

February 2016 - Update for the Board

I. Update from the Board Leadership

In mid-February, Norbert visited Saudi Arabia for the second time to meet with the Secretary General of the Organization of Islamic Cooperation, the President and the Vice-President of the Islamic Development Bank and its staff, and representatives of the King Salman Humanitarian Aid and Relief Center to discuss cooperation in countries in the Middle East and North Africa region. Taking the occasion of the visit to Saudi Arabia, the Board Leadership also approached Alwaleed Philanthropies in an effort to mobilize High Net-Worth Individuals.

In early February, Aida attended the “GGG¹ + Forum 2016: G7 Ise-Shima Summit and Challenges for Global Health” event in Japan. Taking this opportunity, the Board Leadership attended meetings with highest level officials in Japan, including the Prime Minister, State Minister of Foreign Affairs, Director-General for Global Issues, members of the House of Representatives and House of Councillors, and representatives of Japan International Cooperation Agency and Japan Center for International Exchange, to discuss Japan's continued support to the Global Fund.

On 22 February, Aida attended the Equitable Access Initiative meeting in Geneva and on 25 February, the Norbert attended high level meetings organized by the Friends of the Fund in Berlin.

II. Update from the Committees

01 Coordinating Group (CG)

On 26 February, the CG had a virtual meeting to discuss the Board meeting agenda, Committee Leadership selection, CG report to the Board, Amended Constituency Funding Policy and Board and Committee Performance Improvement Plans. The Board meeting agenda will be focused on three key topics: strategy narrative, allocation methodology and governance (Board composition). It is a very packed agenda which you will see after the SIIC, AEC, and FOPC meetings, for your comment. This will require moving presentation of some operational topics to the pre-Board day (including financial information). We would like to gently remind Board Members and Alternates to make provision to be at these briefing sessions, if you want to see the in-detail presentation of issues. These presentations will be really minimised during the Board meeting, to leave more space for discussion. On Committee Leadership selection process, the OBA and Board Leadership noted the difficulty with the fact that some constituencies had put forward only one candidate for a specific committee, instead of proposing several candidates for all three committees. A summary of actions taken in response to committee performance assessments will be presented in the CG report to the Board, along with the CG's views on cross-cutting items, especially risk, and committee end-of-term messages.

¹ GGG: The Global Fund, Gavi, Global Health Innovative Technology Fund (GHIT)

02 Audit and Ethics Committee (AEC)

The upcoming AEC meeting will be held in Geneva on 8-10 March 2016, with two joint sessions scheduled: (1) on 2015 Financial Results with the FOPC and (2) on Risk Management matters with the FOPC and SIIC. The final AEC meeting agenda confirms the following recommendations to the Board: (1) the review and recommendation of the 2015 Annual Financial Report; and (2) selection of the external auditor for the 2016 fiscal year.

Additionally, the AEC will review OIG matters, including the OIG 2015 Annual Report and Opinion of the OIG, and will receive updates on OIG operational matters, quality and policy developments. Discussions on ethics matters are also foreseen. In the context of the ongoing work on ethics and integrity, and under the provisions of the Board-approved Ethics and Integrity Framework, the AEC will also approve two revised Supplier Codes of Conduct: for Institutional Procurement, and for Suppliers to Implementers.

Since the 14th AEC will be its the last meeting of the AEC, the committee members will take time to reflect on the work accomplished during its term, as well as to review the AEC's working approach and associated lessons learned. This will help inform the handover and onboarding of the new Ethics and Governance Committee and the Audit and Finance Committee, whose members are expected to take up office after the 35th Board Meeting, on 1 May 2016.

03 Strategy, Investment and Impact Committee (SIIC)

Since the last update, the SIIC has begun a series of conference calls scheduled throughout the second half of February and early March to allow the Committee additional time to discuss the new policies being brought to the 17th SIIC Meeting on 8-10 March 2016 for decision and recommendation to the Board in April. Drafts of the three policies (Sustainability, Transition and Co-Financing; Eligibility; and Challenging Operating Environments) were shared with the Committee for review in advance of the calls, and these are available for non-SIIC constituencies to consult on the Board Effect platform.

Board Members were invited to participate in two information calls on the proposed Global Fund Strategy Narrative 2017-2022, which provided an opportunity for non-SIIC constituencies to be updated on the development of the narrative and to ask questions or gain clarity on any related issues. Finally, two further Committee calls are scheduled this week focusing on the Allocation Methodology 2017-2019. Drafts of both these documents are also available on Board Effect.

This 17th SIIC Meeting will be the last meeting for the current Committee, pending the appointment of Committee leadership and Members of the new Strategy Committee, which will take up its mandate after the 35th Board Meeting in April 2016.

As always, SIIC leadership remains available to Board constituencies.

04 Finance and Operational Performance Committee (FOPC)

The FOPC Leadership has been working closely with the Secretariat and other members of the CG to develop the agenda for its upcoming in-person meeting in March. It includes a series of joint sessions on cross-cutting matters such as risk management, KPIs and sourcing, among other. In addition to receiving an update on 2015 annual financial results (i.e., World Bank 2015 report on the Global Fund Trust Fund and the 2015 Annual Financial Statements of the Global Fund Provident Fund) and key quarterly financial figures, the FOPC will be requested to make a decision on the following: i) the amount of resources available

to be re-optimized across the portfolio, ii) changes to the salary structure of the Global Fund and iii) opening of a local bank account in Serbia.

05 Transitional Governance Committee (TGC)

Since the update last month, the TGC has continued to work towards achieving the mandate entrusted to it by the Board.

Following the Board approval of the Enhanced Governance Structure, the TGC supported the Board Leadership in the selection process for the leadership of the new committees. The TGC performed an initial review of the nominees to ensure that those put forward for consideration met the leadership and committee specific competencies outlined in the committee charters and the Board Operating Procedures. This review contributes to ensuring that the committee leadership nomination process culminates in the selection of individuals who will provide solid, competent leadership and guide the new committees as they implement their new mandates.

The Graduate Institute of Geneva completed their independent study of the Board Composition and put forward several possible short and long term options to address challenges faced under the current composition. Along with sharing this report with the Board, the TGC requested anonymous feedback from the constituencies to help determine the support and appetite within the Board for the options provided. The results of this survey will help inform the recommendations to be put forward by the TGC at the Board meeting in April.

Under the TGC workstream on Board Member Lifecycle Management, the Office of Board Affairs has continued to strengthen the onboarding process for new Board Members and Alternates. A Welcome Package providing a high level introduction to the Board, its supporting committees, the roles and responsibilities of Board members as well as the Secretariat was recently shared with new members. Following this, new Board Members and Alternates will be invited to attend a virtual induction session in March 2016, which will provide them with a high level overview of the key workstreams under the six core functions of the Board. Additional members of constituencies are also welcome to attend the session for information and should express their interest to the Office of Board Affairs at officeofboardaffairs@theglobalfund.org.

As a reminder, the updated TGC workplan can be found in the Resource Library on Board Effect.

III. Other

06 OIG news update

The Office of the Inspector General published the following reports in February:

Uganda

The OIG found the following problems in its audit of grants to Uganda: pervasive stock-outs of key medicines, unexplained stock differences, funds that could not be accounted for, lapses in services provided to patients and poor grant oversight by the Ministry of Health. The case has been referred to the OIG's Investigations Unit for further review.

CCMs

The OIG reviewed the role and the effectiveness of the Country Coordinating Mechanisms (CCM), a central element to the Global Fund's commitment to country ownership. The OIG found gaps in CCM performance

in coordinating and overseeing grants. The auditors also identified significant problems with the implementation of CCM policies and procedures at the Global Fund and in country, particularly regarding the long term sustainability of the mechanism.

Grant-making

In this audit, the OIG assessed how the Global Fund translates funding requests into grants that are ready to be disbursed to defeat HIV AIDS, tuberculosis and malaria. The OIG concluded that grant-making has significantly improved under the new funding model put in place in 2014. However, the pace is slower than expected, processes are cumbersome, there is little differentiation between big or small grants and identifying key risks is not integrated into other Secretariat risk management activities.

Tanzania

An audit of Global Fund grants in Tanzania (mainland) found that the supply chain management system was ineffective in delivering health products to patients. Stock-outs of varying magnitudes were noted and differences between stock dispatched by the Global Fund's Pooled Procurement Mechanism and received at the central medical store were valued at USD 1.55 million. Auditors also identified lapses in key financial controls which partly explain USD 9.6 million in unsupported costs. The case has been referred to the Office of the Inspector General Investigations Unit – see comments above.

07 The Middle East HIV, TB and Malaria Response

The Middle East HIV, TB and Malaria Response is an initiative that will provide essential HIV, TB and Malaria services to eligible country populations, Internally Displaced Persons (IDPs), refugees and other conflict-affected populations in Syria, Yemen, Iraq, Palestine, Jordan and Lebanon. This new modality incorporates a range of policy exceptions from the Global Fund funding model to enhance the response in the context of conflict and low-disease burden in the affected countries. The new grant will be managed by one Principal Recipient, based in the region and selected through a competitive process among the Global Fund Emergency Fund pre-qualified organisations. The scope of the interventions will be tailored to the context of each country and developed in consultation with WHO, UNAIDS and other stakeholders, including national authorities.