

# 41<sup>st</sup> Board Meeting

## Report of the Coordinating Group

GF/B41/12

15-16 May 2019, Geneva

### **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 40<sup>th</sup> and 41<sup>st</sup> Board Meetings (November 2018 – May 2019). As part of the Coordinating Group's commitment to continuous improvement in the committee ways of working, this paper also provides a summary of the results of the committee self-assessments for this period.

# 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,<sup>1</sup> is a mechanism for coordination between the Board and its Committees, to ensure effective collaboration across the Board Committees and linkages between different work streams, particularly regarding cross-cutting issues.
2. A list of decisions adopted by the standing Committees between 40<sup>th</sup> (Nov 2018) and 41<sup>st</sup> (May 2019) Board meetings is included in annex.

## Questions this paper addresses

- A. What were the key areas of focus of the CG during this period?

## Conclusions

- A. The CG has focused on (1) committee alignment with Board priorities; 2) collaboration between the three committees and (3) committee ways of working.

## Input Sought

This report is for the Board’s information.

## Input Received

- This report was prepared using output from the CG meetings during the previous six months.

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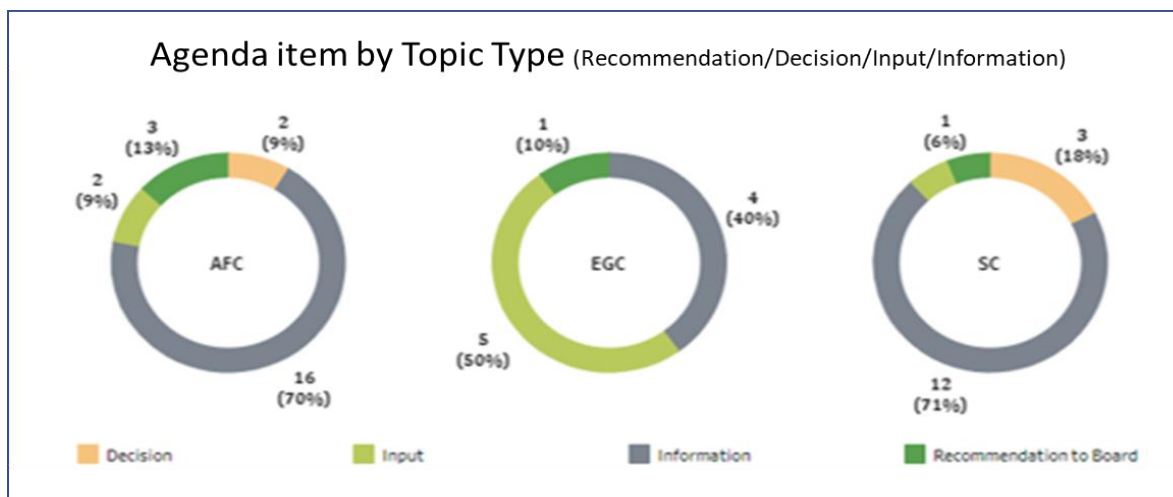
<sup>1</sup> [Terms of Reference of the Coordinating Group](#)

## Report

1. The Coordinating Group (CG) plays a key role in ensuring that the work of the committees supports the priorities identified by the Board in each of its six core functions: strategy development; partnership engagement, resource mobilization and advocacy; commitment of financial resources; risk management; assessment of organizational performance; ethics and governance oversight. The CG is also a space for dialogue and exchange on the overall effectiveness of the governance of the Global Fund and the priorities for the Board, Board Leadership, and the committee work.
2. Membership of the CG consists of the Board Chair and Vice Chair as well as the Chair and Vice-Chair of each of the standing committees. The composition of the CG changed following the 39th Board Meeting in May 2018. The current membership includes: Aida Kurtovic (Board Chair); John Simon (Board Vice-Chair); 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). The Head of the Office of Board Affairs, Carole Presern, serves as the Secretary of the CG.
3. The CG communicated virtually during this period on coordination between the committees, review of committee agendas and alignment on cross-cutting issues. The committee leadership of each committee met with the relevant Secretariat teams to discuss priority topics in advance of the committee meetings. Additionally, the CG convened for an in-person meeting on March 26<sup>th</sup> to coincide with the meetings of the three committees of the Board.

### Focus area 1: Committee alignment with Board Priorities

4. **Holistic review of Board and committee agendas:** Agendas for the committee meetings were developed giving key consideration for the upcoming Board priorities ensuring that committee discussions and decisions focused on areas which lead to decisions, or substantive Board discussions on strategic issues.
5. **Strategic agendas:** Agendas for committees continued to be developed using the agreed strategic criteria, with consideration given to the added value of each topic and prioritizing decision and input items, while limiting information only items. The graphic below provides a breakdown by topic category (Recommendation to Board/Decision/Input/Input) for each of the committees at the March meetings.



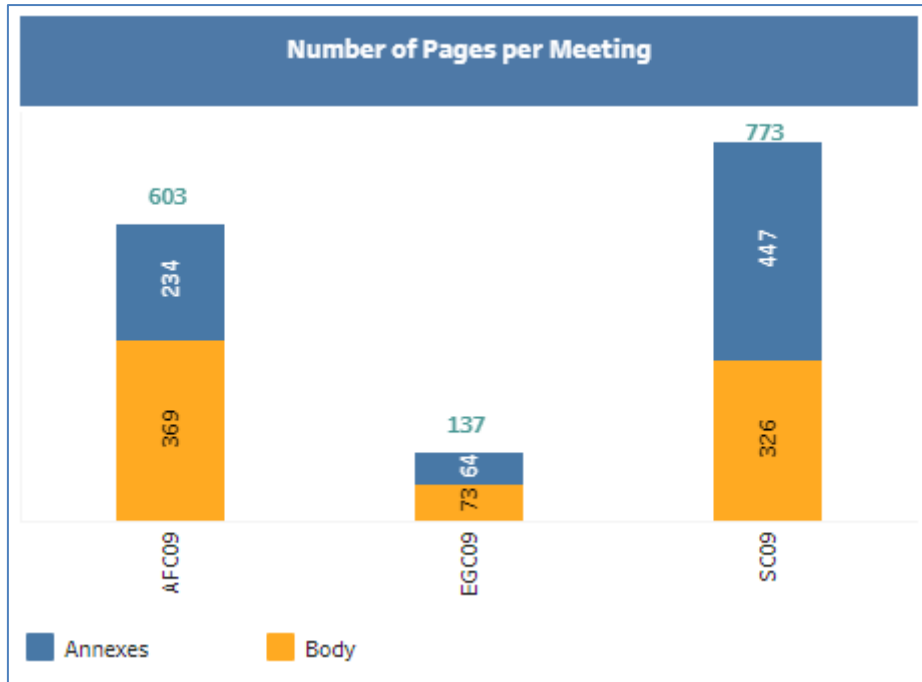
6. **Engagement with Executive Director:** The Executive Director participated at the March 26, 2019 meeting. He provided his reflections on the role of the CG in the upcoming Replenishment period and input on the discussions underway at the committee meetings.

## Focus Area 2: Collaboration between the three committees

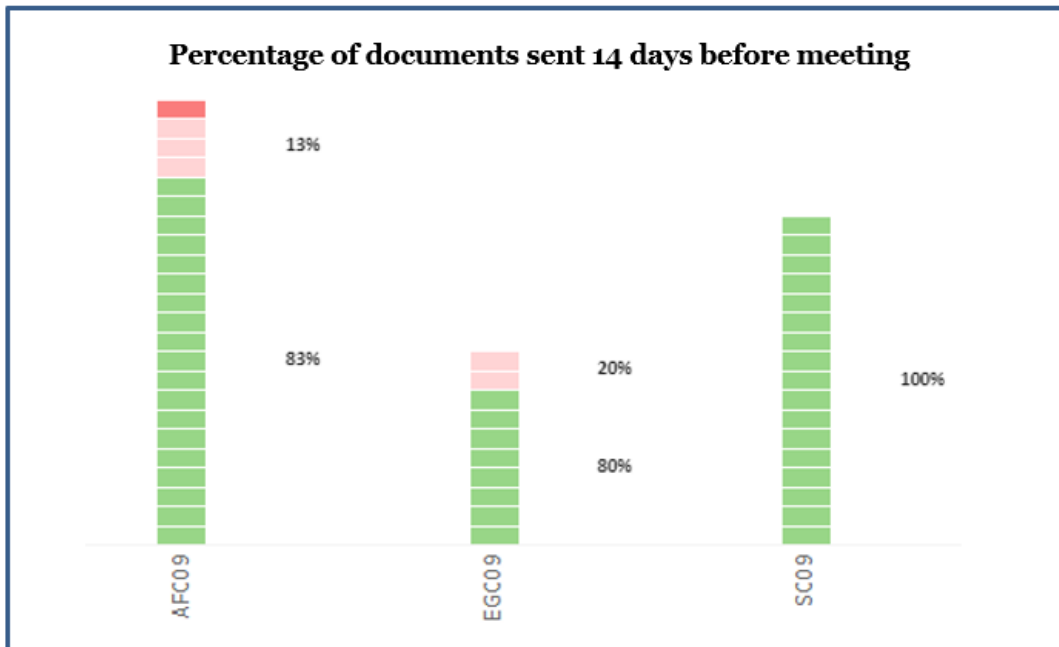
7. **Cross-cutting matters:** The CG continues to refine the coordination between the relevant committees on cross-cutting matters. Prior to each committee meeting, the leaderships of the involved committees discuss the expected outcomes and the individual responsibilities of each of the committees for cross cutting matters, as determined by the committee charters. This ensures that overlap or duplication of efforts are kept to a minimum.

## Focus Area 3: Committee ways of working

8. **Individual Observations:** Discussion around committee ways of working is a standing item on the CG agenda. Observations from the individual CG members as well as the Executive Director and the Head, OBA help inform this discussion.
9. **Committee self-assessment:** After each committee meeting, committee members complete a short self-assessment, with the findings being included in the CG deliberations around areas that are working well and those that could be further improved.
10. **Appetite for information:** The CG discussed the challenge of differing appetites for information among the various constituencies represented on the committees. Some committee members prefer that information be focused on actions required from the committees, whereas others feel more comfortable when detailed information is provided. This presents a challenge to both the Committee Leadership and the Secretariat in trying to balance the conflicting expectations. A breakdown of the number of pages of documentation provided to each committee is shown below:



11. **Timeliness of documents:** The Board-approved operating procedures for the committees requires that documents are circulated to the committee members 14 days before the committee meetings. This has repeatedly been identified as a challenging area, with documents having often arrived after this deadline. As illustrated below, there was a significant improvement in the timeliness of document distribution at the March 2019 meetings.



	EGC	AFC	SC
On Time	8 (80%)	19 (83%)	17 (100%)
Late - 1 day	2 (20%)	3 (13%)	
Late - upto 1 week		1 (4%)	

## Annexes

The following items can be found in Annex:

- Annex 1: Decisions taken by the AFC, EGC and SC since November 2018

## Annex 1 – Decisions taken by the AFC, EGC and SC since November 2018

### 9th Audit and Finance Committee Meeting Decision Points

DP ref.	Theme (detailed text below)
GF/AFC09/DP01	Portfolio Optimization
GF/AFC09/DP02	2018 Financial Statements
GF/AFC09/DP03	Appointment of the External Auditor
GF/AFC09/DP04	Amendments to the Policy on Restricted Financial Contributions
GF/AFC09/DP05	Revision to the Charter of the OIG

#### Portfolio Optimization

#### **Decision point: GF/AFC09/DP01: Approval of Available Sources of Funds for Portfolio Optimization and Financing Unfunded Quality Demand for the 2017-2019 Allocation Period**

Based on its review and discussion of the Secretariat's analysis of sources and uses of funds, as presented in GF/AFC09/04 – Part A, the Audit and Finance Committee:

1. recognizes and accepts the following amount of additional sources of funds available under the 5th replenishment: US\$ 250 million; and
2. in accordance with its delegated authority from the Board under the Comprehensive Funding Policy, pursuant to GF/B36/DP04 and presented in Annex 1 to GF/B36/02 – Revision 1, approves US\$ 250 million as available sources of funds for financing prioritized and costed areas of need on the register of unfunded quality demand for the 2017-2019 allocation period, according to the prioritization process adopted by the Strategy Committee, pursuant to GF/SC04/DP02 and as presented in Annex 1 to GF/SC04/04 – Revision 2.

## 2018 Financial Statements

### **Decision Point: GF/AFC09/DP02: Acceptance by the Audit and Finance Committee of Documents and Responses Relating to the 2018 Consolidated Financial Statements and 2017 Statutory Financial Statements**

1. The Audit and Finance Committee (the “AFC”) accepts the:
  - a) Final version of the 2018 Consolidated Financial Statements, which have been prepared by the Secretariat and audited by KPMG SA;
  - b) Final version of the 2018 Statutory Financial Statements, which have been prepared by the Secretariat and audited by KPMG SA;
  - c) The unqualified audit opinions on both the 2018 Consolidated Financial Statements and the 2018 Statutory Financial Statements prepared by KPMG SA, and the related conclusions and statements of KPMG SA; and
  - d) Comments and responses by the Secretariat and KPMG SA to the questions and topics of discussion during the AFC’s deliberations.
  
2. Accordingly, the AFC decides to recommend the following decision points to the Board:

### **Decision Point: GF/B41/DPXX: 2018 Annual Financial Report**

The Board authorizes the issuance of, and therefore approves, the Global Fund’s 2018 Annual Financial Report, which includes the 2018 Consolidated Financial Statements that have been audited by KPMG SA, as set forth in GF/B41/XX Annex 1.

### **Decision Point: GF/B41/DPXX: 2018 Statutory Financial Statements**

The Board authorizes the issuance of, and therefore approves, the Global Fund’s 2018 Statutory Financial Statements, which have been audited by KPMG SA, as set forth in GF/B41/XX Annex 2.



## Appointment of the External Auditor

### **Decision Point: GF/AFC09/DP03: Appointment of the external auditor**

1. Based on the performance assessment presented by the Secretariat, the Audit and Finance Committee (the “AFC”) recommends the Board to authorize the appointment of KPMG SA as the Global Fund’s independent external auditor for a second three year term beginning with the 2019 financial year.
2. Accordingly, the AFC recommends the following decision point to the Board for approval at the Forty-First Board Meeting in May 2019:

### **GF/B41/DPXX: Appointment of KPMG SA as the External Auditor of the Global Fund**

1. Based on the recommendation of the Audit and Finance Committee set forth in GF/B41/XX, the Board authorizes the appointment of KPMG SA as the Global Fund’s independent external auditor for a second three year term beginning with the 2019 financial year.
2. Budgetary implications (included in OPEX budget) – Upon approval by the Audit and Finance Committee of the related fee arrangements, the fees of the independent external auditor will be included in the Global Fund’s operating expenses budget.

## Amendments to the Policy on Restricted Financial Contributions

### **Decision Point: GF/AFC09/DP04: Recommendation on Revisions to the Amended and Restated Policy on Restricted Financial Contributions**

1. The Audit and Finance Committee (the “AFC”) acknowledges its review and discussion of the proposed amendments, as set forth in GF/AFC09/14, to the Amended and Restated Policy on Restricted Financial Contributions, approved by the Global Fund Board in May 2017 under decision point GF/B37/DP08.
2. Accordingly, the AFC recommends the following decision point to the Board for approval at the Forty-First Board Meeting in May 2019:

### **GF/B41/DPXX: Approval of the Amended and Restated Policy on Restricted Financial Contributions**

Based on the recommendation of the Audit and Finance Committee, the Board approves the Amended and Restated Policy on Restricted Financial Contributions, as set forth in Annex 1 to GF/B41/XX, which shall supersede the Amended and Restated Policy on Restricted Financial Contributions approved by the Global Fund Board in May 2017 under decision point GF/B37/DP08.

## Revision to the Charter of the OIG

### **Decision Point GF/AFC09/DP05: Revision to the Charter of the OIG**

3. The Audit and Finance Committee (the “AFC”) agrees with the proposed revision to the Charter of the Office of the Inspector General (the “OIG Charter”), as revised and set forth in Annex 1 to GF/AFC09/03 rev 2.
4. Accordingly, the AFC decides to recommend the following decision point to the Board for approval at the Forty-First Board Meeting:

### **GF/B41/DPXX: Revision to the Charter of the Office of the Inspector General**

Based on the recommendation of the Audit and Finance Committee, the Board approves the Charter of the Office of the Inspector General, as revised and set forth in Annex 1 to GF/B41/XX.

## 9th Ethics and Governance Committee Meeting Decision Points

<b>DP ref.</b>	<b>Theme (detailed text below)</b>
GF/EGCo8/EDPo4	Amendments to the Operating Procedures of the Board and Committees of the Global Fund
GF/EGCo9/DPo1	Revision of the Governance Performance Assessment Framework Assessment
GF/EGCo9/EDPo1	Strengthened Committee Selection Processes

### **Amendments to the Operating Procedures of the Board and Committees of the Global Fund**

#### **GF/EGCo8/EDPo4: Amendments to the Operating Procedures of the Board and Committees of the Global Fund**

1. The Ethics and Governance Committee (“EGC”) acknowledges the need to amend the Operating Procedures of the Board and Committees of the Global Fund.
2. Accordingly, the EGC endorses the proposed amendments to the BCOP set out in Annex 1 of this report and recommends the following electronic decision point to the Board for approval:

#### **GF/B40/EDPXX: Amendments to the Operating Procedures of the Board and Committees of the Global Fund**

The Board approves the amendments to the Operating Procedures of the Board and Committees of the Global Fund as set forth in Annex 1 to GF/B40/ERXX which shall enter into force upon the approval of this electronic decision point.

## **Revision of the Governance Performance Assessment Framework Assessment**

### **GF/EGC09/DP01: Revision of the Governance Performance Assessment Framework Assessment**

1. The Ethics and Governance Committee (the “EGC”) endorses the proposed revised Governance Performance Assessment set out in Annex 1 to GF/EGC09/11 and recommends the following decision point to the Board for approval:

#### **GF/B40/EDPXX: Revised Governance Performance Assessment Framework**

1. The Board approves the revised Governance Performance Assessment Framework as set forth in Annex 1 to GF/B40/ERXX (“Framework”), which shall enter into force upon Board approval of this decision point.
2. The revised Framework shall supersede all prior versions of the Governance Performance Assessment Framework.
3. The Board mandates the Ethics and Governance Committee (“EGC”) to regularly review the Framework and delegates decision-making powers to the EGC for any future changes to the Framework and any supporting materials related to it.

#### Budgetary implications

It is anticipated that implementation of the revised Governance Performance Assessment Framework will reduce the current annual cost of the Board and Committee performance assessment (USD 200,000). Saved amounts will be included in the relevant OPEX and no additional funds are required for 2019.

## **Strengthened Committee Selection Processes**

### **GF/EGC09/EDP01: Strengthened Committee Selection Processes**

1. The Ethics and Governance Committee (the “EGC”) thanks the EGC Working Group on Committee Selection Processes for its work in preparing an initial set of recommendations to strengthen the Committee selection processes;
2. Based on its review of the suggested recommendations submitted by the EGC Working Group, the EGC endorses the proposed revisions to strengthen the Committee selection processes set out in this electronic report GF/EGC09/ER01;
3. Accordingly, the EGC recommends the following decision point to the Board for approval:

### **GF/B41/DPXX: Strengthened Committee Selection Processes**

1. Based on the recommendation of the Ethics and Governance Committee (“EGC”), the Board approves, in principle, the proposed revisions to strengthen the Committee selection processes, as set out in GF/B41/XX, regarding the selection of Committee Leadership and Members, the due diligence to be undertaken in such processes and the revised size and composition of the EGC.
2. The Board requests the Secretariat to prepare the necessary amendments to the core governance documents to implement the proposed revisions for consideration by the EGC and recommendation to the Board for approval ahead of the call for nominations for the next Committee Leadership and Membership selection processes.

#### Budgetary implications

The additional three funded seats result in approximately USD \$ 30,000 extra per year. Additional costs would be covered in OPEX.

Other adjustments to the process may result in cost savings that could mitigate this increase. Budgetary implications of the strengthened due diligence process is pending.

## 9<sup>th</sup> Strategy Committee Meeting Decision Points

DP ref.	Theme (detailed text below)
GF/SC09/DP01	wambo.org: Update on Implementation and Request for Additional Domestic Funding Transactions
GF/SC09/DP02	Allocation Methodology 2020 - 2022
GF/SC09/DP03	Establishment of Working Group on TRP Matters
GF/SC09/DP04	Recommendation on Catalytic Investments for the 2020-2022 Allocation Period

EDP ref.	Theme (detailed text below)
GF/SC08/EDP01	Exceptional Extension of Dr Jim Tulloch as TERG Member

### Decision Point GF/SC09/DP01: wambo.org: Update on Implementation and Request for Additional Domestic Funding Transactions

1. The Strategy Committee:
  - i. acknowledges the update on the implementation of wambo.org for Principal Recipients using wambo.org to procure with grant funds;
  - ii. acknowledges the update on the implementation of wambo.org for current Principal Recipients using wambo.org to procure with domestic funds as part of the pilot approved by the Board under GF/B37/DP09 (the “pilot”); and
  - iii. notes the proposal contained in the paper “wambo.org: Update on Implementation and Request for Additional Domestic Funding Transactions”, as set forth in GF/SC09/11, to increase the number of transactions allowed under the pilot by 50.
2. Pursuant to its delegated authority under GF/B37/DP09, the Strategy Committee approves 50 additional transactions to be conducted on wambo.org with domestic funding, on a pilot basis, within the same scope as approved by the Board under GF/B37/DP09.
3. Accordingly, the Strategy Committee requests that the Secretariat report back to the Strategy Committee with the final evaluation of the pilot and a strategy for future advancement of wambo.org.

**Budgetary implications (included in, or additional to, OPEX budget): no additional resources required. Fifty additional transactions in 2019 would represent a 5% increase in total wambo.org transactions, which can be accommodated within the existing structure and level of resourcing.**

## Decision Point GF/SC09/DP02: Allocation Methodology 2020 - 2022

1. Based on its review and discussion of the Secretariat and technical partners' analysis and recommendations, as presented in GF/SC09/04, the Strategy Committee (the "SC") approves the updated technical parameters for the 2020 – 2022 allocation period set forth in Table 1 of Annex 2 to GF/SC09/04.
2. Furthermore, the SC endorses recommending the revised Allocation Methodology set forth in Annex 1 to GF/SC09/04 (the "Allocation Methodology") to the Board for approval.
3. The SC further recommends to the Board that no more than USD 800 million of sources of funds available for country allocations be used to ensure scale-up, impact and paced reductions in funding, as described in paragraph 4.c of the Allocation Methodology.
4. As such, the SC recommends the following decision point to the Board for approval at its 41st meeting in May 2019:

### **GF/B41/DP[XX]: Allocation Methodology 2020 – 2022**

1. *The Board notes:*
  - a. *Its decision in April 2016 that (i) established the allocation methodology for the 2017 - 2019 allocation period; (ii) acknowledged the technical parameters for the 2017 - 2019 allocation period; and (iii) affirmed the restatement of core parts of the principles and framework for the allocation-based funding model (the "Core Funding Model Principles"); and*
  - b. *The decision by the Strategy Committee (the "SC") in March 2019, under authority delegated by the Board, to establish technical parameters for the 2020 – 2022 allocation period (GF/SC09/DP[XX]).*
2. *Accordingly, based on the recommendations of the SC, as presented in GF/B41/[XX], the Board:*
  - a. *Approves the allocation methodology presented in [Annex 1] to GF/B41/[XX] (the "Allocation Methodology");*
  - b. *Acknowledges the technical parameters for the 2020 – 2022 allocation period, as presented in [Annex 2] to GF/B41/[XX] and approved by the SC at its 9th meeting in March 2019 (the "Technical Parameters");*
  - c. *Approves that no more than USD 800 million of sources of funds available for country allocations be used to ensure scale-up, impact and paced reductions, as described in paragraph 4.c of the Allocation Methodology; and*
  - d. *Reaffirms the Core Funding Model Principles, as presented in Annex 3 to GF/B35/05*
3. *Accordingly, the Board:*
  - a. *Requests the SC to review and approve, at its July 2019 meeting, the method by which the Secretariat will apply and report on the qualitative adjustment process; and*
  - b. *Acknowledges that the Allocation Methodology and Technical Parameters shall apply for the 2020 – 2022 allocation period and supersede the 2017 – 2019 allocation methodology and technical parameters presented in GF/B35/05.*

### **Decision Point GF/SC09/DPO3: Establishment of Working Group on TRP Matters**

In view of preparing the Technical Review Panel (“TRP”) for the review of funding requests in the 2020-2022 allocation period, the Strategy Committee (the “Committee”):

1. Approves the establishment of a Working Group on TRP Matters (the “Working Group”) to oversee the replenishment of the TRP membership pool and revision of the terms of reference of the TRP, based on Strategy Committee guidance and lessons from the 2017-2019 allocation period.

The Working Group shall operate under the terms of reference set forth in Annex 1 to GF/SC09/15, and will be comprised of the following members:

- i. The Chair and Vice Chair of the Strategy Committee;
  - ii. The non-voting members of the Strategy Committee representing the WHO and Partners constituencies;
  - iii. One Committee member representing constituencies of the implementer group and one Committee member representing constituencies from the donor group; and
  - iv. The Chair of the TRP.
2. Requests that at its meeting in October 2019, the Strategy Committee be presented with the following for approval:
    - i. recommendations for the renewal of the TRP membership pool, including proposed new candidates for TRP membership, and
    - ii. the revised terms of reference of the TRP.



## Decision Point GF/SC09/DP04: Recommendation on Catalytic Investments for the 2020-2022 Allocation Period

1. Based on its review and discussion of the Secretariat's analysis and recommendations relating to catalytic investments for the 2020-2022 allocation period, the Strategy Committee endorses the catalytic investment scenarios set forth in Tables 1 through 5 of Annex 1 of GF/SC09/05 – Revision 1, and recommends the following decision point to the Board for approval at its 41<sup>st</sup> meeting in May 2019:

### **GF/B41/DPXX: Catalytic Investments for the 2020-2022 Allocation Period**

***Based on the recommendation of the Strategy Committee, as presented in GF/B41/XX, the Board:***

1. ***Acknowledges that the total amount of sources of funds for allocation for the 2020-2022 allocation period will be decided by the Board in November 2019, based on the recommendation of the Audit and Finance Committee following announced replenishment results from the 6<sup>th</sup> Replenishment;***
2. ***Approves that the total amount of funding for catalytic investments in the 2020-2022 allocation period, as described in the Allocation Methodology approved under GF/B41/DP[XX], will be determined by the total amount of sources of funds for allocation for the 2020-2022 allocation period;***
3. ***Approves catalytic investments for the 2020 – 2022 allocation period as set forth in the scenarios described below:***
  - i. ***Scenario 1: If sources of funds for allocation for the 2020 – 2022 allocation period are greater than or equal to USD 13.1 billion, USD 900 million will be made available for catalytic investments, in accordance with the priorities and associated costs set forth in Table 1 of Annex 1 of GF/B41/[XX];***
  - ii. ***Scenario 2: If sources of funds for allocation for the 2020 – 2022 allocation period are below USD 13.1 billion and greater than or equal to USD 12.1 billion, USD 800 million will be made available for catalytic investments, in accordance with the priorities and associated costs set forth in Table 2 of Annex 1 of GF/B41/[XX];***
  - iii. ***Scenario 3: If sources of funds for allocation for the 2020 – 2022 allocation period are below USD 12.1 billion and greater than or equal to USD 11.1 billion, USD 600 million will be made available for catalytic investments, in accordance with the priorities and associated costs set forth in Table 3 of Annex 1 of GF/B41/[XX];***
  - iv. ***Scenario 4: If sources of funds for allocation for the 2020 – 2022 allocation period are below USD 11.1 billion and greater than or equal to USD 10.6 billion, USD 400 million will be made available for catalytic investments, in accordance with the priorities and associated costs set forth in Table 4 of Annex 1 of GF/B41/[XX]; and***
  - v. ***Scenario 5: If sources of funds for allocation for the 2020 – 2022 allocation period are below USD 10.6 billion and greater than or equal to USD 10.1 billion, USD 200 million will be made available for catalytic investments, in accordance with the priorities and associated costs set forth in Table 5 of Annex 1 of GF/B41/[XX].***

4. *Requests the Secretariat to return to the Strategy Committee with a new recommendation on catalytic investments if sources of funds for allocation for the 2020 – 2022 allocation period are below USD 10.1 billion, for Strategy Committee recommendation to the Board;*
  5. *Agrees that in the event that sources of funds for allocation for the 2020-2022 allocation period are above the midpoint of the funding range specified for a scenario above, the Secretariat may recommend the Board to approve an additional total amount up to USD 100 million for catalytic investments, to be invested in the priority areas for the scenario immediately preceding the applicable scenario in the list above; and*
  6. *Notes the Secretariat will (i) have flexibility to operationalize catalytic investments; (ii) update the Strategy Committee and Board on such operationalization; (iii) have flexibility to reallocate associated costs among the approved priorities under any applicable scenario, within 10% of the approved amount of associated costs for a specific priority; and (iv) present any reallocations of associated costs exceeding 10% for a specific priority for the Strategy Committee's approval.*
2. The Strategy Committee further requests the Secretariat, in consultation with relevant partners, to provide an update at the Strategy Committee's July 2019 meeting on plans to accelerate progress against the Global Fund 2017-2022 Strategy in the next allocation period, including further details on the planned operationalization of catalytic investments.

**Budgetary Implications: Associated costs will be covered by catalytic investments and/or operating expenses.**

**Electronic Decision Point GF/SCo8/EDP01: Exceptional Extension of  
Dr Jim Tulloch as TERG Member**

In accordance with Section 2.1 of the Strategy Committee Charter, the Strategy Committee approves the extension of Dr Jim Tulloch as a Member of the TERG until (i) the Strategy Committee has considered the results of the ongoing self- and peer-assessment of the TERG's functionality and support mechanism, (ii) Dr Tulloch's successor as Chair is appointed and (iii) the TERG leadership has been handed over at a TERG meeting.