche and US \$2.6 million for the Euro tranche. He noted that contributions are expected to increase over the next several months as a result of replenishment pledges. He noted the Trustee's Office has also committed to a zero growth increase in fees for 2011, in solidarity with the Secretariat's efforts for a zero growth budget.

2. The Trustee noted that, despite market volatility and a challenging investment climate, positive returns continue to be posted due to a conservative capital preservation policy which has served the Global Fund well in the current economic climate. There was no discussion or decision point.

Agenda Item 16: Appointment of the Executive Director

The Board Chair announced that the Board had decided to extend the appointment of the current Executive Director, Prof Michel Kazatchkine, for an additional term of three years, as a result of the Executive Session held 13 December 2010. Board delegates rose to applaud the Executive Director for his leadership, dedication and the impressive results achieved by the Global Fund under his tenure. The Executive Director thanked the Board and Secretariat warmly for their support, and noted that he was looking forward to strengthening the Global Fund's operational model and positioning the Global Fund well in the evolving global health landscape.

Agenda Item 17: Future Funding Opportunities: Timing of Round 11 and Second Wave National Strategy Applications

1. The Board Vice-Chair presented a package of decision points that were the result of intensive negotiations by the contact group established at the beginning of the Twenty-Second Board Meeting to address funding for TRP-recommended Round 10 proposals and future funding opportunities. The Board Chair explained the protracted negotiations engaged in by the contact group reflected the challenge faced by the Global Fund to balance the needs of grant recipients with the fiscal pressures and constraints on Global Fund resources. He underscored that the package of decision points presented to the Board represented a compromise among Board delegations in striking that balance, and that the decision points also reflected the need for the Global Fund to implement its comprehensive reform agenda.
2. Board delegates expressed frustration regarding the delay in launching Round 11 given its importance in driving the reform agenda, as well as concern that substantive discussion did not take place among Board constituencies until the Board meeting, despite broad understanding of the resource constraints facing the Global Fund in the 2011 - 13 replenishment period. Ms Joanne Carter, Developed NGO delegate, urged the Board to mitigate the potential consequences of the delay for countries, particularly those which were unsuccessful in securing additional funding through Round 10.
3. Mr Simon Bland, UK/Australia delegate, noted that the final decision point reflected the importance of the reform agenda for the future of the Global Fund, and encouraged the Global Fund to consider the required reforms at the governance level as part of the strategy development process. Delegates congratulated the contact group for their hard work in

negotiating this compromise. The decision points passed.

Decision Point GF/B22/DP25:

The Board agrees to adopt the measures outlined below in order to enable the launching of funding opportunities described in GF/B22/DP26.

The Global Fund Strategy Development Process and Reform Agenda

The Board acknowledges the processes underway for development of a new strategy and the agenda for creating a more efficient and effective Global Fund. Nothing in these decisions seeks to prejudge or prejudice the outcomes from these processes.

Eligibility, cost sharing and prioritization

The Board affirms the importance and urgency of the ongoing review of the Global Fund's eligibility criteria, cost sharing and prioritization requirements and that the Board will make a decision on these matters at its first meeting in 2011 (GF/B22/DP8). The Board now decides that the revised requirements on eligibility, cost sharing and prioritization, to be approved at the Twenty-Third Board Meeting, shall apply for all funding opportunities described in GF/B22/26.

Assessment of the impact of program interruption at the May 2011 Board Meeting

The Board requests the Secretariat to undertake an analysis of the potential impact of program implementation being interrupted as a consequence of the timing of funding decisions on Round 11 being at the first meeting of 2012 rather than at the end of 2011 and to report its findings to the Finance and Audit Committee (FAC) and the Portfolio Implementation Committee.

Based on this analysis, the FAC will make a recommendation to the Board on any necessary measures to mitigate the impact of identified cases of program interruption. Consequent to this the Board will decide, at its meeting in May 2011, whether to extend the provisions relating to Funding of Additional Commitments, as described below for Round 10, to also apply to Round 9 with a view to:

- Making available resources to mitigate the impact of program interruption arising from the timing of Round 11; and
- Making available resources to contribute towards the demand including from the Second Wave of NSAs and the Health Systems Funding Platform Pilot.

Funding of Additional Commitments for Round 10

The Board refers to its decision at the Twentieth Board Meeting (GF/B20/DP9) to make funding commitments in respect of Additional Commitments in two tranches of an initial two-year period and an additional one year period.

The Board now decides in respect of Additional Commitments, arising from Round 10 Proposals only, to make such commitments in three tranches of one year each. This measure is being adopted on an exceptional basis in order to enable a more effective and even commitment of resources within the Third Replenishment term and as an exception to the provisions of paragraph 3.c of the Comprehensive Funding Policy.

The Board requests the Secretariat to implement this decision in a manner that minimizes funding uncertainty and transaction costs.

Increase in Current Ceilings on Additional Commitments for Round 8 and Round 9 Proposals and the First Learning Wave of National Strategy Applications

The Board decides to increase the limits on Round 8, Round 9 and First Learning Wave of National Strategy Application proposals from 75% to 90%. In doing so, the Board refers to its decision at the Eighteenth Board Meeting (GF/B18/DP13) and its decision at the Twentieth Board Meeting (GF/B20/DP9) which provided for the limits described in these decisions to be increased from 75% to 90% when new resources become available, subject to Board approval.

Application of Performance Based Funding

The Board acknowledges the importance of implementing Performance Based Funding as a core principle of the Global Fund.

In this context, the Board requests the Secretariat to strengthen its application of Performance Based Funding principles having regard to utilization of funds and performance of existing grants. Accordingly the Board requests the Secretariat to consider reductions in Additional Commitments, where appropriate for reasons of performance, and to work with CCMs and Principal Recipients in order to adjust performance targets in light of the revised lifetime budgets; this will result in overall savings that will then be available for approval of new funding opportunities.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Decision Point GF/B22/DP26:

The Board refers to its decision at the Twenty-Second Board Meeting entitled “Measures Associated with Round 10 and Future Funding Opportunities”.

The Board acknowledges its responsibility to take a decision on eligibility, cost-sharing and prioritization at its Twenty-Third Board Meeting in order to launch Round 11, Second Wave of National Strategy Applications (NSAs) and Health Systems Funding Platform pilot (HSFP) as follows:

Launch of Round 11

- a. The Board requests the Secretariat to make a call for proposals on 15 August 2011, with a submission due date of 15 December 2011.
- b. The Board acknowledges that the Portfolio and Implementation Committee will approve the proposal forms and guidelines for Round 11, which will incorporate requirements for transitioning to the new Global Fund grant architecture and reflect the eligibility, cost sharing and prioritization requirements arising from Board decisions taken by the Board in May 2011.
- c. The Board requests that Round 11 proposals be reviewed by the Technical Review Panel in time for approval at the first Board Meeting of 2012.

Second wave of National Strategy Applications

The Board refers its decision GF/B21/DP4 to initiate the second funding opportunity for National Strategy Applications (NSA) (“the Second Wave”) and now approves the launch of the Second Wave of NSA under the following timeline:

- a. The Board requests the Secretariat to initiate the Second Wave of NSA in January 2011.
- b. Notwithstanding this launch date, Board decisions concerning new requirements on eligibility, cost sharing and prioritization will apply to the Second Wave of NSA.
- c. The Board requests that Second Wave of NSA proposals be reviewed by the Technical Review Panel (TRP) in time for approval at the first Board Meeting of 2012.

Health Systems Funding Platform Pilot (HSFP)

The Board refers to its decision at the Twenty-First Board Meeting GF/B21/DP5, such that the Board could approve funding requests emanating from a pilot in four to five countries at the same time that it approves Round 11 proposals.

The Board notes that, at its 14th meeting in October 2010, under delegated authority of the Board, the Policy and Strategy Committee approved the design of the pilot for the approach identified as ‘Track 2 option 2’ of the HSFP.

Accordingly, the Board approves the launch of the HSFP pilot as follows:

- a. The Board requests the Secretariat to initiate the HSFP pilot on or about January 2011.
- b. Notwithstanding this launch date, Board decisions concerning new requirements on eligibility, cost sharing and prioritization will apply to the HSFP pilot.

- c. The Board acknowledges that the Portfolio and Implementation Committee will approve the proposal form and guidelines for the HSFP pilot.
- d. The Board requests that HSFP pilot proposals be reviewed by the TRP in time for approval at the first Board meeting of 2012.

Launch of Funding opportunities beyond 2011:

The Board refers to its decision at its Fourteenth Board Meeting entitled “Establishment of Fixed Dates for Rounds” (GF/B14/DP12) to announce to the public, with significant advance notice, future Rounds of funding.

Accordingly, the Board decides to launch Round 12 (and other funding opportunities¹) within the Third Replenishment period, i.e. no later than 31 December 2013. Based on the availability of assets, the Board may decide to make this call for proposals well in advance of 31 December 2013 with the goal of making funding decisions during 2013 and acknowledges the value this would have in supporting the urgent need for continued scale-up in the fight against the three diseases.

The Board delegates to the Finance and Audit Committee authority to agree the budgetary implications of this decision point.

Decision Point GF/B22/DP27:

1. The Board approves all the Round 10 proposals recommended for funding by the Technical Review Panel (TRP) as “Category 1”, “Category 2” and “Category 2B”, subject to the below provisions.
2. The Board approves for funding for an initial two years all those Round 10 proposals recommended for funding by the TRP as “Category 1”, “Category 2” and “Category 2B” as listed in Annex 1 of GF/B22/13, subject to paragraphs 3, 4 and 5 below. This includes all Round 10 proposals focusing on Most-at-Risk Populations for HIV/AIDS, which have been submitted under the dedicated reserve referred to in its decision entitled “Prioritization for funding amongst Round 10 TRP-recommended Proposals” GF/B21/DP18 and recommended for funding by the TRP.
3. The applicants whose proposals are recommended for funding as ‘Category 1’ (as indicated in Annex 1 of GF/B22/13) shall conclude the TRP clarifications process, as indicated by the written approval of the Chair and/or Vice Chair of the TRP, not later than eight weeks after the applicant’s receipt of notification in writing from the Secretariat of the Board’s decision.
4. The applicants whose proposals are recommended for funding as ‘Category 2’, including the subset of proposals identified as ‘Category 2B’ (as indicated in Annex 1 of GF/B22/13), shall:
 - a. provide an initial detailed written response to the requested TRP clarifications and adjustments by not later than six weeks

after the applicant's receipt of notification in writing by the Secretariat of this Board decision; and

- b. conclude the TRP clarifications process, as indicated by the written approval of the Chair and Vice Chair of the TRP, not later than three months from the Secretariat's receipt of the applicant's initial detailed response to the issues raised for clarification and/or adjustment.
5. As required under the Income Level and Cost Sharing Policy, the lifetime grant amount of approved Round 10 proposals that will be implemented in Upper-Middle Income Countries ("UMI Proposals") shall be subject to a collective maximum limit of 10 percent of the lifetime grant amount of all Round 10 approved proposals. The Board notes that this limit will be applied at the time of approving additional commitments for approved Round 10 UMI Proposals.
 6. The Board declines to approve for funding those proposals recommended by the TRP as 'Category 3', as indicated in Annex 1 of GF/B22/13. These applicants are encouraged to re-submit a proposal in a future funding round after major revision of the proposal.
 7. The Board declines to approve for funding those proposals recommended by the TRP as 'Category 4', as indicated in Annex 1 of GF/B22/13.
 8. The Board notes the TRP's request to have additional financial analysis support as part of the clarifications process and requests the Secretariat to make the necessary arrangements.
 9. Prior to the signing of a grant, the Secretariat will provide confirmation that, as far as can be determined based on data available to the Secretariat, the grant budget is in accord with value for money considerations including unit costs.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

3. The Board Chair noted that he and the Board Vice-Chair would continue to work with the Secretariat and Board delegates on implementing the reform agenda, and would continue to keep the Board informed on progress.

4. The Board Chair presented the decision point on extending the appointment of Prof Michel Kazatchzine for a further three-year term as Executive Director. The decision point passed.

Decision Point GF/B22/DP28:

In accordance with Section 26 of the Board Operating Procedures and based on the satisfactory performance appraisal of Professor Michel Kazatchkine in the role of the Executive Director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Board decides to extend his appointment for a further term of three years from the end of his current term till the end of the month of the first Board meeting in 2014.

This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.

Dr Abdul-Hakim Ali Al-Kuhlani, Eastern Mediterranean Region delegate, presented a brief video inviting the Global Fund to hold the Twenty-Fourth Board meeting in Adan, Yemen. Delegates raised concerns about travel restrictions for people living with HIV, currently in place in Yemen, and referenced the Board policy which precludes holding Board meetings in countries which have travel restrictions for people living with HIV. Dr Al-Kuhlani committed to addressing the travel restriction issue with the Ministry of the Interior.

The Board Chair thanked the Secretariat, Board delegations and interpreters for their support and hard work. The meeting adjourned.