

39th Board Meeting

Report of the Coordinating Group

GF/B39/19

09-10 May 2018, Skopje

Board Information

Purpose of the paper: to provide the Board Members with an update on the work of the Coordinating Group, focusing on activities in the period between the 38th and 39th Board Meetings (November 2017 - April 2018).

Executive Summary

Context

1. This report, provided biannually, provides an update to the Board on the activities of the Global Fund Coordinating Group (“CG”). The CG, as identified in its Terms of Reference,¹ is a mechanism for work coordination between the Board and its Committees, to ensure effective collaboration across the Board Committees and linkages between different work streams, particularly with regard to cross-cutting issues. The Coordinating Group meets approximately every six weeks, and its work is guided by a two-year work plan.
2. A list of decisions adopted by the standing Committees between the 38th and 39th Board meetings is included in annex.

Questions this paper addresses

- A. What were the key areas of focus of the CG?
- B. What are the priorities for the future?

Conclusions

- A. The CG work has focused on (1) governance effectiveness, including making progress on work streams defined in the Governance Action Plan developed by the Ethics and Governance Committee (“EGC”), including strategic agenda-setting, effective Board documentation, and consultation mechanisms; (2) review of candidates for committee membership for the 2018-2020 term; (3) cross-cutting matters, both in substance and with respect to their effective coordination between committees; and (4) handover to incoming Committee Chairs and Vice-Chairs, and reflection on CG priorities and ways of working, to inform the work of the incoming CG members.
- B. Priorities for the future include (1) ensuring that the work of the CG is aligned with the priorities of the Board and the Strategy; (2) enabling the strategic focus of the Board through effective work-planning, agenda-setting, and committee mandate clarity; (3) continued focus on effective management of cross-cutting matters; (4) continued strengthening CG ways of working, such that the CG is a space for effective dialogue on key issues, in support of Board priorities.

Input Sought

This report is for the Board’s information.

Input Received

This report was prepared with input from CG members.

¹ [Terms of Reference of the Coordinating Group](#)

Report

Introduction from Board Leadership

1. **Board Leadership Priorities.** Following their appointment in May 2017, the Board Leadership communicated its joint vision of the Global Fund achieving maximum impact through defining a set of key priorities for 2017-2019. These priorities include an increased focus on sustainability and transition, innovative financing, strengthened collaboration with public and private donors, laying a strong foundation for the 2019 Replenishment, optimization of the governance structure by broadening the donor base and enhanced level of trust and transparent communication among all stakeholders. In order to follow key priorities set and achieve concrete results, the Board Chair and Vice-Chair have allocated a lead between them for each of the six core functions of the Board, as per table 1 below.

Table 1.

The core functions of the Board	Lead
I. Strategy development	Chair of the Board
II. Governance oversight	
III. Assessment of organizational performance	
IV. Commitment of financial resources	Vice-Chair of the Board
V. Risk Management	
VI. Partnership engagement, resource mobilization and advocacy	
<i>Performance Assessment of Board Direct Reports</i>	Chair of the Board

2. The CG plays a key role in ensuring that the work of the committees supports the achievement of these priorities, and is in line with the direction provided by the Board. The CG convened three times in the period from the close of the 38th Board Meeting (November 2017) to mid-April 2018, for two meetings and one retreat. In addition, in April 2018, the CG convened to review committee membership candidates in the context of the selection process for the 2018-2020 term. The main areas of focus for the CG have been (1) increasing the effectiveness of the governing bodies; (2) management of cross-cutting matters; and (3) reflection and handover to the incoming CG.
3. The composition of the CG will change from 11 May 2018, as we welcome the incoming committee leadership: Beatrijs Stickers (Chair, AFC); Anthony Garnett (Vice-Chair, AFC); Sandra Thurman (Chair, EGC); Grace Rwakarema (Vice-Chair, EGC); Kieran Daly (Chair, SC); and Abdalla Osman (Vice-Chair, SC).

Focus Area 1: Effectiveness of the governing bodies

4. The Coordinating Group has continued to maintain an increased focus on strengthening the coordination and collaboration between committees and ensuring that key issues are being raised to the Board for informed decision-making and discussion.

Governance Action Plan Work Streams

5. The CG remains committed to the Governance Action Plan,² a working tool developed under the guidance of the Ethics and Governance Committee (“EGC”) in response to the recommendations and observations arising from the *2017 OIG Advisory Review on Governance* and *2016 Board Annual Performance Assessment*. A number of action items relating to elevating Board discussions fall under the responsibility of the Coordinating Group, in the context of its role in supporting effective coordination between governance bodies. Progress is as follows:
- i. **Prioritized work plans and strategic agendas:** in 2017, the CG considered principles for Board agenda development, focused on strategic decision-making and leveraging the role of the committees, leading to a more prioritized agenda at the 38th Board Meeting (November 2017). Briefings from committee leadership are included on the Board agenda. Reflecting on the November 2017 Board Meeting, the CG confirmed support for the prioritized agenda-setting, effective use of the pre-day sessions, and forward-looking committee briefings to the Board. The approach continues to be applied at Board level, and criteria for prioritized agendas will be rolled out to committees. The CG continues to review Board and committee agendas to support effective coordination and strategic focus.
 - ii. **Effective Board and Committee documentation:** the new reporting approach rolled out to the Board in November 2018 continues to be embedded, and has been extended to the committees. The CG continues to support the ongoing efforts of the Secretariat to prepare focused, clear and concise materials, in support of strategic deliberations.
 - iii. **Effective management of cross-cutting matters:** In 2017, the CG agreed that cross-cutting matters should be managed through the system of a lead committee, responsible for ensuring effective coordination with the other committees, to receive timely and relevant input before an item reaches the Board. The management of cross-cutting matters remains an area identified for attention in the recent Committee Performance Assessment³ conducted in Q1 2018. As such, the CG will continue to consider effective mechanisms and clear definition of roles and responsibilities in this area.
 - iv. **Effective information-sharing and consultation:** the CG and the committees remain committed to ensuring effective information-sharing and consultation, and have held regular consultation calls with constituencies around decision items in preparation for committee and Board meetings. Work continues to further strengthen consultation and information-sharing modalities, including consideration of re-instating post committee de-brief calls. The CG recognizes the value of the briefing calls held ahead of Committee and Board meetings, supporting effective preparation for in-person deliberations. The CG notes the need to ensure prioritization and effective planning of consultation processes and briefings to avoid over-burdening constituencies.

Committee Selections

6. The Coordinating Group has a responsibility under its TORs to support the selection of committee members. In this context, Board leadership consulted with the CG, including incoming CG members, in the context of the Committee Membership Selection Process in Q1-2 2018, reviewing shortlisted candidates for all three committees. The CG recognized the strong candidate nominations put

² GF/B39/16: Governance Action Plan

³ GF/B39/17: Committee Performance Assessment Outcomes 2018

forward by constituencies, and supported the process enhancements implemented following the guidance of the EGC.

Engagement with the Executive Director

7. The CG has engaged regularly with the Executive Director, with the objective of enabling exchange regarding his vision for the Global Fund, providing briefings from the perspective of the CG and committees, and reflecting on areas for enhanced effectiveness in the engagement between the Secretariat and governance bodies.

Focus Area 2: Cross-Cutting Matters

8. As a core part of its mandate, the CG considers cross-cutting matters at each meeting. Discussions cover substantive matters in relation to each of the cross-cutting oversight areas, and focus on coordination of oversight between the three committees. In particular, the CG discussions aim to ensure clear definition of committee responsibility for specific areas. Key discussions are summarized as follows:
 - i. Risk Management: coordination of risk management oversight under AFC lead is functioning well, although there is a need for increased clarity around (1) committee oversight of the assurance model, (2) interactions with the SC on the business model, and (3) interaction with the EGC on risks relating to CCMs. Substantively, the CG has provided guidance to the Chief Risk Officer on effective presentation of the Risk Appetite Framework to the Board.
 - ii. Organizational Performance (KPIs): the CG has allocated oversight responsibility for each KPI to a specific committee, according to committee mandates. This approach is functioning adequately and is expected to be enhanced by the forthcoming holistic KPI and performance reporting currently under development in the Strategy and Policy Hub. CG discussions have noted the need to provide assurance to the board as to whether the KPI framework as a whole makes sense. In addition, areas for further coordination and enhancement include alignment of strategic KPIs with board direct report performance assessments, and noting to the Secretariat that implementation KPIs, which are the Secretariat internal performance indicators, should be aligned with the overall KPI framework.
 - iii. CCMs: the CG has engaged regularly on the CCM Evolution proposal, providing guidance to the Secretariat on the substance of the options for evolution presented to the committees in March 2018. The CG has guided the path of the CCM Evolution proposal through the committees to the Board, and has “course-corrected” this path following the outcomes of the AFC meeting, guiding the SC to consider review of its recommendation. Overall, the CG’s objective is to ensure the Board receives a Board-ready recommendation, taking into consideration input from all three committees, per their respective mandates, and refined in close consultation with the Secretariat.
 - iv. Operational Performance: the CG reflected on the need for increased clarity regarding oversight of operational matters including HR, IT and communications, and raised this with the incoming Executive Director. The EGC’s work on committee mandate clarity is an avenue through which additional clarification may be considered.

9. Overall, the management of cross-cutting matters remains an area identified for attention in the recent Committee Performance Assessment⁴ conducted in Q1 2018. In addition, the Committee Performance Assessment identified that there are too many cross-cutting matters, which poses a risk of complexity and burdensome coordination requirements. As noted above, the CG will continue to consider effective mechanisms and clear definition of roles and responsibilities in this area, drawing on lessons learned from recent proposals to the Board.

Focus Area 3: Reflection and Priorities for the incoming Coordinating Group

10. As the current committee leadership term draws to a close, the CG took the opportunity to hold an in-person retreat in March 2018. Current and incoming Committee Chairs and Vice-Chairs convened for a retreat focused on the CG's role, priorities, and ways of working for increased effectiveness. The agenda included a discussion with the Executive Director regarding effective ways of working between the Secretariat and the CG and committees; reflections on lessons learned from the 2016-2018 committee term; handover to the incoming committee leadership; and a briefing on best practices for committee effectiveness by an independent expert.
11. Key outcomes of the discussion and reflections included the following, which will inform priorities and ways of working for the future:
- i. **Enabling strategic focus:** the CG recognizes its important responsibility of enabling the Board to operate at a strategic level, and committed to further enhancing the approach to strategic Board agendas and review of work plans. In the same context, the CG noted the need for increased focus on committee mandate clarity, with an important role in guiding matters effectively to the Board, ensuring discussions involve relevant governance bodies, without unnecessary overlap.
 - ii. **Alignment and focus:** ensuring committee and CG work is aligned with Board priorities and the overall Strategy.
 - iii. **Cross-cutting matters:** Cross-cutting matters remain challenging. As such, continued focus will be required in order to define and implement a suitably effective mechanism, clear path for issues to be brought to the Board, clarity regarding what items are cross-cutting, and ensuring each committee focuses on specific parts of a proposal or issue, with the lead committee taking a particular role in ensuring a coherent comprehensive perspective.
 - iv. **Effective dialogue:** the CG is a space for dialogue and exchange in pursuit of increasingly effective committee functioning, particularly in relation to cross-cutting matters.
 - v. **Balancing inclusiveness and efficiency,** including through clarity of roles and responsibilities.
 - vi. **Creating space for the Secretariat view:** there is a value in receiving a clear Secretariat opinion on key proposals to the Board. Board documentation has been adjusted to include this perspective.

⁴ GF/B39/17: Committee Performance Assessment Outcomes 2018

12. Finally, as part of an enhanced committee leadership onboarding process, each outgoing committee leadership has prepared a handover note for the incoming committee leadership, sharing lessons learned during the 2016-2018 term, and providing reflections to inform continuous improvement for the 2018-2020 committee term.

Annexes

- Annex 1. List of decisions adopted by committees between the 38th and 39th Board meetings.
- Annex 2. [ToRs of the Coordinating Group](#)

Annex 1.

Decisions adopted by the three Standing Committees between the 38th and 39th Board meetings (Nov 2017-April 2018)

Decision Points approved by the SC between 37th and 38th Board Meetings	
DP ref. No.	Title
6th SC Meeting, 20-22 March 2018	
GF/SCo6/DPo1	Recommendation on Evolving Country Coordinating Mechanisms to Align with the Global Fund Strategy (Part One)
GF/SCo6/DPo2	Recommendation on Evolving Country Coordinating Mechanisms to Align with the Global Fund Strategy (Part Two)
GF/SCo6/DPo3	Agree on the Risk Appetite Statements
GF/SCo6/DPo4	Recommendation to the Board on the revised Eligibility Policy
GF/SCo6/EDPo1	Appointment of New Members of the Technical Evaluation Reference Group and Extension of Select Current Members.
GF/SCo6/EDPo2	Recommendation on Potential Engagement with Non-eligible Countries in Crisis

6th Strategy Committee Meeting Decision Points

Decision Point: GF/SCo6/DPo1: Recommendation on Evolving Country Coordinating Mechanisms to Align with the Global Fund Strategy (Part One)

1. The Strategy Committee (the “SC”):
 - a. recognizes the inherent value of Country Coordinating Mechanisms (“CCMs”) in the Global Fund architecture and acknowledges the need to evolve CCMs to align with the Global Fund Strategy 2017-2022: Investing to End Epidemics;
 - b. acknowledges the need to revise the Guidelines and Requirements for Country Coordinating Mechanisms (“CCM Guidelines”), as approved by the Board under GF/B23/DP17, to recalibrate the mandate of CCMs in light of the Global Fund Strategy 2017-2022, and recommends replacing the CCM Guidelines with the CCM Policy as set out in Annex 2 of GF/SCo6/07A – Revision 1 (the “CCM Policy”);
 - c. recognizes that the Code of Conduct for CCMs, which is referenced in the CCM Policy, has been recommended by the Ethics and Governance Committee to the Board, and recommends that no less than the amount of USD 1,219,700 should be made available over a three year period to fund the implementation and enforcement of the Code of Conduct for CCMs, as described in GF/SCo6/07A – Revision 1 and GF/SCo6/07B;
 - d. notes that the Audit and Finance Committee (“AFC”) approved USD 50 million as available sources of funds (“Available Funds”) to finance prioritized and costed areas of

need on the register of unfunded quality demand, in accordance with the AFC's delegated authority under the Comprehensive Funding Policy and as per GF/AFC04/DPO1, and recommends that (i) USD 1,219,700 of such Available Funds be used instead to fund the implementation and enforcement of the Code of Conduct for CCMs, and (ii) CCMs be added as a "Strategic Initiative" to the list of catalytic investment priorities presented in Table 1 of GF/B36/04 – Revision 2, to be funded with such amount.

2. Accordingly, the SC recommends the following decision point to the Board for approval at its Thirty-Ninth meeting in May 2018:

Board Decision Point: GF/B39/DPXX: The Board:

- a. Based on the recommendation of the Strategy Committee ("SC"), agrees to replace the Guidelines and Requirements for Country Coordinating Mechanisms, as approved by the Board under GF/B23/DP17, with the CCM Policy as set out in Annex X of GF/B39/XX (the "CCM Policy");
- b. Delegates authority to the SC to approve amendments to the CCM Policy, and requests the Secretariat to operationalize the CCM Policy and regularly report on its implementation to the SC;
- c. Based on the recommendation of the Strategy Committee, decides that no less than the amount of USD 1,219,700 should be made available over a three year period to fund the implementation and enforcement of the Code of Conduct for CCMs, as described in GF/B39/XX;
- d. Recognizes that the Audit and Finance Committee approved USD 50 million as available sources of funds ("Available Funds") to finance prioritized and costed areas of need on the register of unfunded quality demand, as per GF/AFC04/DPO1, and based on the recommendation of the SC, (i) agrees that the amount of USD 1,219,700 of such Available Funds be used instead to fund the implementation and enforcement of the Code of Conduct for CCMs, and (ii) agrees to add CCMs as a "Strategic Initiative" to the list of catalytic investment priorities presented in Table 1 of GF/B36/04 – Revision 2.

Budgetary implications: USD 1,219,700.

Decision Point: GF/SC06/DPO2: Recommendation on Evolving Country Coordinating Mechanisms to Align with the Global Fund Strategy (Part Two)

1. The Strategy Committee (the "SC"):
 - a. Recognizes the inherent value of Country Coordinating Mechanisms ("CCMs") in the Global Fund architecture and acknowledges the need to evolve CCMs to align with the Global Fund Strategy 2017-2022: Investing to End Epidemics;
 - b. Notes the extensive consultations facilitated by the Global Fund Secretariat to develop options for evolving CCMs, as described in GF/SC06/07A – Revision 1 and GF/SC06/07B, and supports the evolution of CCMs by introducing differentiation and levels of maturity for CCMs (the "CCM Evolution");
 - c. Recommends that the additional amount of USD 18.9 million should be made available over a three year period to fund the implementation of the CCM Evolution, consistent with the intermediate approach, as described in GF/SC06/07A – Revision 1 and GF/SC06/07B; and
 - d. Recognizes that the Audit and Finance Committee ("AFC") approved USD 50 million as available sources of funds ("Available Funds") to finance prioritized and costed

areas of need on the register of unfunded quality demand, in accordance with the AFC's delegated authority under the Comprehensive Funding Policy and as per GF/AFC04/DPO1, and recommends that USD 7.42 million of such Available Funds be used for the first year of implementation instead to fund the CCM Evolution under the CCM Strategic Initiative.

2. Accordingly, the SC recommends the following decision point to the Board for approval at its Thirty-Ninth meeting in May 2018:

Board Decision Point: GF/B39/DPXX: The Board:

- a. Notes that the Strategy Committee ("SC") has recommended the additional amount of USD 18.9 million be made available over a three year period to fund the evolution of CCMs (the "CCM Evolution");
- b. Recognizes that the Audit and Finance Committee approved USD 50 million as available sources of funds ("Available Funds") to finance prioritized and costed areas of need on the register of unfunded quality demand, as per GF/AFC04/DPO1, and based on the recommendation of the SC, agrees that the amount of USD 7.42 million of such Available Funds be used instead for the first year of implementation to fund the CCM Evolution under the CCM Strategic Initiative.

Budgetary implications are estimated to be USD 7.42 million for the first year of implementation.

Decision Point: GF/SC06/DP03: Agree on the Risk Appetite Statements

1. The Strategy Committee (SC) agrees with the Risk Appetite Statements for the risks under its purview as described in the table in Annex 3 to GF/SC06/03 – Revision 2;
2. The SC recommends to the Audit and Finance Committee to incorporate the Risk Appetite Statements endorsed through this decision in the final Risk Appetite Framework to be recommended to the Board for approval; and
3. The SC agrees to further review the Human Rights and Gender Inequality, Transition, and Drug and Insecticide Resistance risks at its meeting in July 2018, which will include discussion of the risk management strategy for these risks, including mitigation measures in place and/or planned, and a determination of the appropriateness of setting risk appetite statements for these risks.

Budgetary implications: no additional resources required

Decision Point: GF/SC06/DP04: Recommendation to the Board on the revised Eligibility Policy

1. The Strategy Committee (the "SC") has reviewed and discussed the revised Eligibility Policy, as set forth in Annex 1 to GF/SC06/08 – Revision 1 (the "Revised Eligibility Policy");
2. The SC acknowledges that paragraph 9.b of the Revised Eligibility Policy warrants additional discussion in upcoming allocation deliberations, including whether the strategic need addressed by this paragraph, relating to programs for key populations implemented by civil society organizations in certain ineligible upper middle income countries, could be better addressed through funding outside of country allocations;
3. The SC further acknowledges that funding provided under paragraph 9.b may be determined differently from other eligible country disease component allocations; and
4. Acknowledging the above, the SC recommends the following decision point to the Board for approval at its 39th meeting in May 2018:

GF/B39/DPXX: Approval of the revised Eligibility Policy

1. Based on the recommendation of the Strategy Committee, the Board approves the revised Eligibility Policy, as set forth in Annex X to GF/B39/xx (the “Revised Eligibility Policy”).
2. Accordingly, the Board:
 - i. Acknowledges that this decision point and the Revised Eligibility Policy supersede the decision point GF/B35/DP07 and the previous Eligibility Policy as set forth in Annex 2 to GF/B35/06 - Revision 1 (the “Previous Eligibility Policy”); and
 - ii. Notes that notwithstanding paragraph 2.i of this decision point, the Previous Eligibility Policy remains applicable to grant programs originating from the 2017-2019 allocation period.

Budgetary implications: None

Electronic Decision Point GF/SCo6/EDPo1: Appointment of New Members of the Technical Evaluation Reference Group and Extension of Select Current Members.

Based on the recommendation of the Working Group on the Technical Evaluation Reference Group (“TERG”) Recruitment, the Strategy Committee approves the:

- a. Appointment of the following individuals to serve as members of the TERG for an initial three-year term from May 2018 until the end of May 2021, or until the appointment of their respective successors or renewal of their respective memberships:
 - i. Beatriz Ayala-Östroöm; and
 - ii. Peter Barron.
- b. Appointment of the following individual to serve as member of the TERG for a second three-year term from May 2018 to the end of May 2021, or until the appointment of her respective successor:
 - i. Bess Miller.
- c. Launch of a targeted outreach to develop a shortlist of candidates to fill the two remaining vacant TERG seats.

Electronic Decision Point: GF/SCo6/EDPo2: Recommendation on Potential Engagement with Non-eligible Countries in Crisis

1. The Strategy Committee recommends the following decision point to the Board for approval:

Decision Point GF/B39/DPXX: Potential Engagement with Non-eligible Countries in Crisis

1. The Board acknowledges that a health crisis may emerge in an ineligible non-high income country that could have an adverse impact on the global response against HIV/AIDS, tuberculosis, and/or malaria, and that the health crisis may be of such a magnitude that the Global Fund should consider providing support; and
2. Based on the recommendation of the Strategy Committee, the Board requests the Secretariat, in consultation with relevant partners, to present potential investment cases meeting the criteria described in GF/B39/XX to the Strategy Committee for review and recommendation to the Board. Any such proposals shall also include options for how the proposed investment should be funded.

Budgetary implications: This decision is likely to have future budgetary implications for country funding and/or Secretariat OPEX, but the actual amounts will depend on specific size of the crisis and potential response. These will be detailed in any proposals that result from this decision.

Decision Points approved by the AFC between 38th and 39th Board Meetings

6th AFC Meeting, 27-29 March 2018

GF/AFC06/DP01	Performance Targets for KPI 12b
GF/AFC06/DP02	Financial Statements 2017
GF/AFC06/DP03	Risk Appetite Framework

6th Audit and Finance Committee Meeting Decision Points

Decision Point: GF/AFC06/DP01: Performance Target for Key Performance Indicator 12b: Availability of affordable health technologies: Affordability

1. Based on its review and discussion of the proposal presented by the Secretariat, the Audit and Finance Committee (the “AFC”) recommends that the Board approve the 2018 performance target for Key Performance Indicator 12b as set forth in GF/AFC06/14A.
2. Accordingly, the AFC recommends the following decision point to the Board for approval at its Thirty-Ninth meeting in May 2018:

GF/B39/DPXX: Key Performance Indicator 12b: Availability of affordable health technologies: Affordability

Based on the recommendation of the Audit and Finance Committee, the Board approves the 2018 performance target for Key Performance Indicator 12b as presented in GF/B39/XX.

This decision has no budgetary implications.

Decision Point: GF/AFC06/DP02: Acceptance by the Audit and Finance Committee of Documents and Responses Relating to the 2017 Consolidated Financial Statements and 2017 Statutory Financial Statements

The Audit and Finance Committee (the “AFC”) accepts the:

1. Final version of the 2017 Consolidated Financial Statements, which have been prepared by the Secretariat and audited by KPMG SA;
2. Final version of the 2017 Statutory Financial Statements, which have been prepared by the Secretariat and audited by KPMG SA;
3. 2017 Audit Opinions prepared by KPMG SA;
4. Conclusion and statement from KPMG SA that they are in a position to issue unqualified audit opinions on both the 2017 Consolidated Financial Statements and the 2017 Statutory Financial Statements; and

5. Comments and responses by the Secretariat and KPMG SA to the questions and topics of discussion during the AFC's deliberations.

Accordingly, the AFC decides to recommend the following decision points to the Board:

Board Decision Point: GF/B39/DPXX: 2017 Annual Financial Report

The Board authorizes the issuance of, and therefore approves, the Global Fund's 2017 Annual Financial Report, which includes the 2017 Consolidated Financial Statements that have been audited by KPMG SA, as set forth in GF/B39/XX Annex 1.

Board Decision Point: GF/B39/DPXX: 2017 Statutory Financial Statements

The Board authorizes the issuance of, and therefore approves, the Global Fund's 2017 Statutory Financial Statements, which have been audited by KPMG SA, as set forth in GF/B39/XX Annex 2.

Decision Point: GF/AFC06/DP03: Acceptance of the Risk Appetite Statements and Recommendation of the Risk Appetite Framework to the Board

1. The Audit and Finance ("AFC") recognizes the decision of the Strategy Committee, for risks under such committee's purview, concurring with the Risk Appetite Statements as set forth in the table in Annex 3 to GF/SC06/03 – Revision 2;
2. Based on its review and discussion, for risks under its purview, the AFC concurs with the Risk Appetite Statements as set forth in the table in Annex 3 to GF/AFC06/16 - Revision 1;
3. The AFC therefore accepts the Risk Appetite Framework, including Risk Appetite, Target Risk levels and the indicative timeframes for achieving Target Risk, as described in the table in Annex 3 to GF/AFC06/16 –Revision 1, in its entirety; and
4. Accordingly, the AFC recommends the following decision point to the Board for approval at the 39th meeting in May 2018:

Board Decision Point: GF/B39/DPXX: Approval of Risk Appetite Framework

The Board:

- i. Acknowledges the decision of the Strategy Committee concurring with the Risk Appetite Statements for the risks under such committee's purview, as set forth in the table in Annex 3 to GF/SC06/03 – Revision 2;
- ii. Acknowledges that the Strategy Committee will further discuss the Human Rights and Gender Inequality, Transition, and Drug and Insecticide Resistance risks at its meeting in July 2018, which will include discussion of the risk management strategy for these risks, including mitigation measures in place and/or planned, and a determination of the appropriateness of setting risk appetite statements for these risks;
- iii. Further acknowledges the decision of the Audit and Finance Committee concurring with the Risk Appetite Statements for the risks under such committee's purview, as set forth in the table in Annex 3 to GF/AFC06/16 – Revision 1; and
- iv. Based upon the recommendation of the Audit and Finance Committee, approves the Risk Appetite Framework, including Risk Appetite, Target Risk levels and the indicative timeframes for achieving Target Risk, as described in the table in Annex 3 to GF/B39/XX.

Budgetary implications: no additional resources required

Decision Points approved by the EGC between 38th and 39th Board Meetings	
6th EGC Meeting, 13-15 March 2018	
DP ref. No.	Title
GF/EGCo6/DP01	Approval of the 6th Ethics and Governance Committee Meeting Agenda.
GF/EGCo6/DP02	Creation of an additional non-voting seat on one of the Standing Committees of the Board
GF/EGCo6/EDP01	Strengthening the Board Leadership Selection Process
GF/EGCo6/EDP02	Revised Recommendation on Code of Conduct for Country Coordinating Mechanisms
GF/EGCo6/EDP03	Reference not used
GF/EGCo6/EDP04	Review of the terms of reference and renewal of the term and composition of the Privileges and Immunities Advisory Group (decision in process at date of report)
GF/EGCo6/EDP05	Submission of GF/EGCo6/DP02 to the Board (pending at date of report)

6th Ethics and Governance Committee Meeting Decision Points

<u>Decision Point: GF/EGCo6/DP01: Approval of the 6th Ethics and Governance Committee Meeting Agenda</u>
<u>GF/EGCo6/DP02 Amendment to the Charter of the Strategy Committee</u>
<p>1. The Ethics and Governance Committee recommends the following decision point to the Board:</p> <p>GF/B38/EDPXX: Amendment to the Charter of the Strategy Committee</p> <p>1. The Board:</p> <ul style="list-style-type: none"> i. Recalls its decision (GF/B38/DP05) on the Integration of Additional Public Donors into the Global Fund Governance Structure and Amendment of the Global Fund Bylaws; ii. Notes the requirement of the Operating Procedures of the Board and Committees pursuant to which each constituency of the Board must be represented in at least one Standing Committee of the Board; and iii. Notes the recommendation of the Ethics and Governance Committee, as set forth in GF/B38/ERXX, to create an additional non-voting committee seat within the Strategy Committee. <p>2. Accordingly, the Board approves the creation of an additional non-voting seat in the Strategy Committee and, to this effect, amends Section C., article 3, paragraph e. of the Charter of the Strategy Committee, as set forth in Annex 1 to GF/B38/ERXX.</p> <p><u>Budgetary implications of this decision are included in annual OPEX budget</u></p>
<u>Electronic Decision Point: GF/EGCo6/EDP01: Strengthening the Board Leadership Selection Process</u>
<p>1. The Ethics and Governance Committee (the “EGC”), acknowledging the need to strengthen the current process for selecting the Chair and Vice-Chair of the Board and based on its review and</p>

discussion of potential revisions to the selection process, decides to recommend the proposed Revised Board Leadership Selection Process as described in Section II and the draft Terms of Reference of the Board Leadership Nomination Committee as provided for in Annex 6 of GF/EGCo6/ERo1 to the Board for approval.

2. Accordingly, the EGC recommends the following decision point to the Board for approval:

GF/B39/DPXX: Strengthening the Board Leadership Selection Process

1. The Board notes the recommendation of the Ethics and Governance Committee (the “EGC”), as set forth in GF/B39/XX, and acknowledges the need to strengthen the current process for selecting the Chair and Vice-Chair of the Board.
2. Based on the recommendation of the EGC, the Board approves, in principle, the revised process for selecting the Chair and Vice-Chair of the Board as detailed in Section II of GF/B39/[XX] (the “Revised Board Leadership Selection Process”) and the Draft Terms of Reference of the Board Leadership Nomination Committee (the “BLNC ToRs”) as provided for in Annex 7 of GF/B39/[XX].
3. The Board requests the Secretariat to finalize the BLNC ToRs and to prepare the necessary revisions to the core governance documents to implement the Revised Board Leadership Selection Process for review by the EGC and recommendation to the Board for approval ahead of the planned 2018 launch of the call for nominations for Board Chair and Vice-Chair.

Budgetary implications are outlined in the paper.

Electronic Decision Point: GF/EGCo6/EDPo2: Revised Recommendation on Code of Conduct for Country Coordinating Mechanisms

The Ethics and Governance Committee agrees to replace the decision recommended to the Board under GF/EGCo3/DPo3 with the following :

The Board:

1. Notes the recommendation of the Ethics and Governance Committee of a Code of Conduct for Country Coordinating Mechanisms (the “CCM Code”), developed in furtherance of the Ethics and Integrity Framework adopted by the Board at its 32nd Meeting (GF/B32/DPo9);
2. Approves the CCM Code, as presented in [[Annex 1] in GF/B39/XX]

Budgetary implications: not applicable.

(Pending) Electronic Decision Point: GF/EGCo6/EDPo4: Review of the terms of reference and renewal of the term and composition of the Privileges and Immunities Advisory Group (Voting closes 30 April)

1. The EGC invites the Board Chair and Vice-Chair to recommend the following decision point to the Board for approval:

GF/B39/DPXX: Review of the terms of reference and renewal of the term and composition of the Privileges and Immunities Advisory Group (“PIAG”)

Based on the recommendation of the Board Chair and Vice-Chair, the Board:

1. Expresses its appreciation for the work done by the members of the PIAG.
2. Approves the amended terms of reference of the PIAG as set out in Annex 2 to GF/B39/[XX]
3. Decides to renew the term of the PIAG for an additional period of three years starting at the conclusion of the 39th Board Meeting and ending on 10 May 2021.

4. Requests the Ethics and Governance Committee to select and appoint the members of the PIAG and to inform the Board of the outcome of the selection process.

This decision has no budgetary implications.

(Pending) Electronic Decision Point: GF/EGCo6/EDPo5: Submission of GF/EGCo6/DPo2 to the Board (Voting closes 30 April)

The Ethics and Governance Committee requests the Secretariat to submit to the Board the decision point set out in GF/EGCo6/DPo2 the week after the Board Meeting of May 2018.