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of the Global Fund

## The October Board Meeting - Key Developments

The Global Fund's third Board meeting, held in Geneva on 10-11 October 2002, was, according to Executive Director Richard Feachem, "a huge improvement on the first two Board meetings," but it still left many participants frustrated when time ran out before the agenda was completed.

The Secretariat's 53-page report on the meeting, and the NGO-North Board member's 3-page summary report, are both available at the Aidspace web site and via email. (For instructions, see below.)

Some highlights of the meeting are as follows:

- **Board committees:** The Board established four committees: "Monitoring, Evaluation, Finance and Audit"; "Portfolio Management and Procurement" (dealing with proposals, grant management, and procurement); "Resource Mobilization", and "Governance and Partnerships".
- **Transparency:** It was resolved that "the Board will operate under a principle of maximum transparency and openness," and that subject to some modest restrictions, mostly related to issues where decisions have not yet been made, "the Board will make public all documents and records." One key decision is that the Fund will publish, at its web site, the full text of each approved proposal (or at least that part that is available electronically).
- **NGO involvement in Country Coordination Mechanisms (CCMs):** NGO Board members expressed concerns about several matters, including late involvement of civil society in the proposal

development phase; exclusion of NGOs from the WHO regional consultation process regarding the Fund; lack of transparency by CCMs; uneven status among NGOs and other CCM members; lack of guidelines or mechanisms for non-CCM proposals; lack of clear definition of what constitutes a “well functioning” CCM; and lack of clarity on the role of CCM members during the implementation phase. The Board agreed that there are still “considerable difficulties for NGOs to participate effectively in CCMs.” Accordingly, the Board asked the Secretariat to indicate more clearly the ways in which CCMs should “foster strengthened civil society involvement,” both while proposals are being developed, and while the grants they lead to are being implemented.

- **Drug procurement:** The Board agreed on three principles that must be followed when grants from the Global Fund are used to purchase drugs: The procured drugs must be purchased at the lowest available cost; they must be of assured quality; and the purchases must be in conformity with national and international legal agreements. The Fund will require public disclosure of prices paid for drugs, because this “will facilitate a process leading to lower prices.” (Note: These principles mean that under certain circumstances it will certainly be possible to purchase generic drugs using Global Fund grants. See also “On drug procurement” in the article “Feachem On The Record,” below. )
- **Proposals:** The Board decided that the Technical Review Panel (TRP) should review proposals based purely on their merits, without consideration of whether there might or might not be adequate funds to pay for them. It added that the TRP should score all proposals and present them to the Board classified according to four categories: Category 1 – Recommended for funding with no or minor modifications; Category 2 – Recommended for funding provided clarifications are met within a limited timeframe (e.g. 6 weeks); Category 3 – Not recommended for funding in its present form but strongly encouraged to resubmit; and Category 4 – Not recommended for funding.
- **Local Fund Agents:** There was some animated discussion regarding the selection and role of “Local Fund Agents” (LFAs). The role of LFAs is to audit grant-related activities within recipient countries – to be the Fund’s eyes and ears on the ground. The Fund has thus far chosen four organizations to play this role: UNOPS (UN Office for Project Services), Crown Agents (a company partly owned by the UK government), and PriceWaterhouseCoopers and KPMG (two global auditing and consulting firms). The Secretariat proposed that the Fund’s administrative budget for 2003 be \$40 million, with half of this assigned to paying the LFAs. The Board did not agree, and provisionally reduced the total budget to \$30 million. The Board also questioned whether it was always necessary to have Western-owned companies play the LFA role. The Secretariat agreed that it “would explore and evaluate possibilities to contract with local organizations for the LFA role, while cautioning that the cost of coordinating numerous LFAs may outweigh the economic benefits of contracting those local LFAs.”
- **Financial needs:** The Secretariat calculated that, based on its projections of how many proposals will be received in future rounds that are worthy of approval, the Fund will need to receive \$3 billion in 2003 and \$4.9 billion in 2004. (These figures were not articulated clearly during the meeting, but have been stated unambiguously by the Fund since the meeting.) Of this total requirement of \$7.9 billion over the next two years, only \$1 billion has been pledged thus far. The meeting ran out of time, so further discussion of the Fund’s financial predicament was deferred to the next Board

meeting, 29-31 January 2003.

Further details are provided in the 53-page “Report of the October 2002 Global Fund Board Meeting” and the 3-page “Brief Summary of Decisions Taken at the October 2002 Meeting of the Global Fund.” (See Documents 40 and 39, respectively, at [www.aidspace.org/globalfund](http://www.aidspace.org/globalfund). Or send an email to [documents@aidspace.org](mailto:documents@aidspace.org), with “Send gfo40.pdf and gfo39.pdf” in the Subject line.)

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