



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Twenty-Fifth Board Meeting
Accra, Ghana, 21-22 November 2011**

**GF/B25/13
Board Decision**

REPORT OF THE PORTFOLIO AND IMPLEMENTATION COMMITTEE

PURPOSE:

This report summarizes the deliberations of the Portfolio and Implementation Committee (PIC) at its meeting on 29-30 September 2011 and its resultant recommendations to the Board.

PART 1: INTRODUCTION

1.1 The Portfolio and Implementation Committee (PIC) met in Geneva on 29-30 September 2011. Ms. Blandina S.J. Nyoni (Eastern and Southern Africa) was the Chair and Dr. Bernard Nahlen (USA) was the Vice-Chair.

1.2 The following sections summarize the discussions of the PIC:

Part 2: Matters Arising from the Twenty-Fourth Board Meeting;

Part 3: Operational Matters for Board Decision;

Part 4: Technical Review Panel (TRP) Matters; and

Part 5: Portfolio and Operations Updates.

PART 2: MATTERS ARISING FROM THE TWENTY FOURTH BOARD MEETING

Information

1.3 On 26 September 2011, the Global Fund Board had its Twenty-Fourth Meeting to discuss the recommendations of the High Level Independent Review Panel (HLP). At the meeting, the Board gave its high level endorsement of the HLP report as it presents a compelling case for rapid and urgent transformation of the Global Fund. The Board decided on the recommendations that could be implemented immediately and where considerable consultations have been undertaken (e.g., governance, risk management, strengthening oversight of recent investments and OIG and Secretariat relationship, new grant approval process, empowering middle management decision making, measuring outcomes and focus on quality). For other HLP recommendations, it was decided that further analysis is needed and their implementation will be captured in the Consolidated Transformation Plan to be submitted for Board decision at the Twenty-Fifth Board Meeting in November.

1.4 As a follow-up to the Board Meeting, the PIC focused its discussions on two items: (i) Governance Reforms, and (ii) Round 11 matters.

Governance Reforms

1.5 The Governance Reforms process has been ongoing since May 2011 led by the Board Chair and Vice-Chair. The reform initiative looks at the governance structures, decision-making process, Board and Committee representation selection process and constituency functioning. Since June 2011, several consultations have been undertaken which has considerably informed the emerging options on governance reform.

1.6 At the Twenty-Fourth Board Meeting, the new Committee structure and membership were decided by the Board based on the recommendations of the HLP and the governance reform consultations. The decision was undertaken recognizing the alignment of the two information sources in these specific areas.

1.7 In order to finalize the governance reforms in advance of the Twenty-Fifth Board Meeting, the Board leadership requested PIC inputs on: (i) defining the purpose and role of the Board, (ii) Committee membership nomination procedures and the appropriate framework for decision making (deciding, recommending and overseeing), and (iii) necessary transition arrangements for an effective handover to the new standing Committees by 1 December 2011.

1.8 The PIC¹ discussed its collective inputs including how topics presently under PIC oversight could be handed over to the new standing Committees. The PIC inputs are captured in the document entitled “*PIC Inputs on Governance Reforms*” (**see Attachment 1**) which was submitted to the Board leadership on 17 October 2011. PIC members may also channel additional inputs to the governance focal points of their constituency.

Round 11 Matters

1.9 Due to the reduced resource forecast for Round 11, the Twenty-Fourth Board Meeting decided to postpone the deadline of Round 11, Second wave NSAs and Health Systems Funding Platform until at least 1 March 2012. A Board Working Group was established to discuss options for Round 11 to be discussed at the Twenty-Fifth Board Meeting. The PIC Chair will be part of the Working Group.

1.10 The PIC requested urgent and clear communication with countries on the Board decision including its implications on the Round 11 application process. The PIC also emphasized the importance of addressing the continuation of treatment requirements of ongoing grants/programs as a result of the delayed Round 11.

PART 3: OPERATIONAL MATTERS FOR BOARD DECISION Information

3.1 In between sessions of the Board, the Secretariat usually submits recommended courses of action to the Board for electronic decision. However, given that the timing of the Committee meetings coincided with the need for Board decision, and since the issues relate to the portfolio, the following items were presented to the PIC for recommendation to the Board:

- i. Amendment to the Board-approved upper ceiling amounts for three consolidated disease proposals under Round 10;
- ii. Extension of signing deadline for Round 10 grants;
- iii. Approach for the mid-term review of grants under the Rolling Continuation Channel (RCC); and
- iv. Start and end dates for Round 9 Cote D’Ivoire HIV grant.

3.2 The PIC discussions and recommendations are captured in the report entitled “B24/ER/02: Operational Issues for Board Decision” (see **Attachment 2**).

3.3 Due to the time-sensitive nature of the four items, the PIC recommendations were submitted to the Board for electronic decision on 21 October 2011. Consequently, the following decision points were approved by the Board on 31 October 2011:

- i. B24/EDP/3: “Amended Upper Ceiling Amounts for Bangladesh, Mongolia and Swaziland Round 10 TB Proposals” ;
- ii. B24/EDP/4: “Extension of deadline for Round 10 Grant Signatures” ;
- iii. B24/EDP/5: “Procedure for Rolling Continuation Channel Mid-Term Performance Reviews and Extensions” ;

¹ The Latin America and Caribbean (LAC) constituency requested to abstain from the discussions of these PIC inputs and its views on the Governance Reforms are not captured in the document “PIC Inputs on Governance Reforms.”

- iv. B24/EDP/6: "Setting the Grant Start Date for Cote d'Ivoire HIV Proposal CIV-910-G13-H" ; and
- v. B24/EDP/7: Delegation of Authority to set Grant Start Dates in Exceptional Circumstances".

PART 4. TRP MATTERS

Decision

4.1. For Round 11, there are 34 TRP Permanent and Alternate member vacancies that need to be filled from TRP Support Group Members. The current policy requires the TRP Chair and TRP Vice Chair(s) to identify Support Group Members they recommend as replacements. The proposed replacements are then reviewed by the PIC and the Secretariat's Executive Director and the final names are submitted to the Board for approval.

4.2. Given uncertainties about the timing and scope of Round 11, the PIC discussed that deciding on the TRP members for Round 11 is premature. Instead, in line with the governance reforms, the PIC agreed that the TRP leadership should be given the flexibility to decide on the TRP members for each Round considering that the Support Group Members from which the vacancies will be filled have been approved by the Board based on the recommendations of the PIC and the Executive Director².

4.3. The PIC agreed to request delegated authority for the TRP leadership to decide on the following:

- i. Filling of vacancies in the Permanent and Alternate members from the Support Group Members; and
- ii. Increasing the Permanent Members (from the Alternate members) for each Round based on the number and focus of proposals received for review. The increase in Permanent Members should be reported to the relevant Board Committee.

4.4. The PIC endorsed the decision point below for Board approval:

Decision Point 1: TRP Membership

- 1. The Board refers to its decision on "TRP Recruitment 2010-2012" (B21/EDP/18) appointing the membership of the Technical Review Panel (TRP) Support Group, comprising the pool of experts from which TRP membership will be replenished in the event of TRP vacancies as they may arise. The Board also notes that each of the TRP Support Group members (as presented in Annex 1 of the Report B21/EDP/18) have been recommended by the Portfolio and Implementation Committee and the Executive Director of the Global Fund Secretariat. The Board authorizes the TRP Chair and TRP Vice Chairs to appoint replacements for vacancies in the Permanent TRP and Alternate members from members of the TRP Support Group.***

² The Southeast Asia constituency emphasized the importance of ensuring balanced regional experience among TRP members and requested from the Secretariat a breakdown by regional experience of TRP Support Group Members approved by the Board in 2010.

2. ***The Board authorizes the TRP Chair and TRP Vice Chairs to add members to the TRP as required for a given round of proposals. Such additional members shall be selected from Alternate Members, and where necessary due to member unavailability, from former TRP Members.***
 3. ***When additional members are added to the TRP, the TRP leadership shall report such additions to the relevant Board Committee.***
 4. ***The Terms of Reference of the TRP shall be amended accordingly.***
- This decision does not have material budgetary implications for the 2011 Operating Expenses Budget.***

PART 5: PORTFOLIO AND OPERATIONS UPDATE

Information

5.1 The Secretariat presented a short update on the status of the grant portfolio, ongoing work to develop an operational risk management framework, and measures to prevent and address stock-outs.

5.2 The PIC welcomed the initiate on the operational risk management framework and emphasized the importance of defining risk profile at the grant level (more than at the country level). It was requested that the framework provide a balanced risk profile (not just fiduciary risks but also programmatic, policy/legal risks) at the grant and country levels that will empower Fund Portfolio Managers (FPMs) in better managing grants and related risks. Some PIC members indicated that FPMs have become risk averse which is negatively impacting program implementation. In addition, the PIC requested that the roles of the Secretariat, Principal Recipients, Country Coordinating Mechanisms and Local Fund Agents in risk management need to be better defined. The Committee emphasized that LFAs providing information to CCMs is crucial for improved grant oversight by CCMs. A transparent risk analysis is also needed so that CCMs and PRs understand the risks and capacity gaps including the required actions to address them.

5.3 In line with the Secretariat's intent to move from an emergency to a more strategic approach to prevention of stock-outs, the PIC requested the Secretariat and technical partners to be more proactive in building in-country capacities on procurement and supply management. The PIC also emphasized that the ongoing work on possible establishment of a Global Fund buffer stock mechanism should consider the existing buffer stock systems of multilateral and bilateral partners.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board deliberations.

GUIDANCE ON LOCATION OF FURTHER INFORMATION

The below table indicates where further information on items dealt with in this report can be found:

Where indicated documents are available on the Governance Extranet:
<http://extranet.theglobalfund.org/cme/default.aspx>

Item:	Further information available:
Part 2: Matters Arising from the 24 th Board Meeting	GF/PIC5/05: High Level Panel and Governance Reforms Attachment 1: PIC Inputs to the Governance Reforms
Part 3: Operational Issues for Board Decision	GF/PIC5/06: Operational Issues for Board Decision Attachment 2: B24/ER/02 – Operational Issues for Board Decision
Part 4: TRP Matters	GF/PIC5/03: TRP Matters
Part 5: Portfolio and Operations Update	GF/PIC5/02: Portfolio and Operations Updates