

REPORT OF THE THIRTIETH BOARD MEETING

PURPOSE: This document presents the draft Report of the Thirtieth Global Fund Board Meeting, held in Geneva, Switzerland, from 7-9 November 2013.

The Report of the Thirtieth Board Meeting is subject to ratification by the Board of the Global Fund at its Thirty-First Meeting in March 2014.

Accompanying documentation from the Thirtieth Board Meeting is available at www.theglobalfund.org.

Report Overview

The Global Fund's 30th Board meeting was held in Geneva, Switzerland, and conducted under the leadership of Dr Nafsiah Mboi, Board Chair, and Ambassador Mireille Guigaz, the Board Vice-Chair.

Held nine months after Dr. Mark Dybul joined the Global Fund as Executive Director, and just two months after Mr. Martin O'Malley joined as Inspector General, the Board meeting presented an opportunity for the Secretariat and Office of the Inspector General to showcase how the transformation required by the Board in 2011 and 2012 was being further embedded in operational systems and processes.

The leadership teams of each of the Board's three standing Committees tabled reports on activities since the 29th Board Meeting, emphasizing within those reports the transformative, positive engagement that now characterized all of their interactions with their respective Secretariat counterparts.

A key priority for the Board at this 30th Meeting was consideration of a proposal to amend the Global Fund's policy on eligibility for grant financing. When taken, this decision would set the stage for the Board's consideration of the final package of decision points at the 31st Board Meeting in early 2014, thereby ensuring full roll out of a new funding model identified by the Board at its 26th Board Meeting in May 2012 as the primary means to accelerate implementation of the 2012 – 2016 Global Fund Strategy.

The Board adopted a revised policy on eligibility and counterpart financing, introducing a grace period for a number of countries with existing grants that would otherwise have been ineligible for additional funding under the new funding model. The Board also approved important changes to the Global Fund's Whistle-blower Policy, and set out the basis of preparation of the 2014 Operational Expenses budget – appreciating that many of the financial transformations within the 2013 calendar year had to take precedence.

To take forward the Board's ability to measure the impact of the 2012 – 2016 Strategy, the Board also approved 16 corporate level Key Performance Indicators (KPIs). Noting that there remained work to be done to define a number of the underlying baselines and tools for measurement, the Board requested that additional data be presented to the Board by June and December 2014. It also decided that detailed routine reporting be provided by the Secretariat to the Board's three standing Committees, and that work be done to agree the division of work between those Committees. A sub-set of the KPIs was also selected by the Board as one of two key inputs into the Executive Director's 2013 calendar year performance assessment – a topic to be brought forward to the early 2014 Board meeting.

As a precursor to a scheduled end-2013 change in Committee leadership and membership after completing two years of committee service, the Board also endorsed the Board Chair and Vice-Chair's recommended appointees to fill the five Board-constituency nominated Committee leadership roles. Recognizing the critical work that was still required to be undertaken between November 2013 and early March 2014, the Board agreed that the existing Committee leadership and membership teams would, exceptionally, continue through to the end of the 31st Board Meeting, and the new appointments would take effect from early March 2014. The Board's decision on committee membership for its standing Committees, and the sixth Committee Leadership role (an independent external appointee) was held over for the 31st Board meeting. This report sets out the record of the 30th Board meeting. All decisions taken by the Board during its meeting are set out in Annex 1.

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Agenda Item 1: Opening

1. The meeting began with a welcome from Dr. Nafsiah Mboi, in her first meeting as Chair of the Board. She extended a special welcome to all new Board members and Alternate board members.
2. The traditional candle of remembrance was lit by Ton Coenen, Board Member for the Developed Country NGO delegation. In speaking of those lost to the three diseases, he highlighted recent events demonstrating the challenges people face in accessing health services – including the loss of life in Tanzania of people returning from a clinic, and people who were injured in an attack on a Russian health center due to sexual preferences.
3. Moving to the early matters for consideration, on behalf of herself and Ambassador Mireille Guigaz, Vice-Chair of the Board, the Chair provided a brief summary of the approach they had taken to setting the draft Agenda for the 30th Board Meeting. Namely, that the Board approves essential Board-level decisions; focuses deliberations at the strategic level and takes the organization forward in service with and for people in need of services. With that introduction, the Board:
 - a. Appointed David Stevenson, Board Member for the Canada and Switzerland constituency, Rapporteur for the meeting (Decision Point GF/B30/DP1)¹.
 - b. Approved the meeting agenda (Decision Point GF/B30/DP2).
 - c. Approved the report of the Twenty-Ninth Board Meeting (Decision Point GF/B30/DP3).
 - d. Reviewed the status of completion of pending decisions and other actions points² from recent Board Meetings, noting that a number of the matters would be taken up during the 2014 committee work plan period.

Agenda Item 2: Report of the Executive Director

4. Introducing the Executive Director's report as one that was best identified as a shared report of everyone working to achieve the mission of the Global Fund, Mark Dybul acknowledged the enormous level of collaboration that he had experienced in his interactions with the Board leadership, the Committee leadership teams, and partners, and thanked the Secretariat for their energy and passion.
5. He spoke on the issue of recent human rights violations, mentioning two incidents in particular, and extending the Global Fund's sympathies to the activist in St Petersburg remembered in the candle lighting session – stating clearly that the Global Fund condemns such actions.
6. Whilst highlighting important achievements in supporting key affected populations, including activities which cost very little in dollar amount but have important political impact, the Executive Director noted – particularly for Southern Africa – a key need to keep gender at the center of discussions, as attention on these issues is currently inadequate.

¹ Decision Points from the meeting are reproduced in full at Annex 1 to this Report.

² The Action Sheet presented to the 30th Board Meeting is reproduced in full at Annex 2 to this Report.

7. The third point highlighted from the report was the preliminary conversations that the Board's Strategy, Investment and Impact Committee have started regarding the Global Fund's role in supporting the poorest and most vulnerable populations as countries move along the development continuum between fragile states and self-sustaining states. Noting that the report raised these questions on a purely preliminary basis at the 30th Board Meeting, Mark Dybul emphasized the need for the Global Fund, as a strategic investor for the three diseases, to be ready to address the issue that an increasing number of poor and very vulnerable people are no longer living in the poorest countries in the world.
8. Mark Dybul also addressed the report's reference to "tiered pricing" initiatives to improve access to medicines. He noted that as many countries move from low-income to middle-income status (accepting that some slip backwards from time to time due to catastrophic events), ARV pricing currently increase - impacting access to affordable medicines.
9. Clearly distancing the Global Fund and its partners from any suggestion of price-setting, the Executive Director emphasized the need for work to focus on how to maintain access to affordable pricing even as countries move along the development continuum, thereby avoiding setbacks in otherwise effective national responses. He presented the concept of the Global Fund's traditional partners working with new stakeholders to see if it is possible to develop a framework for countries to be grouped into bands for access to medicines, where membership of the relevant bands is based on factors that go well beyond income level considerations. This, he suggested, should lead to a more predictable and smooth transition of countries, and address unexpected changes in World Bank country level income classifications leading to substantial price increases for medicines – even where the majority of those in need of services remain the poorest and most vulnerable.
10. Deferring the majority of his comments on the new funding model till later during the Board Meeting, the Executive Director expressed his appreciation to the countries that had already moved through the early stages, indicating that there would continue to be "growing pains" as the Global Fund works to move almost 150 countries into the new model.
11. To conclude his observations from the first nine months of his term, the Executive Director also highlighted the following from his report:
 - a. The early positive results from collective efforts to build a new approach to health product procurement at country level, resulting in current savings of USD80 million;
 - b. A positive trend starting to be seen in the amount of funding being disbursed annually, and confidence that this pattern could be maintained, together with a decrease in the number of "stuck grants" from a high of 73 in 2011 to 22 grants in 2013; and
 - c. Improvements achieved within the Secretariat related to the organization's culture, noting that the number of staff visiting the Ombudsman was down from 40 percent of staff at the time of the restructuring in 2012 to 14 percent in 2013.
12. Board Members took the floor one by one with observations, comments and questions. All of the speakers thanked Mark Dybul for his clear and concise report, and the hard work done in preparation for the full roll-out of the new funding model.

13. When taken together, a number of common themes emerged from Board member comments, including:
 - a. A positive response to the progress produced by the reforms put in place, while also stressing that the change needs to be sustainable.
 - b. An appreciation of the work done to date on implementing the new funding model, but also a reminder that the Secretariat maintains sufficient flexibility and has all the resources needed for the rollout.
 - c. A concern that human rights be fully integrated into the new funding model. The need to broaden work done on gender and the gender strategy was also mentioned.
 - d. The importance of continuing to pursue health systems strengthening initiatives and, in particular, the role that the private sector can play.
 - e. The need to pursue, as proposed in the Executive Director's report, a differentiated approach based on country situation and risk assessment, focusing on the right investments in the right places. This approach will also facilitate discussions on how best to support middle-income countries, which may move in or out of eligibility.
 - f. Recognition of the importance of the Secretariat's investment in improved data systems.
 - g. The importance of holding further discussion on the subject of tiered pricing, where the engagement of the Global Fund and partners is critical.

Agenda Item 3: Accountability Matters

14. By way of introduction to the information to be shared by Graham Joscelyne, Chair of the Board's Audit and Ethics Committee (AEC) and Martin O'Malley, the Global Fund's new Inspector General (IG), the Board Chair recounted the very broad range of improvements that have also been seen in regard to assurance topics within the Global Fund landscape in the same time as great strides have been achieved towards full implementation of the new funding model.
15. From a forward-looking perspective, one of the points emphasized by the Board Chair on behalf of the Board Leadership – was their appreciation that Martin O'Malley had already identified as a key priority for 2014 a review of the effectiveness and efficiency of governance by the Board and its Committees.
16. By way of introduction of Martin O'Malley's first address to the Board, Graham Joscelyne confirmed for new members of the Board that one of the primary roles of the AEC is to oversee the work of the Office of the Inspector General. After confirming to the Board that the AEC fully endorsed the Inspector General's report, the AEC Chair handed the floor to Martin O'Malley.
17. Martin O'Malley shared that in the ten weeks since he had taken up the role of IG, he had focused his efforts on listening, observing and asking questions. Among his observations was the sentiment that the Office of the Inspector General may have become "disconnected" from its overarching objectives. He thanked the outgoing Interim Inspector General, Norbert Hauser, for his stabilizing influence during his term in office.

18. Overall, the IG said his goal was to deliver a high-level road map for the work of the Office of the Inspector General by the end of the year, based on three key objectives:
 - a. Build within the Inspector General's team a clear sense of purpose, aligned to the mission of the Global Fund, and underpinned by clearly defined strategies;
 - b. Deliver a coherent communications strategy which outlines not only how information is disclosed, but also what information is released; and
 - c. Focus on building a people strategy, including succession planning.
19. Related to this, he informed the Board that his office had identified a new Director of Investigations, who would take up office in January 2014.
20. Reporting on the ongoing work of the Office of the Inspector General, Martin O'Malley commended the efforts of Elmar Vinh-Thomas, Head of Audit, for reducing the number of outstanding issues from over 1,200 to 341, and for the creation of a process to track issues through to execution and implementation. While the investigations unit faces a backlog, Martin O'Malley anticipated that this would be cleared by March 2014, explaining that a substantial proportion of cases should not have been opened in the first place, and that a robust process to assess allegations has now been developed.
21. Looking forward, the IG outlined what the Board could expect to see in 2014 and beyond. His vision is that of an independent office which relies on compelling evidence and which "calls it as it sees it". The Office of the Inspector General should also provide appropriate context to its findings without diluting issues, operate with professionalism, and place a greater emphasis on an analysis of the root cause of issues. Continuing, Martin O'Malley said that the role of the Office of the Inspector General is to help countries improve the control environment, which would require shifting the emphasis of his work from simply raising findings to investing more time in the design of solutions and in the achievement of outcomes.
22. Graham Joscelyne then reviewed other areas of AEC oversight since the last Board Meeting, highlighting:
 - a. The Report on Recoveries, which had not been delivered routinely at each Board Meeting as is required. The AEC Chair noted the Committee's focus on three key matters to discharge its oversight role: 1) data is accurate; 2) issues are cleared up quickly; and 3) amounts are collected. Confirming that the Report on Recoveries would be a regular report to the Board at each meeting, Cees Klumper, the Chief Risk Officer, joined the Board table and commented on progress to recover the amounts listed as recoverable in the annex to that report. Whilst noting that progress was not as strong as would have been hoped, he confirmed that the Secretariat's Recoveries Committee was now systematically following up on outstanding recoveries, with a view to having a clear plan by the end of 2013 to address each case. Cees Klumper also commented that the topic of recoveries is, naturally, a very sensitive matter – and different issues arise for different types of implementers. He agreed with the Board Chair's intervention that the new funding model, and its focus on increased country dialogue, should see both a lowering of risk and an increased ability to identify potential irregularities much earlier.

- b. The formation of the Global Fund's Sanctions Panel, noting the AEC had revised the Terms of Reference for the Panel, and that overall oversight of the work of the Panel would be undertaken by the AEC (and no longer the Executive Director) to retain the independence of the three external independent members of the six-person Panel, and to assure overall accountability within the process. He added that the AEC had also reviewed the sanctions process, and had instituted a number of changes based on best practices from similar organizations. The Executive Director confirmed that he had accepted the AEC's recommendations on the three external independent members of the Panel, and the recommendation of the Chair for that Panel. He confirmed that he would discuss a specific matter before the Panel during the Executive Session.
23. In the discussion that followed on the three oversight areas, a number of Board Members sought clarification on whether there are ongoing recruitment and staffing delays within the Office of the Inspector General. The IG was also asked whether any human rights violations had been reported to the IG, and if so, what the process was to investigate or resolve them. A related question was on possible service interruptions - particularly in relation to key affected populations - during investigations. One delegation noted that risk assurance oversight is not embedded within any one Board Committee, and that this might lead to a lack of accountability. With regard to risk oversight, several delegates expressed doubt about the capacity of Country Coordinating Mechanisms to provide adequate risk assurance. Another concern related to how the Office of the Inspector General prioritized investigations.
24. For matters falling within the mandate of the Office of the Inspector General, Martin O'Malley:
 - a. Commended the work done by Norbert Hauser to address staff vacancies. Although some still remained, a decision had been made to wait to fill these positions until the appointment of the new Director of Investigations, to facilitate a comprehensive review of the most appropriate structure of the Office of the Inspector General, and essential skills gaps;
 - b. Confirmed that no complaints on human rights abuses had been received by his Office, but that he would verify whether there had been any prior to his arrival. On service interruptions, the IG said that he did not believe that any future investigation should impact provision of service; and
 - c. Shared his early opinion, that the combined assurance model currently in place for the Global Fund was perhaps not optimal. He indicated that he would work with the Secretariat to find the best solution. In terms of the risk capacity of Country Coordinating Mechanisms, he felt that while the OIG had a role to play in the overall risk assurance framework, this specific issue was perhaps better addressed by the Secretariat.
25. On risk management capacity within Country Coordinating Mechanisms, Cees Klumper noted that an improvement was needed in the reliability of external audits conducted by Principal Recipients. However, a recent review of instructions for external auditors, as well as a more guidance to Principal Recipients in their own efforts to appoint external auditors, could be expected to increase the ability the reliability and assurance provided by in-country audit providers.

26. To conclude the session, Graham Joscelyne introduced the proposed decision point under this agenda item, namely interim amendments to the Global Fund's Whistle-blowing Policy. He explained that the primary aim in revising the policy was to ensure that it is integrated with other key internal Global Fund policies, particularly with respect the Fund's internal policies regarding ethics and human resources. He also noted that he expected further revisions in the future, again with the aim of alignment with other policies within the Secretariat. It was for this reason that the current policy is referred to as an "interim" revision.
27. Fully comfortable with the explanation provided, the Board approved the proposed Revision to the Whistle-blower Policy (Decision Point GF/B30/DP4).

Agenda Item 4: Ensuring Full Delivery of the New Funding Model

28. In welcoming the Chairs of the Strategy, Investment and Impact Committee (SIIC), Todd Summers, and the Finance and Operational Performance Committee (FOPC), Viorel Soltan, the Board Vice-Chair emphasized the need for Board colleagues to remain strategic in their discussions to ensure momentum on full roll-out of the new funding model. She also observed that no one had been excluded from deliberations – with all members of the Board participating in those discussions on either the FOPC or SIIC, and with much information having been shared, although recognizing that there was always scope for improvement.

Summary of decisions taken and those remaining to implement the new funding model

29. To open the session, Todd Summers reminded the Board of important preliminary decisions the SIIC had taken after the 30th Board meeting under delegated authority of the Board, as set out in the SIIC's report to the Board. Namely:
- a. For the 2014-2016 replenishment period, to set the allocation of funding at the global level between the diseases at 50 percent for HIV and AIDS, 32 percent for malaria and 18 percent for tuberculosis. The SIIC and the Board continues to stress the importance of addressing HIV and TB in joint concept notes; and
 - b. To confirm that the allocation formula shall rely on two factors – disease burden and ability to pay, and that qualitative factors will be used to supplement the final determination of indicative funding. Countries are also encouraged to express their "full demand" for above-indicative funding needs, which could be fulfilled through incentive funding and resources that become available for unfunded quality demand³.
30. Todd Summers then reviewed the timetable for the next series of decisions related to the implementation of the new funding model, which include decisions on:
- a. At this Board meeting: the eligibility and counterpart financing policy; and
 - b. By early 2014: amendments to the comprehensive funding policy, and approving the composition of the country bands, the allocation of funding to each band, and the amount to be set aside for special initiatives and regional programs.

³ "Unfunded quality demand" refers to requests which cannot currently be funded with existing Global Fund resources, but which represents high-quality need, and are being identified in the event of other resources – Global Fund or beyond – becoming available to fund that need.

31. Viorel Soltan then provided an overview of the work that the FOPC will be doing in the coming months on the initial allocation amount, noting that the total amount pledged for the 2014 replenishment period must first be adjusted to take into account the Secretariat's operating expenses, as well as the SIIC recommended ceilings for special initiatives and regional programs.
32. Todd Summers explained that the Secretariat was actively discussing the issue of the special initiatives. One suggestion was to create a fund for countries in emergency circumstances where normal grant-making processes are not possible. This would allow the Global Fund to ensure that no service disruptions occur as a result of a crisis in the country. A second area could be investments in data systems in country. The availability of reliable data is critical to the functioning of the new funding model. A third area could be around capacity building. Finally, a rapid supply mechanism could be put in place to allow the Global Fund to respond in cases of potential stock-outs.
33. There were also a number of comments regarding the concept of setting aside money for regional proposals. This pool of funds would cover situations where a regional response to a need would be more strategic than a national response. An example given was the case of artemisinin resistance in the Mekong delta region.
34. Some felt that this could be useful, particularly in situations where the political situation in individual countries might impede the effectiveness of national responses. Other delegates expressed concern that this could lead to funding of programs which might be better served by being integrated into existing national responses.
35. A number of delegates expressed concerns on whether 10 percent was the right amount to allocate for set-aside funding; and how to ensure that this does not become a tool used to make direct payments to partners.
36. Other areas of concern included the importance of good communications with countries around the different aspects of the new funding model, and whether existing funding that had already been committed to a country, even if not yet within a signed grant (i.e., carry over funds from the 2011-2013 replenishment period) would be considered as part of the total allocation.
37. Other issues raised included how existing unallocated resources held by the Global Fund would be treated as we move from the third to the fourth Replenishment period. One constituency urged the FOPC to avoid being too conservative when assessing the total amount of resources available, so as to ensure that the maximum amount of funding is available under the new funding model.
38. Several delegates commented on the issue of human rights and its importance for the new funding model.
39. Others raised the issue of capacity and resources for the new funding model not only within countries but, in particular, within the Secretariat.
40. Several delegates expressed satisfaction at the recent decision by the Board to encourage countries with a high rate of HIV/TB co-infection to submit joint proposals, emphasizing the need to dispel the myth that TB programs might get "swallowed up" by HIV programs in joint concept notes.

41. Some delegates expressed their support for set-aside funding as it is an opportunity to support civil society organization and community-based organization and high quality concept notes.
42. The World Health Organization (WHO) called upon the Global Fund to consider finishing the revision of the Global Fund's partnership strategy in light of the impact of the new funding model. For example, the WHO encouraged the same kind of evolution among Global Fund structures as has been seen in the positive changes that have taken place in the nature of interactions between the Technical Review Panel and partners. Another delegate requested that as part of an updated partnership strategy, partners commit to the amount of assistance they could provide, to ensure sufficient support to implementing countries.
43. Several participants had voiced concerns that, despite the possibility to submit funding proposals throughout the three-year replenishment period, countries would rush to apply at the first opportunity, thus putting a heavy workload on the Secretariat and technical partners.
44. In response, Todd Summers said that the Secretariat had already begun working on a process to offer costed extensions to existing grants in order to give countries the time they need to prepare concept notes. The SIIC had been receiving regular updates on the transition to the new funding model from the Secretariat and the Technical Evaluation Reference Group, and lessons learned had been and would continue to be fed back into the model to ensure continued improvement going forward.
45. Viorel Soltan addressed the issue of ensuring sufficient resources, stating that the FOPC had considered the full three-year cycle, including the issue of the forecasted operational expenses for the coming three years, when discussing the amount available for allocations. With reference to the proposal to set-aside funding for a rapid supply mechanism, he noted that intensive discussions had already been held with on this subject, and that the FOPC was determined to make this instrument available as soon as possible. He confirmed that the committee would not be over-conservative when determining the amount of funding to be made available for future work under the new funding model.
46. Mark Edington, Head of Grant Management spoke about the application process under the new funding model. He informed the Board that one of the reasons for initiating the early applicant process was to "pressure test" the system. While the early applicants had completed the process in approximately four months, it was clear that not every country would be able to match that short timeframe. However, the early applicant process had identified a number of lessons learned which would be built in to the full roll out process. In addition, an enormous amount of detailed planning had been done, country by country, and component by component, and contingency plans had also been developed.
47. In terms of Secretariat staffing resources, Mark Edington mentioned that a considerable amount of work had gone into reallocating staff to grant management functions, including a large increase in the number of program officers. In addition, a thorough training program was being implemented for country teams, to better prepare them to assist countries through the country dialogue process.

48. To ensure an effective country dialogue, Mark Edington outlined the following fundamental criteria:
 - a. Data availability;
 - b. Inclusion of the right people, including key affected populations, in the process;
 - c. Ensuring that the right interventions are identified through the country dialogue process, and that these are included in the concept note; and
 - d. Ensuring the right delivery structures and strategies.
49. He also confirmed that guidelines were under development to help grant management staff facilitate effective country dialogues. He also noted that additional funding would be made available to Country Coordinating Mechanisms to enable them to ensure participation of all stakeholders in this process.
50. Mark Edington addressed some concerns raised on the Mekong Delta initiative. He recalled for the Board Members that the Technical Review Panel strongly supported this initiative to contribute to containing the threat of artemisinin resistance. He noted, however, that this was a “big picture” initiative, and that there was work to be done to ensure that the program is linked to political structures in the region.
51. Within this introductory session, the issue of eligibility also generated a lot of discussion, focusing in particular on how to work with countries that transition from low- to middle-income status according to the World Bank’s classification of countries by income level. A number of delegates noted that an increase in income does not necessarily mean an equal distribution of wealth or a resolution to public health issues in a country. In addition, a country may move to a higher income level one year, but return to the lower level category the following year.
52. One delegate suggested that it would be beneficial to the Global Fund for there to be a strategy to address transitional issues – and for this strategy to be developed quickly to avoid having to constantly come back to eligibility issues. Another suggested that the Board and, in particular, the SIIC, devise a set of criteria for eligibility which includes easily defined and measureable public health indicators, thus enabling country context and individual country situations to be taken into consideration.
53. As a concluding comment on the overview part of this Board session, Todd Summers shared that the intention of the SIIC was to make and/or recommend decisions at a principles level - with enough flexibility to allow the Secretariat to adapt to individual country situations, and to develop and deepen the concept of partnership, not only with partners in Geneva, but on a global scale. He added that many of the interventions during the session were comments rather than questions and they would be taken under advisement by both the SIIC and FOPC as work continued forward.
54. Board Members were also encouraged to continue to engage proactively on these issues in advance of the 31st Board Meeting.

Revision to the Policy on eligibility, counterpart financing and prioritization

55. The Board then moved to consider proposed revision to the policy on eligibility, counterpart financing and prioritization, the one decision point on the new funding model presented at this meeting.

56. The SIIC Chair outlined the five key elements to the proposed decision point:
- a. Update the policy to reflect changes made by previous decision points and to align the policy to the new funding model;
 - b. Make countries declared malaria free by WHO and those on WHO's Supplementary List ineligible for malaria funding;
 - c. Provide transition provisions for up to one allocation period of funding for existing grants that experience a change in eligibility, including existing HIV grants that receive funding pursuant to the "NGO Rule⁴" and experience an eligibility change due to income level;
 - d. Enable high-income and ineligible upper-middle-income countries to participate in regional or multi-country proposals but without eligible for direct Global Fund funding; and
 - e. Propose that eligibility be determined on an annual basis, with provisions for countries that become eligible during an allocation period.
57. He confirmed that the decision had been vigorously debated at the committee level, and came to the Board as one that had not seen full consensus. He added however that the proposal, which was supported by a majority of the SIIC, was intended to balance the need to focus on those countries with the greatest need and the least ability to pay with the determination to keep the Global Fund global.
58. During an initial round of discussions, several constituencies expressed concerns, notably in the following areas:
- a. The impact of the classification of countries on regional proposals;
 - b. Risk of the Global Fund withdrawing from newly ineligible countries with no transition plan;
 - c. No consideration of the country context outside of the income classification;
 - d. The length of the "NGO Rule" grace period considered to be too short; and
 - e. The continuation of lifesaving prevention and treatment services to key populations in countries with a higher income.
59. The Board Vice-Chair asked whether people had considered the possibility that transitioning countries might rush to submit concept notes to avoid ineligibility for funding following an income reclassification by the World Bank. A number of delegates felt that with this policy amendment, the Global Fund was getting the priorities right, and while it was not an optimal solution, it was the best possible compromise.
60. Prompted by a number of comments from the floor that some of the language in the proposed amended policy could confuse, or the amended policy would actually decrease access to resources by NGO implementers, Todd Summers provided a number of key clarifications. He stated that: 1) the proposed revisions improve the policy by adding a grace period of up to three years which did not currently exist; 2) the purpose of extending that grace period is to give the Board the time to hold in-depth discussions, to listen to the voices of those concerned; and 3) the language that people were saying was not sufficiently specific and therefore disadvantages them, was in fact intended the other way – to provide the Secretariat with a flexible approach to grant

⁴ The "NGO Rule" for HIV/AIDS grants refers to a policy decision which has allowed the Global Fund to continue to provide financing in certain upper middle income countries to civil society and non-governmental organizations providing targeted services in cases where there are political barriers to providing these services. This was retained in the new policy.

management whilst the Board developed its longer term position on the key issues arising.

61. He also reiterated that the Board needed to address the policy on eligibility, counterpart financing and prioritization at the current Board meeting to continue towards full implementation of the new funding model. Another Board delegate noted that it was of great concern to their constituency that a failure to pass the decision point would mean that countries that are made ineligible actually trail off immediately.
62. The Board Chair thanked the SIIC Chair for the rationale behind the proposal that was before the Board for its review and approval. She added that she believed from the implementer perspective, when countries were faced with the risk of moving out of eligibility, there was indeed more that the Global Fund Board members and partners could do to advocate for governments to themselves provide the necessary services to their populations.
63. Noting the rules of procedure, and after encouraging the Board to find consensus to take the new funding model forward, the Board Vice-Chair invited the SIIC Chair to read to the Board a proposal that had been presented to him as a “friendly amendment” to the original decision point tabled at the start of the session.
64. Todd Summers presented the amendment, the first part of which proposed the removal of a sentence in paragraph 11 of the revised eligibility and counterpart policy document itself. By agreeing to this removal, the Board would agree that funding via regional or multi-country grants would remain accessible to transitioning countries that might otherwise be ineligible to receive funding in their own right. The second part of the amendment was to the accompanying decision point itself, and requested the SIIC to initiate a process that would, by the end of 2014, provide options and recommendations to the Board on how to refine its approach to transitioning countries.
65. The Board Vice-Chair confirmed that the Board Leadership would take particular care to ensure that the SIIC takes this forward during the 2014 calendar year. Based on the very detailed comments that had been made under this agenda item, she also requested that constituencies submit their written comments on the various issues that would come to the next Board meeting – in time for the Secretariat to take these into account for the early 2014 committee papers and discussions.
66. Inviting Board colleagues to comment on whether there was any objection, and seeing none, the Board approved a Revision of the Policy on Eligibility Criteria, Counterpart Financing Requirements and Prioritization of Proposals for Funding from the Global Fund (Decision Point GF/B30/DP5)⁵.
67. In response to a procedural issue raised at the Board, the SIIC Chair provided a brief explanation of the process by which an amendment to the decision point on the Global Fund’s approach to transitioning countries was developed and presented to the Board. The SIIC Chair also proposed amended language to better capture the intent of the decision point.
68. The Board Vice-Chair then proposed that the Board endorse the decision to approve the revised policy on eligibility with the inclusion of the amendment proposed by the

⁵ The revised Policy is available at Attachment 1 of the Paper titled ‘New Funding Model: Eligibility, Counterpart Financing and Prioritization Policy Revision’, http://www.theglobalfund.org/documents/board/30/BM30_06-NFM-ECFP_Report_en/

SIIC Chair. There were no objections, and the Board approved the revised Policy on Eligibility Criteria, Counterpart Financing Requirements and Prioritization of Proposals for Funding from the Global Fund (Decision Point GF/B30/DP5).

Agenda Item 5: Ethics Report

69. The Board Vice-Chair introduced the Ethics Report, noting that this item has been presented as one of the Board leadership priorities. She indicated that ethics is not only about law and about code of conduct; it is a true spirit, a spirit which increases the credibility and legitimacy of an organization, and that it is important for the whole Global Fund organization to have an ethical framework.
70. Graham Joscelyne introduced the Ethics Official, Gülen Newton, who also serves as Legal Counsel, and confirmed that the Ethics Report had been reviewed by the AEC prior to presentation to the Board. Gülen Newton introduced the role of the Ethics Officer. Originally created in 2002 when the Board adopted its Ethics Policy, the role of the Ethics Officer is to support the AEC in the identification and management of conflicts of interest across the organization. She stated that the Ethics Policy defines a conflict of interest as one arising from a personal financial interest in the Global Fund operations. The Declaration of Interest form, the tool for disclosure and management of such conflicts of interest, is completed annually by Global Fund staff, Board and committee members, and the members of the advisory bodies to the Board.
71. Gülen Newton outlined several potential conflict of interest scenarios, and presented the key principles involved in dealing with such situations: transparency, paying attention to due process, and ensuring appropriate confidentiality arrangements. She spoke about some recent ethics initiatives, such as substantial revisions to the staff code of conduct; the issue of retaliation against whistle-blowers; and the conflicts assessment process during the recent selections of both the Executive Director and the IG.
72. The Ethics Officer then outlined three areas where greater Board engagement would be desirable, the first being the development of an overarching Board policy on ethics and values of the Global Fund. A number of sections of this policy had already been developed, but no overall policy framework exists to tie these together. Another area would be the development of a code of conduct for Board and committee members which does not yet exist, although codes of conduct exist for suppliers, recipients, implementers and for staff. The third area would be the design and implementation of a training program on ethics for Board and Committee members.
73. The Chair of the AEC confirmed that the ethics dimension of the committee's work had become quite substantial, and reinforced the message that the Board should develop its own code of conduct, a sentiment which was echoed by several delegations.
74. One delegation raised the issue of independence, given that the function of the Ethics Officer is being carried out by the Legal Counsel, echoing a comment made by Graham Joscelyne that this arrangement may not be sustainable in the long run. Graham Joscelyne also stipulated the importance of the independence of the Ethics Officer, and to that end, any information gained in the performance of the duties of the Ethics Officer is not shared with the Secretariat, including the Executive Director, thus "ring fencing" the information. He informed the Board that a certain level of confidentiality had been built into the workings of the AEC, but as the ethics function continues to grow, a review of the current system will become necessary.

Agenda Item 6: Executive Session

75. The Board met in Executive Session at the end of day 1 of the Board meeting. The proceedings of that session, and the record arising therefrom, were managed in line with Paragraph 19 of the Global Fund's Board and Committee Operating Procedures.

Agenda Item 7: Financial Oversight

76. The Board Vice-Chair introduced the session on financial matters, with a summary of the ultimate purpose of the session. Namely, the Board's approval of a decision point providing the FOPC with certain authorities around the preparation of the operating expenses (OPEX) budget for 2014. The Board would be updated on expenditure to end Q3 2013 before being asked to consider a timetable for preparation of the 2014 OPEX budget.
77. Before inviting Daniel Camus, the Chief Financial Officer (CFO), to brief the Board on finance topics, the FOPC leadership team of Viorel Soltan and John Monahan introduced additional background to the session. They highlighted the considerable amount of collaboration between the FOPC and the Secretariat, particularly over the past 12 months, to both improve the methodology by which the financials of the organization are tracked, and strengthen core systems.
78. Daniel Camus began his presentation with confirmation of the importance of Board Members understanding the key numbers, key financial figures and key dynamics of the organization, and a commitment that his team was building the tools to enable the Board to develop a better grasp of the finances of the organization. He emphasized the importance of this through use of the phrase "one can only strategize and implement what one can afford". He explained that for him, effective financial management means being able to match – in a dynamic way - liabilities with the proper level of assets so that cash is available when it is needed, and liquidity is being managed.
79. The CFO informed the Board that in the future the financial statements would be shared with the Board twice a year, as opposed to annually, and that his goal was ultimately to present this information on a quarterly basis. These quarterly updates would include cash flow statements with forecast and actual figures, grant financials, and the organization's balance sheet. Operational expenses would also be presented quarterly, and would include a comparison of forecast and actual figures. However, he informed the delegates that there was still work to do in terms of the cash balance management in countries and with regards to foreign exchange risk.
80. The CFO then provided an overview of the "Finance Step-up" project he was leading, moving the organization's financial systems towards automated control as one way of reducing risk. Once implemented, these new systems would provide data for all required reporting. Data would be migrated to the new systems over the holiday period with current plans to go live during January 2014, and to have more than 400 Secretariat staff trained in the systems by the end of February 2014.

Update on expenditure to end Q3 2013

81. He then presented the key financial figures, using a slide deck to illustrate the breakdown of the USD6.2 billion in Global Fund assets as at 30 June 2013. Of this amount, USD2.2 billion had already been committed, with USD3.3 billion as yet uncommitted. A presentation on income and expenditure for the first six months of 2013 was then provided. While expenditures had exceeded income during this period, Daniel Camus explained that this was just a technical reading and not the final audited accounts. Daniel Camus also noted that the Global Fund had suffered a foreign exchange loss of USD30 million in Q1-Q2 of 2013, but explained that when this is measured mid-year, as in this instance, it is a loss on paper only. Foreign loss exchange requires careful management going forward.
82. The CFO then informed the Board that Global Fund operating expenses had been reduced, with actual expenses for 2013 estimated at USD280 million, USD21 million less than the approved 2013 budget, and it was intended to maintain this downward trend into 2014.
83. In the future, finance would undertake quarterly tracking of forecasts vs actual figures on commitments, disbursements, donor contributions, and progress with regard to the new funding model. He noted that the transition to the new funding model was well on track, with some USD1.4 billion already approved by the Secretariat's Grant Approvals Committee.
84. Daniel Camus also shared that the estimate of donor contributions for 2013 was USD3 billion compared to USD3.4 billion in 2012, but that this apparent reduction was due in some part to shifts in the timing of contribution payments. Disbursements by the end of 2013 were expected to be between USD3.3 billion and USD3.7 billion, of which USD600 million would be to the new funding model early applicants. He also noted that historically, the pace of contributions had been erratic, with an average of 40 percent of contributions arriving in the final quarter of the year. In summary, Daniel Camus informed the Board that by end 2013 the Global Fund would have the processes, the systems, the team and the internal controls in place to enable strategic financial management, and the optimization of cash management and management of risk.
85. During Board discussion on historical data presented by the CFO, concerns raised included the relationship between the Global Fund and the World Bank, as the auditors' report from Ernst & Young had raised some doubts on this subject. Viorel Soltan responded that there had been a number of conversations within the FOPC on this subject, and that there was general agreement within the committee that a system was needed to track the performance of the trustee. He also pointed out that the role of Treasurer within the Secretariat includes the responsibility for managing and improving this relationship.
86. The World Bank indicated it fully supported the Global Fund's move towards full financial management of its assets, noting that while some technical issues had been encountered (cash reporting vs. IFRS accounting standards, for example), these had been resolved. In addition, efforts were underway to arrange for the core disbursement function to be taken over by the Global Fund, although the World Bank would continue to support the Global Fund in any way they could.

87. In response to a request for improved access to financial data of the Global Fund by Board constituencies, Daniel Camus confirmed that the automation of data and the linking of grant and financial information via the Step Up project would improve the availability of real time data on the Global Fund website.

Proposed timetable for presentation of the 2014 OPEX budget

88. Daniel Camus advised that the budget planning process had been impacted by the re-scheduling of the Board Meeting to an earlier date than originally planned for the 2013 calendar year; the preparations for the new funding model; as well as the migration to new financial systems. As a result it was not possible to submit the final 2014 budget to the Board for approval at this meeting.
89. To manage this, it was proposed that the Board delegate authority to the FOPC to approve a Secretariat budget for OPEX for the first quarter of 2014, with the approved amount not to exceed USD77.4 million, equivalent to the amount spent in the first quarter of 2013.
90. During Board discussion on forward looking OPEX projections, one delegate noted the proposal to continue the seven percent budget reduction into 2014, and asked if this would impact the resources available for the full rollout of the new funding model. Daniel Camus stated that it was not a budget cut per se; it was simply that the Secretariat had spent seven per cent less than the total budget allocated for 2013 through careful management, such as reductions in the cost of Local Fund Agents (from USD85 million to around USD64 million), and reductions in consultant costs. He reassured the Board that the Secretariat was not cutting back in any core function areas.
91. One delegate suggested that moving from a rounds-based system to the new funding model would affect two areas in particular - uncommitted assets and operational expenses. For example, donor concern about uncommitted assets might become more evident under the new funding model. One proposal was for the Board to determine an appropriate amount of uncommitted assets to be maintained by the Global Fund for use as a "buffer" in case of need.
92. One delegate commented that the OPEX budget, at approximately 10 percent of the total annual disbursements, seemed high for an organization that does not maintain a country presence. Another delegate asked why the proposed Q1 2014 budget was benchmarked against the first quarter of 2013 rather than against actual costs from later in the year.
93. The CFO responded by explaining that historically, spending has been weaker in the first quarter of the year than in the last quarter, so Q1 serves as a good benchmark. He also reassured the delegates that the OPEX budget figure for 2014 was sufficient to cover the increase in workload to support the new funding model. He also clarified that the actual ratio of OPEX to overall budget was 7.1 per cent, a lower percentage than the previous year, and that the organization would work to continue to reduce this.
94. The Executive Director then noted that it was important to understand what is included in operational expenses, pointing out that the budget for Local Fund Agents, which is a part of the grant management function, is included in operational expenses so as to ensure transparency on reporting on the use of Global Fund money.

95. The FOPC Vice-Chair, John Monahan, then presented the decision point delegating authority to the FOPC to approve an interim budget of USD77.4 million for the first quarter of 2014.
96. Before moving to formal consideration of the decision point before the Board, the delegate for the Partners' Constituency sought confirmation that, when presented in full in Q1 2014, the 2014 OPEX budget would come with a work plan. Daniel Camus confirmed this was so (*Action Point: GF/B30/API*).
97. In response to a number of comments on process, the Board Vice-Chair affirmed the view of the FOPC leadership that the events being presented to the Board were exceptional, and that for presentation of the 2015 OPEX budget and beyond, the Board should be approving the budgetary framework before the start of the next year.
98. The Board approved the proposal to delegate authority to the FOPC to approve an interim OPEX budget for the first quarter of the 2014 fiscal year, and requested that the full 2014 budget be presented at the next Board meeting (Decision Point GF/B30/DP6).

Additional matters relating to FOPC oversight

99. The issue of honoraria for persons serving on governance bodies was also raised, with one delegate noting that discussions had taken place at previous Board meetings on the possibility of providing honoraria to facilitate the participation of implementers in Board and Committee leadership roles. The delegate requested that the Board recommit to examining this issue. Viorel Soltan responded that the existing honoraria policy had been previously reviewed by the FOPC, and the FOPC had again revisited it in its most recent meeting – determining that the policy should be addressed, and eventually changed, when there is a need to do that.
100. Questions were also raised in relation to the upcoming revisions to the Comprehensive Funding Policy, with specific requests for information on any plans to extend the consultative process to non-FOPC constituencies. In response, the Chair of the FOPC informed the delegates that a communications plan for December, January and February had already been developed and presented at the pre-Board donor and implementer bloc meetings, and that it had already been sent to all members.

Agenda Item 7: Corporate Key Performance Indicators

101. The Board Vice-Chair then introduced the next agenda item, approval of the corporate level key performance indicators for the Global Fund. She reminded the Board that the cross-cutting nature of the work meant that the recommendations were a joint effort between the Board's three standing committees and the Secretariat, and that work on the indicators had had been ongoing since the last Board meeting.
102. Daniel Camus took the floor and explained that the purpose of establishing key corporate performance indicators was not only to be able to measure progress, but also to be able to align the Global Fund's various partners to a single set of objectives. The original 47 indicators had been narrowed down to 16 which would form the basis for future quarterly reporting. He also noted that some of these would be short-term (such as those dealing with the rollout of the new funding model), while others were designed to be ongoing.

103. Mr Camus then clarified that other indicators, including some concerning operational matters, would be tracked through the finance dashboard currently under development. He noted the importance of measurability when selecting indicators, informing the delegates that the 16 indicators selected had been identified via an extensive process of consultation. He then touched briefly upon some of the issues that had been discussed and some of the methodological challenges which had been faced throughout the process, before going on to give a high-level review of the indicator framework.
104. The Global Fund Chief of Staff, Marijke Wijnroks, then spoke about the key performance indicator on human rights. She informed the delegates that this had been a very complex issue, and that consultations had taken place with all Board delegations as well as with a human rights reference group. She also noted that although the indicator itself could be improved, it would nonetheless help the Global Fund manage human rights violations through an assessment tool which reviews how the Secretariat deals with any complaints that are raised. In relation to funding being invested in the human rights aspects of Global Fund country programs, Marijke Wijnroks informed the Board that this will be tracked through the financial dashboard. While a long-term indicator regarding coverage has been formulated, this requires credible data on key affected populations, data which most countries as yet cannot provide. The Global Fund is working hard with partners to obtain reliable data, in order to be able to move towards more comprehensive tracking of coverage.
105. The Vice-Chair proposed that Board Members to approve the key performance indicators, stating that while not perfect, those being presented to the Board today were greatly superior to previous versions. A considerable amount of work was still required to put in place systems with which to measure the indicators, to better understand the impact of Global Fund programs, but first it would be necessary to implement the indicators.
106. Despite the wide consultative process employed in the development of individual indicators, several delegations commented on a lack of consultation on the overall key performance indicator framework, but reiterated their willingness to provide support on the process. Other issues raised included a proposal to include an indicator to measure impact and efficiency of investment - not whether funding is reaching the poorest countries, but whether services are reaching the poorest people, and the people most in need of services, regardless of which country. The issue of including an indicator to measure the impact on maternal, newborn and child health was also raised.
107. A proposed amendment to the original decision point was read to the Board by the Private Sector on behalf of the donor bloc, to focus more attention on gender issues. As insufficient data was available on service delivery to women and girls, countries should be required to provide age- and gender-disaggregated data, with income group disaggregated data provided wherever possible. The proposed amendment also included a requirement for the key performance indicator framework to be finalized, with defined targets (including for the unit cost benchmark indicator), by a firm date in 2014. Reporting frequency was also mentioned, with a request to the Secretariat to present progress against the key performance indicators at each Board Meeting, rather than on an annual basis, to ensure continuity in implementation. Finally, the amendment requested that the Board Committees have responsibility for oversight of key performance indicators, and that these should be discussed at committees meetings before being brought to the full Board.

108. Comments from Board delegates included the importance of measuring impact, but also determining the actions which would result from those measurements; in other words, how would the Global Fund use this data. Other comments related to clarifying the indicator on human rights and how this could become more inclusive of civil society and community systems strengthening. Obtaining sufficient and credible data from countries was also recognized as an issue, as was the importance of moving from a reactive measurement to a more proactive measurement. There was a call for the Global Fund to provide a clear timeline for the development of this indicator, with clear roles and responsibilities for the Secretariat, partners, and human rights reference groups.
109. The Executive Director then responded to the comments related to the process, informing delegates that technical partners are always included in the discussions, particularly in relation to technical issues. He also reminded the Board Members that the change from outcome measurement to impact measurement had only recently been implemented, but with the new impact indicators, which require age- and sex-disaggregated data, the Global Fund would soon have the data on which to improve the indicators. The Executive Director then thanked everyone in the room for their efforts and contributions to this issue, noting that while it had been a time-consuming process, progress had been made and would continue to be made to ensure that the Global Fund engages with countries to bring about better collaboration and improved development outcomes.
110. On process, the Board Vice-Chair noted that the Board had been discussing the Private Sector proposal as if it was the formal motion on the table, rather than a proposed amendment that had yet to be formally incorporated into the original motion before the Board. She proposed that the Board be pragmatic in the circumstances and accept the Private Sector proposal as the official motion for consideration. She further suggested that the Board agree that subject to the motion being formally proposed and seconded, it be approved on a no objection basis.
111. The Board agreed with the Vice-Chair's proposal and approved the Global Fund's Corporate Key Performance Indicator Framework for 2014-2016 ([Decision Point GF/B31/DP7](#)).

Agenda Item 8: Executive Director Assessment update

112. The Vice-Chair opened the next session by reminding the Board that one of the responsibilities of the Board leadership was the annual assessment of the Executive Director's performance. She confirmed that the first formal assessment of Mark Dybul would be prepared for the Thirty-First Board Meeting. (*Action Point: GF/B30/AP2*) In preparation, the assessment process had already been discussed with the Executive Director, who had indicated his satisfaction with the proposed procedure: feedback will be sought from a sub-set of persons representing the various stakeholder groups working closely with the Executive Director; and the assessment will be based on data from a 360 degree survey, the Executive Director's own self-assessment, and the results of a subset of the corporate key performance indicators approved in the prior session.
113. Delegates had questions on the cost, and how the sub-set of representatives would be identified. Caution was expressed with regard to the relative weight of the survey results versus the key performance indicators. In response to the question on costs, fees for an external consultant were estimated at around USD50,000, in addition to

travel costs, noting that there were also hidden costs in terms of planning for the survey and collation of the KPI data. The Vice-Chair acknowledged the concern in regard to identifying participants in the representative survey, and informed the delegates that the Board leadership was very much aware of this issue, which would be taken into consideration when identifying with Mark Dybul the sub-set of persons to be engaged.

Agenda Item 9: Replenishment update

114. Mark Dybul opened by thanking everyone in the room, reiterating that the progress made thus far was thanks to the efforts of everyone present, and that the support was very much appreciated. A large number of advance pledges had helped to build the momentum and excitement around the replenishment. Recognizing the number of African heads of state that had come forward as champions of the Global Fund, the Executive Director commented that contributing to the Global Fund was another way that implementers could increase their participation and help to bring about the continuum of development.
115. Before presenting further detail, Christoph Benn recognized the tremendous level of support received from many partners around the world, reminding the Board that the replenishment was built on four pillars: traditional donors, implementing countries, emerging powers and the private sector.
116. He then presented an outline of the replenishment conference, entitled “No Time to Lose: Shared Responsibility to Save Lives”. He noted that this would not be the traditional replenishment event, in that it would not be about the Global Fund *per se*, but rather about the collective effort to make resources available. Instead of focusing on reports, for example, it would be more of a high-level conversation, sharing the message that it is impossible to put a value on a life saved. More importantly, it is the broader impact on health that spreads through every affected family, community and nation and that this can only be done through the shared responsibility of all partners.
117. He spoke of the strong support from the African Union and noted that increased domestic contributions had featured prominently in this replenishment effort, and would be the subject of a conference taking place the following week in Addis Ababa, Ethiopia. He also informed the delegates that the Global Fund had been in close contact with the BRICS countries and the G20, several of which were expected to participate in the replenishment conference.
118. In terms of private sector involvement, Christoph Benn acknowledged the recent generous contribution from Dato Sri Dr. Tahir, Chairman of the Tahir Foundation in Indonesia and thanked the Board Chair for her role in encouraging Dr. Tahir to join the Global Fund partnership.
119. Finally, Christoph Benn recognized the strong support received from civil society, without which the work leading up to the replenishment conference could not have been achieved. Loretta Wong then provided a brief outline of the work being undertaken by the *Here I Am* campaign, including 170 video statements by people living with or affected by the diseases, which have been viewed at least 10,000 times. Other efforts by the Global Fund Advocates Network (GFAN) in support of the Global Fund replenishment were noted, and Loretta Wong then presented a short video compilation of video statements, a copy of which was provided to each Board Member.

120. Following the replenishment discussion, the Board Vice-Chair invited John Monahan, from the US Delegation, to speak on behalf of his government as host country for the replenishment conference. John Monahan confirmed that the United States was very pleased to host the replenishment conference, and that it was expected to be very successful. He noted how important it was for implementing countries to be clear about their own commitment through increased domestic financing. John Monahan also shared that President Obama had requested that Congress approve USD1.65 billion for the 2014 budget. This showed the administration's commitment to multilateral approaches to global health, as well as a reflection of their confidence in the transformational reforms implemented at the Global Fund, and it was hoped that the U.S. government's position of giving USD1 for every USD2 donated by others would serve as an incentive to other donors. He closed by thanking the Secretariat for all their hard work, saying that that the Global Fund was especially important now when there was a real opportunity to make a difference in the fight against the three diseases.
121. The Executive Director mentioned that there have been different figures mentioned in conjunction with the replenishment, particularly the results of the previous replenishment, and he stated that the number to be used in comparing the two replenishments was USD9.2 billion as the total amount available from the Third Replenishment. Mark Dybul also emphasized that the pledging conference was not the end of replenishment, but rather the beginning of the replenishment cycle, as efforts to increase revenue from all possible sources would continue beyond December 2013.
122. The session closed with the Christoph Benn, thanking Stefan Emblad for his hard work and service in advance of Stefan Emblad taking up a new role with the World Bank, and thanking also Richard Manning for his service as Vice-Chair of the Replenishment.

Agenda Item 10: Governance matters

123. The Board Chair confirmed that the purpose of this last formal session of the Board meeting was focused on: 1) taking important action related to the leadership positions of the Board's three standing committees; and 2) taking a strategic look into the future work of the Global Fund Board – by hearing suggested areas of focus from the current Committee Chairs, and then considering a multi-year calendar that helps to focus the Board and its Committees on key topics at strategic times.

Committee Leadership Recommendations from the Board Leadership

124. Reminding the Board that the nominations process was set out in the Global Fund's Board and Committee Operating Procedures, the Board Chair presented the list of nominations received, noting broad representation in the candidate pool of both sexes across both constituencies and countries of origin. The Chair informed the delegates that the intention was that the new committee leadership would take up their roles on 1 March 2014, having attending the planned February 2014 Board Meeting as observers. She then opened the floor for discussion.
125. A number of comments were received regarding the selection process itself, including concerns that the current process had not been sufficiently transparent and did not allow for active consultation. It was noted that it was important to get the leadership selection right, given the upcoming selection of committee membership at the end of 2013. One delegate requested that the Board leadership increase efforts to encourage

women to participate in any leadership process in the future, so as to achieve a better gender balance.

126. The Board Chair accepted the inputs, commenting that the Global Fund is a learning organization and that there was always the ability to improve on processes on subsequent occasions.
127. Based on the discussion, the Board approved the appointment of the five Board-constituency nominated Committee Leadership roles – namely, the AEC Vice-Chair, the SIIC Chair and Vice-Chair, and the FOPC Chair and Vice-Chair, for a two year term commencing on 1 March 2014 (Decision Point: GF/B30/DP8).
128. The Board Chair then outlined the timetable for the selection of new committee members, and informed the delegates that a call for competency-based nominations for committee membership would be issued on 19 November. Following the deadline for nominations on 18 December 2013, the list of all nominated candidates would be shared with the full Board, on or around 18 December 2013. Consultations with both incoming and outgoing committee leadership teams were scheduled for January 2014, and a formal proposal of new committee members would be sent in advance of the 31st Board meeting, for decision at that meeting (*Action Point GF/B30/AP3*).
129. As a closing request, the Partners delegation then requested that it be invited to join the Strategy, Investment and Impact Committee, or at a minimum, to be involved during discussions relating to malaria and tuberculosis.

Future strategic issues for the Global Fund Board

130. To introduce the session, the Chair noted that while much of the recent work of the Board had focused on specific issues, the Board also needed to consider forward-looking strategic issues. By way of background to discussing formulation of a strategic multi-year Board calendar, the Chair indicated that the leadership of the three Board Committees and the Executive Director had given considerable early thought to a range of issues that appeared timely for Board-level focus. She invited each to share their reflections in turn.
131. Todd Summers emphasized that partnership, which has always been core to the Global Fund, could be expanded into what he termed “OUR Global Fund”, through improvements in five specific areas.
132. He proposed that the Fund:
 - a. Diversify its approach to country engagement through implementing a variety of tools which would enable the organization to better understand and assist populations in need;
 - b. Establish a new relationship with technical partners, one which involves a set of mutual responsibilities and accountabilities;
 - c. Harness the power of business and tap into the wide range of expertise that already exists to help address the diseases;
 - d. Utilize the power of donor partners in terms of political will; and
 - e. Challenge Board Members to themselves better exemplify the idea of partnership, which would require raising the level of trust, tapping into the very high level of commitment and solidarity to make governance of the Global Fund more robust.

133. He closed by saying that his emphasis of the word “our Global Fund” was because it was important that Board Members really start thinking of themselves as part of the Global Fund, and to understand that it is really up to them, as Board Members, to be the driving force behind the organization.
134. Viorel Soltan spoke of the new finance information systems currently being put in place, and urged the Board to use the data generated by these systems as the basis for future work and as a means of mitigating risk. He also spoke of the important role that the FOPC would play over the next three years to ensure that the operational model is working correctly and smoothly. He closed by reiterating Todd Summers’ point about trust, saying that as trust increases, the level of effectiveness of the Board will also increase.
135. Graham Joscelyne echoed the previous speakers’ comments about increasing the level of trust within the Board, between the Board and partners, and between the Board and the Secretariat. He suggested that ethics was directly related to enhancing trustworthiness at all levels, calling it “a soft topic with very hard implications”. He went on to raise three issues: when setting the scope for ethics within the Global Fund model, how far should efforts reach? How best to link ethics and accountability? How to ensure that ethics is not something to which the organization pays lip service, but that it means what it says in this respect? Finally, he noted the importance, but also the difficulty, of measuring progress related to ethics because it concerns individual behavior.

Setting a more strategic Board Calendar tied to each Replenishment Period

136. The Chair of the Board introduced the topic of the Board work cycle, and outlined the idea of working to a three-year cycle, linked to the replenishment periods, which would lead to higher levels of predictability and increased efficiency of the Board.
137. To achieve this, the Chair raised the prospect of returning to having two Board meetings per year, i.e., the statutory obligations of the Global Fund Board now that the exceptional period of the Global Fund has started to subside. The first Board meeting of each year is intended to provide the opportunity to review the financial situation and approve the audited accounts. This would usually be held in the second quarter of the year, while the second would take place in November or December.
138. Under this new planning cycle, the next Partnership Forum would be scheduled to take place in advance of the November 2015 Board meeting, although one delegate noted that this meant a four year interval since the last Partnership Forum. The Chair responded that it was felt better to wait until the new funding model was fully embedded and countries had had some experience with it. In this way, the Partnership Forum could be used as a real feedback mechanism rather than simply adhering to a pre-determined schedule.
139. Another proposal from the Chair was to consider restricting the attendance at least one of the two Board Meetings each year to Board Members and Alternate Members, as a way of improving the functioning of the Board. In response, one delegate proposed improving the functioning of the Board by revisiting the earlier work done on defining the relative roles and responsibilities between the Board, its committees and the Secretariat, and ensuring that all new participants received an induction on the workings of the Board. A number of delegations also felt that reducing the participation at the Board Meetings would make it very difficult to have a full

consultative process on the work of the Board, and in general were not in favor of this idea.

140. One delegate commented on the importance of the Board having a substantial discussion on equity, particularly after the deadline for the achievement of the Millennium Development Goals in 2015. This proposal was linked to the need to ensure that proposals to the Global Fund really reflect a full expression of demand, i.e. that all in-country stakeholders are fully involved in the process. Other comments related to the Board's responsibility related to its approval of the Annual Report - given that the financial element of the Global Fund's work (as well as the results of that work), was a key responsibility of the Board. Further, an annual progress update on the Global Fund strategy would also be useful and appreciated by donors and implementers alike.
141. The Chair's proposal to move to a three-year work plan was supported by many of those present, as it would provide an opportunity to review the work of the Global Fund and of the Board from a more strategic point of view. It would also allow for more discussion on key issues, such as the ethics and control environment, leveraging the Global Fund's investments, or the involvement of youth. One delegate called for a strategic retreat in order to facilitate discussion on some of these issues, and urged the Board to consider involving outside expertise, perhaps even outside the domain of public health, to inform the Board's thinking.
142. The Vice-Chair summarized the prior discussion – identifying general approval of the implementation of a new rhythm of governance, from one replenishment period to the next, in line with the evolution to a three-year funding cycle. She added that it was the Board Leadership's opinion that this would be beneficial to the Board, and would allow a more strategic approach to determining the kind of governance best suited to the Global Fund.
143. She also emphasized that the purpose of tabling the conversation was not to seek to come to a concrete decision at the end of this Board meeting on what was in the best interests of the Global Fund.
144. Rather, it was – even before the current Committee leadership teams had ended their mandate – to capitalize on their experience and start thinking about areas that the Board could look at over the next three years, being strategic in its planning and timing of those discussions. She also stressed the need for the Board to consider whether it was able to clearly state the kind of governance it wanted. The Global Fund's mission was most likely to be achieved through a Board that worked together and was not fractured – and she invited Board colleagues to reflect on this further. The Board Vice-Chair proposed that perhaps these issues could be discussed during a Board retreat at an appropriate time in 2014 (*Action Point GF/B30/AP4*).

Agenda Item 11: Meeting Conclusion

145. The Board Chair tabled the suggestion for a late February 2014 Board meeting for the Board to return to complete its decision making to ensure full implementation of the new funding model. It was agreed that appropriate dates would be identified and circulated.
146. The Board Chair then requested the Board to take consider the appropriateness of approving the 2013 audited financial statements via an electronic vote in early 2014

rather than coming together in April, so soon after the February meeting. The Board agreed that an electronic vote would be acceptable. Consequently, an additional Board meeting would not be necessary (*Action Point GF/B30/AP5*).

147. Before closing the meeting, the Board Chair voiced her regret that there had been no closure on the AEC membership issues that had been identified as a topic for discussion at this meeting, based on earlier discussions at the June 2013 meeting in Sri Lanka. The Board Chair expressed her awareness of discussions having been taking place across the duration of the Board meeting, and the various views. She indicated that the Board Leadership would reflect, consult with secretariat, and come back to the Board thereafter (*Action Point GF/B30/AP6*).
148. The Chair of the Board then thanked the leadership of the three committees for their presentation, and adjourned the 30th Board Meeting.

Annex 1: Decisions Taken at the Thirtieth Board Meeting

Decision Point GF/B30/DP1: Appointment of Rapporteur

Mr. David Stevenson from the Canada and Switzerland constituency is designated as Rapporteur for the Thirtieth Board Meeting.

Decision Point GF/B30/DP2: Approval of Agenda

The agenda for the Thirtieth Board Meeting (GF/B30/1) is approved.

Decision Point GF/B30/DP3: Approval of Report of the Twenty-Ninth Board Meeting

The report of the Twenty-Ninth Board Meeting (GF/B30/2) is approved.

Decision Point GF/B30/DP4: Revision to the Whistle-blower Policy

The Board decides to replace the Whistle-blowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria (approved at the Twenty-Third Board Meeting) with the revised Whistle-blowing Policy and Procedures, as set forth in Annex 1 of the Report of the Audit and Ethics Committee (GF/B30/12 Revision 1).

Decision Point GF/B30/DP5: Revision of the Policy on Eligibility Criteria, Counterpart Financing Requirements and Prioritization of Proposals for Funding from the Global Fund

1. The Board approves the amended policy on “Eligibility Criteria, Counterpart Financing Requirements and Prioritization of Proposals for Funding from the Global Fund”⁶ as set out in GF/B30/6 – Revision 1, Attachment 1 (the “Amended Policy”). The Amended Policy, “The Global Fund Eligibility and Counterpart Financing Policy,” is effective upon the date of this decision and applies to all subsequent eligibility determinations.
2. The Board requests the Strategy, Investment and Impact Committee and the Secretariat to initiate a process that by the end of 2014 will provide options and recommendations to the Board to refine the Global Fund’s approach to transitioning countries. This approach shall include consideration of appropriate public health indicators to measure progress in sustaining and enhancing gains against the three diseases.

⁶ Previously adopted under Decision Point GF/B23/DP23, and set forth in GF/B23/14, Attachment 1.

Decision Point GF/B30/DP6: 2014 Operating Expenses Budget Approval Process

1. The Board delegates to the Finance and Operational Performance Committee (the “FOPC”) authority to approve an interim operating expenses budget for the first quarter of the 2014 fiscal year (the “Q1 2014 Budget”), subject to the following:
 - a. The Q1 2014 Budget will not exceed the first-quarter amount of the 2013 operating expenses budget; and
 - b. The full 2014 operating expenses budget will be presented to the Board for approval at the Thirty-First Board Meeting in February 2014.
2. This decision’s impact on the 2014 operating expenses budget will not exceed USD 77.4 million.

Decision Point GF/B30/DP7: The Global Fund Corporate Key Performance Indicator Framework for 2014-2016

1. The Board:
 - a. Notes and approves the Global Fund Key Performance Indicator Framework for 2014-2016 (the “KPI Framework”), as set forth in GF/B30/7 – Revision 1;
 - b. Directs the Secretariat to report annual key-performance-indicator results to the Board Committees and to the Board, and where available, interim results will be made available through the routine information dashboard;
 - c. Acknowledges that further methodological work is required to extend the scope of specified indicators, as described in GF/B30/7 – Revision 1, and requests the Secretariat to submit indicator revisions to the Board for approval, with a complete KPI framework, including baselines for each measure, finalized by June 2014 (subject to agreed exceptions set forth in Annex 2 to GF/B30/7 – Revision 1);
 - d. Directs the Secretariat to complement indicator results with sex and age disaggregated data where feasible; and
 - e. Requests the Secretariat to regularly review performance targets to drive effectiveness and efficiency and submit any proposed changes to the Board for approval.
2. Budgetary implications of this decision will be included in the operating expenses budget of the Secretariat.

Decision Point GF/B30/DP8: Appointment of Committee Leadership

1. The Board approves the appointment of:
 - a. Claude Rubinowicz as Vice-Chair of the Audit and Ethics Committee;
 - b. Soltan Mammadov and Jason Lawrence as Chair and Vice-Chair, respectively, of the Finance and Operational Performance Committee; and
 - c. David Stevenson and Anita Asimwe as Chair and Vice-Chair, respectively, of the Strategy, Investment and Impact Committee.
2. The Board notes each Committee Chair and Vice-Chair appointed under this decision shall begin their term on 1 March 2014 and serve for two years or until the appointment of their successor.

Annex 2: Action Sheet

Item	Implementation Responsibility	Action / Next steps	Milestones	Reporting/ Oversight mechanism(s)	Status
A. Board Decisions - Pending or ongoing					
Decision Point GF/B27/7: Evolving the Funding Model	Secretariat	The Board requests regular evaluation of the new funding model.	On-going	Board	Ongoing
	SIIC and the Secretariat	Continue the work of evolving the business model of the Global Fund beyond the new funding model, enabling the full implementation of the new strategy.	On-going	SIIC	Ongoing
GF/B28/DP5: Evolving the Funding Model (Part Three)	SIIC and Secretariat	The SIIC will assess the effectiveness of the Transition to the New Funding Model, based on a monitoring and evaluation plan presented by the Secretariat, in consultation with the Technical Evaluation Reference Group and will report to the Board regarding the effectiveness and lessons learned from the Transition.	No date established	Board	Ongoing
B. Other Action Points - Pending or ongoing					
GF-B27-AP4 Organizational performance	Secretariat	The Secretariat will develop a comprehensive approach to assessing organizational health (KPI development)	By the Twenty-Ninth Board Meeting	Board	For attention at 30th Board Meeting - Progress update presented to 29th Board and two subsequent rounds of committee meetings. 2014-2016 KPI Framework brought to 30th Board for decision. (Paper: GF/B30/7)

Item	Implementation Responsibility	Action / Next steps	Milestones	Reporting/ Oversight mechanism(s)	Status
B. (continued) Other Action Points - Pending or ongoing					
GF/B29/AP1: Recoveries	Report on recoveries	Provide the Board with a detailed update on recoveries (completed or underway).	Pursuant to GF/B23/DP28	AEC and Board	For attention at 30th Board Meeting - Publication of a losses and recoveries report to the 30th Board meeting. (Paper: GF/B30/09)
GF/B29/AP2: Honoraria Arrangements	Board	FOPC to work in consultation with the AEC, and others, to design a process for consultation and inputs, and to bring the topic of honoraria arrangements back for Board discussion and ultimately Board approval.	In the course of 2014	AEC and FOPC	Pending - Will be addressed as part of 2014 Committee work plans.
GF/B29/AP3: Current AEC vacancies	Board	Call for nomination to fill AEC vacancies to be issued to all voting constituencies of the Board	Before 30th Board	Board	For attention at 30th Board Meeting - Call for application took place during the Summer of 2013, proposal brought to the 30th Board meeting. (Paper: GF/B30/5b)
C. Board Decisions - Completed since last Board meeting					
GF/B29/DP4: Appointment of Inspector General	Board Chair and Vice Chair and Secretariat	Appointment of Martin O'Malley as Inspector General for a six-year term to begin on or around September 2013	A six-year term beginning on or around September 2013	AEC and Board	Complete - Martin O'Malley reported to work on 26 August 2013
GF/B28/DP4: Evolving the Funding Model (Part Two)	SIIC and the Secretariat	Board approval of additional principles to guide the division between indicative and incentive funding, including a final definition of prioritized needs.	By the Twenty-Ninth Board Meeting	Board	Complete - through GF/B29/EDP10, recommended by SIIC and approved by the Board on 1 October 2013.
	SIIC and the Secretariat	Under the oversight of the SIIC, Secretariat to develop a measure that can be used to estimate disease burden and financial demand across all three diseases for approval by the Board no later than September 2013.	By September 2013	Board	Complete - through GF/B29/EDP10, recommended by SIIC and approved by the Board on 1 October 2013.