

June 2016 - Update for the Board

I. Update from the Board Leadership

June 2016 marked the adoption, by the UN General Assembly, of the Political Declaration on HIV and AIDS. The Declaration clearly states Governments' endorsement for the framework of action for all of us to end the three diseases by 2030. The Global Fund's implementation plan for the new Strategy should build on this framework by accelerating our investments to countries, streamlining our procedures and strengthening partnerships at country level. If we do not improve our modus operandi we might be at risk of not delivering sufficiently on the ambitious targets set by the UN General Assembly.

In New York, a number of countries where the Global Fund invests, expressed their readiness to end the epidemics by 2030, and spoke about transition and sustainability. Importantly, the US Global AIDS Coordinator announced the establishment of the Key Populations Investment Fund.

In June, the new Board committees held their first meetings in Geneva. Meetings started with joint orientation sessions organized by the OBA team, aimed to facilitate onboarding of new committee members.

The Board Leadership is very pleased with the engagement of the new chairmanship and the level of discussion in the new committees, and looks forward to exploring the new and fresh ideas brought up by the new committee membership. The new committee membership is a mixture of new-comers and experienced members. Yet, one could not feel this difference, as all members arrived to the meetings well prepared and participated very actively in the discussion.

This was the second attempt to organize joint committee meetings to enhance joint discussion on cross-cutting items. For the first time, we welcomed observers to committee meetings. The committee self-assessment questionnaires were sent and are seeking feedback on the participation of observers, the joint sessions, the induction program as well as overall meeting functioning and support. The feedback is expected in mid-July, after which the results will be shared with the CG, as well as the EGC.

On 8 June, all Board members received a letter from a number of civil society organizations in Venezuela calling for solidarity in addressing the emergency situation with HIV/AIDS and Tuberculosis. Work is underway by the partners in the country to quantify the exact needs, but the questions the Board should answer are as follows: "Are we ready to respond to this crisis?", "Are we "walking the talk" about leaving no one behind or do we just do it in the countries we have set as eligible for the GF support?", and "What are the various ways we can help people in need in Venezuela?"

01 Coordinating Group

The new Coordinating Group held its first in-person meeting in Geneva on 13 June, prior to committee meetings. The CG discussed its role and priorities, including on conducting due oversight and follow up on Board/Committee recommendations and implementation of Agreed Management Actions, provided initial feedback on the Prioritized Action Plan to Accelerate Management for Impact which was then discussed by committees in more detail, and sought clarifications from the Chief of Staff about the policies on prioritization of resource allocation within Portfolio Optimization workstream.

Board meeting discussions identify a lot of items as “This is important”, “This is crucial”, yet, we are not sure how these items are followed up on by the committees – the CG role is to make sure that these items get due attention by the committees. Another key role of the CG is to liaise with all Board committees to ensure that different workstreams link together.

On the Prioritized Action Plan, the general feeling of the CG was that the paper has to be simplified and include a problem statement, as well as a diagram of how various initiatives link together to resolve the problem stated. The CG feels that the biggest risks are at the country level, yet, the paper speaks mostly about mitigation actions at the Secretariat’s level.

On the portfolio optimization, the Chief of Staff clarified that oversight of this process will be a split responsibility between the AFC (for the remaining amount) and the SC (criteria for priority setting). The TRP should validate the prioritization of funding allocations, including UQD as some priorities for some countries expressed in 2014 might have evolved. The criteria should be endorsed before the allocation process in October.

Minutes of the CG meetings are available on *BoardEffect*.

02 Audit and Finance Committee (AFC) – from Greg and Beatrijs

We were very pleased with the level of engagement from committee members at the first meeting in June, and we are confident that the Board has assembled a strong team to help execute the diverse set of responsibilities of the committee.

The committee approved a new Global Foreign Exchange (FX) Management Framework that establishes a single, unified framework for managing FX risk throughout the Global Fund’s operations. This is a significant change that will give the Secretariat important new tools to manage key financial risks in advance of the upcoming Replenishment. We will be monitoring its implementation closely on behalf of the Board, including a receiving a formal review of the program after the first 6 months of operations and will report back on any adjustments.

The committee is also closely monitoring the transition to KPMG, the Global Fund’s newly appointed external auditor. The committee approved the initial external audit plan and will be meeting with the external auditor to discuss observations and potential adjustments to the external audit plan after their initial review of the mid-year interim financial statements.

Finally, the committee spent a significant amount of time meeting with the Inspector General. We would like to reiterate our strong support for the Office of the Inspector General, and our collective view of the importance of the Secretariat modeling compliance with its existing policies and processes and implementing the Agreed Management Actions (AMAs) in an effective and efficient manner. We have asked the Secretariat to report back to us in October on a number of overdue AMAs and will report back to the Board if we believe that further action is necessary. Finally, the committee is also working to establish its priorities for its term—including focusing on how to

improve visibility into programmatic performance data and advancing thinking on sustainability and transition planning for countries.

03 Ethics and Governance Committee (EGC) – from Mohamed and Jan

The EGC is a new committee taking over responsibilities from the AEC, TGC, and the CG. The meeting therefore focused on getting a comprehensive overview of the mandate of the committee, the initiatives that had been taken forward by the groups and committee previously responsible, and identify gaps that will require additional attention. One of such areas is how to best embed ethical values of the GF by the Board, constituencies, CCMs and PRs.

Based on these reviews, a work plan will be drawn up that will serve to further embed an ethical culture, strengthen Global Fund governance, optimize governance and leadership performance, and ensure compliance with risk and legal matters. The Committee also welcomed the newly recruited Ethics Officer Nick Jackson and agreed the workplan 2016 for the Ethics Function.

The committee also reflected on its role and composition, how that differs from the other two committees, and what it would mean for the EGC's relation and interaction with the Board. All committee members and chairs are effectively asked to act in their personal capacity rather than representing constituency views, irrespective whether they are determined to be 'neutral' (committee leadership), 'should act in their personal capacity' (constituency nominated members), or be 'independent' (external independent members). This is important for the committee to be able to review and decide on confidential matters, but also challenges the committee's ability to interact and communicate with the Board effectively, which is necessary as the committee primarily makes recommendations for the Board's consideration and decision. The committee therefore discussed how it can ensure transparency and broad Board input and agreed to recommend the creation of a governance focal point network through which consultations could be undertaken on key governance issues in a structured manner.

The committee will have several teleconferences in July to agree the work plan and a division of labor, review governance files that may be submitted to the Board in October, and prepare the Board consultation on these files through the soon-to-be created governance focal point network.

04 Strategy Committee (SC) – from Dorothee and Julia

The month of June was a rich month of getting started with the new members of the Strategy Committee.

Concerning the organization of the reception of new members, virtual and in person induction sessions, all assisted in developing the understanding of the role of each Committee member. The meetings went well and topics, although heavy, fit into the Committee objectives. The debate has been participatory and objective.

Late June and July have been, and will be, devoted to conference calls with the CG and the secretariat, follow-up of Committee decisions, especially on the transition and criteria for considering specific grants that will be ending by December 2016.

The immediate challenges ahead are recommendation on use of the catalytic funds, with two conference calls planned for early July and early August. The Committee has identified focal points for various different work streams, including TRP, TERG, Market Shaping and Procurement, KPIs, and Supply Chain Management. In addition, two working groups will oversee membership replenishment of the TERG and the TRP, with the aim of having new members identified in

advance of the next Committee meetings. Looking forward, our wish is that decisions are really practical, that countries are at the heart of the debate.

II. Other

01 OIG news update

In a limited-scope review of processes to set up the new Global Fund online procurement tool called wambo.org, which was triggered by internal allegations, auditors from the Office of the Inspector General (OIG) found instances of non-competitive procurement; non-compliance with procurement rules; and weaknesses in the design and execution of contracts. However, the OIG found no evidence of deliberate wrongdoing by staff. The OIG also found that recruitment processes for a project manager were effective.

To correct the anomalies found by the OIG, the Global Fund Secretariat is reviewing its current procurement framework to strengthen compliance and accountability.

Read the full report and the other 16 reports published by the OIG this year so far at this [link](#). *Tous nos rapports sont également disponibles [en français](#).*