

1 September 2015 - Update for the Board

I. Introduction

The month of August was holiday time for many of us, nevertheless, some activity has continued and is presented below under relevant sections.

A summary of the Board retreat on strategy and governance which took place at the end of July has been almost finalized and will be shared shortly.

II. Update from the Board Leadership

Recruitment of the Ethics Officer is being prepared, with an estimated timeline for on-boarding in February-March 2016. The recruitment process will be handled in-house, using a search firm for the sourcing part only, which would reduce the costs by more than a half.

The Board Leadership notes the intense activity of the GF Secretariat to address fund absorption issues in West and Central Africa countries, and warmly welcomes the initiative of the Africa Constituencies Bureau in convening a meeting on this important topic in Abidjan in early August. This resulted in an agreement on a “Framework for Absorption” covering four themes: Leadership and Governance, Procurement and Supply Management, Financial Management, and Operations Management with actions items identified for each country and for the GF Secretariat. An update on the improvements made will be presented through a case study at the Board meeting in November.

In September, Board members will be asked to complete a short survey on the Ad Hoc Nominations Committee process, which was chaired by Jan Paehler, for the recruitment of our IG, Mouhamadou Diagne, who has been in post now for a little over four months, in order to reflect on the process, to see what we learned and how it might be relevant for the future.

III. Update from the Committees

01 Coordinating Group

Following the closure of the Board retreat, the Coordinating Group had an in-person meeting during which it discussed its impressions from the retreat, its role in providing cross-cutting oversight (including risk), the progress made in the work of the TGC, as well as preparations for the Board meeting in November. Minutes of the CG in-person meeting have been circulated on 28 August. During the next CG call on 15 September, the CG will discuss its revised workplan, and will look into the content of the November Board meeting, with the aim to focus the discussion on high level strategic items. It is envisaged to have an expert panel discussion on the three diseases, and health systems, to provide an update on the epidemiology and brainstorm about what needs to be addressed in the years to come. Board members are welcome to suggest the names of possible panelists.

02 Audit and Ethics Committee – from Graham and Claude

The AEC leadership was actively involved in discussing ways to improve cross-cutting oversight on risk, in preparation for the next Coordinating Group call on 15 September.

The AEC will convene via videoconference on 14 September to review and approve publication of the Interim Condensed Consolidated Financial Statements, for the second time since the practice of issuing of interim financial statements was introduced in 2014. The responsibility to review and approve issuance of the interim financial statements was delegated to the AEC by the Board ([Decision GF/B31/EDP17](#)).

The 13th AEC Meeting will take place in Geneva on 7-8 October, with an agenda focusing on (1) OIG matters, including review of the OIG's progress report to the Board, approval of annual work plans, KPIs, and recommendation of 2016 budget for inclusion in the 2016 OPEX, and review of the report on the status of implementation of OIG Agreed Management Actions; (2) external audit; (3) ethics matters, including the anticipated recommendation, in collaboration with the FOPC, of the budget for the Ethics function; (4) risk management matters, including the biannual Risk Management Report, and an update on the Risk and Assurance initiative; as well as reviewing the Recoveries Report, discussing progress on privileges and immunities, and receiving an update on Sanctions Panel activities. In addition, the committee will discuss the outcomes of its two recent self-assessment processes. As usual, AEC meeting documents will be shared on the *BoardEffect* platform ahead of the meeting.

03 Finance and Operational Performance Committee – from Soltan and Michael

The summary of FOPC's 15th meeting held from 22-23 July in Geneva was shared on 19 August. A decision point on Approval of Opening Accounts with the Central Banks of France and the United Kingdom was approved by the FOPC on 28 August. This decision will enable the Secretariat to proceed and complete discussions to modify existing contribution agreements with France and the United Kingdom to help facilitate the Secretariat's ability to enter into timely hedging transactions to mitigate foreign exchange risk.

Committee leadership had a post committee meeting calls with the Board Focal points updating them on the discussions, deliberations and decision points from committee meeting.

As a follow-up on the committee meeting action point, two committee focal points representing implementer countries and donor countries were appointed for the establishment of a communications channel with the Secretariat and other relevant parties on implementers' liabilities matter.

04 Strategy, Investment and Impact Committee – from David and Anita

The Strategy, Investment and Impact Committee held its regular monthly teleconference on 21 August 2015, with many of the Committee Members participating despite it being vacation season. During the call, the SIIC was updated on the planning for the 3rd Partnership Forum in Buenos Aires, which anticipates approximately 100 participants, including wide representation from CCMs, Civil Society and Communities affected by the three diseases, implementers and donors, as well as from Global Fund Board and Committee Members. The report of the 3rd Partnership Forum will be made available shortly after the consultation.

An overview of the discussions at the Board Retreat around the development of the next Global Fund Strategy showed that work was on the right track, with high-level comfort with the four Strategic Objectives presented – invest to end epidemics, building resilient and sustainable systems for health, human rights and gender equality, and increased resources.

The SIIC plans to hold one more conference call before its next in-person meeting in Geneva, on 5-7 October 2015, when it will consider the final report on the Strategic Review 2015 and the Framework for the next Strategy for recommendation to the Board in November.

05 Transitional Governance Committee – from Viorel

A TGC call took place on 26 August, during which solid progress was made in moving the Committee's workstreams forward. The performance assessment framework has been endorsed by the TGC and will shortly be sent to the Board for approval by electronic vote. The work on Enhanced Governance Structure is moving ahead exploring the individual functions of the proposed committees and preparing updated versions of the committee charters and terms of reference. Based on these, the TGC will reach out for additional consultations prior to presenting its final recommendations to the Board in November. The TGC discussed the input received during the Board Retreat around Board Composition and, as a result, has decided to seek external expertise to assist with developing several evidence based options for the future composition and size of the Board.

IV. Other

01 OIG news update

Watchdogs and the OIG: fighting the same fight? In August the OIG participated in a regional round table meeting on grant implementation, organized by Aidspan in Nairobi, with representatives from ten African watchdog NGOs. The watchdogs and the OIG discovered they had the same difficulties in accessing 'on the ground' data to evaluate grant impact. All participants agreed that greater transparency around grant results at the country level would lead to more accountability and better streamlining of assurance structures. This combined assurance approach is an issue that the OIG has been actively promoting in the last two years.

The OIG also attended another regional conference in August, this time with ministerial representatives from ten francophone countries in Abidjan. The conference focused on how countries can better spend or 'absorb' allocated amounts from the Global Fund to fight the three diseases. The OIG was encouraged to hear implementers talking about the root causes behind absorption, evaluating critically the pros and cons of controls, acknowledging the underlying obstacles to program implementation rather than looking at absorption as a problem per se.

This month, the OIG published an investigation report on the implementation of Global Fund grants in Ukraine. The investigation corroborated an allegation, received at the OIG in April 2015, of misconduct involving conflict of interest and procurement irregularities by an employee of the Alliance Ukraine, a Principal Recipient. There was no financial loss identified by the investigators and the Alliance Ukraine has taken remedial steps to reduce the risk of the misconduct happening again. The report is available in full, as well as the other eleven OIG reports published this year so far, at this [link](#).

02 Privileges and Immunities Advisory Group (PIAG)

In preparation for a conference call in early September, the PIAG - Prof. Chukwu (Nigeria); Ambassador Dunant (Switzerland); Dr Mahipala (Sri Lanka) and Mr Klaus Rudischhauser (EC) - is reviewing the following documents: (i) strategy blueprint setting out the background and proposed components of the P&I strategy; and (ii) an annex to this strategy setting out current status of the Global Fund's P&I activities together with a preliminary country prioritization.

03 Upcoming events

The Secretariat's support has been made available during the month of August to help preparing the Eastern Mediterranean Constituency pre-board meeting in Khartoum (Sudan) to be held on 10 September, and the implementers' retreat to be held on 8-9 October in Switzerland. Both events will be attended by the Board Leadership.

As a sign of recognition for the Global Fund's efforts in establishing the Sanctions Panel and its innovative approach to ensuring procurement integrity, the Global Fund has been invited to participate in a network composed of institutions such as the World Bank, the African and Asian Development Banks, and EBRD, which shares lessons learned on addressing procurement misconduct through annual meetings and regular conference calls. The Global Fund has also been asked to host the next meeting of this network on 9 October in Geneva, which will feature participation of the Sanctions Boards and heads of integrity of these development banks.