



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twelfth Board Meeting
Marrakech, 15-16 December 2005

GF/B12/2

REPORT OF THE ELEVENTH BOARD MEETING

Outline: This document presents the draft Report of the Eleventh Board Meeting and includes all decisions made at that meeting. The Report of the Eleventh Board is subject to ratification by the Board of the Global Fund at their Twelfth Board Meeting on 15-16 December 2005 in Marrakech, Morocco.

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

Decision points are clearly indicated.

Decision Point:

1. The Board approves the Report of the Eleventh Board Meeting.

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Agenda Item 1: Introduction and Welcome

1. The Chair of the Board, Dr Carol Jacobs, welcomed all Board members to the Eleventh Board Meeting in Geneva. She noted that the agenda was challenging, reminded Board members about the importance of process and reaching consensus, and asked delegates to keep their interventions brief. She thanked the Vice-Chair, Dr Michel Kazatchkine, for his work in leading the start-up of four new committees since the previous Board meeting.
2. The Chair then spoke briefly about key issues for the Board, including: the replenishment process and the 2005 funding gap; the performance-based aspects of the Global Fund; absorptive capacity at country level with particular reference to the Global Task Team and their recommendations; and the involvement of the private sector, which had taken a major step forward with the report shared by the private sector at the replenishment meeting in London. She then turned the floor over to the Vice-Chair of the Board.
3. The Vice-Chair welcomed all Board members to the Eleventh Board Meeting. He spoke about the recent UN summit in New York and stressed the importance of the G8 goal of universal access to antiretroviral therapy by 2010. He also noted that while the replenishment had been encouraging, the results were not sufficient to launch new rounds in 2006 and 2007. He welcomed the recent progress on innovative funding mechanisms and talked about the unique role the Global Fund could play in this context.
4. He said that he looked forward to working with the Chair, Board and Secretariat, and he thanked committee members for their work to date. He closed by reminding Board members that their decisions would have a major impact on many individuals and lives.

Agenda Item 2: Appointment of Rapporteur Approval of the Agenda Approval of the Report of the Tenth Board Meeting

1. The Chair thanked Dr. Ren Minghui, the delegate from the Western Pacific Region (China) Constituency for serving as Rapporteur for the Tenth Board meeting and designated Dr. Helene Gayle from the Private Foundations Constituency as Rapporteur for the Eleventh Board meeting.
2. The Chair noted that the Board now had the third revision to the agenda before them and asked for approval of the agenda. In response to requests from two delegates, the Chair agreed that the agenda for the Executive Session would be distributed in advance of that session, as would the latest available funding data for Round 5 in advance of the discussion on Round 5 grant prioritization.
3. In response to a question from a delegate, the Chair agreed that in future the Secretariat would deliver its report in one agenda item, rather than two. At this meeting, they were in two parts – one by the Executive Director and one by the Deputy Executive Director – as they covered two distinct areas of responsibility.
4. The Chair stated that the rapporteur had reviewed the Report of the Tenth Board Meeting and approved it, with one amendment as shared with the Board beforehand and one minor amendment raised in the meeting.

5. A delegate asked a procedural question about the meeting, specifically about the source and status of the Rules of Procedure document that had been distributed to Board members. The Chair clarified that the document was the same that had been in use for the previous 18 months and that the Board would continue in its pattern of reaching consensus where possible, taking informal votes to make decision-making quicker but with the option of formal votes, and introducing motions as far in advance as possible.

Decision Points:

1. Dr. Helene Gayle from the Private Foundations Constituency is designated as Rapporteur for the Eleventh Board Meeting.
2. The agenda for the Eleventh Board Meeting is approved.
3. The report of the Tenth Board Meeting (GF/B11/2, Amendment) is approved as amended at the Eleventh Board Meeting.

There are no material budgetary implications for these decisions.

Agenda Item 3: Report of the Executive Director

1. The Chair introduced the Executive Director of the Secretariat, Prof. Richard Feachem, to deliver his report. Prof. Feachem welcomed Board members to the meeting and said he looked forward to questions and comments on his report, which had been distributed in advance¹.
2. The Executive Director then emphasized three challenges for the Board and Secretariat. He spoke first of the urgent and immediate need to increase the Global Fund's income substantially from the US\$ 3.7 billion pledged for 2006-07 to the US\$ 7.1 billion that was needed.
3. The second challenge the Executive Director identified was the implementation of the recommendations of the Global Task Team and the importance of harmonization and alignment. He also spoke of the need to enhance the role of civil society in fighting AIDS, TB and malaria. The third challenge was the need to revisit and re-engineer the business model, noting that the way the Global Fund worked was the way that had been outlined in Brussels in 2001 and elaborated and put into practice in 2002. He reminded the Board that the Global Fund prided itself on its openness to criticism and its willingness to change, and said he looked forward to the discussion in the days ahead.
4. The Chair opened the floor to discussion.
5. A number of delegates echoed the Executive Director's concern about the funding gap for 2006-2007, the need for sustainable financing and the importance of innovative financing mechanisms and attracting new donors. One delegate asked for more information on the Middle East resource mobilization strategy mentioned in the report. Another asked about the issue of national budget ceilings, which the Executive Director had discussed at the last Board meeting but had not mentioned in his report, and requested more analysis of this in future for Board discussion.
6. A delegate asked for clarification on which committee oversaw resource mobilization and the replenishment. The Vice-Chair acknowledged that with issues such as the replenishment and resource mobilization generally, there were overlapping areas of responsibility between the Finance and Audit Committee and the Policy and Strategy Committee. He confirmed that at a

¹ GF/B11/3 (<http://www.theglobalfund.org/en/files/boardmeeting11/gfb113.pdf>)

meeting of the chairs and vice-chairs of the Board committees, it was decided that whenever there was an area of overlap, there would be a lead committee that would be responsible for final process and a recommendation to the Board for discussion and decision, and that the lead committee would communicate appropriately to other relevant committees. He confirmed that a discussion on the appropriate lead committee for replenishment would take place later in the meeting.

7. A couple of delegates noted that the recommendations of the Global Task Team and the importance of harmonization generally had been raised at a number of other important meetings, and congratulated the Global Fund on its work to date with UNAIDS, World Bank, WHO and other partners.

8. One delegate expressed concern that the Board focused too much on management, budget and administrative issues and insufficiently on larger political and strategic issues such as the policies of the IMF, Stop TB, UNAIDS and Roll Back Malaria. Another delegate agreed that strategic discussions were lacking and noted that while it was important to look at making any necessary changes to the Global Fund's business model, it was also important not to lose the advantages of the current model.

9. Clarification was requested on the status of the WHO administrative services agreement and the Global Fund's transition away from the agreement. One delegate noted that the question of the autonomy of the Global Fund in relation to the UN must be considered in a political context. Clarification was also requested on the role of the Ethics Committee in the investigations being carried out by the WHO Office of Internal Oversight.

10. The South-East Asia delegate in his capacity as a representative of India announced a pledge for the Global Fund of US\$ 10 million as an expression of solidarity with the global community in the fight against AIDS, TB and malaria.

11. Prof. Feachem confirmed that the reason he was reporting separately from the Deputy Executive Director, Helen Evans, was that she had been asked by the Chair and Vice-Chair to look into issues of staff morale and recruitment specifically as they came up in the allegations being investigated, but that in future the reports would be coordinated. Regarding the Middle East resource mobilization strategy, he said he would be very happy to discuss it in more detail with any Board members; that their support was always appreciated; and that Pakistan had already been of considerable assistance in this area.

12. Prof. Feachem said that budget ceilings remained an important issue not just for the Global Fund but for all investors in health systems in developing countries who were driving up per capita spending for health, trying to raise it from US\$ 8-10 to US\$ 40-50 as recommended by the Commission on Macroeconomics and Health. He also asked that the Board not request the Global Fund to commission a study on the subject but that if more evidence were needed, to ask the appropriate competent body to commission a study.

13. Prof. Feachem acknowledged colleagues at UNAIDS and WHO who had worked hard with the Global Fund to move the work of the Global Task Team ahead. He said that there was a particular focus on the interface between the World Bank and the Global Fund, that a consultant was there to talk to the Board about this issue and that he would continue to meet regularly with World Bank President Paul Wolfowitz to discuss the issues.

14. Regarding the administrative services agreement, he stated that there was steady progress towards coherent plans, policies and options for administrative separation from WHO and that the Global Fund was about to sign a contract with a consultant who would bring much more expertise on the issues and options. He said that the Finance and Audit Committee had been kept fully informed on the issue as the lead committee on the issue.

15. The Executive Director thanked the delegate from India for the country's donation of US\$ 10 million.

16. Regarding the internal investigation and the role of the Ethics Committee, the Executive Director told the Board that the WHO Office of Internal Oversight was chosen because this was the appropriate and independent investigator; because the Global Fund's own Office of the Inspector General was not yet in place; and because a detailed audit would be necessary, requiring thousands of hours of work. The Ethics Committee could not undertake such an investigation. Its role is to guide but not to conduct. He said the Board would hear from the investigator later in the meeting and that when the final report was ready, the Ethics Committee would play an important role. He also said that he would be responding to any findings and recommendations as they were brought forward.

Agenda Item 4: Operations Update

1. The Chair of the Board gave the floor to Mr Brad Herbert, Chief of Operations, to deliver his report. The Chief of Operations thanked the Board for its support over the previous three years and said that this would be his last Board meeting as he was leaving the Global Fund at the end of November. He said it had been a personal and professional privilege to be part of the Global Fund from the beginning, and that the work had been very rewarding, largely due to the trust and confidence of the Board in the Secretariat.

2. The Chief of Operations highlighted some of the details from his written report².

3. The Chair opened the floor for questions and discussion. Delegates thanked the Chief of Operations for his report, thanked him for his three years of valuable contributions to the Global Fund and wished him all the best in his future endeavors.

4. A question was asked regarding what was being done in Uganda to ensure the supply of drugs did not run out and that people on antiretroviral therapy were being cared for during the grant suspension. One delegate suggested the Board discuss rescinding the suspension. Another delegate asked whether consultations between the Global Fund and representatives in Uganda included representatives of civil society. A few delegates expressed concern about the termination of grants to Myanmar given its high disease burden and technically sound programs. One delegate requested more information on the communications between the Secretariat and the Myanmar's government, and a Board review of the termination. Another delegate said that it would have been useful to hear from the Principal Recipient as to why it felt it could not continue managing the programs in Myanmar.

5. A few delegates talked about the issue of harmonization, commenting that while important progress was being made, close attention must be paid to the active involvement of partners beyond Country Coordinating Mechanisms (CCMs) to create effective joint responses at the country level. A delegate noted that mutual accountability among partners at country level was necessary. Another delegate talked about the importance of following up on technical assistance as part of the Global Task Team recommendations.

6. Delegates also requested an update on the timelines for the procurement tools mentioned in the report, such as the validation of procurement agencies, the price reporting mechanism, etc. One delegate raised the issue of limited bed net production in the face of global targets and shortages of artemisinin-based combination therapies.

7. Other issues touched on included the progress being made to strengthen CCMs by sharing the CCM guidelines with countries at regional meetings where there was an opportunity to share

² GF/B11/4 (<http://www.theglobalfund.org/en/files/boardmeeting11/gfb114.pdf>)

experiences; supply management and quality procurement issues related to TB and malaria; the Local Fund Agent (LFA) review, revising the current LFA model and examining LFA capacity to review and assess procurement plans; ensuring that EARS encouraged a culture of openness and helped to ensure that technical assistance was received when and where it was needed; the expectation of impact figures after four years of funding; comparing unit costs for commodities and interventions in countries with similar contexts in order to develop standards for unit costs; and the reduced number of proposals in Round 5 from the Latin America and Caribbean region.

8. Questions were asked regarding getting the Ukraine government back on track as Principal Recipient; about the affect of the timeline between approval and disbursement on Phase 2 renewal and, conversely, of Phase 2 renewal on the Secretariat's ability to sign approved grants quickly; about communications between the Global Fund and bed net manufacturers to ensure that predictability of demand; and about whether or not Myanmar was eligible to apply in future rounds.

9. One delegate spoke at length about Nepal and requested the Portfolio Committee to address the issues that were the cause of failure in Nepal. The delegate also said that the issue of direct access by civil society to Global Fund financing required discussion.

10. The Chief of Operations emphasized that in suspending the grants in Uganda, the Global Fund would continue to finance lifesaving interventions, including treatment and bed nets. He said the Global Fund was working with the government and hoped to lift the suspension by November after alternative arrangements had been made for program management. Regarding Myanmar, he said that the Global Fund had spoken extensively with UNDP, the Ministry of Health and other partners in the country before making its decision, and he said that the Global Fund was keen to look at the lessons learned from this experience. He spoke briefly about Ukraine, indicating that the goal was to hand the grant back to a long-term Principal Recipient from the interim PR in June 2006.

11. The Chief of Operations indicated that there was already a price reporting mechanism on the website but that there was little compliance. Further to procurement, he said the Secretariat was recruiting a procurement manager and that the Global Electronic Marketplace was in process. He said this mechanism would make it easier to examine unit costs.

12. In terms of grant signing, he said that the Secretariat was committed to having 80 percent of its grants signed within six months of approval, and that disbursement was now happening much faster after grant signing, though it would likely never happen faster than 30 days (it was currently at 37). In terms of supply of drugs and bed nets, he noted that the purchasing power of the Global Fund had stimulated the supply side and the agricultural producers of artemesia had now gone beyond China to Tanzania and that new bed net factories were under construction. He said that discussions continued with manufacturers. Regarding grant eligibility, the Portfolio Committee was examining the issue and had called for a task team to study it further.

Agenda Item 5: Additional Donor Seat

1. The Chair of the Board led Board members through a decision point on the addition of a new donor seat, which would bring the number of voting members on the Board to 20. The addition of the new seat would bring the number of votes assigned to donor constituencies to ten, matching the ten voting recipient/civil society delegations.

2. The decision point named the United Kingdom of Great Britain and Northern Ireland and Australia as the newly joined constituency to occupy the additional donor seat on the Board.

3. The delegate for the UK was invited to occupy the seat at the Board table and did so, thanking the Board.

Decision Point: Additional Donor Seat

The Board approves, with immediate effect, the following amendments to the Bylaws and Board Operating Procedures that add a constituency represented by a donor (or donors) as a voting member of the Board:

Article 7.1 of the Bylaws is amended as follows:

7.1 Composition

The Foundation Board shall consist of ~~nineteen~~ twenty voting members and four nonvoting members. Each voting member shall have one vote.

Voting members of the Foundation Board shall consist of:

- Seven representatives from developing countries, one representative based on each of the six World Health Organization ("WHO") regions and one additional representative from Africa.
- ~~Seven~~ Eight representatives from donors.
- Five representatives from civil society and the private sector (one representative of a non-governmental organization ("NGO") from a developing country, one representative of an NGO from a developed country, one representative of the private sector, one representative of a private foundation, and one representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria).

The four ex-officio nonvoting members of the Foundation Board shall consist of:

- One representative from the WHO;
- One representative from the Joint United Nations Programme on HIV/AIDS ("UNAIDS");
- One representative from the trustee; and
- One Swiss citizen with his or her domicile in Switzerland authorized to act on behalf of the Foundation to the extent required by Swiss law.

Members of the Foundation Board ("Board Members") may each appoint one Alternate Member to serve in their stead, under policies and procedures determined by the Foundation Board.

The third paragraph of Article 7.6 of the Bylaws is amended as follows:

7.6 Operations

The Foundation Board shall use best efforts to make all decisions by consensus. If all practical efforts by the Foundation Board and the Chair have not led to consensus, any member of the Foundation Board with voting privileges may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the ~~seven~~ eight donor seats and the two private sector seats and b) the group encompassing the seven developing country seats, the two nongovernmental organization seats, and the representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria.

The first paragraph of Article 10 of the Board Operating Procedures is amended as follows:

10. Decision-making

The Board shall use best efforts to reach all decisions by consensus. If all practical efforts by the Board and the Chair have not led to consensus, any member of the Board with voting privileges

may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the 7 donor seats and the 2 private sector seats and b) the group encompassing the 7 developing country seats, the 2 non-governmental organization seats, and the representative of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria.

The Board notes that the donor constituencies have decided to allocate the additional donor constituency at this time to the United Kingdom of Great Britain and Northern Ireland, and Australia.

There are no material budgetary implications for this decision.

Agenda Item 6: Report of the Ethics Committee

1. The Chair of the Ethics Committee (EC), Ms. Anandi Yuvaraj, delivered its annual report to the Board. The EC Chair stated that the committee had appointed Prof. Willem Landman as Ethics Advisor, an independent, non-voting expert responsible for providing advice and guidance to the Committee on ethics issues. She also reported that the EC had started work on the development of a whistleblowing policy.

2. The EC Chair noted that the Committee had considered one conflict of interest case during the past year. The Secretariat applied for a grant from Johnson & Johnson to support its procurement activities, and after being awarded this grant referred it to the Ethics Committee for consideration under the Conflict of Interest Policy. The Committee decided that the grant should go forward under measures put in place to safeguard against any undue influence by Johnson & Johnson over the use of its grant funds.

3. The Committee noted that there are likely to be other instances of conditional contributions to the Global Fund, some of which may raise serious conflict of interest concerns, and noted that it would be advisable for the Board to provide a mandate to the appropriate committee to develop a policy on conditional contributions.

4. The Committee Chair also reported that the EC had continued to explore the issues raised in its special report to the Board at its Tenth Meeting regarding the application of the Conflict of Interest Policy to Secretariat staff. It noted that it would be working with the Board Chair to appeal to WHO to make all necessary arrangements – including amendment of the WHO staff rules if required – to provide for the application of the policy to Secretariat staff. .

5. The Committee alerted the Board that it had been notified that some lobbying activities in the Phase 2 process have crossed the line from simple advocacy efforts to the exertion of undue influence over Board members and Alternates. The Committee noted that it had been informed that these efforts have had a material effect on the ability of individuals to participate in governance processes of the Global Fund.

6. The Chair of the Board opened the floor to discussion. One delegate asked whether the EC had sought a legal opinion about the Johnson & Johnson case, and the Secretariat's Legal Counsel explained that the Legal Department had advised on the legal aspects of the conflict of interest but that it determined it did not see a need for an outside legal opinion on the application of the Fund's Conflict of Interest policy.

7. One delegate asked whether the whistleblowing policy would apply only to the Secretariat or in-country as well, and it was clarified that the intention was to apply the policy at all levels of Global Fund activity, though this would be explored in greater detail as the policy developed. Another delegate suggested that the EC should work with the new Office of the Inspector General in developing the policy.

8. On Phase 2 lobbying, one delegate pointed out that lobbying was legitimate and part of any democratic process. The Chair informed the Board that lobbying would be addressed in the Executive Session.

Decision Point: Whistleblowing Policy

The Board requests the Ethics Committee, in coordination with the Office of Inspector General, to explore the development of a whistleblowing policy, and appropriate structures for its oversight and implementation for consideration by the Board at its Twelfth Board meeting.

There are no material budgetary implications for this decision.

Agenda Item 7: Report on the Replenishment

1. The Chair welcomed Mr Sven Sandström, the Vice-Chair of the Global Fund's First Replenishment, to deliver his report. Mr Sandström informed the Board that the Communiqué from the third replenishment meeting in London and the Chair's reports from all three replenishment meetings had been distributed.
2. Mr Sandström said that his presentation would focus on three main themes: the process, the pledges and the momentum going forward. He said that although the replenishment process was new to the Global Fund, it was now well established and, in his view, had worked well considering that there was a broader range of participants than in other replenishment processes.
3. Mr Sandström noted that there had been three points of tension within the process, which had all begun to resolve themselves. The first of these was between the Global Fund and the broader architecture of public health, particularly those parts of it related to the three diseases.
4. The second tension had been between the replenishment process itself and the role and mandate of the Board. Mr Sandström said that a good understanding had now been achieved on all sides, and he highlighted as an example the discussion on the Global Fund's long-term strategy where the replenishment donor group had expressed its views and left it to the Board and its committee to take forward.
5. The third tension had been between having a light process and a heavy workload. The Secretariat's workload had increased due to the documents required for the meetings, although there had been no staff increases in order to facilitate this process. Mr Sandström noted that in the future there would be many opportunities to streamline the documentation and to use more regular progress reports and Board reports for the replenishment, provided that both audiences were kept in mind during their production.
6. Mr Sandström stated that the momentum gained by the replenishment was significant and must be exploited. He indicated that work was underway with the Secretariat for the development of a clear follow-up plan to confirm pledges with donors that had not yet pledged, build on the pledges of donors that had already made pledges, expand the donor pool by attracting new donors to the replenishment process and increase contributions from the private sector following the roadmap set out in the private sector strategy paper. He noted that several donors had indicated that they would maintain their share, and progress in increasing pledges from other donors would increase the pledge share. He also said that UN Secretary-General Kofi Annan had discussed the needs of the Global Fund with the heads of state during the Millennium Development Summit in New York, and that the Secretariat was in the process of following up on those discussions.

7. Mr Sandström told the Board that donors had agreed to hold a mid-term meeting in 2006 with a very clear agenda: to briefly review the Global Fund's performance, review soft performance indicators and targets for the Global Fund, mobilize additional funding on the basis of updated resource needs estimates, assess response to technical support needs of grant recipients and hold a discussion on the next replenishment cycle.
8. Mr Sandström turned the floor over to the Secretariat's Director of External Relations, Christoph Benn, who introduced the decision point and asked for guidance and feedback from the Board.
9. Discussion followed on the presentation made by Mr Sandström. Delegates thanked Mr Sandström for his excellent leadership and the Executive Director, the Director of External Relations and the Secretariat as a whole for their contributions to the success of the Global Fund's first replenishment, and recognized the contribution of UN Secretary-General Kofi Annan.
10. There was some discussion on which committee had the lead responsibility for the replenishment due to the overlap on related issues among several committees, and a couple of delegates expressed concern that the replenishment conference could challenge the authority of the Board. Another delegate said that policy issues should not be discussed at the replenishment. A delegate said that a decision on leadership and responsibility for resource mobilization and replenishment had to be made so that the Board could be held accountable.
11. Related issues raised included the need for clarity on the roles of Board members and committees related to the replenishment due to concern about possible duplication of authority, the extent to which the replenishment process was geared more towards traditional ODA than to the private sector and foundations and the possibility that the work of the Global Task Team be incorporated into the work of the Policy and Strategy Committee as an integrated element of the development of policy and strategy. A few delegates mentioned the role of committees in evaluating the replenishment, and one delegate requested a terms of reference for the review and evaluation.
12. Some delegations expressed concern that despite the many commitments made by donor countries, the full expectations of the replenishment had not been met, that a significant shortfall remained for Round 5 that would affect its funding and that there was insufficient funding for future rounds.
13. There was also some concern expressed over the ability of the Secretariat to effectively implement the recommendations of the Global Task Team and the burden imposed by the documentation requirements of the replenishment. It was noted that a careful review of documentation for future meetings would be important. One delegate suggested that the replenishment period should be lengthened to three years.
14. The Chair of the Board pointed out that the Board needed to accept that the issues and roles represented by the replenishment overlapped in the areas of all three committees. The Chair added that the decision of lead committee should come out of a discussion with the Chairs of the Committees, the Vice-Chair and herself. The Chair tabled the decision point until the roles of the committees had been clarified.
15. In response to comments made by Board members, Mr Sandström agreed that it would be helpful to have clarity on roles and responsibilities, as during the replenishment several questions had been raised about whether certain issues were anchored with the Board or with a committee and the answer had been unclear.
16. He said that the Global Fund should consider moving towards a replenishment process every three years, which was the norm in other replenishments.

17. In terms of the comments about keeping policy out of the replenishment meeting, he noted that donors would want to discuss issues of policy in order to understand them better. Any views they expressed would be passed on to the Board, but ultimately, any decisions should be made by the Board only.

18. He said that in evaluating the success of the replenishment, it was important to look at the broader implications of the process which could lead to more funding predictability and sustainability through anchoring the replenishment of the Global Fund in domestic budgetary processes. Much of the heaviness of the process had to do with the fact that the Global Fund replenishment process was not yet anchored in domestic systems.

19. Discussion moved to the motion concerning the endorsement of the Global Task Team's recommendations. A delegate observed that the Board was delegating some of its authority by endorsing the recommendations. One delegate suggested that TB and malaria be acknowledged as well but another pointed out that that was a job for WHO, not the Global Fund.

Decision Point: Replenishment Report

The Board takes note of the Report of the Replenishment (GF/B11/5) and requests the Finance and Audit Committee, as the lead committee, to review its contents and make recommendations resulting from such review to the Board as appropriate. The Board also invites the Portfolio Committee and the Policy and Strategy Committee to review the same report and provide any recommendations or other input resulting from such review to the Finance and Audit Committee.

There are no material budgetary implications for this decision.

Decision Point: Global Task Team

In accordance with the performance-based and result-oriented interventions of the Global Fund, the Board endorses the recommendations of the Global Task Team on Improving AIDS Coordination among Multilateral Institutions and International Donors.

The Board asks for a report from the Policy and Strategy Committee integrated with its normal report on progress on how the Global Fund will implement the recommendations.

There are no material budgetary implications for this decision.

Agenda Item 8: Prioritization of Proposals

1. The Chair of the Board gave the floor to the Chair of the Policy Committee (PC), Mr. Urbain Olanguea Awono of the West Africa Delegation. The PC Chair thanked the Board for placing its confidence in him as Chair of this new committee and thanked the Vice-Chair of the Board for his stewardship of all the new committees³.

2. A delegate expressed concern about the funding of the Green Light Committee, as 75 percent of the GLC's work was related to the Global Fund and that if it were not adequately funded, all of the Global Fund's work related to second-line treatment of TB would have to stop because the Board had made a decision only to fund second-line TB treatment when it had been cleared by the GLC.

3. A further issue considered by the PC was the prioritization of proposals in resource-constrained environments. The Chair reminded the Board that at the Seventh Board

³ GF/B11/8 (<http://www.theglobalfund.org/en/files/boardmeeting11/gfb118.pdf>)

Meeting, criteria for proposal prioritization had been approved and that at the Eighth Board Meeting the PMPC had been requested to review the possibility of including additional criteria for the fifth and subsequent rounds that could address repeat proposal failures and countries that had not previously received funding. The mandate to consider this issue had been passed from the PMPC to the PC, and the PC had examined the issue thoroughly.

4. In conclusion, the PC did not recommend changes to existing prioritization criteria. Taking into account equity considerations and the principle of funding technically sound proposals, the PC recommended that for Round 5, all recommended proposals put in category 2 by the TRP that could not be funded due to insufficient resources should be submitted as a whole to the Board for approval at such time as sufficient funding became available.

5. A delegate asked for clarification on the submission to the Board of the proposals in category 2 as a whole if funding were only available for a part. The Secretariat's Chief of Operations clarified that the recommendation was to finance all proposals in category 1 immediately and then to fund proposals in category 2A with a composite index of at least 6. This would leave US\$ 8 million remaining to put towards the remainder of the TRP-recommended proposals, which would only be put forward to the Board when there was enough money to fund all of those in the next category.

6. The Secretariat's Executive Director observed that another possibility was to further break up what fell below the funding line so that rather than waiting until there was sufficient funding for all of the remainder of category 2 proposals, the remainder could be broken up into small batches according to their composite index, and each of these smaller batches could be funded as soon as funding was available.

7. The PC Chair said the main question discussed was whether proposals already approved by the TRP would need to be resubmitted, and that that was what the PC wanted to avoid. The PC accepted the Executive Director's suggestion as a friendly amendment.

Decision Point: Prioritization of Proposals

The Board decides that Round 5 proposals that are recommended for funding by the Technical Review Panel as "Category 2", but which cannot be funded due to resource constraints, will be approved, subject to TRP clarifications, through Board confirmation by e-mail as funds become available under the terms of the Comprehensive Funding Policy, but no later than June 30, 2006. Approval will be based on their composite ranking, following the Prioritization in Resource Constrained Environments principles (approved by the Board at its 7th meeting). Meanwhile, the Secretariat shall proceed with resolving TRP clarifications with respect to those proposals.

There are no material budgetary implications for this decision.

Agenda Item 9: Funds Available for Round 5

1. The Chair called on the Chief Financial Officer (CFO) of the Secretariat, Mr Barry Greene, to deliver his report.

2. The CFO referred the Board to the updated version of the document on funds available for Round 5. He led the Board through the update, highlighting that the funds available for Round 5 totaled US\$ 390 million. This meant that if the Global Fund were to fully fund proposals recommended by the TRP, the additional pledges needed would be US\$ 336 million, before taking into account any appeals from unsuccessful Round 5 applicants.

3. The CFO then reviewed the potential funding situation for 2006 when the Global Fund would first have to provide funding for Phase 2 renewals, which would be influenced by renewal rate and

the timing of the approvals. He said that whether approvals occurred in month 20 or 21 of existing grants' start dates would have an impact on the Global Fund's ability to finance renewals. He reminded the Board that at the Ninth Board meeting, a time-limited Board decision resulted in the Secretariat evaluating Phase 2 renewals in month 21. This would revert to evaluations occurring in month 20 after the Thirteenth Board meeting if the Board did not renew its decision.

4. The CFO described various funding scenarios for 2006, concluding that if the Board were to renew its decision of evaluating Phase 2 renewals in month 21, this would shift approximately US\$ 400 million in renewals to January 2007 and free up enough money in 2006 to cover Round 5 proposals that were being deferred due to insufficient funding in 2005.

Agenda Item 10: Round 5 – Report of the Technical Review Panel

1. The Chair of the Board called on the Chair of the Technical Review Panel, Dr Jonathan Broomberg, to deliver his report. The TRP Chair said it was a privilege to present the report and referred to the written report already circulated to the Board, which he summarized⁴.

2. The Board Chair opened the floor to questions and discussion by the Board. Questions and comments from delegates were extensive, with several delegates praising the TRP for its frank detail and sharp analysis.

3. More than half of the delegates made comments regarding the HSS component. Comments and suggestions included: that the Portfolio Committee should either review the Global Fund's commitment to this component in light of improving the distribution of roles within the Global Task Team framework or ask the Portfolio Committee to better define the scope of what the Global Fund wished to fund in the future; that the Global Fund was not equipped to consider this sort of proposal; that the HSS component should be integrated into the other three components; that the HSS component was crucial as weak health infrastructure over time would increasingly become the bottleneck for successful implementation of funded programs; that there was a belief that the Global Fund had a role to play in HSS but that it had not yet found its comparative advantage in this regard; that other agencies such as WHO, the World Bank or bilateral donors had the comparative advantage in this regard, that if the Global Fund embarked on the strengthening of HSS, this could end up using a substantial proportion of its funds; and that only one round of HSS applications was not sufficient to make a decision and more time should be taken to learn lessons before coming to a decision.

4. A number of delegates made comments regarding the low number of proposals for the scale-up of antiretroviral therapy (ART). Comments included: that this might have been due to the relatively low success of large ART scale-up requests in Round 4; that the Portfolio Committee should consider how to obtain a better view of the scope of increase in ART needs for coming years; that recipient countries formulating ART proposals had heard prior to Round 5 that there might not be much money available and therefore felt discouraged from making such grant requests; that from a public health standpoint, it was critical that ART scale-up continue; that "scale-up" was at the heart of the TRP and the Global Fund process; and that it was important to look into the reasons for the low number of proposals for ART scale-up for future reference.

5. A number of delegates made comments about technical assistance and other lessons learned. One noted that some applicants that had received technical assistance had still failed repeatedly and that WHO should analyze the reasons for this and improve technical assistance accordingly. Others noted that lessons learned from the TB world regarding technical assistance had to do with prioritization of assistance and its intensity; that WHO, the World Bank and others providing

⁴ GF/B11/6 (<http://www.theglobalfund.org/en/files/boardmeeting11/gfb116.pdf>)

technical assistance should report back to the Global Fund on lessons learned about proposals that had repeatedly failed to be recommended by the TRP; and that the Portfolio Committee should immediately begin working on a revised proposal form and guidelines.

6. Several delegates commented on TRP process, expertise and representation. These comments included: appreciation that the TRP took current grant performance into consideration when considering new grants; that better account should be taken of cultural context in consideration of proposals; that the TRP's consideration appeared to be purely on technical criteria without taking the "human factor" into account; discontent that the TRP took no account of income level of countries, only of technical merit and feasibility, and no account of contextual issues such as countries' international cooperation or corruption index; a question as to whether disease burden was an adequate criterion, given the importance of prevention efforts before disease burdens became too high; that South East Asian representation on the TRP was only four percent; that the demands on the TRP were too great to allow adequate consideration to be given to each proposal, with the suggestion that the TRP numbers be adjusted to better cope with the volume of proposals; and that nine out of 11 cross-cutting experts were from developed countries.

7. Other issues raised by delegates included: the extent of HIV/TB components within each disease category, given the current scientific focus on co-infection; the consideration of non-CCM proposals; the need to understand the failure of regional proposals since regional work was a major drive in combating the epidemics; concern about the low success rate of malaria proposals, particularly from Africa; a question regarding any correlation between the quality of proposals and grant performance; and that the TRP was being unjustifiably blamed for the inadequacy of current eligibility criteria.

8. The Chair of the Portfolio Committee invited the TRP Chair to attend the next PC meeting to help the committee better understand the issues which it had been charged with solving. The TRP Chair welcomed the invitation.

9. The TRP Chair responded to all comments and questions at two points in the discussion. In his first intervention, regarding the question of volatility in the number of large-scale ART submissions from round to round, he said the TRP did not have a view on what was driving this. Regarding technical assistance, he said the TRP was not systematically informed of which proposals had or had not received such assistance. Regarding HIV/TB joint proposals, he said Round 5 was the first round where there had been no integrated proposal but where guidelines did suggest addressing TB co-infection, which a majority had heeded by proposing activities and budget requests for TB co-infection.

10. Regarding the points around TRP process, he said the TRP did not take a mechanistic approach as to whether forms were correctly filled in; that the coherence with which a proposal was articulated was an important proxy for how likely it was that the proposal would be properly implemented; that he did not believe that the work of the TRP showed any lack of humanity; and that the TRP had been guided by the Board not to take into account country income levels. He further acknowledged that as the TRP was replenished, more work was needed to better represent regions and gender, but he emphasized that the presence of a regional representative should have no impact on decision outcomes. Regarding taking into account issues such as corruption, if the Board required the TRP to do this, the Board also needs to give clear guidance to how the TRP should incorporate such issues.

11. In the TRP Chair's second intervention, he responded only to points that specifically addressed the Round 5 process. Regarding regional patterns, he said this was coincidental. He said that each proposal was read by at least three or four people, discussed in a sub-group and then again in the full plenary; regarding people's individual biases, he acknowledged that this was human and true, but that was why the TRP had 26 people on it, and why the TRP paid careful attention to consistency and calibration. Regarding the complaint that applicants had no prior

knowledge that existing grant performance would be taken into account, he said applicants should have assumed this.

12. Regarding the need to strengthen the corps of cross-cutting experts, he said that if HSS proposals were going to become an important component for the GF, the TRP would have to strengthen its cross-cutting expertise, subject to the Board's decision on this matter. Regarding technical assistance, he said he thought knowing which proposals had received technical support might bias the TRP's decision. Regarding a declining success rate for ART proposals and the need to take context into account, he did not think a declining success rate could be fairly construed from a single data point and that the areas of feasibility and absorptive capacity formed a context important to the TRP – that context could not be separated from judgment of technical merit and feasibility.

13. The TRP Chair led the Board through the first decision point concerning category 2B proposals. There was brief discussion about clarity of language and the motion was passed.

14. The Chair of the Board led the Board through the second decision point concerning lessons learned and recommendations of the TRP. Discussion followed, with some wording changes made to ensure that the entirety of the recommendations of the TRP were captured and discussion about a review of the appeals process.

15. A third decision point was introduced concerning improving NGO access to Global Fund resources in Round 6 and brief discussion and clarification followed, with one delegate concerned that this would dilute the function of CCMs.

16. The Chair read a fourth decision point on health systems strengthening (HSS) and resolving the technical problems experienced in Round 5 related to HSS in order to improve future guidelines.

17. The Chair announced a final motion regarding corruption, which was tabled to the following day in order to be able to discuss it with the respective delegations.

Decision Points: Report of the Technical Review Panel

Decision Point 1:

The Board notes that, as requested by the Board, the Technical Review Panel graded a sub-set of Category 2 proposals in Category 2B. This allows for a situation in which there are insufficient funds to meet the commitments required to fund all the Category 1 and 2 proposals recommended by the Technical Review Panel in Round 5. The Technical Review Panel defined Category 2B proposals as relatively weak Category 2 proposals, on grounds of technical merit and/or issues of feasibility and likelihood of effective implementation. The Technical Review Panel took no account of the applicant country's income level, or of burden of disease, nor of any factors other than technical merit and feasibility in grading a proposal as Category 2B.

There are no material budgetary implications for this decision.

Decision Point 2:

The Board requests the Portfolio Committee to take note of the lessons learned and the issues arising out of the technical Review of Round 5 proposals as well as the recommendations of the TRP (contained in GF/B11/6) and work on these, including:

1. revising the Proposal Form and Guidelines for Proposals for future rounds; and

2. revising the process for screening and clarification of proposals prior to submission to the TRP with concrete recommendations for improvement and follow up for presentation at the Thirteenth Board meeting.

There are no material budgetary implications for this decision.

Decision Point: NGO Access to Resources

The Board directs the Portfolio Committee, in its discussions of the findings of the TRP report at the next Portfolio Committee meeting, to prepare recommendations to improve NGO access to the Global Fund resources in Round 6, for consideration at the Thirteenth Board Meeting.

Decision Point: Health Systems Strengthening

The Board directs the Portfolio Committee to present to the Thirteenth Board Meeting their recommendations, on a stand-alone basis, for resolving the technical problems that occurred in Round 5 concerning Health Systems Strengthening issues, in order to improve future guidelines.

Agenda Item 11: Round 5 Funding Decisions

1. The Chief of Operations, Mr Brad Herbert, led the Board through the decision point and clarified that proposals would not be approved individually but in categories 1 and 2A with composite indexes of 8 and 6. All others would be approved in batches in order of composite index as funding became available.
2. A question was asked regarding TRP clarifications, and the Chief of Operations explained that the TRP would give priority to the proposals in categories for which there was funding currently available. After that, the TRP would turn its attention to the clarifications of remaining proposals.
3. Discussion followed about the deadline for sufficient funding to approve the remaining categories. A number of delegates expressed concern about the proposed deadline in the decision. Another delegate wanted to know precisely what would happen to the proposals which remained unfunded at the deadline in 2006 – would they be given more time, would they re-apply or would they be cancelled? Several delegates reminded Board members that the matter had already been discussed and decided in the session on the prioritization of proposals.
4. The Executive Director indicated that the issue could be discussed at the April 2006 Board meeting, if insufficient funding were the case at that time. This was supported by other delegates.

Decision Point: Round 5 Funding Decision

1. The Board approves for funding, subject to paragraphs 3 and 4 below, the proposals recommended by the Technical Review Panel ("TRP") and as listed in Annex VI to the Report of the TRP and the Secretariat on Round 5 Proposals (GF/B11/6) as:

- "Recommended 1 Proposals";
- "Recommended 2A Proposals with Composite index 8"; and
- "Recommended 2A Proposals with Composite index 6".

The Board's approval is for the amount indicated as "Total 2 Years" in such Annex, and is made with the clear understanding that such amounts are upper ceilings rather than final Phase 1 Grant amounts.

2. The remaining proposals recommended for funding by the TRP as "Category 2" will be approved, subject to paragraph 4 below, through Board confirmation by e-mail as funds become

available under the terms of the Comprehensive Funding Policy, but no later than June 30, 2006. Approval will be based on their composite ranking, following the Prioritization in Resource Constrained Environments principles (approved by the Board at its 7th meeting).

3. The proposal applicants in Category 1 shall provide any adjustments or clarifications requested by the TRP no later than four weeks after notification in writing by the Secretariat to the applicant of the Board's decision. The Board's approval is conditional on the final approval of the TRP Chair and/or Vice-Chair. This process shall proceed immediately after the 11th Board meeting.

4. The proposal applicants in Category 2 shall provide an initial reply to the clarifications requested by the TRP no later than six weeks after notification in writing by the Secretariat to the applicant of the Board's decision. Any further adjustments and clarifications shall be completed within four months from the receipt of the initial reply from the applicant. The Board's approval is conditional on the final approval of the TRP Chair and/or Vice Chair based on consultations with the TRP primary and secondary reviewers. This process shall proceed immediately after the 11th Board meeting.

5. The Board declines to approve for funding the proposals indicated as Category 3 in Annex II to the Report of the TRP and the Secretariat on Round 5 Proposals (GF/B11/6), but the applicants are encouraged to re-submit a proposal for any possible future rounds of funding.

6. The Board declines to approve for funding the proposals indicated as Category 4 in Annex II to the Report of the TRP and the Secretariat on Round 5 Proposals (GF/B11/6).

7. The situation and progress in the approvals process for Round 5 proposals will be further considered, if necessary, at the Thirteenth Board Meeting.

The budgetary implications for this decision point are (i) US\$ 382,077,061 over two years for the approvals in paragraph 1 above; and (ii) US \$343,539,127 over 2 years for the approvals in paragraph 2 above.

Agenda Item 12: Phase 2 Decisions

Senegal

1. The Chair of the TRP, Dr Jonathan Broomberg, began by explaining the TRP recommendation for the Senegal HIV Round 1 grant, for which a "No Go" recommendation by the Secretariat had been twice blocked by the Board. The TRP recommendation called for continuation into a second phase of funding, with significant reduction in the specific service areas of Voluntary Counseling and Testing (VCT) and Prevention of Mother to Child Transmission (PMTCT).

2. The TRP Chair praised the revised proposal, which addressed most of the problems identified by the Global Fund Secretariat in the Phase 1 review. The TRP found, however, that targets for the VCT and PMTCT service areas in the revised proposal were overly ambitious.

3. Several delegations questioned whether it should be the role of the TRP, in the case of a conditional go, to include specific terms or conditions within the decision point, particularly the amount to be used as an upper ceiling of continued funding. Delegates felt this suggested that the TRP was acting as a decision-making power, rather than an advisory body, and that this aspect of grant approval was negotiated by the Secretariat and the recipient. The TRP Chair maintained that suggesting changes or conditionalities to grants is very much within the mandate of the TRP.

Honduras

4. Next, the Chair of the TRP presented the TRP's recommendation for the Honduras HIV Round 1 grant, which had also been given a "No Go" recommendation by the Secretariat and been twice blocked by the Board, calling for full funding for a second phase of Objective 3 of the grant (ARV treatment), with no renewed funding for Objectives 1 and 2 (counseling and support, and strategies to target vulnerable populations). Although the TRP found that Honduras' revised proposal for Phase 2 funding acknowledged problems with grant implementation in Phase 1, the TRP was not convinced that revised strategies would be implemented or that problems with Objectives 1 and 2 would be solved by these strategies.
5. Delegates for several constituencies disagreed with the TRP's recommendation to continue just one of the three grant objectives and felt it was not appropriate to cut outreach and prevention efforts and the humanitarian emphasis of program activities while continuing only ARV scale-up. In addition, delegates praised the concerted effort made by Honduras to address concerns raised by Phase 1 and the strong performance of 23 out of 24 grant indicators. It was not clear, delegates felt, why Objectives 1 and 2 were not being recommended for continuation.
6. Discussion of the Honduras Phase 2 funding decision turned to whether other factors, such as site visits by Secretariat staff or a positive assessment by UNDP, should be considered by the Board when taking making its decision.
7. Speaking for the Secretariat, the Chief of Operations described his site visit to Honduras as illustrative of a tremendous amount of achievement between the time of the "No Go" recommendation and his visit. He also called for respect for the process of the TRP panel and left to the Board the issue of whether observations of his visit should be taken into consideration by the Board.
8. Several delegations voiced support for the TRP process and expressed concern that the discussion to that point had been dismissive of the TRP's evaluative role. Delegates were reminded that the TRP had closely scrutinized the revised proposal from Honduras with a view to ensuring performance-based funding.
9. The Board was also reminded that the cases of Honduras and Senegal represented new precedents to the Phase 2 process, and that the decisions on these grants were being taken after an interim process to review the Phase 2 evaluation had been launched at the last Board meeting.
10. Numerous delegations voiced support for site visits to be a part of Phase 2 evaluation. The Chair of the TRP acknowledged that decisions taken by the TRP are based on a subset of information about a grant, not all information, and that therefore a site visit might be wise.
11. The TRP Chair commented, however, that despite this issue, the revised proposal from Honduras was a weak proposal and that the TRP was giving Honduras the benefit of the doubt in its initial recommendation. The TRP would consider going forward with all three grant objectives a risky and poor decision but would be willing to work with the Secretariat and Board to make the grant work in Phase 2 under those conditions.

loveLife/ South Africa

12. The Chair introduced the decision point, stating that following a second blocked "No Go" recommendation, the Chair and Vice-Chair had commissioned an independent paper-based audit to analyze the key areas of disagreement regarding Phase 2 renewal, co-authored by Mr Wilfred Griekspoor, ex-TRP member, and Prof. Rolf Korte, the Chair of the Technical Evaluation Reference Group. The Chair emphasized that the object of the audit was not to come up with a recommendation on the loveLife grant, but to assess the disagreement over this grant.
13. Mr Griekspoor presented an overview of the paper to the Board and explained that the review was intended to map the key topics and arguments in the discussion. He specified that several

documents reviewed were provided by loveLife but were external to the Phase 2 process. These documents nonetheless did become factors for several of the Board's constituencies and were included in the paper audit. The authors informed the Board that they had not gone to the field as part of the evaluation or conducted outside interviews, nor had they looked at LFA documents, which were confidential. Their mandate had been to conduct a review only of existing information submitted by both the Secretariat and loveLife.

14. Among the fundamental disagreements between the Phase 2 panel and loveLife, the consultants found that while the Secretariat judged the overall progress in Phase 1 insufficient to justify further investment, loveLife claimed that most targets included in the grant agreement were met or exceeded. The independent review summarized areas of disagreement into eleven key topics, divided into performance and contextual factors.

15. Delegates thanked the consultant team for their hard work and for the concise and effective synthesis of areas of disagreement regarding the loveLife grant. Some constituencies also asked for clarification on whether the authors had evaluated the merit of other studies of the grant undertaken by loveLife and the South African government. The report authors responded that they found that indicators in the papers written by loveLife were tentative indicators, and that they could not find any real evidence to verify claims made.

16. In response to questions from delegates about how loveLife implementers were made aware of what was expected of them, Dr Bernhard Schwartländer, Director of Strategic Information and Evaluation (SIE) at the Secretariat, gave an overview of the process of agreeing on the targets. He explained that targets defined in the grant agreements built on the goals and targets included in the proposal approved by the Board.

17. Delegates asked whether it was clear to the recipient what they were being measured against, and what factors might be responsible for having those two sets of goals. The Director of SIE responded that grant targets are clearly specified in the written grant agreement, which both the Principal Recipient and the Secretariat sign off on, and these cannot be omitted. He differentiated between the more overarching goals contained in the grant agreement and the specific targets looked at for release of additional tranches of funding in the course of Phase 1, which would not encompass all goals of the program considered at the point of Phase 2 evaluation.

18. The Chair thanked the authors of the report, which she stated had been very helpful to the Board.

19. Several constituencies expressed dissatisfaction with the decision point as written, and indicated a preference for a "Conditional Go" recommendation, rather than a straight "Go". The issue was tabled pending further discussion on the decision.

20. When the issue was again put before the Board, Prof. Sigrun Mogedal reported that an informal working session had produced a potential solution. She noted that this was intended to be a solution for this particular grant at this particular point in time and was not intended to set a precedent.

21. Prof. Mogedal noted that a major concern in this instance was speed, given the state of the grant and the very high monthly "burn rate". As this was considered to be an emergency situation, the CCM would be asked to deliver a Revised Request for Continued Funding no later than October 31, 2005. Failure to comply would result in no further consideration.

22. Following the submission, the TRP would have three weeks to consider the revised request, and if the TRP rejected the request, there would be no further action. If, however, the TRP recommended the approval of the request, the matter would be voted on by the Board at their Twelfth Meeting. If the Board voted against the recommendation, the grant would be terminated.

In the interim, bridge funding of up to US\$ 1 million per month would be paid to the Principal Recipient.

Decision Points:

Phase 2 Decision: Senegal

The Board approves additional funding for the Phase 2 period of the Senegal grant (SNG-102-G01-H-00) in the amount of US\$ 5,714,285 conditional on satisfaction of the conditions set forth in the Report of the Technical Review Panel on Honduras Round 1 HIV/AIDS Grant and Senegal Round 1 HIV/AIDS Grant Phase 2 Renewals (GF/B11/15, Revision 2). The Board specifies that the approved amount is an upper ceiling rather than a final funding amount, and that the final amount shall reflect the conditions and the responses to the clarifications requested by the Technical Review Panel.

The Board reaffirms that the maximum funding amount for Phase 2 of this grant shall be the sum of the amount approved by this decision and the amount of any funds approved for Phase 1 which have not been disbursed by the Global Fund at the end of the Phase 1 period.

The budgetary implications of this decision point are US\$ 5,714,285.

Phase 2 Decision: Honduras

The Board approves additional funding for the Phase 2 period of the Honduras grant (HND-102-G01-H-00) in the amount of US\$ 14,273,782. The Board specifies that the approved amount is an upper ceiling rather than a final funding amount, and that the final amount shall reflect the conditions to this approval and the responses to the clarifications requested by the Technical Review Panel, described below. This approval is subject to the satisfaction of each of the following conditions:

- a) The Program shall continue activities under Objective 3 ("To Strengthen Integral Treatment Services for People Living with HIV/AIDS") as described in the Honduras CCM's Revised Request for Continued Funding.
- b) The Program shall continue activities under Objectives 1 and 2 ("To Promote and Defend the Human Rights of People Living with HIV/AIDS" and "To Promote Conduct Change and the Adoption of Healthy Practices to arrest the Spread of HIV") as described in the Honduras CCM's Revised Request for Continued Funding conditioned on satisfaction of the requirements under section D.
- c) The CCM shall submit to the Global Fund a summary proposal, with a detailed workplan and budget, showing how the Program will be revised to reflect the conditions described above in clauses (a) and (b) of this decision. The CCM's summary proposal, together with the workplan and budget, is subject to the approval of the TRP prior to the execution of Phase 2 documentation.
- d) The CCM shall provide clarification, satisfactory to the Global Fund, of each of the issues outlined in Part 1, Section 6 and 7 of the Report of the Technical Review Panel on Honduras Round 1 HIV/AIDS Grant and Senegal Round 1 HIV/AIDS Grant Phase 2 Renewals (GF/B10/15, Revision 2). Such clarifications are subject to the approval of the TRP prior to the signing of Phase 2 documentation.

The Board reaffirms that the maximum funding amount for Phase 2 of this grant shall be the sum of (i) the amount approved by this decision and (ii) any funds available under the existing grant agreement, including bridge funding, that have not been disbursed by the Global Fund.

The budgetary implications of this decision point are US\$ 14,273,782.

Phase 2 Decision: loveLife/South Africa

Decision Point 1:

The Board notes the discrepancy between the perceptions of performance of the Secretariat and of the sub-recipient of the South Africa Round 1 HIV and TB proposal (SAF-102-G02-C-00). In this connection, it decides that the goal of reducing the incidence of HIV infection among South African adolescents shall be the basis for further funding.

The Board approves the following procedure for further consideration of the proposal:

1. The Board refers the proposal back to the CCM for further processing as a Revised Request for Continued Funding.
2. The Revised Request for Continued Funding shall address the concerns raised during the Phase 2 process, with particular reference to the need:
 - a. to focus on elements of the existing grant that have performed well towards reducing the incidence of HIV infection;
 - b. to adjust the funding requests accordingly;
 - c. to revise financial and accounting procedures; and
 - d. to ensure an effective governance structure and CCM oversight.
3. The CCM shall deliver its Revised Request for Continued Funding to the Secretariat not later than October 31, 2005. Failure by the CCM to comply with this deadline shall result in no further consideration of Phase 2 funding.
4. The Secretariat shall, upon receipt, transmit the Revised Request for Continued Funding to the Technical Review Panel (TRP). Not later than November 21, the TRP shall provide a recommendation to the Board for full or partial funding or discontinuation.
5. If the TRP recommends discontinuing funding, the recommendation shall be in the form of a notification to the Board, no further funding shall be provided for the proposal and funding of the existing program shall terminate at the completion of its term.
6. If the TRP recommends continued funding, the recommendation on the Revised Request for Continued Funding shall be presented for a vote at the Twelfth Board Meeting.
7. If the TRP recommendation to continue funding is not approved by the Board, no further funding shall be provided for the proposal and funding of the existing program shall terminate at the completion of its term.

Decision Point 2:

The Board approves additional bridge funding of not more than US\$ 1,000,000 per month, paid on a monthly basis, for grant number SAF-102-G02-C-00 until a final decision on further funding is made.

Agenda Item 13: Report of the Phase Two Task Force

1. The Chair called upon Vice-Chair Dr Michel Kazatchkine to address the Board regarding the work of the Phase 2 Task Force. The Vice-Chair began by reviewing the basis for the formation of the Phase 2 Task Force, which had been the need to find a more satisfactory Phase 2 process in cases where the Secretariat's "No Go" recommendation had been twice rejected by the Board.

2. Previous to the Eleventh Board meeting, there had been no opportunity for a CCM or PR to comment on a “No Go” recommendation before it was sent to the Board, and a lack of clarity existed regarding the nature of information which should be considered as part of Phase 2 evaluation.
3. The Vice-Chair presented two new recommendations for the Phase 2 process, put forward by the Phase 2 Task force for consideration by the Board:
 - a. The CCM would have the opportunity to review an initial “No Go” recommendation, which would be communicated to the CCM in month 20. Following notification of the recommendation, the CCM would have four weeks to submit additional information or comment. During months 21 and 22, the Board would have time to consider this information.
 - b. An independent review process would be systematized for cases where the Board rejected a second “No Go” recommendation, in order to facilitate the Board’s final deliberation and decision.
4. On behalf of the Task Force, the Vice-Chair asked the Board to endorse these recommendations.
5. Delegates thanked the Phase 2 Task Force for their work but expressed concern that even with the recommended changes to the Phase 2 process, it remained overly complicated, time-consuming and demanding in terms of transaction costs.
6. In addition, concerns were voiced by Board members regarding lobbying by CCMs during the period when the Board considers a Phase 2 decision. Delegates called for a more orderly process for the Phase 2 decisions and for the role of lobbying to be regulated in order to preserve the tenets of performance-based funding, and to maintain a “level playing field” between CCMs with resources to support lobbying and those without.
7. Several delegates supported referring the issues discussed to the Portfolio Committee and recommended that the Board make specific requests of that committee in terms of what issues it would like to see resolved. Suggested areas for consideration by the committee included the quality of information received from LFAs, diversity and conflict of interest issues in the composition of the Phase 2 decision-making panel and whether site visits were a necessary component of evaluation.
8. A friendly amendment to the wording of the decision point was suggested to reflect the expectation of a full review of the Phase 2 process, planned for 2006.

Decision Points: Phase 2 Task Force

Decision Point 1:

The Board endorses the recommendations of the Phase 2 Task Force (contained in GF/B11/10) with regard to the process to be followed for Phase 2 “No Go” recommendations by the Secretariat, currently set forth in the “Phase 2 Decision Making Policies and Procedures” (Annex 6 to GF/B10/8), as amended. Specifically, it decides in principle that the following steps shall be introduced into the Phase 2 procedure once the recommendations referenced in Decision Point 2 below have been approved by the Board at its 12th Meeting:

- a) Where the Secretariat would otherwise issue a “No Go” recommendation with respect to a grant, it shall give notice of that intention and the reasons for it to the relevant CCM, and allow that CCM four weeks to comment on the information submitted to it by the Secretariat, which shall consider it before submitting a recommendation to the Board.

- b) In the event that (i) the Board rejects a first Secretariat “No Go” recommendation, (ii) the Secretariat issues a second “No Go” recommendation to the Board and (iii) the Board rejects the Secretariat’s second “No Go” recommendation, the matter shall be referred to an independent panel which shall assess the specific areas where the Board and the Secretariat differ on their assessment of the grant and report its conclusions to the Board.

The budgetary implications for this decision are approximately US\$ 120,000 (depending on the composition and functioning of the independent panels).

Decision Point 2:

In anticipation of a full review of the Phase 2 policies and procedures in 2006, the Board requests the Portfolio Committee to make recommendations with respect to the composition and functioning of the independent panels that are referred to in Decision Point 1 above, and to present amended Phase 2 Policies and Procedures reflecting the process described in Decision Point 1 to the Board for approval at its 12th Meeting.

There are no material budgetary implications for this decision.

Agenda Item 14: Process for Investigation

1. The Chair called upon Kenneth Langford, Inspector General from WHO, to inform the Board of the process underway to investigate the allegations brought against the Global Fund.
2. Mr Langford reviewed progress to date, beginning with the request for a full investigation made by the Secretariat on August 9, 2005 of allegations made on July 11, 2005. Because of the complexity of the investigation, consultants Deloitte & Touche were brought into the process. Mr Langford stated that the Office for Internal Oversight Services (IOS) would nonetheless have final say over the contents of the report to be issued.
3. Mr Langford then reviewed the four general categories of allegations under investigation, which consisted of contracts, recruitment, involvement of a family member and staff turnover. He reported that personnel undertaking the investigation had received excellent cooperation from the Secretariat thus far, and the Office expected to deliver its final report no later than the end of October.
4. The Chair thanked Mr Langford for his presentation and stated that the presentation was for information only.

Agenda Item 15: Executive Session

1. The Board then met in Executive Session with only accredited Board Members and Alternates present. The first item of business was the appointment of the Inspector General. The Board received a report from Heidrick and Struggles, the executive search consultants, on the process for establishing a shortlist, the review by the FAC sub-committee and the eventual recommendation of a candidate. The Board was able to review the profile of the candidate and asked several questions regarding previous experience, style and personality. The Chair of the sub-committee, Mr Jerry O'Dwyer, provided additional perspective on the interview outcomes and noted that, should the Board decide to offer a contract to the candidate, it was expected that this would be met with a positive response.

2. The Board expressed their satisfaction with the excellent process and outcome and noted that the confidentiality and discretion must be continued until such time that an announcement of the appointment could be made. There were additional queries related to the legal status of the Office of the Inspector General of the Fund in relation to WHO. WHO explained that it was expected that a dual reporting line was possible and that WHO would regard the OIG as having the legal right to audit the Global Fund. The exact nature of this delegation is being discussed between the legal departments of the two organizations. The decision point regarding the appointment of the OIG was then adopted.

3. The delegate from South East Asia put forward two motions regarding the functioning of the TRP. Several Board Members noted that they preferred not to discuss this matter in closed session but rather that this was an item for an open session where members could consult their constituencies. There was also some discomfort expressed at the challenge the motion suggested to the Global Fund model. South East Asia agreed to work on the motions and re-present them in open session.

4. The Vice-Chair then introduced the process to be followed after the receipt of the final report on the internal investigation. He noted that the Chair, the Executive Director and himself had agreed that the report will be sent to the three of them in hard copy as the people who had commissioned the report, as well as to the Director General of the WHO. Hard copies of the report should be shared with the Ethics Committee, who should consider whether they needed to meet to discuss it. He noted that, if necessary, the report would be discussed during the Executive Session at the next Board and the Chair and Vice-Chair would make recommendations to the Board at that time. The Executive Director would be informed of the recommendations before they were made.

5. Board members accepted the process but wondered why this process could not be discussed in open session; the Vice-Chair acknowledged that he would share the process with the whole Board. Board members expressed concern that confidentiality must be protected regarding the report, especially if individuals are involved. There was also concern that the Secretariat should be given the opportunity to respond to the report and the Chair was requested to pursue this.

6. The Board then turned to the issue of lobbying of Board Members which was of concern to many delegations. It was agreed the Ethics Committee should consider the issue and make recommendations.

7. The Board then discussed the process for the performance assessment of the Executive Director and the impending expiration of the Executive Director's current contract in 2006. Board members raised the issue of the absence of any clearly defined terms or term limits for Executive Directors. It was agreed that this needed to be looked at, as well as the need for a process to be defined for the performance assessment of the Executive Director. A decision was made to request the Chair to form a small committee to propose a suitable process, and to make recommendations on the term and term limits for the Executive Director position for decision at the Twelfth Board meeting.

Decision Points:

1. Office of the Inspector General

The Board approves the recommendation of the selection sub-group in relation to the appointment of the Inspector General and requests Heidrick & Struggles to conclude negotiations with the selected candidate as soon as possible.

There are no material budgetary implications for this decision.

2. Ethics – Lobbying

The Board requests the Ethics Committee to recommend options regarding the establishment of a policy on lobbying with respect to funding decisions by the Thirteenth Board Meeting.

There are no material budgetary implications for this decision.

3. Contract of the Executive Director

The Board requests the Chair of the Board to create a committee to propose recommendations, at the Twelfth Board meeting, regarding:

- A process leading to the appointment or reappointment of an Executive Director in July 2006; and
- The terms of office and number of permitted terms of the Executive Director.

There are no material budgetary implications for this decision.

Agenda Item 16: Policy and Strategy Committee Issues

Appointment of the Inspector General; Ongoing Investigation; and Contract of the Executive Director

1. Before the next item commenced, the Board Vice-Chair Michel Kazatchkine presented several issues and decision points that had been discussed in Executive Session. He informed the Board that the appointment of an Inspector General had been approved and discussed in the Executive Session.

2. The Vice-Chair also noted that agreement had been reached on the process to be followed after the receipt of the report on the investigation being conducted by the WHO Office of Oversight. He informed the Board that the report of the investigation would be sent to the three people that had commissioned it (the Board Chair and Vice-Chair, and the Executive Director) by the end of October 2005. The Vice-Chair noted that it would also be shared under strict confidentiality with the Ethics Committee Chair, Ms. Anandi Yuvaraj, and Vice-Chair, Helene Gayle, and that the Ethics Committee would make recommendations for immediate action or consideration at the Twelfth Board Meeting in December 2005. He emphasized that recommendations would not be forthcoming until the December meeting.

3. The Vice-Chair also informed the Board that a sub-committee would be convened to look at the process for appointing or re-appointing a candidate to the position of Executive Director.

4. The Executive Director took the opportunity to introduce Dr Anarfi Asamoah-Baah, Director of the HIV/AIDS, Tuberculosis and Malaria Department at WHO, who replaced the former director, Dr Jack Chow, as Alternate Board member for WHO.

Global Fund Strategy

5. The Board Chair then introduced the Chair of the Policy and Strategy Committee (PSC), Randall Tobias to present his committee's report⁵. He thanked all committee members for their work and the Global Fund Secretariat for its support. He specifically thanked the PSC Vice-Chair Jairo Pedraza and the Secretariat's Deputy Executive Director, Helen Evans, for their support in moving the process so far in such a short time.

6. Discussion followed on the question of the timing of a Board retreat for further discussions on the strategy development following the next steps of the PSC. There was some discussion

⁵ GF/B11/7 (<http://www.theglobalfund.org/en/files/boardmeeting11/gfb117.pdf>)

regarding the role of the PSC Committee, given that all Board members were represented on the Committee. A couple of delegations observed that with complete Board representation on the Committee, there was little difference between the two. Other delegations felt that though Board representation was complete on the PSC, the PSC had a separate function from the Board proper and was a useful part of the governance process.

7. The Chair of the Board noted that the Board was clearly engaged in and supportive of the strategy development process and that she would ensure that scheduling would allow for further discussion of the issues at the next Board meeting or at the Board retreat in December.

Technical Evaluation Reference Group Update

8. Professor Rolf Korte, Chair of the Technical Evaluation Reference Group (TERG), gave an overview of the TERG's recent work, including its review of the draft performance targets for the replenishment and a plan for the five-year evaluation of the Global Fund. Prof. Korte said that the TERG proposed a stepwise approach to the five-year evaluation, including in-depth reviews in 2006 and 2008, which would build on existing studies and data already collected. He reviewed key evaluation questions related to operational and grant performance, and the impact of the Global Fund on broader systems and ultimately the impact on the three diseases. He closed by requesting the guidance of the Board on the evaluation, and thanking all TERG members for their work and the Secretariat and Board for their support.

9. Delegates thanked Prof. Korte for his presentation and the work of the TERG, commenting that the TERG was very valuable to the Global Fund. Delegates noted a number of areas they felt were priority areas for evaluation, including grant performance, Global Fund impact on funded countries and the role and effectiveness of Local Fund Agents and Country Coordinating Mechanisms. One delegate asked about the supplementary resources required to carry out the evaluation.

10. Prof. Korte thanked delegates for their input and advised the Board that a proposal with options on scope and scale would be presented for decision at the Thirteenth Board Meeting. He also mentioned that quality assessment and assurance tools as well as further evaluation of the LFA and CCM systems would be part of the evaluation.

Decision Points:

Decision Point: Global Fund Strategy

The Board endorses the recommended framework of strategic themes and approach to strategy development outlined in the Policy and Strategy Committee Report GF/B11/7. It requests that the work proceed and that the Policy and Strategy Committee report on progress at the Twelfth Board meeting.

There are no material budgetary implications for this decision.

Agenda Item 17: Partnership Forum

1. Brian Brink of the Private Sector delegation and the proposed Chair of the Partnership Forum Working Group gave a presentation on the Partnership Forum. Dr Brink reminded Board members of the Global Fund by-law that required a Partnership Forum to be held every two years and reviewed the objectives of holding such a forum. He then went over the highlights of the discussion of the Policy and Strategy Committee concerning the 2006 Partnership Forum, including the Committee's proposal to conduct a formal evaluation of the next Partnership Forum to ensure that it met all objectives.

2. In the ensuing discussion, a couple of delegates questioned the value of the Partnership Forum and suggested that, as a financial organization with a specific mandate, the Global Fund should reserve its funding for its grants rather than sponsoring large and costly events. One suggested that tying the Partnership Forum to a Board meeting could be a way to reduce costs and to ensure that outcomes had an immediate link to Global Fund governance, and another, concerned about the number of meetings already on the global calendar in 2006, agreed that tying it to another meeting would be important.
3. Other delegations endorsed the Partnership Forum as a unique and important platform with significant value to the Global Fund's governance and policy processes that ensured the input of a broad range of stakeholders, including those not normally given the opportunity to provide that input. One delegate said that it was important to have high-level representation by stakeholders at the Partnership Forum and another noted that there should be many Board members in attendance. The importance of getting input from the Partnership Forum in time to contribute to the strategy development process was noted by a number of delegates. A number of delegations indicated their willingness to join the working group.
4. The decision to make the Private Sector delegate the Chair of the Partnership Forum Working Group was passed unanimously. He acknowledged the importance of keeping costs as low as possible and working hard to ensure the outcomes of the Forum were of value. He also encouraged the Board to look beyond the costs of the Partnership Forum to its benefits, noting that while the replenishment conference targeted governments, the Partnership Forum was an excellent opportunity to target the private sector and increase recognition of the Global Fund and its achievements.

Decision Point: Partnership Forum

The Board:

- a) calls for the 2nd Global Partnership Forum to be held before the end of July 2006;
- b) requests the Policy and Strategy Committee to establish a Partnership Forum Steering Committee under the leadership of Dr Brian Brink to work with the Policy and Strategy Committee and Secretariat on the preparation of the Partnership Forum; Dr Brink is accepting nominations from representatives of Board constituencies that are interested in serving on the steering committee, which is expected to have 6-8 members;
- c) asks the Secretariat to explore suitable dates and locations for the 2nd Partnership Forum for review and decision by the Policy and Strategy Committee as soon as possible;
- d) requests that the Steering Committee conduct an evaluation of the Partnership Forum to assess the effectiveness of this forum, including the budgetary implications, to suggest options for improving it, or alternatives for achieving similar objectives through other means;
- e) Requests the Steering Committee, through the Policy and Strategy Committee, to provide an update on progress at the Twelfth Board Meeting.

The budgetary implications of this decision are approximately US\$ 500,000.

Agenda Item 18: Finance and Audit Committee Issues

1. The Chair of the Finance and Audit Committee (FAC), Lieve Fransen of the European Commission, presented her committee's report. She said that the FAC's first meeting had been held in July and that a sub-group had been formed to work on the decision point regarding the appointment of the Inspector General.

2. She reviewed four key issues on the agenda of the FAC: the budget for the quality assurance of limited source pharmaceutical products, the purchase of premises for the Secretariat, the fiscal management study and the transition from WHO.

Approval of the Budget for the Quality Assurance of Limited- and Single-source Products Decision Taken at the Tenth Board Meeting

3. The FAC Chair said that the FAC had reviewed the accuracy of the budget for the quality assurance of limited-source pharmaceutical products, using further information gathered from WHO and the Secretariat. She referred to the committee's report for the details but summarized the budget as being based on the cost of tests and consumables. She noted that it had not been possible to assess the full potential extent of the costs but that the FAC proposed US\$ 380,000 as an upper limit while continuing to monitor it with external partners. She said that the FAC would conduct a complete review of the actual costs in 2006 in conjunction with the Global Fund budget process.

Potential Purchase of Secretariat Premises

4. In terms of the purchase of Secretariat premises, the FAC had not focused on this as a priority item in view of the immediate issue of the move from Louis-Casaï to Blandonnet in July. However, as the option of an interest-free loan to the Global Fund from the Swiss government remained a possibility, the FAC recommended that the option to purchase premises should continue to be explored with no commitment implied.

Fiscal Management Study

5. The FAC Chair provided an update for information only on the fiscal management study conducted by PricewaterhouseCoopers which had been completed before the replenishment process had begun. She outlined the FAC's responses to the key recommendations contained in the study. These responses included: making no changes to the Comprehensive Funding Policy (CFP), which reinforced the Global Fund's prudent risk management strategy, but keeping it under review; developing a long-term financial strategy only after considering the outcomes of the replenishment; keeping the investment strategy under review but making no changes at present; considering the appointment of an additional investment manager; and continuing to monitor all processes and changes related to currency risk.

6. A motion was made and seconded, calling for a full review of the CFP. One delegate expressed concern about the political implications for some donor countries of any changes to the CFP. Another delegate observed that the CFP had been put in place in a different funding climate and that greater flexibility was needed to address shortfalls for new rounds and the funding of Phase 2 renewals. After extensive discussion, it was decided to turn the FAC's information point into a decision point, and the motion was withdrawn.

Transition from WHO

7. The FAC Chair informed the Board of its activities concerning the transition from WHO, including a Secretariat update to the FAC on a transition plan and terms of reference for consultants to advise the Secretariat on alternatives. The FAC had discussed the Secretariat's mandate for the transition plan, which had come from the agreed Performance Framework for the Executive Director, and concluded that given widely-varying views on the scope of the plan, the issue should go to the Board for review of its strategic and financial implications. The FAC Chair said that the Swiss authorities had stated that there was no time pressure for a transition.

8. One delegate expressed concerns about the transition from WHO, stating that his country had invested resources in a defined framework which would now be altered. The delegate asked whether a contract with the consultant had been signed and asked what would happen with the

contract with WHO, which would expire at the end of 2005 before the Global Fund could become autonomous.

9. The Secretariat's Chief Administrative Officer John Burke confirmed that no contract with a consultant had yet been signed and that discussions with WHO had indicated that it would accommodate any transition option, rapid or otherwise. He said that the Secretariat envisaged a two-phase process: a detailed analysis of options and costings, followed by development of a detailed implementation plan.

10. The delegate representing WHO stated that the Global Fund was not part of WHO but had contracted administrative support and services. He said that this was not core business for WHO but that the arrangement could be extended if the Secretariat requested it.

Decision Points:

1. Budget for the Quality Assurance of Limited- and Single-Source Products Board Decision

The Board approves an addition to the 2005 budget of US\$ 380,000 for the estimated costs of implementing the quality assurance policy for single and limited source pharmaceutical products. This amount is an upper limit pending experience of the extent to which random testing is required.

The Board notes that the Secretariat will continue to engage with WHO and other partners in order to optimize the process. The Finance and Audit Committee shall review the 2006 cost estimates in conjunction with the 2006 Secretariat budget process, and shall review the actual costs of implementation towards the end of 2006 and adjust the budget accordingly if warranted.

The budgetary implications of this decision are US\$ 380,000.

2. Secretariat Office Premises

The Board requests that the Secretariat shall focus on the current move to rented offices (BIBC) with a view to expanding within, while continuing to pursue the Swiss (FIPOI) loan option and to explore low-cost commercial financing alternatives for Secretariat office premises, with no commitment to rent elsewhere or to purchase without prior authorization from the Board.

There are no material budgetary implications for this decision.

3. Fiscal Management Study

The Board takes note of the recommendations of the PricewaterhouseCoopers study and requests that the Finance and Audit Committee keep these recommendations under review and report further to the Board as necessary.

There are no material budgetary implications for this decision.

4. Transition from WHO

The Board takes note of the Secretariat's work to date in exploring alternative options to WHO for contracting certain administrative services, undertaken against the objective of "delivering a plan by November 2005 for transition to a fully independent entity" (Executive Director's performance objectives, Arusha, November 2004).

Having regard to the Finance and Audit Committee's request for clarification of the Board's intent with respect to a possible transition from current administrative arrangements with WHO, the Board requests the Secretariat to continue its analysis of advantages and disadvantages of

alternative arrangements, including their costs, and report back, providing a proposed implementation plan if appropriate, at the Thirteenth Board meeting.

The budgetary implications for this decision point are approximately US\$ 160,000, reflecting the negotiated cost of the consulting work involved.

Agenda Item 19: Trustee Report

1. The delegate representing the World Bank, as the Global Fund's trustee, gave an update on the status of the Global Fund's finances. There were no questions.

Agenda Item 20: Secretariat Update

1. The Chair paid tribute to the outgoing delegate from Japan, Mr Shigeki Sumi, who would soon take up the position of deputy permanent delegate to international organizations in Vienna, Austria. Mr Sumi thanked the Board for the opportunity to participate in the Global Fund's governance for two and a half years.

2. The Chair of the Board introduced Ms. Helen Evans, Deputy Executive Director of the Secretariat. The Deputy Executive Director thanked the Chair for her support for the Secretariat and explained to the Board that her report on the Secretariat had been requested by the Chair in the context of the recent allegations made against the Secretariat, particularly those about staff and organizational culture.

3. The Deputy Executive Director said that her report contained a detailed analysis of data in relation to staff but that there was also qualitative information drawn from discussions with staff members. She briefly discussed employee morale and the need to strengthen and streamline internal procedures and processes. These were areas for immediate attention and support. She noted that the Secretariat comprised an exceptional group of people, notable for their commitment, ability and extraordinarily hard work.

4. A number of Board members acknowledged the Board's responsibility to support the Secretariat and to avoid just assuming that the Secretariat had infinite capacity to absorb whatever the Board asked it to do. One delegate raised concerns that Board demands led to micromanagement by the Board. Questions from delegates included a request for information regarding the actual number of fixed-term as distinct from short-term staff, why so few staff members came from the public sector and a request for more information on the recruitment of the position of Chief of Operations.

Decision Point: Human Resources

The Board welcomes the Report on the Secretariat and thanks the Executive Director, Deputy Executive Director and the staff for their dedication in improving the Global Fund's work. Considering the issues raised in the Report, the Board requests the Secretariat to continue its efforts in the development and implementation of a human resources plan.

There are no material budgetary implications for this decision.

Agenda Item 21: Any Other Business

Board Calendar

1. The Secretariat's Board Relations Manager, Ms Dianne Stewart, introduced the delegate from Morocco to speak to the Board about the Twelfth Board Meeting.
2. The delegate indicated that Morocco was very pleased to host the December meeting and that His Majesty the King of Morocco had agreed to a high-level session with ministers from the region, which would have a dual purpose: to share experiences and energize the region's strategies related to the three diseases, and to mobilize Arab countries to raise funds for the Global Fund. The proposed site visits before the Twelfth Board meeting would allow visitors to witness what Morocco was doing with its Global Fund grant for HIV/AIDS.
3. The Vice-Chair of the Board suggested that on the day prior to the scheduled pre-meetings a retreat be held for Board members and alternates only. It would be half a day on strategy and half a day on Board governance.
4. The Board Relations Manager proposed two alternative Board calendars for 2006: one with three Board meetings and the other with only two. She noted that holding two meetings would result in a savings of US\$ 400,000. Discussion followed, with delegates taking into account the dates of other international meetings. It was agreed that two meetings, one in April and one in October, would allow for a sixth round of proposals to be launched if the Board decided to do so.

Pending decisions

5. A delegate noted that a number of decisions were still pending before the Board and that late decisions did not allow time for consultations with delegations. The delegate, supported by a second delegate, recommended that all motions should be introduced at least 24 hours in advance.
6. The Chair noted that most of the pending decision points had been on the table for the previous 24 hours but that the point was taken. She agreed that several of the decisions should more properly be sent to committee first. The pending decisions were reviewed, and three were referred to committee. The remaining decisions were withdrawn.
7. The Secretariat introduced a motion regarding essential treatment (in relation to Burundi), and the Chair asked the Secretariat to supply appropriate background information and requested an extraordinary decision by the Board the following week.
8. The Executive Director presented the Board with information on the search for a replacement Chief of Operations.

Decision Point: Board Calendar

The Board adopts Option 2 of GF/B11/17 (as amended and set out below) as an indicative Global Fund calendar for 2006.

The budgetary savings implicit in option 2 are US\$ 400,000.

Board Calendar 2006 (Option 2)			
January			
February			
March	14-15	Portfolio Committee meeting (TBC)	Geneva
	16-17	Policy and Strategy Committee meeting (TBC)	Geneva
	22-23	Finance and Audit Committee meeting (TBC)	Geneva
April	7	Board documents to be sent to the Board (13 th Board Meeting)	
	26-28	13 th Board Meeting	Geneva
May	13 - 20	Eastern Europe and Central Asia AIDS Conference	Moscow
May/June	tbd	Partnership Forum (TBC)	tbd
June	tbd	Mid Term Replenishment	tbd
July	3-21	Committee Meetings	
August	13-18	XVI International AIDS Conference	Toronto
September	27	Board documents to be sent to the Board (14 th Board Meeting)	
October	16-18	Site Visits : Jamaica, Cuba, Guatemala, Honduras	LAC
	18-20	14th Board Meeting	Mexico
November			
December			

Agenda Item 22: Closure

1. At the close of the meeting, the Chair thanked the interpreters, Board members and Secretariat for their participation and for a successful Board meeting, and she wished everyone a safe trip home.