

ADVISORY REPORT

Governance Review

GF-OIG-14-008 ■ 6 June 2014



Introduction

Governance at the Global Fund to Fight AIDS, Tuberculosis and Malaria needs to evolve as the organization grows and changes.

In this report, the Office of the Inspector General (OIG) presents its key observations after having reviewed the Global Fund's Board, the Coordinating Group and three standing committees.

The overall objective of this report is to advise the Board on its effectiveness and efficiency in governing the Global Fund.

To do this, the OIG builds on previous evaluations which have helped to improve Global Fund governance as well as new work which includes interviews, data analysis, benchmarking and comparisons with international codes of practice.

Originally in the OIG's 2013 audit plan, this review was requested by the Board leadership to expand on the 2011 governance reforms.

The OIG's observations are presented in four parts. Part one summarizes the approach and the high-level observations across the six core governance functions; part two goes into more detailed observations supported by evidence; part three presents the options for the future and finally part four details the results of a survey on those options.

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PART ONE

Executive Summary

Part one presents the OIG's high-level observations across the six core Board functions identified in the Global Fund's by-laws namely, strategy development, the commitment of financial resources, partnership engagement, resource mobilization and advocacy, the assessment of organizational performance, governance oversight and risk management.

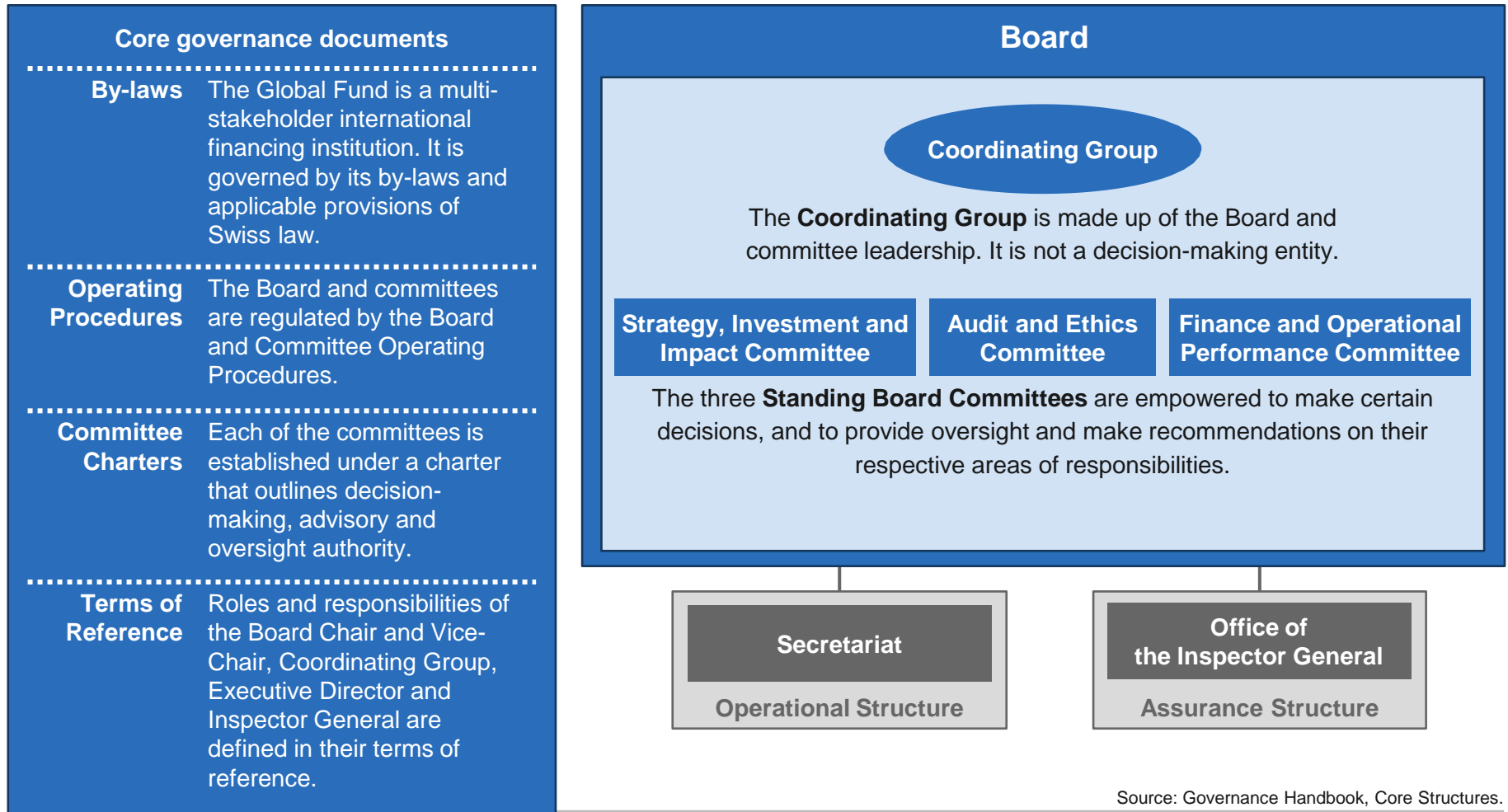
It looks at both the design of the Global Fund governance framework and the execution against it.

Part one also summarizes the approach and methodology used, including five main sources of evidence to support the observations.

Background

Global Fund governance

The Global Fund governance framework is made up of the Board, the Coordinating Group and three Standing Board Committees. These entities are governed by the policies and procedures set forth below.



Source: Governance Handbook, Core Structures.

Background

Global Fund Board

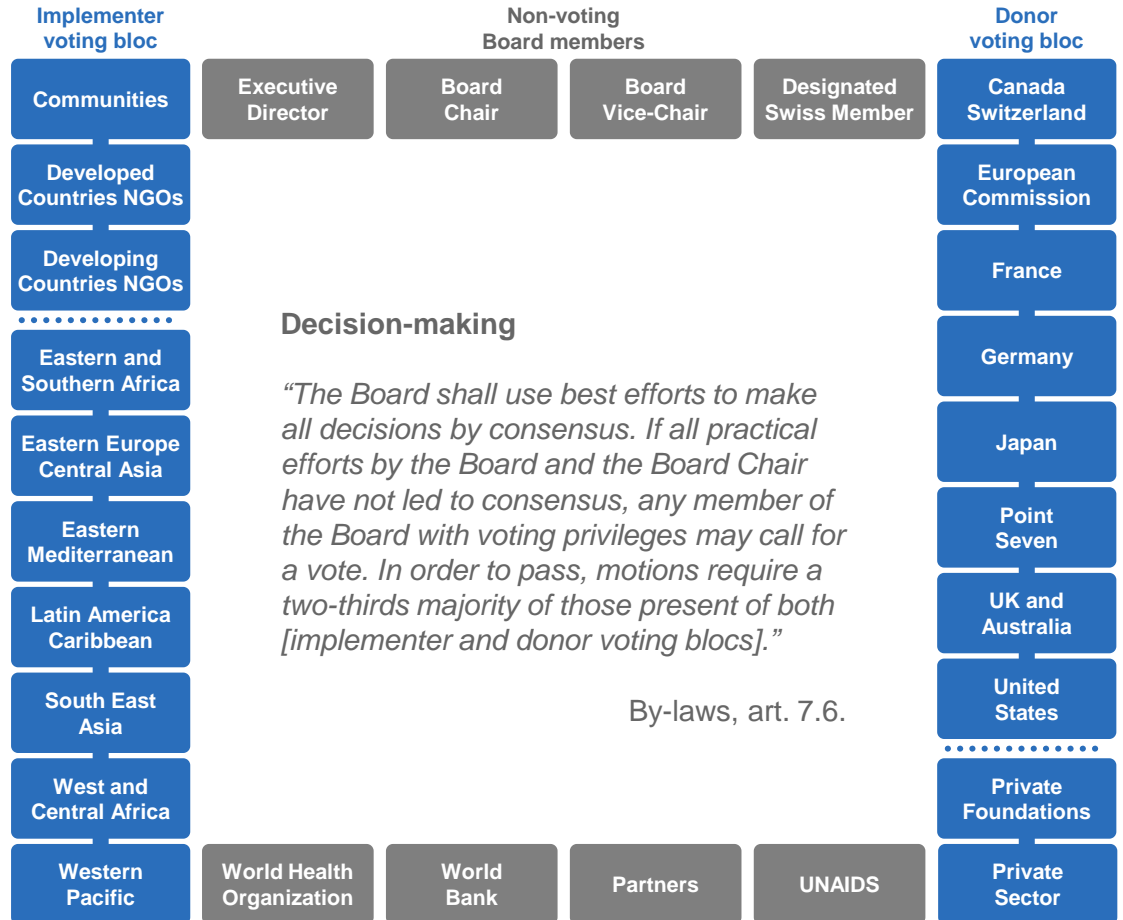
The Global Fund Board is the supreme governing body of the Global Fund.

The Global Fund Board is composed of 28 members who meet on average twice a year. Around 200 delegates convene for each meeting as each Board member can invite up to nine delegates.

The Board is structured into two voting blocs: the implementer voting bloc and the donor voting bloc.

There are also eight non-voting members, including a non-voting Chair and Vice-Chair, who are nominated by the voting blocs, alternating every two years.

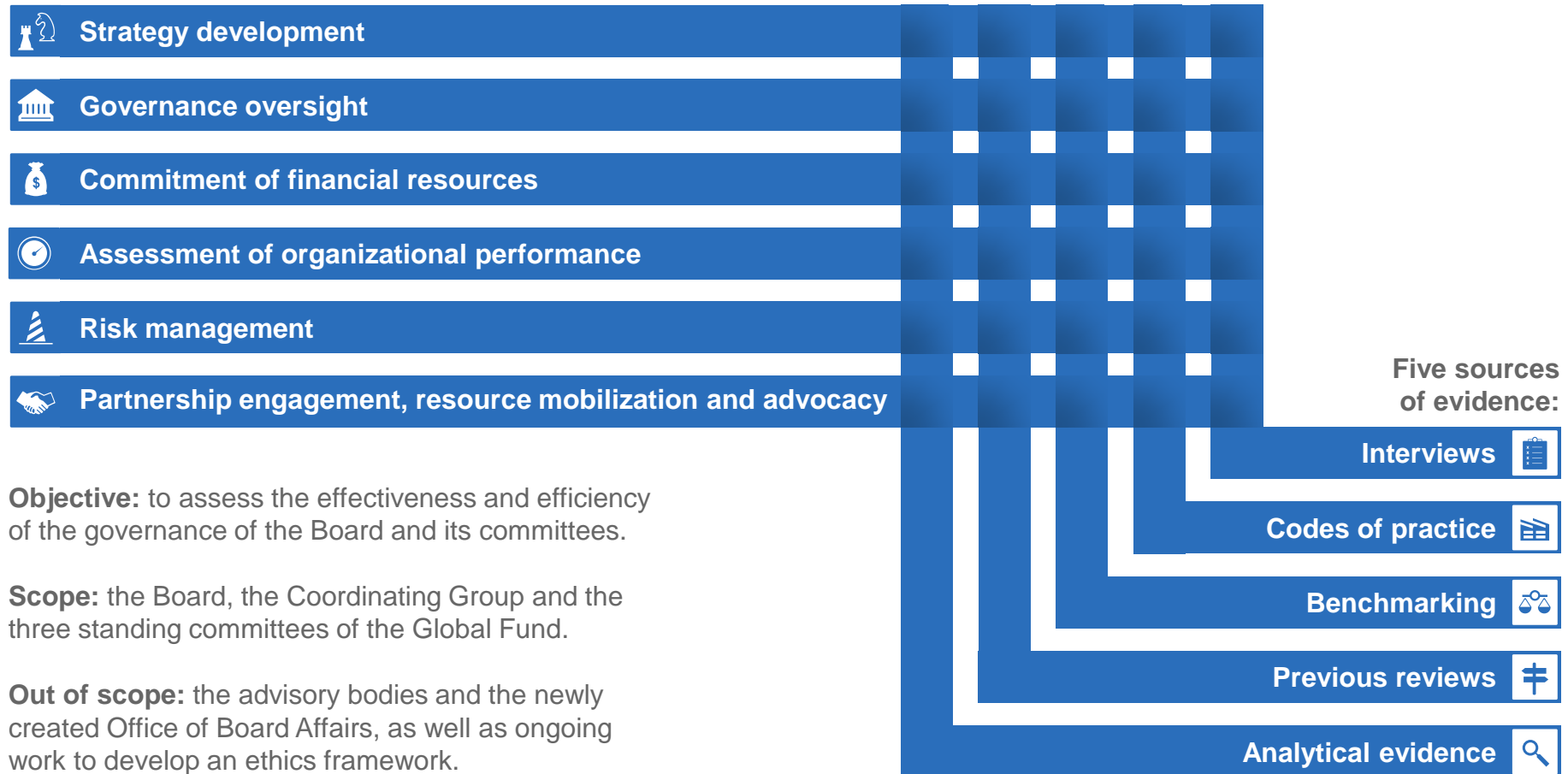
The other non-voting members are the Executive Director of the Global Fund Secretariat, three global health partners, the World Bank, and a Swiss citizen as stipulated in the Global Fund by-laws.



Objective and approach Summary

The OIG assessed six core Board functions using five sources of evidence.

The six functions of the Board, as per the by-laws:



Objective: to assess the effectiveness and efficiency of the governance of the Board and its committees.

Scope: the Board, the Coordinating Group and the three standing committees of the Global Fund.






Out of scope: the advisory bodies and the newly created Office of Board Affairs, as well as ongoing work to develop an ethics framework.

Evidence Facts and figures



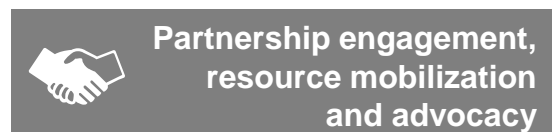
Evidence Five Sources

The OIG assessed the efficiency and effectiveness of the governance framework using five sources of evidence.

-  **Interviews** Current and former Board and committee members were interviewed by the OIG. Initial conclusions were then shared in follow-up interviews. The team also spoke to relevant Global Fund staff as well as representatives from peer organizations.
-  **Codes of practice** The OIG compared the Global Fund's governance structure with codes of practice and international industry guidance from a range of entities in the public, not-for-profit and corporate sectors.
-  **Benchmarking** Global Fund governance was benchmarked against eight governance processes in a sample of eleven peer organizations.
-  **Previous reviews** The OIG built on previous reviews and focused particularly on the implementation of recommendations from the 2011 Consolidated Transformation Plan and High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms.
-  **Analytical evidence** The OIG examined the evolution of the Global Fund's internal by-laws, policies and operating procedures. The office also reviewed the institutional memory of the organization's governance including Board and committee documents, delegate participation and past decisions.

High-level observations on the design of the Global Fund governance framework

The OIG assessed the alignment of the six core Global Fund Board functions created by the 2011 governance reforms against international codes of practice. The office found that the Board's functions are broadly in line with good governance standards.



The OIG looked at codes of practice from the following not-for-profit, public and corporate sectors:

- ▶ Good Governance Principles and Guidance for Not-for-Profit Organizations, Australian Institute of Company Directors, 2013, Australia.
- ▶ The Good Governance Standard for Public Services, The Independent Commission for Good Governance in Public Services, 2004, United Kingdom.

The OIG also looked at two codes of practice on corporate governance from the following organizations:

- ▶ King Code of Governance Report III, Institute of Directors in Southern Africa, 2009, South Africa.
- ▶ OECD Principles of Corporate Governance, Organization for Economic Co-operation and Development, 2004, France.

The OIG found that the overall framework at the Global Fund serves the governance purpose for which it was designed. The design is comprehensive and covers all the functions noted in other codes of practice worldwide.

High-level observations on the execution of the governance framework

The OIG measured the effectiveness of the execution of the six Board functions. Three functions are considered generally effective while three need improvement.



Strategy development

The Board has successfully overseen major strategic transformations in the past three years. This includes radical changes to the organization's funding model designed to increase the impact of its investments.



Commitment of financial resources

The Global Fund has significantly overhauled its financial processes which helps to prevent unnecessary bottlenecks in grants. The Board has effective structures in place to approve key financial aspects, including the annual financial report and funding application.



Partnership engagement, resource mobilization and advocacy

The Global Fund governance structure is inclusive and stimulates collaboration and engagement with all stakeholders. Partners are actively involved at all levels; they support resource mobilization efforts and collectively advocate for the organization.



Assessment of organizational performance

The Board has periodically reviewed the Global Fund model and instituted key changes to enhance organizational and governance body performance. Going forward it should invest time evaluating performance against the strategy and monitor the effectiveness of its committees.



Risk management

The Board is responsible for determining the risk appetite of the organization and ensuring that an effective risk management system is in place. It is not clear how the Board is fulfilling its duties with respect to this core governance function.



Governance oversight

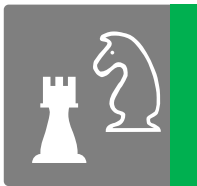
The basic building blocks of governance are not in place and fail to provide an effective platform for decision-making, coordination and oversight.

PART TWO

Observations

Part two is the core part of the report in which more detail is given for all six governance functions. Particular attention is paid to the three governance functions which need improvement, namely, the assessment of organizational performance, risk management and governance oversight.

For each function, the OIG highlights its observations supported by evidence from five sources, indicated in the sidebar on the right-hand side: interviews, codes of practice, previous reviews, benchmarking and analytical evidence.



Observations

Strategy development

The Board has successfully overseen major strategic transformations in the past three years. This includes radical changes to the organization's funding model designed to increase the impact of its investments.

The Board is responsible for setting the high-level strategy of the Global Fund and establishing the principles that guide grant-making.

In 2011, following a robust and inclusive consultative process overseen by the Board, a new transformative strategy to guide the institution over the next five years was adopted. Since then, the Board has taken further key steps to implement this strategy; in particular the introduction of a new funding model which aims to allow the Global Fund to invest more strategically, to engage implementers and partners more effectively and to achieve greater global impact. This funding model is also aligned to recommendations made by the High-Level Panel.

The evolution of the funding model, now more in tune to country needs, was informed by experiences from the first ten years of the Global Fund's existence and reflects significant enhancements from the previous "Rounds" based model. The changes the Board made were complex, far reaching and mindful of the impact on the existing portfolio. It is a credit to the Board and its committees that these changes were approved in such a timely way, enabling the funds from the fourth replenishment to be invested under the new more impact-oriented approach.

The strategy beyond 2016 will underpin the next replenishment cycle and serve the Global Fund in the post Millennium Development Goals era. Going forward, the Board should start preparing, through its Strategy Investment and Impact Committee, for the development of the Global Fund's post 2016 strategy.



Analytical evidence

Executive Director's address to the 29th Board Meeting:
"The [purpose of the new funding model] is to maximize impact through partnership, predictability and as a platform for health that's broader than HIV, TB, and malaria."



Analytical evidence

SIIC End of Term Report:
"While the five-year strategy runs through to 2016, work to develop its successor must commence well before the start of 2017. Developing a new strategy through a robust consultative process is a massive undertaking, but also a huge opportunity to engage the many stakeholders in the Global Fund's work."



Commitment of financial resources

The Global Fund has significantly overhauled its financial processes which helps to prevent unnecessary bottlenecks in grants. The Board has effective structures in place to approve key financial aspects, including the annual financial report and funding application.

Since 2011 and the crisis which the organization went through, the Global Fund has made good progress and successfully raised USD 12 billion during its fourth replenishment cycle. This represents the largest amount ever pledged to the Global Fund. Underpinning this were a number of significant improvements to internal controls including the following:

- ▶ The Board, through the work of the Finance and Operational Performance Committee, adopted a revised Comprehensive Funding Policy aligned to the new funding model. This includes enhanced processes for matching assets and liabilities, cash and liquidity risk management.
- ▶ The Secretariat, through the Step-Up and Procurement for Impact projects, has started to develop its internal processes to ensure that funds are invested for the greatest impact.
- ▶ In 2013, the Secretariat amended the Global Fund's sanctions procedures to better supplement the Code of Conduct for Suppliers. Under the oversight of the Audit and Ethics Committee, it also established a sanctions panel to assist in addressing violations of this code. Earlier, in June 2012, the Secretariat had also set up, under Audit and Ethics Committee oversight, a Recoveries Committee to determine whether grant funds should be reclaimed from recipients when necessary.
- ▶ The Secretariat is in the process of rolling out an automated system to manage grants online. Accessible to key stakeholders, the system aims to significantly reduce the time it takes for implementers to receive funds once their grant documents are completed.

The Audit and Ethics Committee oversees the appointment of the external auditor, the Secretariat's response to the auditor's findings, and recommends the financial statements for Board approval. The annual operating expenses budget is reviewed by the Finance and Operational Performance Committee.



Analytical evidence

FOPC End of Term report: "The FOPC Leadership was pleased by the rapid progress of change – by the end of 2012, the Secretariat was already positioned to present the Finance Department's top priorities for the year ahead and the new "Finance Step-Up" Project, an initiative to develop and implement a comprehensive re-engineering of the Global Fund's financial processes and systems.

The Committee commends the Secretariat's commitment to establishing sound financial tools and systems, which have led to more structured routine reporting of the Global Fund finances. By the end of the first term, Committee Members expressed strong confidence in the Secretariat's capacity to manage the organization's resources."



Partnership engagement, resource mobilization and advocacy

The Global Fund governance structure is inclusive and stimulates collaboration and engagement with all stakeholders. Partners are actively involved at all levels; they support resource mobilization efforts and collectively advocate for the organization.

The Board is composed of a diverse range of partners: public and private sectors, implementers and donor countries, technical partners and civil society. Beyond the Board, the Global Fund model itself is reliant on partnership at all levels; partners are actively involved on the committees, they provide technical assistance, coordinate and engage with stakeholders to help implement programs in-country.

The 2012-2016 strategy and the new funding model have further emphasized the importance of partnership in the Global Fund model. Not only were the strategy and funding model design informed by collaboration with partners, their success is also predicated on more engagement and partnership at all levels, particularly in-country. This is already evident in the early stages of the implementation of the new funding model. The diversity and representation inherent in the Board delegations, its committees and beyond have constantly supported this collaboration and engagement.

The inclusive nature of the Board has also enabled unified advocacy in the pursuit of resource mobilization, culminating in an announced result of USD 12 billion through the fourth replenishment.

The Partnership Forum, a multi-stakeholder meeting required every 24-30 months, is overdue and there are no current plans to address this. The Global Fund is therefore not in compliance with its by-laws as regards this obligation. The Board should assess whether the Partnership Forum should continue in its present guise, or whether alternatives should be explored.



Analytical evidence

The Global Fund Board is composed of 28 members who meet on average twice a year. Each Board member can invite up to 9 delegates, which results in an average of 199 members and observers convening for each meeting.



Codes of practice

The independent commission for good governance in public services recommends that “Public sector entities are run for the public good, so there is a need for openness about their activities and clear, trusted channels of communication and consultation to engage effectively with individual citizens and service users, as well as institutional stakeholders. “



Interviews

Board member: “Partnership forum – Question should be raised about its purpose, objective and outputs.”



Assessment of organizational performance 1/2

The Board has periodically reviewed the Global Fund model and instituted key changes to enhance organizational and governance body performance. Going forward it should invest time evaluating performance against the strategy and monitor the effectiveness of its committees.

The Board is responsible for overseeing the operational performance of the Global Fund as well as that of its governance bodies. Over time the Board has commissioned several substantial reviews designed to strengthen its governance and operations (2004, 2009, 2011). It has also initiated a series of periodic evaluations of the core business of the Global Fund (2007, 2011). The recommendations from previous reviews have in the most part been implemented.

The Board, including through its committees, regularly reviews operating expenditures, commitments and disbursements made. The standing committees have also overseen, recommended or made decisions relating to new policies to operationalize the new funding model enabling its timely roll-out.

Board structures have therefore generally been supportive of Organizational Performance. Going forward there are, however, areas that can be strengthened.

1. Evaluation and monitoring of the Global Fund strategy:

The Board and its committees have devoted considerable time to approving and supporting the policies required for the implementation of the 2012-2016 Strategy, and especially the resulting new funding model.

It is now important that there is appreciation at the Board of how the Global Fund is performing against the ambitious goals, targets and strategic objectives that it established in that strategy. A key step in this is the forthcoming mid-term review of the strategy by the Technical Evaluation Reference Group. Furthermore, the Corporate Key Performance Indicators (KPI) Framework for 2014 – 2016 approved by the Board in November 2013, albeit with some gaps, is aligned with the strategy.



Interviews

Board member interview: "Altitude of discussions: it was very deep over the past few years (micro-managing). Need to be rebalanced to bring it at the right level."



Analytical evidence

SIIC End of Term Report: "In its first few meetings, the committee requested and received updates on an implementation plan for the five years strategy. Over time, these stopped in part because of the challenge of summarizing work against the strategy when most of what the Global Fund does is in response to that strategy. The committee did seek to ensure that it was looking across the five objectives and the two underlying critical enablers to guide its work. However, most of its time was, [...] focused on development of the NFM, which responds most directly to Strategic Objective 2, as well as 1 and 3."



Assessment of organizational performance 2/2

The Board has not, however, as of now, undertaken a more holistic evaluation of progress under the overall strategy. The approval of the KPI framework too has been slow (see figure 1 below), with important elements still outstanding.

Going forward the Board should require, from its Strategy Investment and Impact Committee, regular updates of progress against the strategy and KPIs, as had been envisaged at the time of adoption of the strategy. This will also force the discussions at the Board to a more strategic altitude. Our analysis of Board discussions, also reinforced by interviews with Board members, suggests both a need and an appetite to raise conversations at the Board to a more strategic level.

2. Evaluation of performance of Board and committee performance:

The by-laws require the Board to establish a framework to periodically assess governance and advisory bodies. The Coordinating Group is required to support this process. The committees have undertaken self-evaluations or satisfaction surveys. However, since its establishment in 2011, the Coordinating Group has not evaluated any standing committee.

The OIG comments elsewhere in this report on the need for better forward planning by the Coordinating Group. This process should also build in necessary steps to evaluate the effectiveness of committees and the appropriateness of committee composition as regards to, for example, skills and representation.



Codes of practice

King code of governance report III recommends that “The evaluation of the board, its committees and the individual directors should be performed every year”



Analytical evidence

FOPC End of Term Report: “Members have expressed the need to revise all Committee Charters to better delineate each scope of work and appropriate Board reporting mechanism for cross-cutting committee matters, such as the Performance Indicators”.



Interviews

Board member: “There hasn’t been a performance review of the committees, now or in the past.”



Analytical evidence

SIIC End of Term Report: “The SIIC is supposed to conduct annual performance assessments, but there wasn’t time to do this.”

Fig. 1 – Timeline of approval of the Corporate KPI framework 2014-2016





Observations

Risk management 1/4

The Board is responsible for determining the risk appetite of the organization and ensuring that an effective risk management system is in place. It is not clear how the Board is fulfilling its duties with respect to this core governance function.

Since the High-Level Panel report was released, various risk management steps have been taken by the Board, including the creation of a Chief Risk Officer role, a risk management function and the amendment of the terms of reference of the governance bodies to capture risk management activities. More significantly, the Secretariat has implemented a number of initiatives to strengthen risk management measures including:

- ▶ The creation of a corporate risk register updated periodically.
- ▶ The roll-out of guidelines for the country team approach and an accountability framework for country teams.
- ▶ The establishment of the Operational Risk Committee (ORC) and the roll-out of the Qualitative Risk Assessment, Action Planning and Tracking (QUART) tool designed to assess risk at an operational level to provide greater understanding of where the risks lie at the country and portfolio-wide levels. Country team and management sign-offs, quality checks, and review by the ORC ensure that risks are highlighted and mitigating actions approved at the appropriate levels.

Nevertheless, oversight of these and other aspects of risk management that are typically required of a Board, is fragmented, incomplete and lacks coherency.

These are captured under three broad headings and discussed further in the next slides:

- ▶ Oversight
- ▶ Risk appetite and tolerance
- ▶ Risk mitigation



Analytical evidence

FOPC End of Term Report: “[...] it is imperative to establish a more systematic approach towards risk identification and management at the Global Fund.”



Interviews

Board member: “For the vast majority of the Board, risk management is not in their DNA.”



Interviews

Board member: “Risk Management is not discussed at the Board level.”



Interviews

Board member: “Risk management is the Board responsibility but not yet a cultural area at the Board level.”



Analytical evidence

AEC End of Term Report, February 2014, par 6.5: “[Risk] does not enjoy a specific reporting relationship to any of the Board sub-committees as is usual in good governance practice.”



Observations

Risk management 2/4

1. Oversight

When the core functions of the Board were crafted in the by-laws, risk management was seen as sufficiently important to warrant a separate and specific mention as one of the six core functions. However, given the fragmented and patchy nature of risk oversight, split between the Board, the Coordinating Group, and all three committees, it is difficult to see how the current governance structures demonstrate the importance of risk management. This has contributed to the following:

- ▶ A lack of co-ordination and allocation of oversight responsibilities between the committees.
- ▶ The risk register has never been reviewed by the Board, despite a requirement to review the risks facing the organization on an annual basis.
- ▶ The establishment of an overall risk management strategy has not occurred.
- ▶ The current Risk Management Framework was approved in 2009. The changing context of the Global Fund makes it no longer relevant; this was recognized in the Consolidated Transformation Plan. The Board leadership had announced that a revised framework would be in place by February 2014. Three "revised versions" of the Risk Management Framework have been presented by the Chief Risk Officer to the Audit and Ethics Committee since April 2013, but they have never made it to the Board. The current revised version, now called the "Risk Management Policy", is due to be submitted by the Chief Risk Officer in December 2014.

Unlike other organizations, the Global Fund's governing bodies do not request or require from the Chief Risk Officer routine and regular reports on the entire risk universe coupled with how material and emerging risks are being managed and mitigated. Instead, specific topics are selected in a haphazard fashion from committee meeting to committee meeting.



Interviews

Board member: "Risk management is everywhere and nowhere."



Analytical evidence

The oversight of risk management is split according to the committee charters, the by-laws, and other regulations, between the Board, the Coordinating Group, and all three committees.



Previous reviews

Consolidated Transformation Plan: "Development of a new risk management framework for the Global Fund [...]"
Development and approval of the Revised Risk Management Framework and Risk Register by May 2012, Board/Committee review at final Board meeting of 2012.



2. Risk appetite and tolerance

The Board is responsible for determining the risk appetite of the organization and approval of a risk tolerance framework is a key function of the Board in the by-laws. Despite this, no risk appetite or tolerance framework has been approved. The most recent Board discussion towards setting the Global Fund's risk tolerance was in June 2013 and has not materially progressed since then.

The OIG has observed that risk appetite and/or risk tolerance are concepts that are unfamiliar to many Board members. Figure 2 shows a simplified risk appetite model for the Board to consider which expresses risk appetite as “the confidence level associated with the achievement of strategic objectives” and its non-linear relationship with the combined assurance effort needed to deliver that level of confidence.

Fig. 2 – Risk appetite, showing the cost of assurance against the confidence provided by the assurance (percentages are illustrative).



Codes of practice

Good governance states that setting the “risk appetite [...] is fundamental to any governance process”.



Analytical evidence

“In line with the Board’s mandate to establish and oversee the organizations’ risk philosophy and risk tolerance, Board colleagues will be asked to contribute to a revision of the 2009 risk management framework, so that by no later than the February 2014 Board meeting, we can adopt necessary revisions.” This plan outlined in a August 2013 letter from the Board leadership was not carried out.



3. Risk mitigation – the combined assurance framework

In the absence of in-country representation, the Global Fund business model is predicated on assurance to mitigate the risks associated with the achievement of its strategic objectives. As a result, in excess of \$120m is spent on assurance on an annual basis.

In 2011, the report of the High-Level Independent Review Panel noted that the Global Fund had an excess of apparently uncoordinated grant-related audits and financial reviews, which did not appear to add up to greater assurance.

Since then there has been extensive work at the Global Fund Secretariat to better define assurance needs and develop guidance for assurance providers, particularly first-line operational assurance provision in grant management.

Despite this effort, the Global Fund does not have a Board-approved or endorsed formal articulation of the assurance framework that it adopts in order to ensure that grant management strategies in countries and regions are being materially executed as intended. As a result, the work of assurance providers remains largely uncoordinated and it is not known whether there are material areas of assurance overlap and underlap.

We should stress, however, that the Management Executive Committee has already prioritized assurance and constituted a “Combined Assurance Working Group”, which is aiming to adopt a combined assurance model. This model is intended to integrate and align assurance processes to maximize oversight, governance and control efficiencies, while optimizing overall assurance.



Analytical evidence

FOPC End of Term Report: “It is then of great importance, and it was highly appreciated by FOPC members that the Executive Director has prioritized risk management through the “Combined Assurance Project”. This project aims to establish robust foundations and processes for an assurance model that serves the specific needs of the Global Fund and facilitates the Board and its Committees in risk oversight.”



Observations

Governance oversight 1/7

The basic building blocks of governance are not in place and fail to provide an effective platform for decision-making, coordination and oversight.

At the 24th and 25th Board meetings in 2011, the Board adopted a suite of initiatives designed to strengthen governance. These were the result of a governance reform initiative led by the Board Chair and Vice-Chair, in turn inspired by the recommendations of the Comprehensive Reform Working Group and the High-Level Panel, both of which were reflected within the Consolidated Transformation Plan, also adopted by the Board at its 25th meeting in November 2011.

The decisions made by the Board at these meetings were wide ranging. They included the revision of by-laws and operating procedures, the establishment of the current committee and coordinating group structures and defining the related charters and terms of reference. The adoption of these reforms strengthened the core function of governance oversight.

Nevertheless, governance oversight remains a problem. Some of the basic building blocks that would be expected of any organization are not in place. The main issues are organized under the six headings below, which are discussed in the subsequent slides:

- ▶ The leadership and coordination platform
- ▶ Board member lifecycle
- ▶ Conflicts of interest
- ▶ Institutional memory
- ▶ Compliance with applicable laws
- ▶ Board behaviors



Interviews

Board member interview: “Members are more representing their constituencies than their duty of care to the Global Fund. We sit around the table looking at what our constituents can get out of the Global Fund.”



Interviews

Board member: “No-one will ever call out another Board member for poor performance, this is not politically tenable. Board members rely on the Chair/Vice-Chair to do that.”



Observations

Governance oversight 2/7

1. The leadership and coordination platform

During the OIG review, many gaps were identified in the co-ordination and communication of governance matters, in particular the tackling of cross-cutting issues. However, the OIG considered these to be symptomatic of a bigger structural problem, namely, that the combined design of the Board leadership and the Coordinating Group is flawed and unlikely to deliver on what is expected and required. What follows are the key points:

- ▶ The combined package of the Board leadership and Coordinating Group is a Global Fund governance construct to oversee the activities of the organization and operate on behalf of the Board, within certain loosely defined parameters. Elsewhere, organizations have adopted a more formalized delegation of authority, such as an executive committee which is more firmly embedded within the governance framework and robustly supported.
- ▶ Unlike all three standing committees, the Coordinating Group is not empowered through a charter which lists its functions under decision-making, advisory, and oversight capacity.
- ▶ The Board leadership terms of reference are far-ranging yet not consistent with the stated time commitment required. In addition, there is a lack of clarity as to the respective roles of the Chair and Vice-Chair; the delineation between oversight and decision-making responsibilities is not clear, particularly with regard to authority between Board meetings.
- ▶ Cross-cutting issues have not featured as a dominant Board agenda item and the communication of the Coordinating Group's activities has been limited.
- ▶ Improved forward planning and agenda setting is required to allow meetings to be organized with sufficient notice and their frequency, length and priorities optimized. Since 2011, Board meeting dates have always been set with less than one meeting's notice and the three standing committees have met on average three to four times a year. The committee meetings usually last two days, far exceeding the time commitment requested from committee members in the operating procedures. Better prioritization and planning would reduce the burden on all concerned, and enable a timely dissemination of documentation.



Codes of practice

Good governance recommends that “the role of the Chairman should be formalized”.



Benchmark

Peer organizations differentiate the roles of Chair and Vice-Chair.



Benchmark

Peer organizations have formal executive bodies, typically chaired by the Board Chair, to take executive decisions between meetings.



Interviews

Board member: “There is no clarity on how the Coordinating Group moves, we do not have updates on when it meets and what it discusses. We need more transparency.”



Analytical evidence

53% of recent committee meetings took place six weeks or less before a Board meeting, and 88% of Board documents were shared late.



Observations

Governance oversight 3/7

2. Board member lifecycles

The management of a Board member's time at the Global Fund is not robust, which inhibits the opportunity for efficient and effective oversight and decision making:

- ▶ **Assessment and selection:** Committee members should be appointed through a formal process to ensure the appropriate mix of skills, experience and knowledge. Currently this is not being fully achieved. For example, the majority of the Finance and Operational Performance Committee members do not possess the technical skills required in the operating procedures to discharge their responsibilities.
- ▶ **Onboarding:** Contrary to many companies in the private sector, no written relationship between a Board member and the organization exists. In particular, there is no guidance on managing the potential inherent tension between a Board member's duty of care to operate in the best interests of the organization versus the responsibility to represent their constituency.
- ▶ **Induction and continuous self-development program:** This is an outstanding recommendation from the High-Level Panel report, approved by the Board, confirmed in the Consolidated Transformation Plan and re-approved by the Board. Any induction activities that have occurred have been delivered in an uneven fashion.
- ▶ **Ongoing evaluation:** In the absence of a written relationship and any clarity around expectations, individual Board members are not formally evaluated. This is a noticeable gap for key roles such as the Chairs and the Vice-Chairs of the various committees.
- ▶ **Offboarding:** Boards should plan for the succession of their members, to reach a balance between continuity and renewal. Current rotations are both short and long and not aligned to replenishment cycles. Only 45% of delegates return to a second Board meeting. This is more acute amongst implementer country representatives. Conversely, there are examples where rotation has not occurred. In addition, there is no succession planning process in place for key roles.



Previous reviews

Outstanding recommendation from the Consolidated Transformation Plan: "Improve Board and committee self-governance [...] design and implement an induction and continuous self-development program for the Board and its committees."



Codes of practice

Good governance recommends that Boards should plan for the succession of their members, to reach a balance between continuity and renewal. Board members should receive formal induction and continuing education in order to be effective. Board members should be appointed through a formal process to ensure appropriate mix of skills, experience and knowledge.



Benchmark

Some peer organizations have a Nominating Committee or Board Nomination & Review Committee, which have the function of reviewing nominations for governance officials and ensuring that members appointed meet the eligibility criteria.



Observations

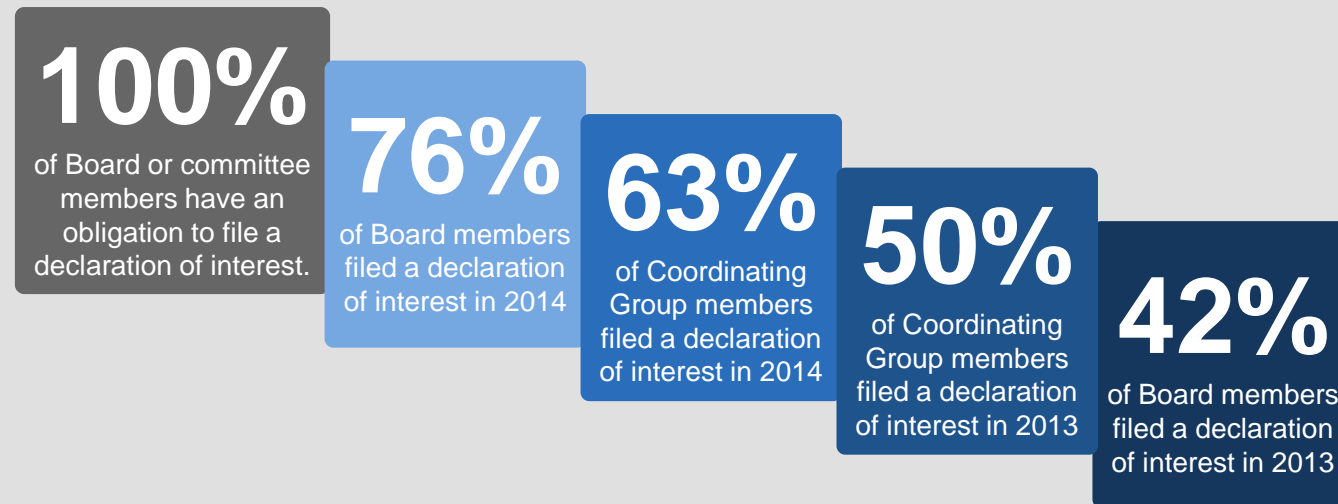
Governance oversight 4/7

3. Conflicts of interest

In contrast to many private sector organisations which have fewer conflicts of interest yet more robust management and control of those conflicts, the Global Fund has many conflicts and little control. Given that many of the conflicts are there by design (in the quest to be inclusive and seek out partnership), the need for enhanced management and control becomes more essential. This is particularly important when committee members vote on decisions that will directly benefit their organization or constituency.

The OIG also noted that the definition of conflicted interest is narrow as it is limited only to professional or personal financial interest. This situation is exacerbated by a lack of clarity and inconsistency on how duty of care (to the Global Fund or the constituency) is perceived. In addition, there is no clear guidance on how to manage conflicts of interest for electronic votes and the non-objection voting mechanism.

Fig. 3 – Compliance with the Global Fund’s Ethics and Conflict of Interest Policy.



Codes of practice

Good governance recommends that the Board ensures that the company's ethics are managed effectively, which include monitoring and managing potential conflicts of interest. Ethical standards can be formalized in a code of conduct.



Benchmark

A number of implementer and donor governments require their senior officials to declare all income earned and asset positions for the year, which are often placed on public record.



Interviews

Board member: "There should be a blanket prohibition against Principal Recipients being Board members. There should be a conflict management around donors protecting their own money."



Interviews

Board member: "No Board member is independent. They serve for the best interests of the Global Fund, insofar as they are congruent with one's interests."



Observations

Governance oversight 5/7

4. Institutional memory

There is no inventory of “live” decision points available to guide decision-making. In spite of a formal recommendation from the High-Level Panel, approved by the Board, to task an executive staff unit with “following up on decisions”, the Board remains without a mechanism to monitor live decisions and commitments.

As a result, new decisions are made without the necessary appreciation of the legacy of active decisions of which the Board should be aware and any outstanding decisions are not on the Board’s meeting agenda. This means that many good intentions that are translated into formal commitments remain as intentions.

Institutional memory is also impacted by Board member lifecycle management mentioned above, on slide 24.



Previous reviews

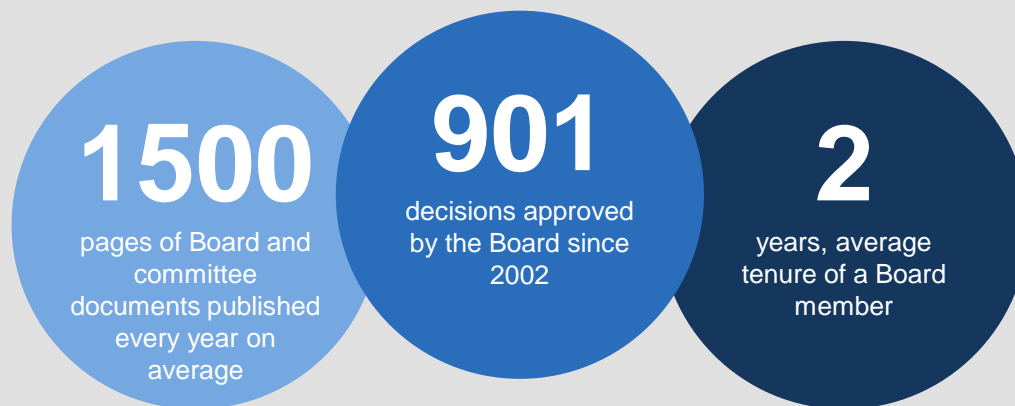
High-Level Panel report: “[The] Board requires more executive support, to help ensure strategic issues stay on the agenda. The Panel recommends the establishment of an executive staff to the Board [that] should be [...] [serving] both the Board and its Committees, by [...] following up on decisions”



Benchmark

Peer organizations publish on their public website a register of active and completed Board decisions.

Fig. 4 – Board members must grasp a large body of information and be cognisant of many approved decisions, while they tend to rotate more or less every two years.





5. Compliance with applicable laws

The Board is responsible for ensuring compliance with applicable laws, yet the Global Fund’s legal status is a source of complexity and uncertainty. Because of its history, the Global Fund finds itself in a unique and unprecedented legal position. On the one hand, its status as a Swiss Foundation grants it legal personality; on the other hand, its status as an International Organization reflects the substance of its mission. The structure of the Global Fund governance reflects this hybrid nature.

The reconciliation of these different genres raises uniquely complex issues, both in theory and practice, notably around compliance. The Global Fund voluntarily complies with some Swiss laws and regulations. This means that we cannot make an unequivocal statement that the organization complies with the applicable laws that bind it.

The foundation model, supported by agreements with the World Bank and WHO, was originally chosen for expediency with a view to transform to a “quasi-intergovernmental organization”, notably through a headquarters’ agreement with Switzerland. This agreement exists, but the transformation has not been fully realized in a way that would confer legal personality to the Global Fund beyond a Swiss foundation.

The Board has approved a Privileges and Immunities Agreement, but since 2010, it has only been signed by seven out of the more than 140 countries in which the Global Fund operates.



Codes of practice

Good governance recommends that a Board is responsible for ensuring compliance with applicable laws.



Previous reviews

High-Level Panel Report: “The lack of definite legal status for the organization in most of the countries in which it invests and works poses certain risks [...]. At a minimum, nations that sit on the Global Fund’s Board should expedite their domestic processes to grant the organization privileges and immunities [...].”



Analytical evidence

AEC End of Term report, May 2014, par. 8.1-4: “The AEC reflected on the question of privileges and immunities as a means of protecting Secretariat and OIG staff in the discharge of their duty in-country under such agreements. [...] The committee reiterates the need expressed above for a separate Ethics and Compliance Official post and associated resources, so as to enable the Legal Counsel to focus on the provision of legal services for both the Secretariat and the Board”.

Fig. 5 – Evolution of the legal status of the Global Fund





Observations

Governance oversight 7/7

6. Board behaviors

In the 49 interviews with current or former Board and committee members, three behavioral themes emerged that interviewees felt were not conducive to good governance:

- ▶ The threat of blocking a vote from a minority of Board members is frequently used to ensure decisions are steered towards the interests of the minority rather than the overall interests of the organization. This has then resulted in ad hoc negotiations occurring in the corridors of Board meetings and a compromise solution which few are happy with. Given the manner in which this behavior is exhibited, it was not possible for the OIG to validate this through other channels of evidence.
- ▶ Members have at times voted to approve decisions at a committee level but then subsequently voted against the decision when it reaches the Board. The OIG was unable to validate this perception given that the result of votes, or decisions by consensus, are not recorded in the public records.
- ▶ The voices of implementer country delegations need strengthening. This perception is consistent with our analysis of Board meeting transcripts.



Interviews

Board member on blocking minorities: “Blocking minorities is needlessly inefficient. We need to stop gamesmanship from blocking minorities.”



Analytical evidence

SIIC End of Term Report, May 2014, par 2.10: “On several difficult decisions, [the Strategy Committee] was unable to [reach consensus], even after lengthy discussions and debate. [...] Some members also were given limited flexibility to compromise by their constituencies.”



Previous reviews

Consolidated Transformation Plan, approved by the Board November 2011: “Ensure that the Board [...] reviews and adjusts Board composition to achieve optimal engagement of key stakeholders. Potential transformation of [...] the Board configuration to a model that differentiates Board participation beyond the “donating money” and “implementing grant” existing framework. Developing and implementing a strategy for improving implementer engagement [...]”

Fig. 6 – Implementer country participation

30%

delegation to alternate members by implementer country Board members, more absenteeism than any other group on the Board

27%

implementer country speech time amongst voting members at Board meetings

11%

implementer country delegates attend at least five Board meetings, the highest turnover on the Board

PART THREE

Options

Part three looks to the future and presents a suite of options to help improve and strengthen the governance of the Global Fund to Fight Aids, Tuberculosis and Malaria.

For each option, the OIG also presents the implications of each suggested action, indicated in the sidebar on the right-hand side.

Board members will have the opportunity to express their opinions on these options in an online survey.



Suite of options #1

Partnership Forum

The by-laws require that a Partnership Forum be held every 24-30 months. Currently it is overdue. Considering the benefits you see from the Partnership Forum, how should it be structured in the future?

Options	Implications
<p>Option a No structural change. Hold the Partnership Forum in compliance with the by-laws and put in place a monitoring mechanism.</p>	<ul style="list-style-type: none"> ▶ The Board recognizes that the Forum is overdue and proceeds immediately to establish a steering committee to undertake detailed planning. The cost implication would be in the order of USD 2 million. The Forum would ideally have to happen within 6 to 8 months once the decision has been made, recognizing however, that there is a significant lead time in organizing such an event.
<p>Option b Reconsider format but essentially maintain the Forum as in the by-laws; for example consider frequency, agenda, whether it should be regionally-based, etc.</p>	<ul style="list-style-type: none"> ▶ The Board recognizes that the Forum is overdue and decides to refine the current model of the Forum. This would involve a longer time frame until the next edition of the Forum, in whatever guise, takes place. The cost depends on the changes involved.
<p>Option c Undertake a cost/benefit analysis of the Forum, including whether it is still relevant and adds value. Understand the root cause of why the Forum has not been held.</p>	<ul style="list-style-type: none"> ▶ The future of the Forum will be on hold as the analysis will take time and its results are not likely to be ready until later in the year if wide consultations are held.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #2

Assessment of organizational performance

A core function of the Board is to assess organizational performance against strategic objectives. How should this be strengthened?

Options	Implications
<p>Option a No change in requirements, but ensure that the corporate KPI framework is rolled out, the Technical Evaluation Reference Group mid-term review occurs, and monitoring and assessing of organizational performance against strategic objectives happens as stipulated under existing decisions.</p>	<ul style="list-style-type: none"> ▶ The Coordinating Group will have to invest more time in requiring timely performance evaluations of the organization in compliance with decisions already made and general good practice. Time commitments aside, this can be implemented relatively quickly.
<p>Option b Strengthen the agenda-setting of committee meetings to heighten the altitude of conversations and ensure that the ongoing monitoring and assessment of organizational performance against strategic objectives dominates the discussions. Ensure that the monitoring of performance against strategic objectives is a standing agenda item of the Board.</p>	<ul style="list-style-type: none"> ▶ Over and above Option a, this requires further commitment from the Coordinating Group to plan better so that strategically important issues are prioritized. Consequently the discussions at the Board are elevated, refocused on performance and better informed. The Board can start to initiate these changes within six months.
<p>Option c Re-evaluate the current governance structures and consider whether the ongoing monitoring and assessment of organizational performance against strategic objectives needs to be a priority responsibility of an enhanced coordinating group or equivalent.</p>	<ul style="list-style-type: none"> ▶ Implications are similar to Option b, under the oversight of an enhanced Coordinating Group or equivalent, whose role and membership are defined by the Board. Timeframe for implementation: 6 to 12 months.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a

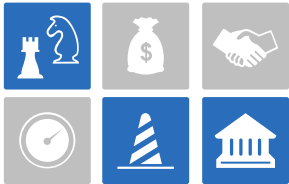


Suite of options #3

Assessment of the Board and committees

A core function of the Board is to evaluate performance of its governance bodies (e.g. the committees). How should this evaluation be performed?

Options	Implications
<p>Option a Comply with the existing responsibility of the Board to conduct routine robust assessments of the governance bodies' performance.</p>	<ul style="list-style-type: none"> ▶ The Coordinating Group will have to invest more time in requiring timely performance evaluations of the governance bodies, in particular the standing committees. A transparent and robust process for such evaluations is designed. This can start now as new terms for committees have begun. The frequency of evaluations needs to be decided; for example whether it is annual or at the end of two year terms.
<p>Option b Require assessment of the governance bodies' performance by an external third party under the oversight of the Coordinating Group.</p>	<ul style="list-style-type: none"> ▶ Implications are similar to Option a, except for the additional requirement that an independent external party be identified to undertake evaluations. As this would become an ongoing feature, across all committees, there would be a related cost.
<p>Option c Change structures and establish a committee dedicated to monitoring and overseeing all governance activities including the assessment of committee performance, e.g. a governance committee overseeing the governance of governance.</p>	<ul style="list-style-type: none"> ▶ Implications are similar to Option a, except that responsibility for exercising this oversight is no longer with the Coordinating Group but instead tasked to a governance focused committee. The overall responsibilities of this new committee would need to be carefully defined as would the respective roles of other committees so that overlaps are avoided. The creation of another governance body has related administrative costs, but equally, there would greater focus on “governance of governance” matters, and therefore more chance of success.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #4

Risk management

The Board is responsible for determining the risk appetite of the organization and ensuring an effective risk management system is in place. It is not clear how the Board is fulfilling its duties with respect to this core governance function. How should risk management be strengthened?

Options	Implications
<p>Option a No structural change. As planned, the Risk Management Policy (envisaged to incorporate the revised risk management and risk tolerance frameworks) is reviewed and approved by the Board in November 2014.</p>	<ul style="list-style-type: none"> ▶ The oversight of risk remains fragmented and consequently risk management across the organization is not be optimized. In addition, there is a risk that the Board embracing its risk management obligations is not fully realized.
<p>Option b Reshape the remit of one of the standing committees to take lead responsibility for overseeing risk management and report on risk management to the Board.</p>	<ul style="list-style-type: none"> ▶ The Board needs to task one of the current standing committees with overseeing and reporting on risk management. This involves modifying the core governance documents accordingly. This should lead to better coordination of risk oversight through more defined ownership, although it will not radically change the risk management approach across the organization.
<p>Option c Apply Option b, and in addition thoroughly re-evaluate the way that the Board oversees risk management and fulfills its obligations. In particular, consider how material risks are defined, identified, mitigated and reported and the mechanisms for overseeing risk (strategic through to operational) throughout the Global Fund.</p>	<ul style="list-style-type: none"> ▶ The Board commits to increasing the capacity of Board and committee members, integrates discussions on risk routinely in the Board agenda rather than in ad-hoc emergency sessions. This could radically improve the risk management approach across the organization. As a result, the Board may decide to create a new committee focused exclusively on risk management. Additional costs and resources will be required and full implementation could take up to 12 months.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #5

Executive decision-making

The combined package of the Board leadership and Coordinating Group is a Global Fund governance construct to oversee the activities of the organization. How could the leadership and coordination platform be improved?

Options	Implications
<p>Option a No structural change. The Coordinating Group should function as designed in their terms of reference with performance evaluated accordingly.</p>	<ul style="list-style-type: none"> ▶ The Board will need to ensure that the Coordinating Group is fulfilling its functions more effectively and reporting more regularly. Notwithstanding, the prerogatives of, and between, the Chair and Vice-Chair, and their decision-making powers, continue to be ambiguous with expectations and requirements that are far reaching.
<p>Option b The Coordinating Group and the Board Leadership terms of reference are clarified with both more time and resources dedicated to ensuring that objectives are achieved, with performance monitored.</p>	<ul style="list-style-type: none"> ▶ This option involves potentially allocating more time and resources to enable the Board leadership and the Coordinating Group to fulfill their functions.
<p>Option c An enhanced Coordinating Group or equivalent is put in place, with specific decision-making powers with or without expanded membership. The Chair of the Board leads this group with revised terms of reference and time commitments as well as a proper succession and performance monitoring plan.</p>	<ul style="list-style-type: none"> ▶ This option involves deeper structural change with a redefinition of the core governance documents, but ultimately leads to stronger and more clearly defined decision-making powers. This would take longer to implement than Option a or Option b.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #6

Conflict of interest management

The Policy on Ethics and Conflict of Interest for Global Fund Institutions defines conflict of interest exclusively as “financial interests”. Board members are not fully compliant with signing the Declaration of Interest. How could conflict of interest management be improved?

Options	Implications
<p>Option a No change besides complying with the current requirements (e.g., signing of the Declaration of Interest) and monitoring compliance.</p>	<ul style="list-style-type: none"> ▶ The Board assesses and accepts the risks relating to a narrow definition of conflicts of interest. The Board institutes a mechanism to ensure better compliance and monitoring. This could be done within six months.
<p>Option b Approve a slightly wider definition of conflicts, providing more guidance to Board and committee members and monitor compliance where possible, given existing resources.</p>	<ul style="list-style-type: none"> ▶ The Board approves a broader definition of conflict and accordingly refines the current Policy on Ethics and Conflict of Interest. As well as being educated on compliance matters, the Board defines a mechanism to ensure regular monitoring. This could also be achieved within 6 months.
<p>Option c Overhaul the way in which conflicts are managed, including the definition of conflicts and implementing controls to manage conflict of interests effectively. These would include a robust recusal mechanism, a mechanism for escalating conflict of interest to a designated committee and clear implications for non-compliance.</p>	<ul style="list-style-type: none"> ▶ Under this option, management of conflicts is substantially strengthened. In addition to the implications to option b, the Board defines additional policies and guidelines on how to manage conflicts and ensure compliance through a monitoring system. The time horizon for this option is between 6 to 12 months.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #7

Duty of care

There is no guidance on managing the potential inherent tension between a Board or a committee member's duty of care to operate in the best interests of the organization versus the responsibility to represent their constituency. How could this be remedied?

Options	Implications
<p>Option a No change to current practice and rules, but these need to be better explained and any existing ambiguities understood.</p>	<ul style="list-style-type: none"> ▶ The Board accepts that ambiguities will persist, including a lack of a clear position on what constitutes a conflict of interest.
<p>Option b Amend the by-laws and other core governance documents to address ambiguities and clarify that Board and committee members, while representing the views of their constituency, must also act in the best interest of the Global Fund. This would be formalized through a signed written Code of Conduct.</p>	<ul style="list-style-type: none"> ▶ This brings greater clarity to the responsibilities of Board and committee members. Board members acknowledge this change by accepting to sign a code of conduct. The by-laws, regulations and procedures are aligned with the agreed position.
<p>Option c Apply Option b, and include a change in the structure of committees to accommodate new or additional non-aligned/independent committee members to assist in the management of this tension.</p>	<ul style="list-style-type: none"> ▶ Implications are similar to Option b. Additionally, this option brings greater clarity to the responsibilities of Board and committee members, and dissipates inherent tensions through introduction of impartial voices. Board members acknowledge this change by expanding the Board to independent Board members. Given the structural changes involved, this will take longer to implement than Option a or Option b.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #8

Institutional memory management

The basic building blocks around institutional memory management, for example, Board meeting preparation, Board documentation, and follow up on Board decisions and commitments are not in place. How could this be remedied?

Options	Implications
<p>Option a The present level of institutional memory management is appropriate, but the Board should better comply with the current requirements (follow up on active decisions, notice periods for Board and committee documentation, etc.) and monitor accordingly.</p>	<ul style="list-style-type: none"> ▶ This option is relatively easy to implement, but there is a higher risk that decisions and commitments are inadvertently overlooked.
<p>Option b Institutional memory management should be strengthened through a suite of options including the development of an integrated work plan by the Office of Board Affairs, and by creating, for example, a live register of Board decisions. The Coordinating Group or an equivalent, should monitor performance.</p>	<ul style="list-style-type: none"> ▶ This option involves a more pro-active approach to the Board's agenda. A work plan allows the Board to prepare its meetings better. The creation of a register of live decision points means better tracking of valid decisions and ensures more informed decision-making overall.
<p>Option c A work plan, as in Option b, should be developed by the Office of Board Affairs and performance against this overseen by a new standing committee, for example, a governance committee, whose charter will recognize its functions with respect to these activities.</p>	<ul style="list-style-type: none"> ▶ This option involves more commitment than Option a and Option b. A new standing committee is created with explicit overall responsibility. The charter of this new committee is drafted and adopted by the Board, members are appointed. The resource implications are communicated to the FOPC for inclusion in the OpEx budget.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #9

Board member lifecycle management

The basic building blocks around Board member lifecycle management, for example, assessment and selection of committee members, nomination, onboarding, induction, continuous education, ongoing evaluation, and off-boarding of Board and committee members are not in place. How could this be remedied?

Options	Implications
<p>Option a The present provisions for Board member lifecycle management are appropriate, but there should be better compliance with and monitoring of current requirements.</p>	<ul style="list-style-type: none"> ▶ The Coordinating Group fulfills its function of coordinating governance processes and systems and report to the Board accordingly. However, not all gaps will be addressed, notably onboarding, offboarding and ongoing evaluation.
<p>Option b End-to-end Board member life cycle management should be strengthened through the development of an integrated work plan by the Office of Board Affairs to be approved by the Board. The Coordinating Group or an equivalent should monitor performance.</p>	<ul style="list-style-type: none"> ▶ The implications of Option a also apply. In addition, the induction is expanded to include all Board members, alternate members and communication focal points. Their selection process is shared with the Board. The assessment of Board and committee member performance is systematic, and a summary report of those is made to the Board. This option leads to better overview of the current Board members' terms, skills and continuous education needs.
<p>Option c Apply option b, and in addition a lifecycle management work plan should be developed by the Office of Board Affairs. Performance against this work plan should be overseen by a new standing committee, for example a governance committee, whose charter will recognize its responsibilities in this respect.</p>	<ul style="list-style-type: none"> ▶ The implications of Option a and Option b still apply but under the oversight of a new standing committee instead of the Coordinating Group. This will strengthen governance oversight by allowing a dedicated standing committee to handle delicate matters that the Office of Board Affairs may be unable to handle.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #10

Record of Board and committee votes

The individual votes cast on Board and committee decisions, or the consensual nature of Board and committee decisions are not recorded by the Global Fund. How could this be remedied?

Options	Implications
<p>Option a No change is required.</p>	<ul style="list-style-type: none"> ▶ The individual votes cast, or the consensual nature of a Board or a committee decision continue not to be recorded. However, this does not address the perception of negative voting behaviors, see slide 28.
<p>Option b The internal institutional records of Board and committee meetings kept by the Secretariat, should record all individual votes at a Board and a committee level.</p>	<ul style="list-style-type: none"> ▶ This option improves the level of transparency. The individual votes cast, or the consensual nature of a Board or a committee decision are recorded but not be made public. Access to records of individual votes is restricted to Board and committee members. Board and committee decisions continue to be accessible to the public through the Board meeting reports, and committee reports to the Board.
<p>Option c The record of all individual votes at a Board and a committee level should be made public.</p>	<ul style="list-style-type: none"> ▶ This option embraces the Global Fund’s commitment to full transparency as individual votes cast, or the consensual nature of Board or committee decisions, are public. This could be done, for example, in a live database of decisions, or in Board meeting reports, and committee reports to the Board.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a

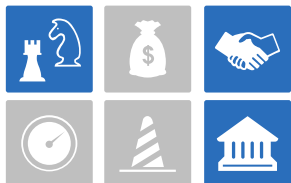


Suite of options #11

Voting structure

Voting on the Board is constituted along two blocs: implementers and donors. Decisions require a two thirds majority in both blocs. This means that a minority of four votes from either bloc can prevent a decision. How could a future voting construct be shaped?

Options	Implications
<p>Option a No change to the current bloc and decision-making framework.</p>	<ul style="list-style-type: none"> ▶ The perceived tensions of the minority blocking construct remain unaddressed, potentially impairing the quality of decisions made.
<p>Option b Retain separate donor and implementer blocs, but increase the threshold for blocking decisions, for example, by requiring a minimum of six votes of either bloc or ten in total.</p>	<ul style="list-style-type: none"> ▶ While preserving the separate voting blocs, the decision-making process need to be made more representative. Such a change needs Board agreement and revisions to the by-laws.
<p>Option c Re-evaluate whether the present construct of two blocs remains relevant. For example, consider whether a simpler voting structure would better serve the organization and/or whether the distribution of seats should be re-balanced according to the disease burden and/or the resources committed.</p>	<ul style="list-style-type: none"> ▶ The Board commits to a process designed to produce the optimum representation and decision making structure. Any solutions are agreed by the Board and reflected in revised by-laws. This is a significant change which will take longer to implement.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #12

Implementer representation

There is a perception that the implementer voice is not heard. How could this be addressed?

Options	Implications
<p>Option a No change in implementer country representation on the Board, and continuation of ongoing levels of support from the Secretariat's Office of Board Affairs.</p>	<ul style="list-style-type: none"> ▶ With this option, perceptions that implementer voices are not heard may continue. Lacking a strong implementer country perspective may impair quality of decisions made. The risk is that this void is filled by others speaking on behalf of implementer countries.
<p>Option b Increase support from the Global Fund and ensuring minimum and diverse participation of Implementer Country delegations on all Board, committees and working groups.</p>	<ul style="list-style-type: none"> ▶ This option gives a greater and a more representative voice to implementer countries on the committees, leading to more informed debates. The Board commits to a process or rules that delivers greater representation on the committees. The Secretariat strengthens its engagement with these constituencies. There may be modest cost implications.
<p>Option c Build on previous work to define and address the impediments that result in this perception. For example, explore whether Implementer Countries are appropriately incentivized and equipped to play the role expected of them; have the administrative capacities necessary; need more support from the Office of Board Affairs; whether the voting structure encourages participation, and whether Implementer Country Board seats should be allocated more proportionately to disease burden and need.</p>	<ul style="list-style-type: none"> ▶ If properly managed, this process delivers the outcomes that lead to better representation and better decision making. The Board commits to an exercise to comprehensively evaluate the reasons why there is the perception that implementer voices are not being heard. There may be cost implications.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #13

Legal status of the Global Fund

The Global Fund cannot make an unequivocal statement that the organization complies with the applicable laws that bind it, given the complex legal status of the organization. Furthermore, the Global Fund has not fully implemented the High-Level Panel observation that “at a minimum, nations that sit on the Global Fund’s Board should expedite their domestic processes to grant the organization privileges and immunities”. How could the Global Fund give greater clarity to its legal status?

Options	Implications
<p>Option a With its current legal status, the Global Fund prioritizes its current efforts related to adherence to its Agreement on Privileges and Immunities.</p>	<ul style="list-style-type: none"> ▶ The Board discusses the risks and limitations inherent to its current legal status, and adopts a strategy to minimize or mitigate those risks.
<p>Option b The Global Fund continues current efforts related to adherence to its Agreement on Privileges and Immunities, and in addition the Board formally identifies and acknowledge the risks and uncertainties inherent in the current legal status of the Global Fund, as well as develop a strategy to address or mitigate these risks.</p>	<ul style="list-style-type: none"> ▶ Board members representing states actively lead and contribute to the expansion of the international recognition of the Global Fund as an international organization with privileges and immunities.
<p>Option c The current legal status of the Global Fund should be clarified, for example, by changing it to that of an International Organization, so that the Board can receive on an annual basis, a statement of assurance that it fully complies with the applicable legal and regulatory framework.</p>	<ul style="list-style-type: none"> ▶ The implications will stem from the legal status pursued. The core governance documents and headquarters agreement are amended to fit this legal status. Going forward, the Board receives on an annual basis a statement of assurance that the Global Fund fully complies with the applicable legal framework.
<p>Option d No strong opinion on any of the options.</p>	<ul style="list-style-type: none"> ▶ n/a
<p>Option e None of the above, something else is required.</p>	<ul style="list-style-type: none"> ▶ n/a



Suite of options #14

Disclosure of this review

Disclosure of the OIG Governance Review: what would you recommend?

Options

- Option a** The review remains a confidential document restricted to Board and committee members and the executive management of the Secretariat.
- Option b** The review is published immediately, together with the work plan of the 2014 Ad-Hoc Working Group on Governance.
- Option c** The review, together with the recommendations of the 2014 Ad-Hoc Working Group on Governance, is released to the Board as a pre-read document ahead of the November 2014 Board meeting, and made public after the Board meeting.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

PART FOUR

Survey

Part four of the OIG Governance Review presents the results of a survey conducted over a three week period in June 2014. The population sample comprised all Board members, former and current chairs and vice-chairs and the Global Fund Management Executive Committee. The questions were based on the options to improve Global Fund governance as detailed in part 3 of this report. These options stem from the observations made in part 2 of the report as well as recommendations from previous reviews and a variety of other sources in order to be as inclusive as possible.

Comments made by Board voting members in the survey are also included for each question.

Survey introduction

High-level analysis

Appetite for change

There is a strong desire for change among all who were polled. In total, the options representing change (b and c) received 77% of the votes signalling support for improvement across the various topics surveyed. This pattern was consistent across all the sub-groups. For some questions, the status quo is not considered as an option. For example, maintaining the Partnership Forum in its current structure received only 2% support.

Options with strong collective support (over 60%)

The options that received the most support across all populations were: elevate the discussions at the Board to a more strategic level (61% for option b, question 2); improve implementer representation (65% for option c, question 12); and strengthen institutional memory management (78% for option b, question 8).

Transparency

It is clear that transparency is important to the Board and governance stakeholders as demonstrated by 80% in favor of publishing the OIG Governance Review after the next Board meeting (option c, question 14). Another question regarding transparency, the public disclosure of Board voting, was also the most popular option overall in question 10.

Comments

The three questions which generated the most comments overall were 4. Risk Management, 13. The legal status of the Global Fund and 3. Assessment of the Board and committees.

Survey introduction

Population sample

Response rate

The OIG survey was sent to 50 Global Fund governance stakeholders. Overall 43 out of 50 members answered making a response rate of 86%. Three members are counted twice in the results below (Board Leadership and the Executive Director) as they are members of two different sub-groups.

Board members



25 out of 28 Board members responded. Designated focal points representing their constituency provided a collective response to the questions.

Chairs and vice-chairs



11 out of 15 former and current chairs and vice-chairs from the three standing committees and the Board answered the survey (73%).

Management Executive Committee



The 10 members of the Secretariat Management Executive Committee (MEC) all voted.

Survey introduction

Board members' response rate

Board participation

The overall response rate was 89% for the Board (25 out of 28 members) with 100% of the donor bloc and 80% of the implementing bloc represented.

Voting members



10 out of 10 donor countries participated in the survey.



Among the 8 respondents from the implementing bloc, all 3 civil society delegations voted and 5 out of the 7 regions answered.

Non-voting members



7 out of 8 of the non-voting members of the Board answered the survey.

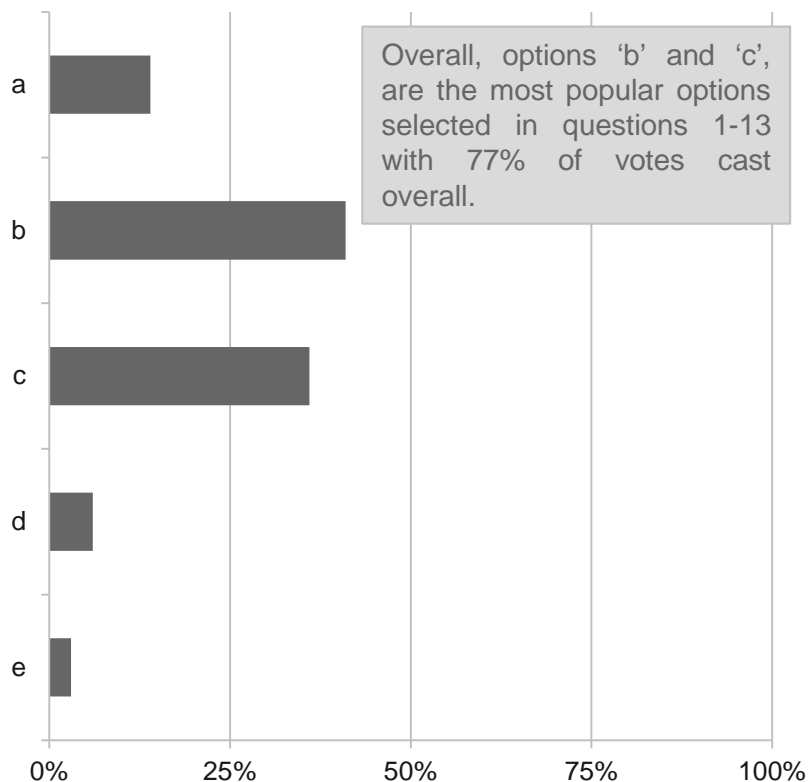
Survey introduction

Overall breakdown per option (excl. Question 14)

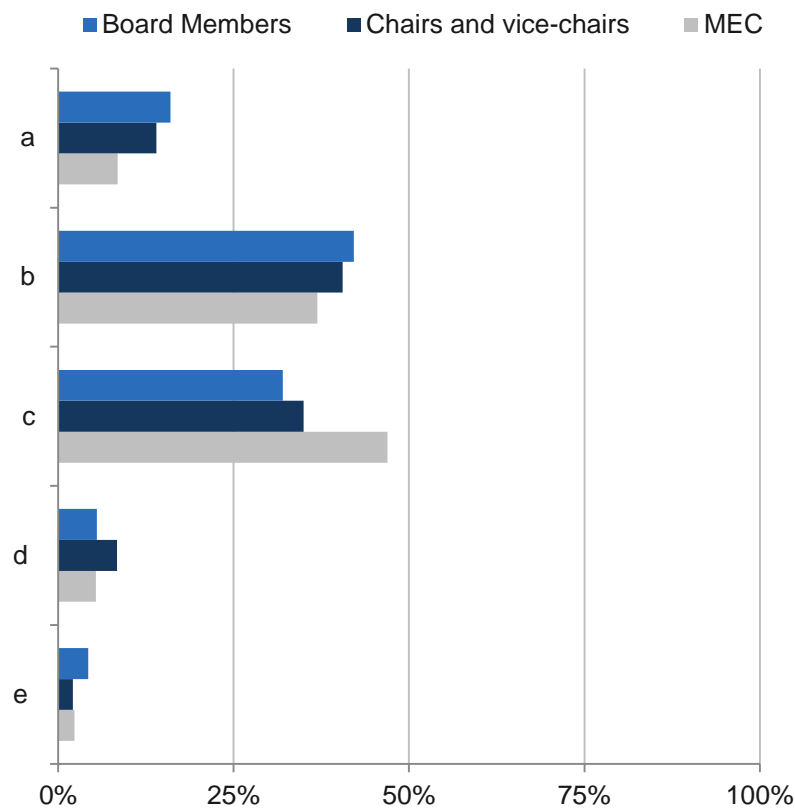
Options

For all questions, respondents had the choice between five options with varying degrees of change suggested. Options 'b' and 'c' represent respectively minor and major change. Option 'a' maintains the status quo but proposes better compliance.

Overall preference per option



Overall preference per population

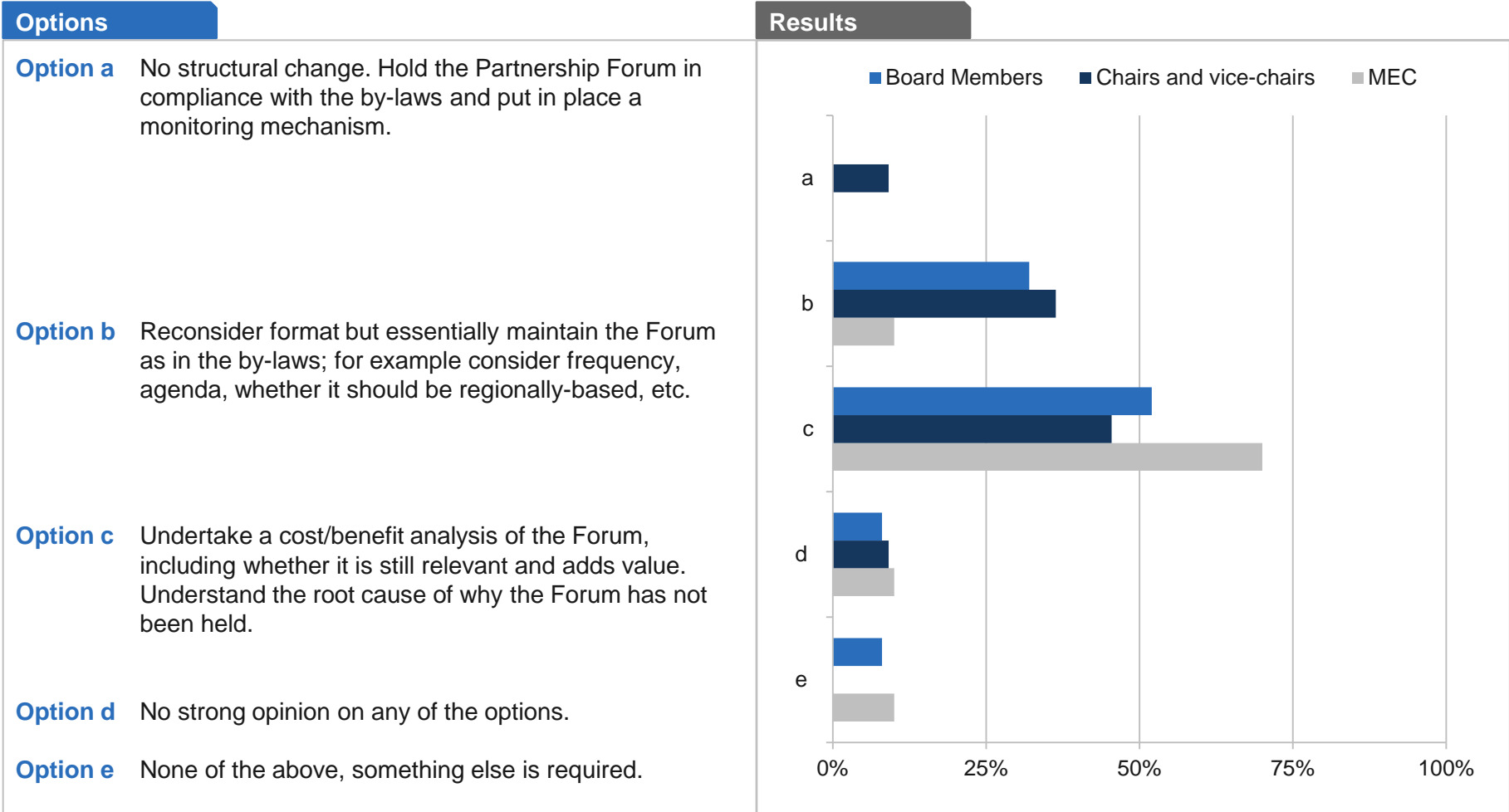




Question #1 survey results

Partnership Forum

The by-laws require that a Partnership Forum be held every 24-30 months. Currently it is overdue. Considering the benefits you see from the Partnership Forum, how should it be structured in the future?





Question #1 survey comments*

Partnership Forum

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option c

"...the Board should select a group of constituency representatives which will form a new PF Steering Committee with the first task of answering several questions: Do we need the Partnership Forum in its current form? Is the Partnership forum "Value for Money" having in mind that it's quite expensive? Do we want to change something in the entire concept? - What Partnership Forum does the Global Fund need today? When the Steering Committee finishes its evaluation, it needs to present to the Board their findings and request the Board to approve the new direction/new concept. Once they receive confirmation from the Board, that very same group of people (Steering Committee) should organise the new Partnership Forum. This is needed because sometimes we get lost in the process from a very good idea to its implementation..."

"We support this option in principle. However, we would advise against hiring an expensive consultancy. It should be possible to implement this option with in-house means."

Other

Option b

"The partnership forums so far have proven to be effective. The first two led to recommendations that were followed up by the board. The third led to recommendations to the SIIC. The format of the Forums has been different each time. In principle it is important to have the Forum. But it also requires evaluation, including cost/benefits..."

Option e

"A combination of b & c. It is helpful to have a cost/benefit analysis of the PSF, and in addition to reconsider the format of the PSF as in the by-laws as well as the frequency."

"The Partnership Forum has served an important purpose in the creation and the early years of the Global Fund. As the Fund has matured, the purpose and the setup of the PF needs to be re-evaluated. We see an opportunity to bring flesh blood to civil society..."



Question #2 survey results

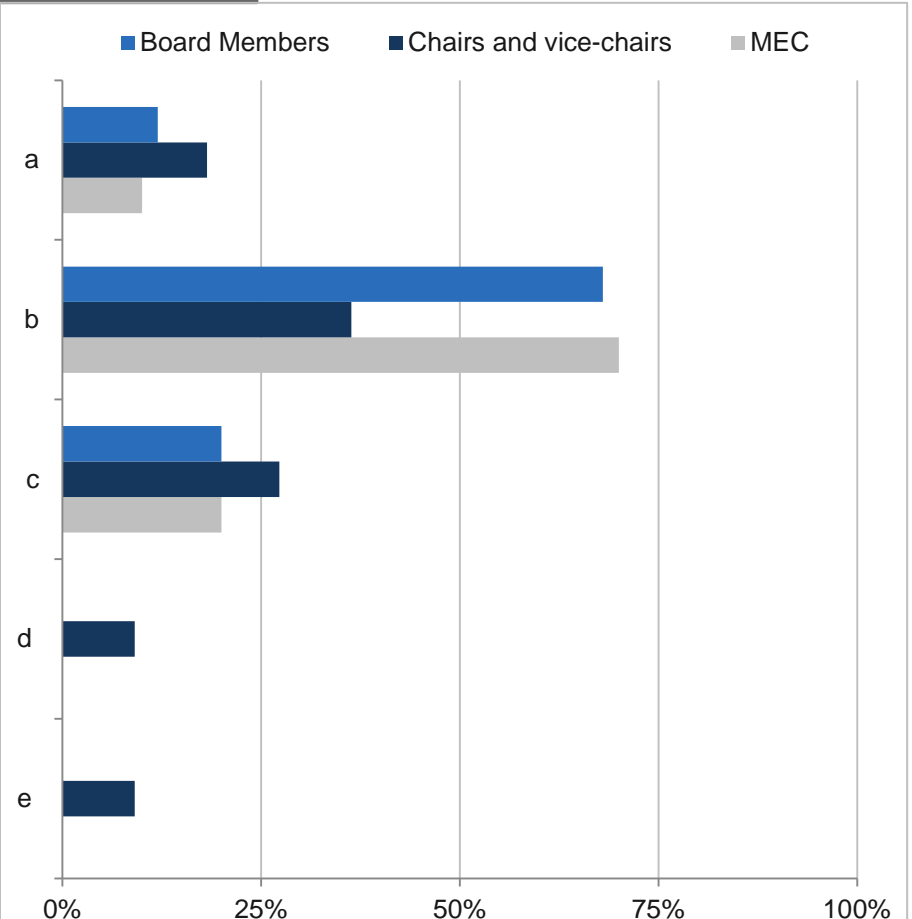
Assessment of organizational performance

A core function of the Board is to assess organizational performance against strategic objectives. How should this be strengthened?

Options

- Option a** No change in requirements, but ensure that the corporate KPI framework is rolled out, the Technical Evaluation Reference Group mid-term review occurs, and monitoring and assessing of organizational performance against strategic objectives happens as stipulated under existing decisions.
- Option b** Strengthen the agenda-setting of committee meetings to heighten the altitude of conversations and ensure that the ongoing monitoring and assessment of organizational performance against strategic objectives dominates the discussions. Ensure that the monitoring of performance against strategic objectives is a standing agenda item of the Board.
- Option c** Re-evaluate the current governance structures and consider whether the ongoing monitoring and assessment of organizational performance against strategic objectives needs to be a priority responsibility of an enhanced coordinating group or equivalent.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #2 survey comments*

Organizational performance

* For reasons of space, only voting Board members' comments have been included on the comments slides.

Most popular option

Option b

"We believe that in principle the governance structures are in place, but can be implemented better. The coordinating group needs to coordinate better. Which is different from shifting the decision-making processes."

"It should be noted that the problem isn't necessarily with the committees and their agendas; the Coordinating Group needs to work better."

Other

Option c

"Given that the chair/vice-chair of the Board as well as the committees do not need to be from delegations or have formal functions on the board governance, it is essential to ensure that there is institutional memory for the co-ordinating group for example. In addition, an enhanced coordinating group should also include the spirit of the public- private partnership in the sense that there should be a balance of stakeholders on the coordinating working group."

"...the corporate KPIs also need to consider the operational performance. Therefore I think these two sets of KPIs should be jointly assessed."



Question #3 survey results

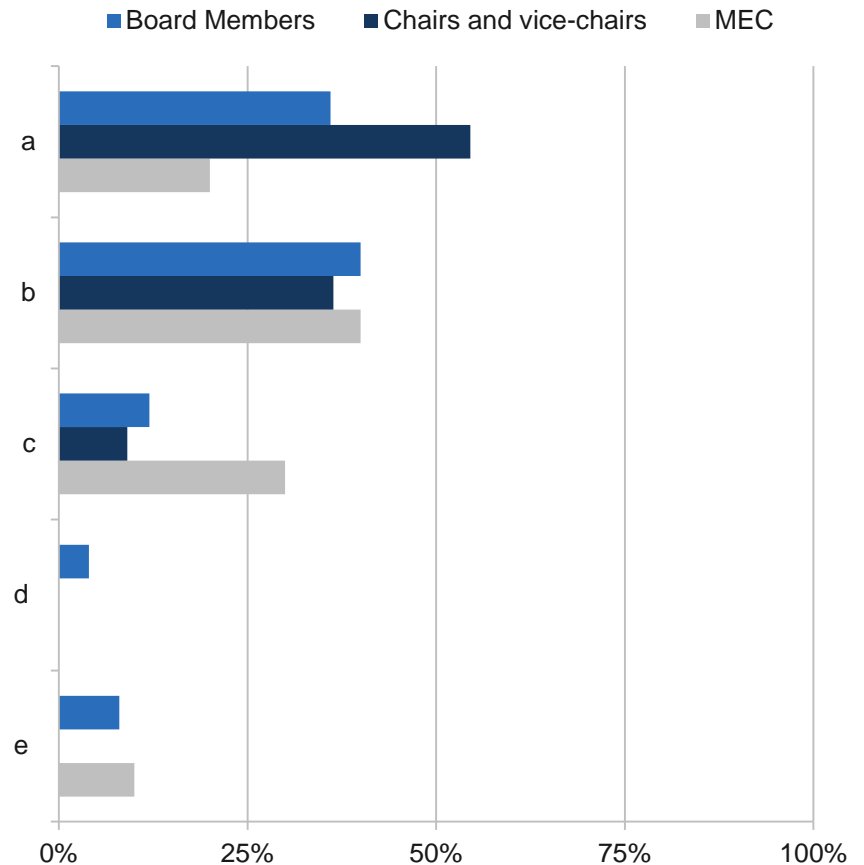
Assessment of the Board and committees

A core function of the Board is to evaluate performance of its governance bodies (e.g. the committees). How should this evaluation be performed?

Options

- Option a** Comply with the existing responsibility of the Board to conduct routine robust assessments of the governance bodies' performance.
- Option b** Require assessment of the governance bodies' performance by an external third party under the oversight of the Coordinating Group.
- Option c** Change structures and establish a committee dedicated to monitoring and overseeing all governance activities including the assessment of committee performance, e.g. a governance committee overseeing the governance of governance.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #3 survey comments*

Assessment of the Board and committees

* For reasons of space, only voting Board members' comments have been included on the comments slides.

Most popular option

Option b

“Outsider and independent views are needed. An external party can also relieve the workload of the Coordinating Group and take on a supervisory function.”

Other

Option a

“Making sure the evaluations are done is crucial. And they should be done in a professional way. So we need investments here. A highly professional organisation should be able to learn how to evaluate its ongoing structures and proceedings.”

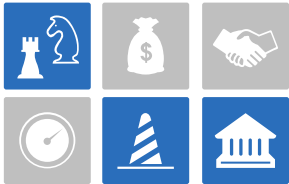
“There seem to be significant improvements that the Board itself could make simply through complying with existing by-laws, before engaging an external entity or making adjustments to a governance structure that is barely one term old.”

Option c

“In this case option c would seem the most efficient... but this would indeed require the establishment of the governance committee.”

Option e

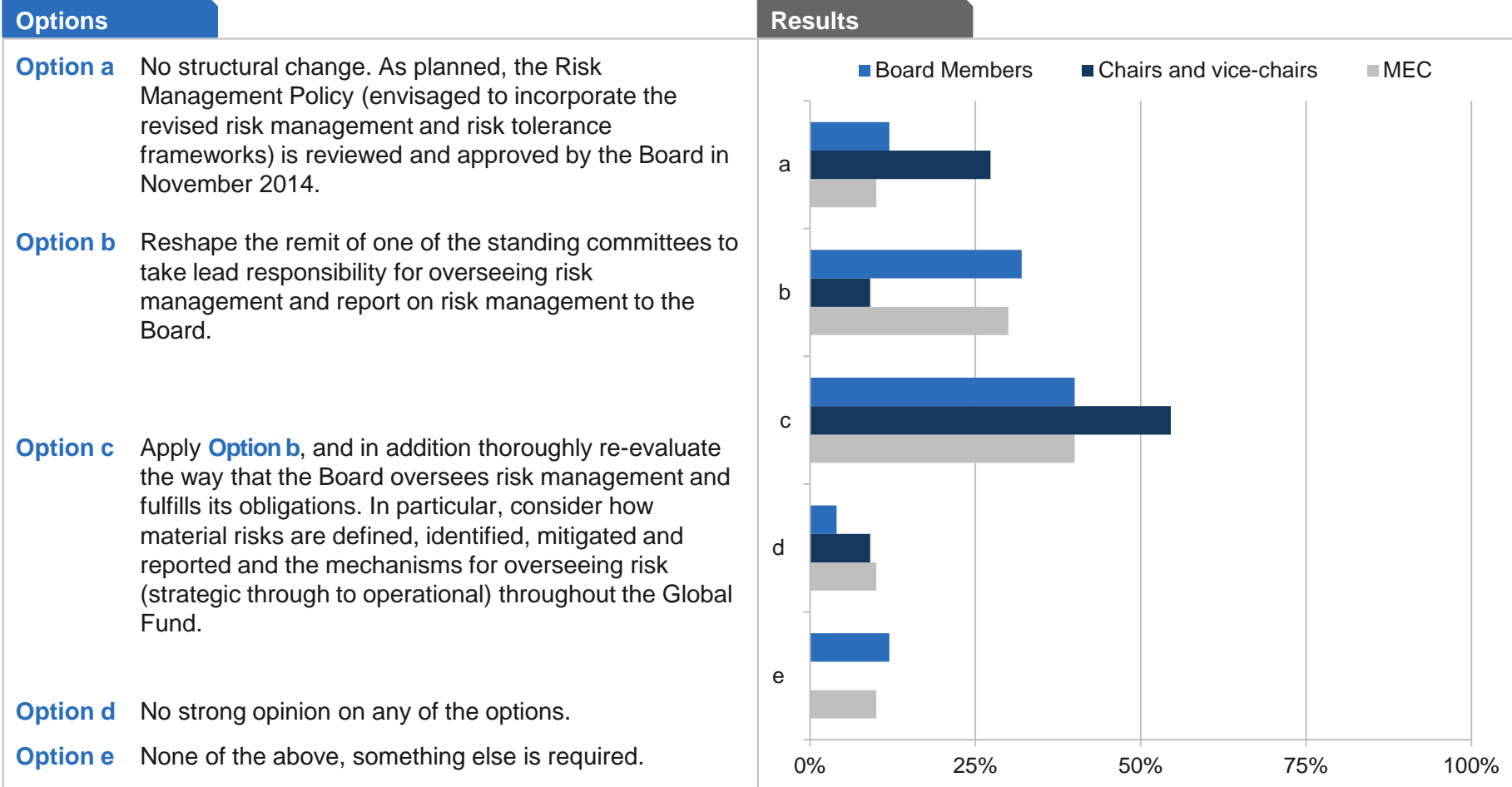
“We agree that there is a vacuum when it comes to being able to refer to governance issues. However, we would oppose creating another committee, but would rather call on an "organ" of the Global Fund on an ad hoc basis, if governance matters come up. This could be a group of "elderly statesmen/women.”



Question #4 survey results

Risk management

The Board is responsible for determining the risk appetite of the organization and ensuring an effective risk management system is in place. It is not clear how the Board is fulfilling its duties with respect to this core governance function. How should risk management be strengthened?





Question #4 survey comments*

Risk management

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option c

"In terms of assigning explicitly oversight responsibility to a Board Committee, we strongly recommend this be incorporated into the AEC's mandate."

"Risk management is fragmented. Option C has better chance of comprehensive implementation of risk management. Mere Risk Management Policy is not the solution but how it will be integrated into the entire structure is an issue."

Other

Option b

"The suitable committee for us would be the FOPC, if appropriate capacity for such oversight can be ensured, e.g. by attracting additional external expertise."

"Which of the two committees (AEC or FOPC) could take up this function should be the outcome of an open discussion; however, emphasis should be placed on regular reporting of risk issues."

Option e

"This requires more analysis before choosing solutions. This is a vital part and has been asked for several times. So it's important to understand why it took so long to create a revised policy. And whether this does require revision of structures or not. It is important too to bring the revised policy to the board ASAP."

"A combination of b and c is preferred. For one of the standing committees to take responsibility of overseeing risk management, but that it does so after thoroughly re-evaluating the way that the Board oversees risk management and fulfils its obligations."



Question #5 survey results

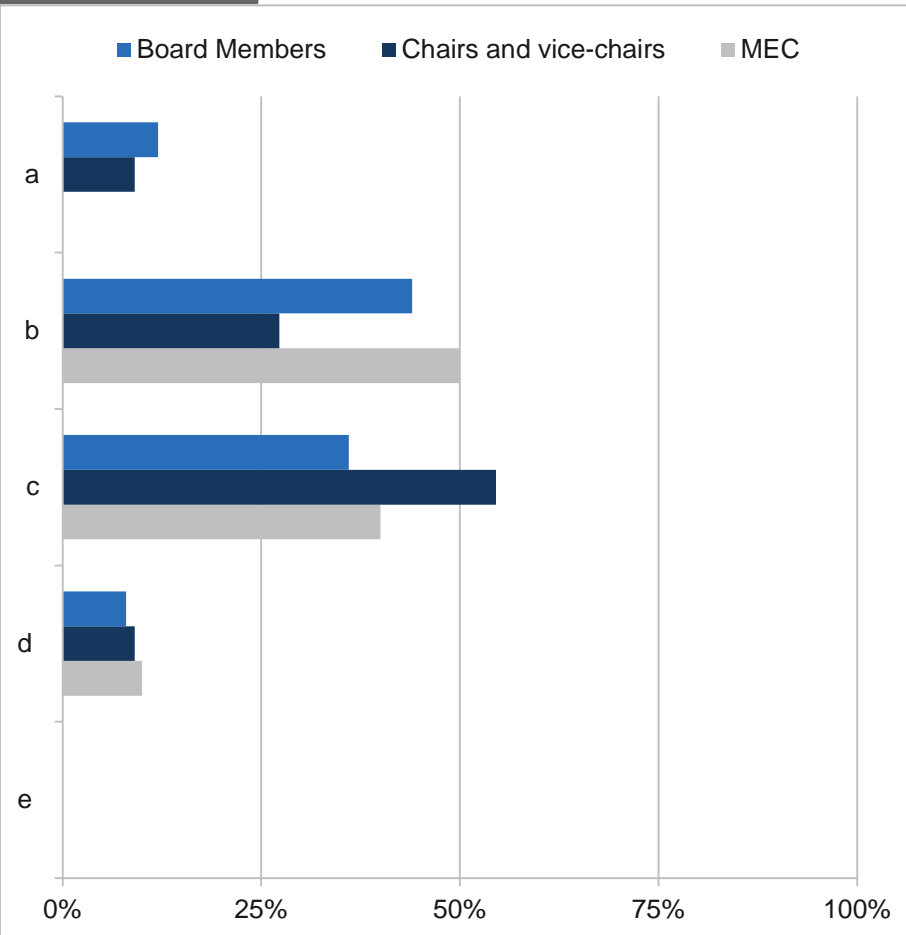
Executive decision-making

The combined package of the Board leadership and Coordinating Group is a Global Fund governance construct to oversee the activities of the organization. How could the leadership and coordination platform be improved?

Options

- Option a** No structural change. The Coordinating Group should function as designed in their terms of reference with performance evaluated accordingly.
- Option b** The Coordinating Group and the Board Leadership terms of reference are clarified with both more time and resources dedicated to ensuring that objectives are achieved, with performance monitored.
- Option c** An enhanced Coordinating Group or equivalent is put in place, with specific decision-making powers with or without expanded membership. The Chair of the Board leads this group with revised terms of reference and time commitments as well as a proper succession and performance monitoring plan.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #5 survey comments*

Executive decision-making

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option b

“At this stage, (our constituency) is not prepared to turn the Coordinating Group into an Executive Committee.”

“Option B as a first step before potentially going further.”

“The coordinating group needs to coordinate better. They also need a clear mandate for this. But we don't feel that we need to fundamentally change the decision making structures.”

“There is plenty of scope for improvement in the performance of Coordinating Group as it is currently designed through clarifying TORs and improving transparency and reporting of CG meetings and deliberations. Given the stakeholder-based design of the Global Fund and it's focus on inclusivity and partnership, we would be wary of introducing anything resembling an Executive Committee within the Board.”

Other

Option c

“Executive decision-making needs to be improved as witnessed in the last few tenures. Often the power/decision-making power falls on the advisors, and this is not necessarily good governance. An enhanced Coordinating Group with a clearer mandate (and an expanded membership) is preferred.”



Question #6 survey results

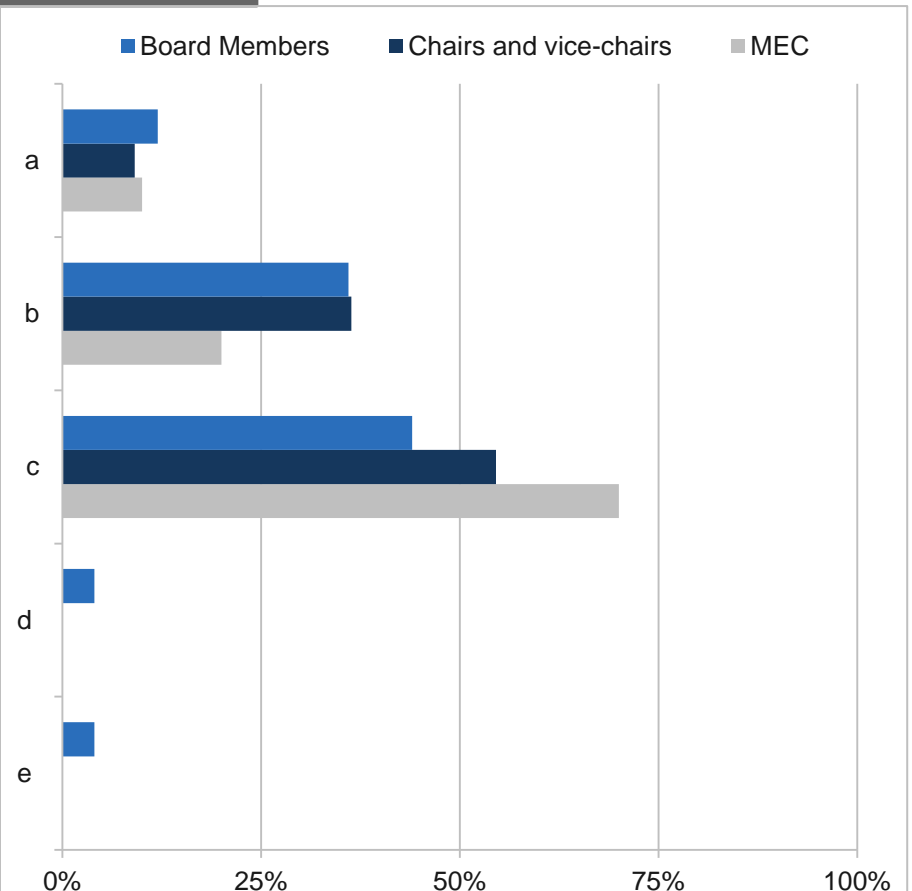
Conflict of interest management

The Policy on Ethics and Conflict of Interest for Global Fund Institutions defines conflict of interest exclusively as “financial interests”. Board members are not fully compliant with signing the Declaration of Interest. How could conflict of interest management be improved?

Options

- Option a** No change besides complying with the current requirements (e.g., signing of the Declaration of Interest) and monitoring compliance.
- Option b** Approve a slightly wider definition of conflicts, providing more guidance to Board and committee members and monitor compliance where possible, given existing resources.
- Option c** Overhaul the way in which conflicts are managed, including the definition of conflicts and implementing controls to manage conflict of interests effectively. These would include a robust recusal mechanism, a mechanism for escalating conflict of interest to a designated committee and clear implications for non-compliance.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #6 survey comments*

Conflict of interest management

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option c

"This is a priority action as it addresses a fundamental weakness of current governance practice."

"Why didn't people sign the Declaration of Interest? Could we just make a simple procedure: those who did not sign the declaration of interest are not allowed to attend in the Board meetings?"

Other

Option e

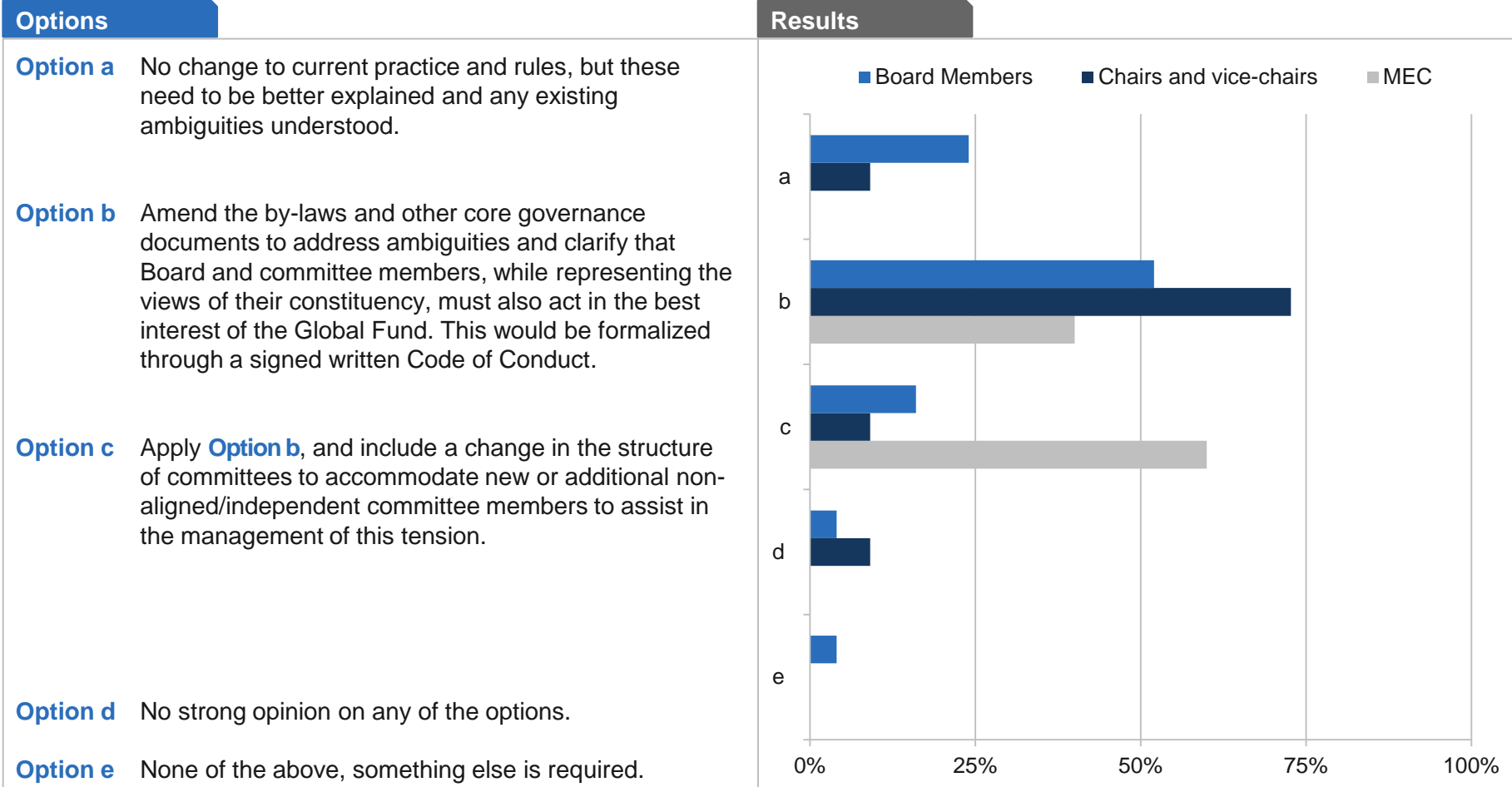
"This is a very important area and we do need a broader definition of conflict. But in order to decide how to move forward we need advice from the AEC on what is the best way forward."



Question #7 survey results

Duty of care

There is no guidance on managing the potential inherent tension between a Board or a committee member's duty of care to operate in the best interests of the organization versus the responsibility to represent their constituency. How could this be remedied?





Question #7 survey comments*

Duty of care

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option b

“The strength of GF governance is the inclusion of diverse stakeholders in governance. External experts should be added where their technical expertise is needed, but not for managing political or other conflicts.”

Other

Option c

“But also Board members should be expected to all undergo formal training on how to be an effective board member from someone like an Institute of Directors.....unless they can prove they have already been doing this for another organisation.”

“This may be important for board members, delegations from implementers with dual/triple responsibilities.”

Option e

“Our constituency is unsure about this point. We think the tension is better managed through a strong and well managed conflict of interest policy and a revised voting construct. Not sure about the added value of developing (with which resources?) another code of conduct.”



Question #8 survey results

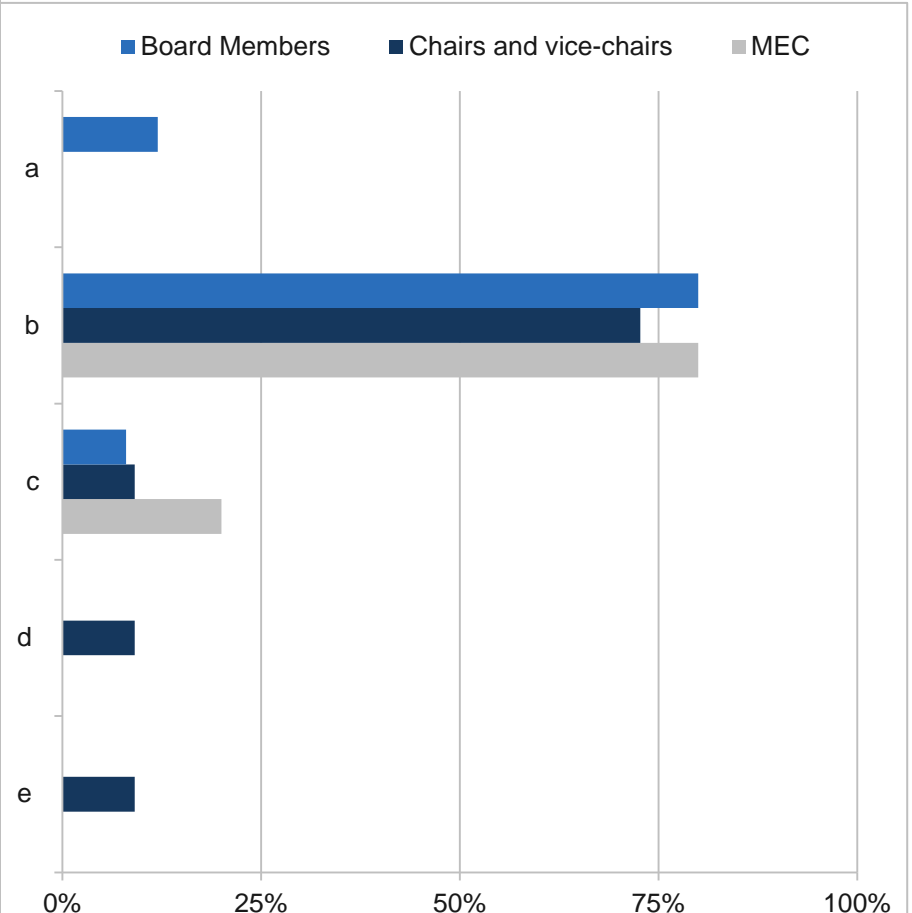
Institutional memory management

The basic building blocks around institutional memory management, for example, Board meeting preparation, Board documentation, and follow up on Board decisions and commitments are not in place. How could this be remedied?

Options

- Option a** The present level of institutional memory management is appropriate, but the Board should better comply with the current requirements (follow up on active decisions, notice periods for Board and committee documentation, etc.) and monitor accordingly.
- Option b** Institutional memory management should be strengthened through a suite of options including the development of an integrated work plan by the Office of Board Affairs, and by creating, for example, a live register of Board decisions. The Coordinating Group or an equivalent, should monitor performance.
- Option c** A work plan, as in **Option b**, should be developed by the Office of Board Affairs and performance against this overseen by a new standing committee, for example, a governance committee, whose charter will recognize its functions with respect to these activities.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #8 survey comments*

Institutional memory management

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option b

“Clarification is needed on “building blocks” ; Option B limits the Office of Board Affairs on operation/planning level – which is good that it doesn’t give too much power to this Office ; Option C can be a solution, but do we want “another” committee?”

“An integrated workplace should be provided, including that of extended work plans for the committees over 2 years rather than per

Other

Option c

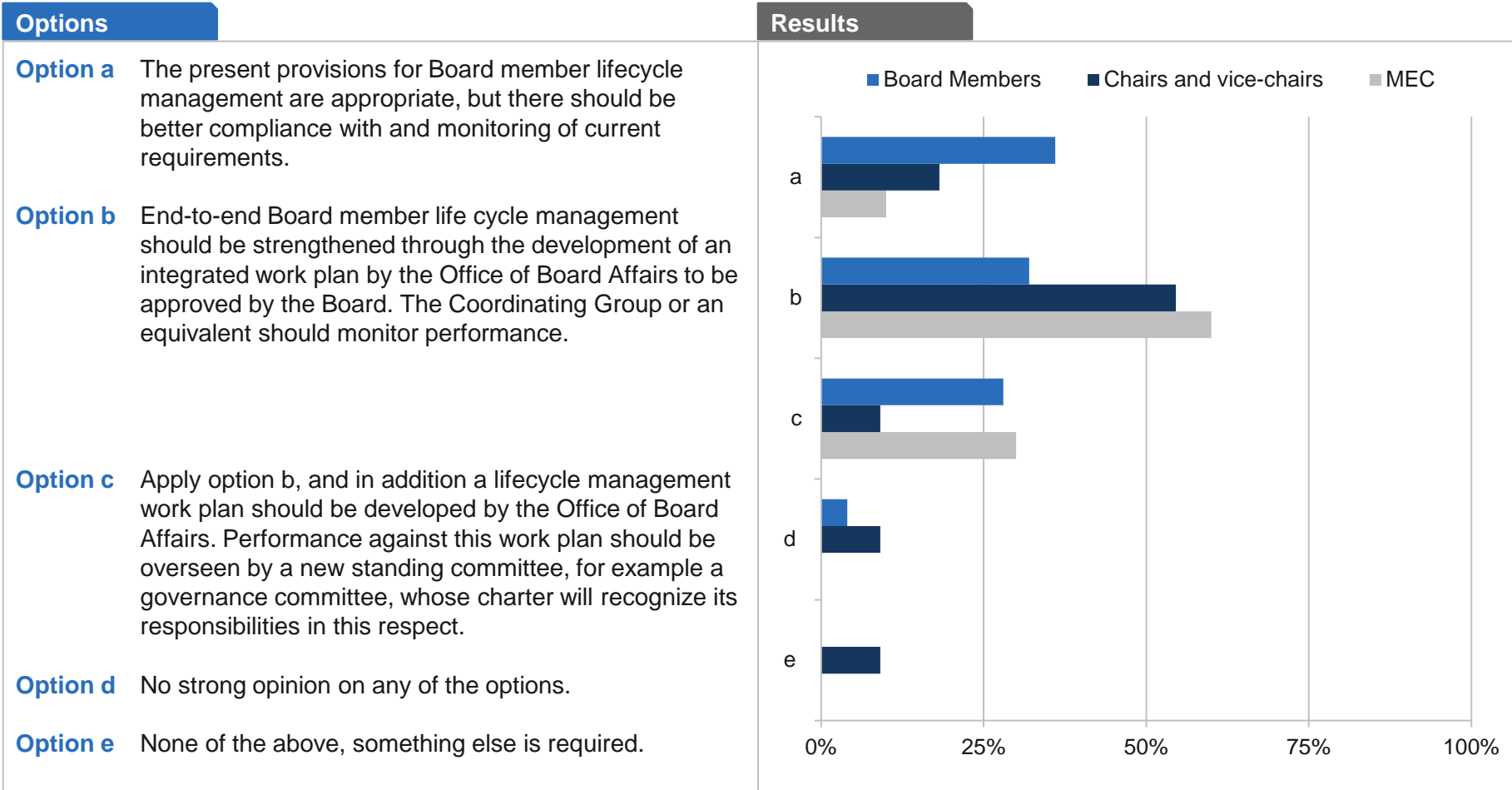
“Option c should include the components of b, especially the live register of decision points.”



Question #9 survey results

Board member lifecycle management

The basic building blocks around Board member lifecycle management, for example, assessment and selection of committee members, nomination, onboarding, induction, continuous education, ongoing evaluation, and off-boarding of Board and committee members are not in place. How could this be remedied?





Question #9 survey comments*

Board member lifecycle management

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option b

"An integrated workplace should be provided, including that of extended work plans for the committees over 2 years rather than per year."

Other

Option a

"It would be helpful if incoming Board Members, Alternates and Focal Points were able to receive an improved induction package by the Secretariat. It is also helpful if they could receive in-person briefing on the occasion of Board meetings or other events."

"With the understanding that all that is mentioned (e.g. inductions) is fully implemented as part of present provision."

"We would strongly encourage standardizing the process of on-boarding new Board Members, Alternates and Focal Points."

Option c

"Ensuring the empowerment and performance of board members is the ultimate responsibility of the board. It should therefore be the board which leads on this, not the secretariat."

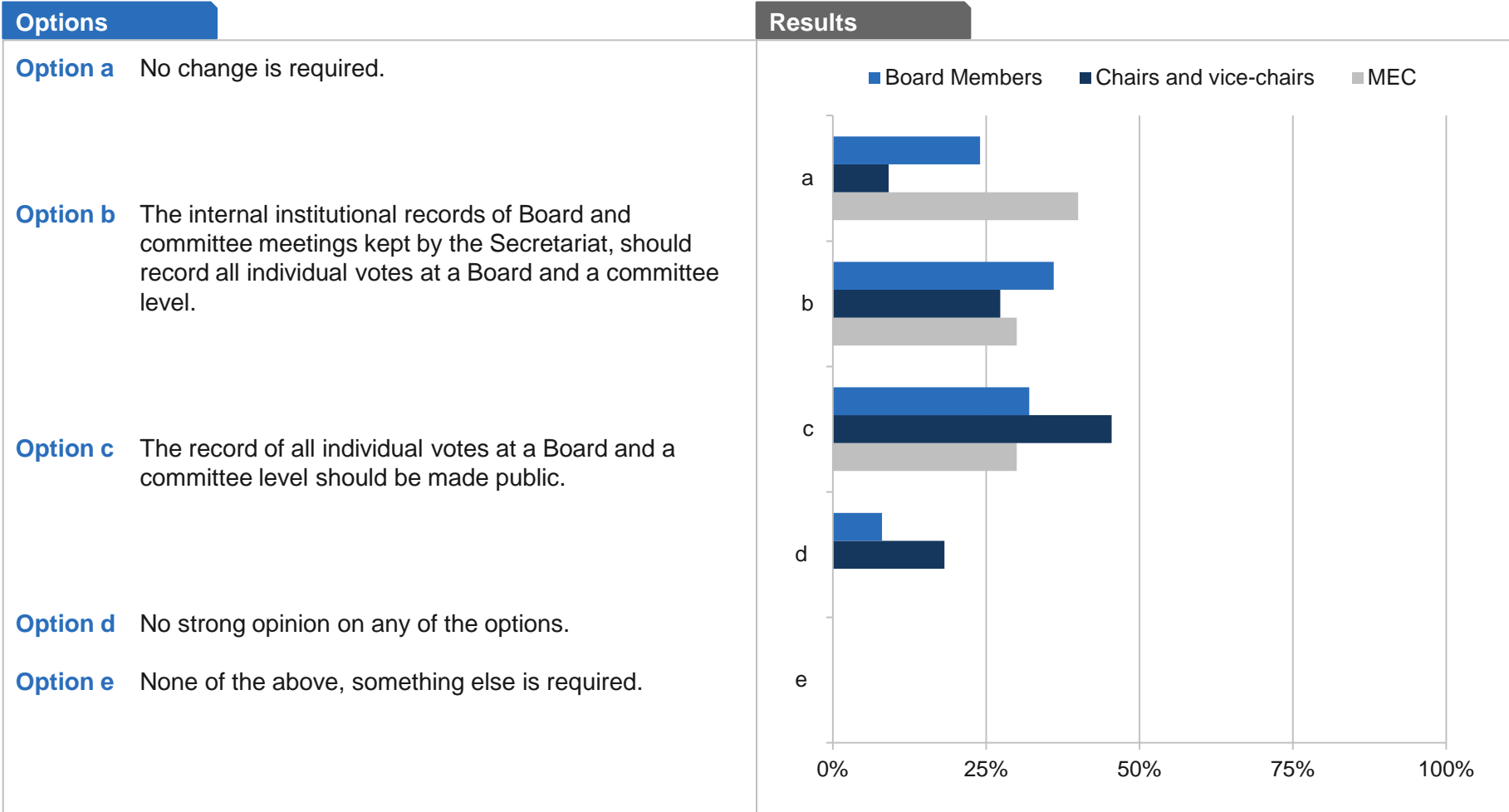
"We would like to suggest, instead of "another new standing committee", could we ride on the suggestion in Option #3, option b i.e. the external party and formalize it as a standing committee?"



Question #10 survey results

Record of Board and committee votes

The individual votes cast on Board and committee decisions, or the consensual nature of Board and committee decisions are not recorded by the Global Fund. How could this be remedied?





Question #10 survey comments

Record of Board and committee votes

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option c

"This encourages transparency."

"The transparency requested of the Global Fund should be displayed by its governing bodies to the extent possible."

"This question is about transparency. But the analysis also speaks to behaviour which is included in the implications. And this is not well reflected in the question. We believe that the votes should be transparent. But what is considered negative behaviour in the language lacks enough analysis in our view. And although the report refers to remarks made in the interviews they only reflect the negative side. Which we don't think is fair reporting. The blocking minority serves an important and positive function. And strengthens the position of the implementers. And supports the partnership that the Global Fund is. As for committee members voting differently from the constituency in the board: the committee has a different role from the board. And in the board more aspects & information can become part of decision making. So it can also be viewed as positive behaviour in the interest of the GF."

Other

Option b

"Potentially c would be a good option, but there is some concern this could lead to more frequent formal voting."



Question #11 survey results

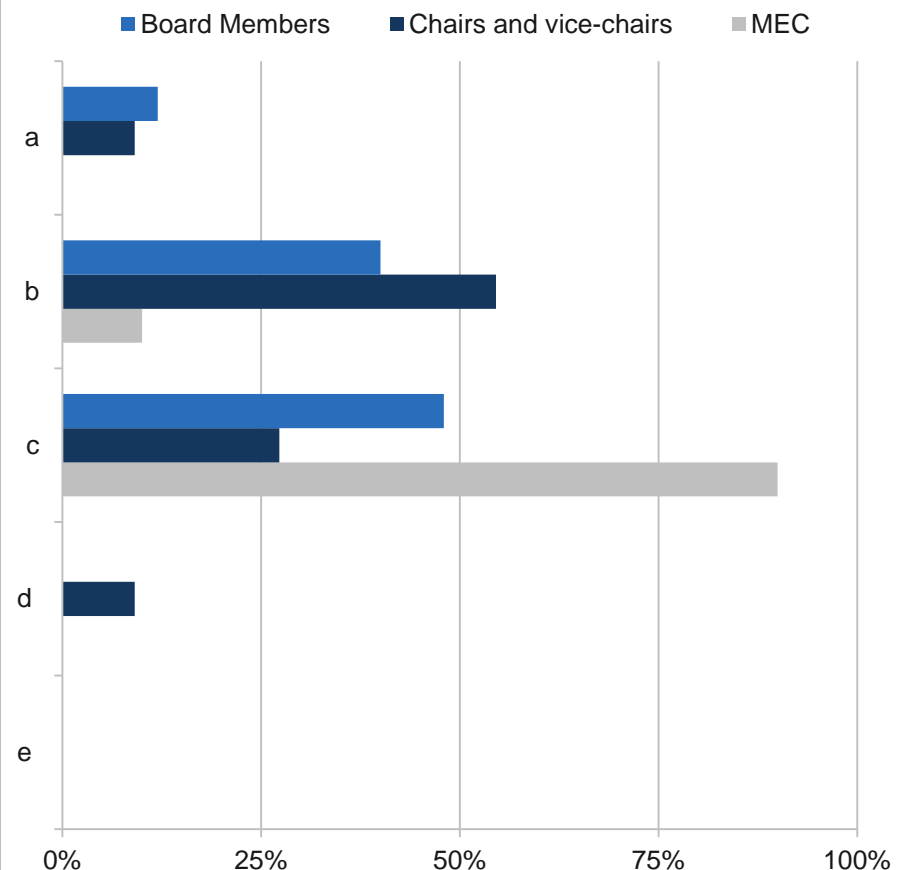
Voting structure

Voting on the Board is constituted along two blocs: implementers and donors. Decisions require a two thirds majority in both blocs. This means that a minority of four votes from either bloc can prevent a decision. How could a future voting construct be shaped?

Options

- Option a** No change to the current bloc and decision-making framework.
- Option b** Retain separate donor and implementer blocs, but increase the threshold for blocking decisions, for example, by requiring a minimum of six votes of either bloc or ten in total.
- Option c** Re-evaluate whether the present construct of two blocs remains relevant. For example, consider whether a simpler voting structure would better serve the organization and/or whether the distribution of seats should be re-balanced according to the disease burden and/or the resources committed.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #11 survey comments*

Voting structure

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option c

“Donor bloc seats are already accorded to resources committed. The same could be done with regard to the disease burden on the implementers' side.”

“It is high time that the Global Fund moves beyond the divide into donors and recipients of the past. As we move into post-2015, this divide is outdated - apart from its ineffectiveness.”

“We do not see this as the top priority right now. More important now is the get the agendas and understanding of role and functions right.”

Other

Option a

“Perhaps the OIG/secretariat could give us how many decisions were blocked by minority since the inception of GF (or in last five years)? I found “potentially impairing the quality of decision making” a bit threatening and I don't see where is the evidence to support this claim.”

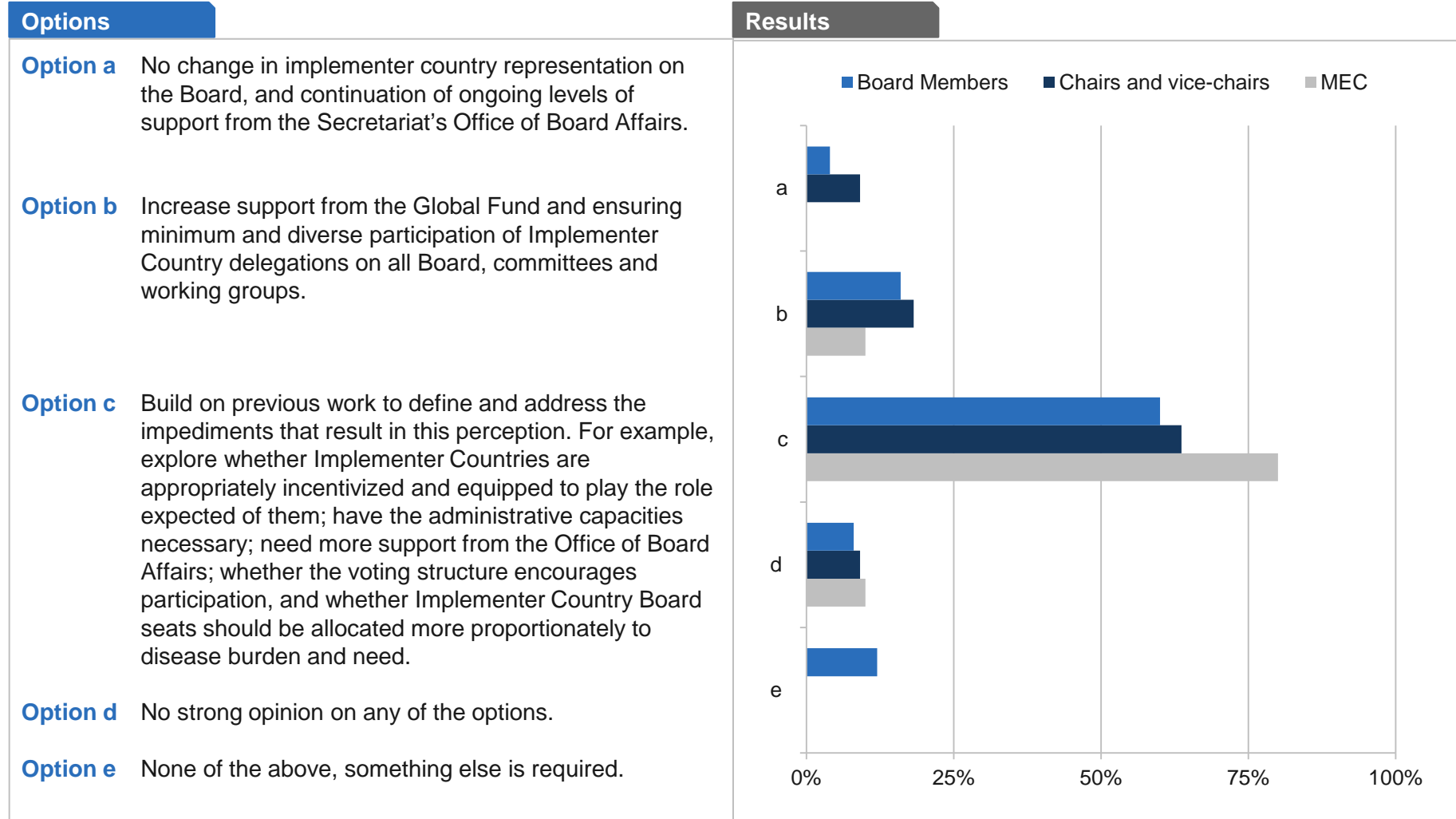
“However we believe this should be a topic to be explored by the governance working group.”



Question #12 survey results

Implementer representation

There is a perception that the implementer voice is not heard. How could this be addressed?





Question #12 survey comments*

Implementer representation

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option c

"if we are serious about this, we need to go through this thorough exercise even if it entails cost implications. However, we also acknowledge the improvements that have already been made."

Other

Option a

"We would like to hear the opinion of the implementing countries. From our point of view, option B does not solve the problem. It seems that similar question was raised during the former governance review."

Option b

"We acknowledge that something needs to be done to strengthen engagement of country implementing constituencies and ensure that others do not end up speaking on their behalf; however, we feel that members of those constituencies are best positioned to recommend what support they need, and do not feel adjustments to seat allocations are warranted yet."

Option e

"Additionally, implementers should (at least partially) carry the cost for attending the board meetings, to increase ownership."

"This has been a point of attention for many years. And several new structures have been created to address this...(…). To strengthen this we need to reflect on these relatively new mechanisms. And we need to invite the Implementers especially what their view is how to improve this..."

"We feel frustrated by this point. An external consultancy firm was hired and a report on increasing implementers engagement (representation also included). Five key recommendations were made. We spent the money on consultancy and received a report, but to what extend is it being followed up?; Instead of making a choice of options in here, WE think the secretariat could give us a concrete work plan on the implementation of those recommendations.; We also need to ask how many staff are/designated to support the Implementers? We understand that before the formation of the Office of Board Affairs, there was one member of staff dedicated to supporting the Implementers (10 constituencies) but now it covers all constituencies."



Question #13 survey results

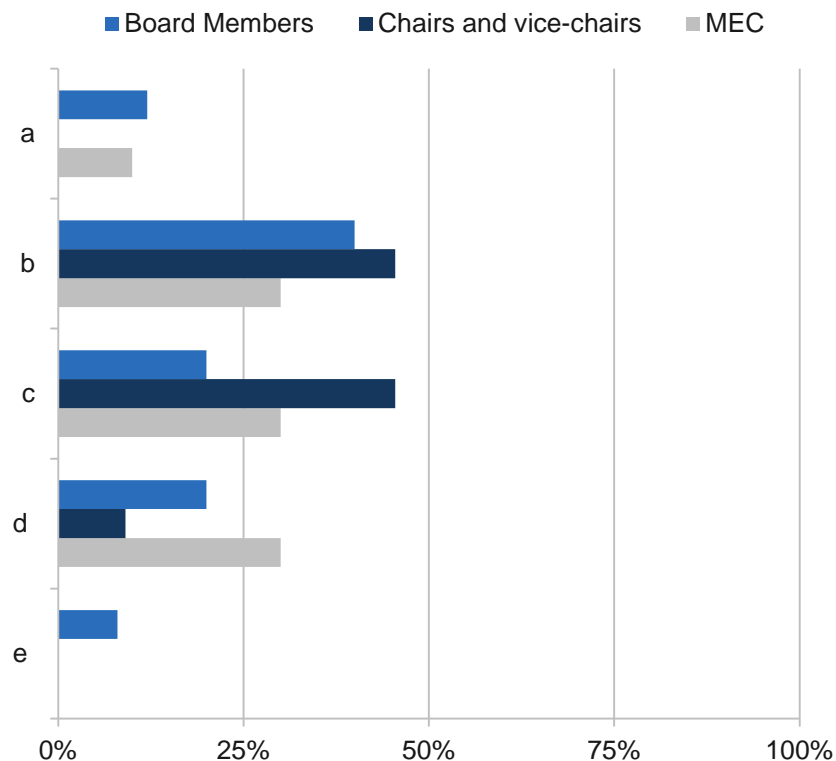
Legal status of the Global Fund

The Global Fund cannot make an unequivocal statement that the organization complies with the applicable laws that bind it, given the complex legal status of the organization. Furthermore, the Global Fund has not fully implemented the High-Level Panel observation that “at a minimum, nations that sit on the Global Fund’s Board should expedite their domestic processes to grant the organization privileges and immunities”. How could the Global Fund give greater clarity to its legal status?

Options

- Option a** With its current legal status, the Global Fund prioritizes its current efforts related to adherence to its Agreement on Privileges and Immunities.
- Option b** The Global Fund continues current efforts related to adherence to its Agreement on Privileges and Immunities, and in addition the Board formally identifies and acknowledge the risks and uncertainties inherent in the current legal status of the Global Fund, as well as develop a strategy to address or mitigate these risks.
- Option c** The current legal status of the Global Fund should be clarified, for example, by changing it to that of an International Organization, so that the Board can receive on an annual basis, a statement of assurance that it fully complies with the applicable legal and regulatory framework.
- Option d** No strong opinion on any of the options.
- Option e** None of the above, something else is required.

Results





Question #13 survey comments*

Legal status of the Global Fund

* For reasons of space, only voting Board members' comments have been included.

Most popular option

Option b

"We do not see it as possible to move towards making the Global Fund an intergovernmental body, at least not right now."

Other

Option c

"In light of the report, the OIG may need to shed more light on what necessitates option A & B in light of the recommendations of the report. Option C may be difficult to achieve from the analysis of this report."

Option e

"This is a very complex issue. The analysis presented is not detailed enough to conclude what needs to happen. We need more detailed advice."

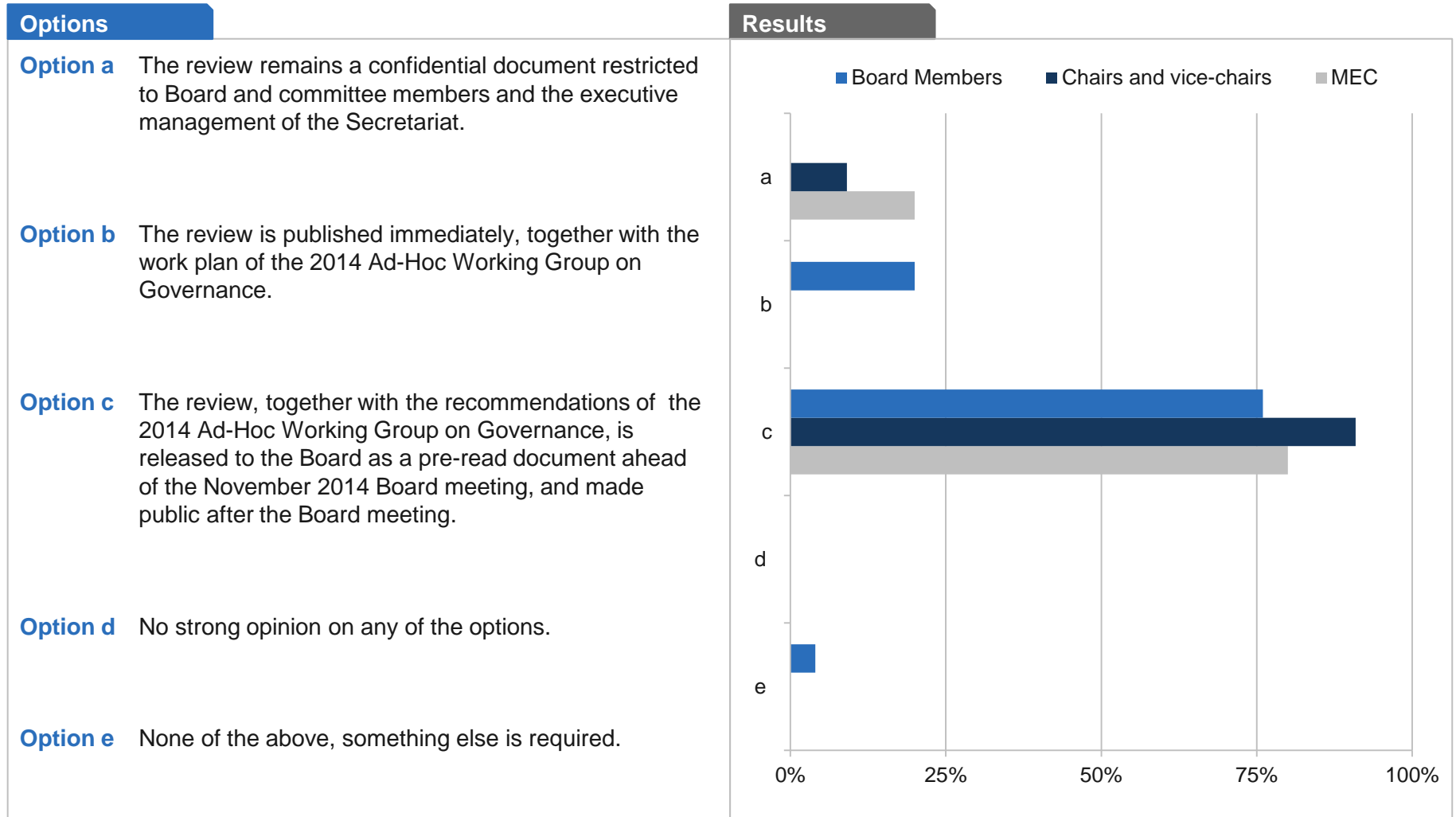
"We agree that the legal status needs to be clarified. However, the implications may be far-reaching and need careful analysis that is not provided in sufficient detail in this report. A clear follow-up for the governance working group and/or the FOPC."



Question #14 survey results

Disclosure of this review

Disclosure of the OIG Governance Review: what would you recommend?



Acknowledgements

The Office of the Inspector General thanks the Global Fund Board, the Coordinating Group, and the three standing committees, as well as the Secretariat for their cooperation and contributions to this review.