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# Governance Performance Assessment – Towards a Governance Action Plan 2.0

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## 45<sup>th</sup> Board Meeting

GF/B45/11

11-12 May 2021, *Virtual*

### Board Information

**Purpose of the paper:** This paper summarizes Board and EGC discussions to date on the Governance Performance Assessment, presents an initial prioritization of the suite of recommendations, and proposes a future framework for an updated action plan. It constitutes the basis for Board discussion on prioritization with a view of enabling the EGC to develop a Governance Action Plan 2.0. **This paper should be read alongside document GF/B45/21 – Governance Performance Assessment** (final report), where full detail of the assessment findings and recommendations may be found.

# Executive Summary

## Context

In line with good practice, and with the Global Fund Bylaws, the Global Fund carried out a Governance Performance Assessment (GPA) in 2020 under the oversight of the Ethics and Governance Committee (EGC). This assessment was conducted by an external service provider, who submitted a final report in Q1 2021. The GPA report covers findings in seven key areas, proposes a suite of 25 recommendations and outlines a potential future vision for an enhanced governance structure. Based on these recommendations, work is now undertaken by the EGC to develop, in an iterative and consultative manner, an actionable and prioritized Governance Action Plan 2.0 that meets the specificities of the Global Fund and objectives for strengthened governance into the future, in support of the Global Fund mission, and to best enable the organization to deliver on its strategy. This paper brings in input received at the Board workshop on the Governance Performance Assessment held on 23 April 2021, as well as from EGC discussions.

## Input Sought

Board input is sought on the GPA recommendations, including their prioritization. The EGC will build on this input to develop a Governance Action Plan 2.0 at its meeting in July. **This paper should be read alongside document GF/B45/21 – Governance Performance Assessment** (final report), where full detail of the assessment findings and recommendations may be found.

## Questions this paper addresses

- A. What do we propose to do and why?
- B. What feedback have the EGC and Board shared on the Governance Performance recommendations?
- C. What is the proposed framework for a Governance Action Plan 2.0?

## Conclusions

- A. The EGC proposes to develop a Governance Action Plan 2.0 inspired by the key findings and prioritization of some of the recommendations contained in the GPA, to be developed in an iterative manner with engagement from the Board, constituencies, and Secretariat.
- B. **EGC** discussions have recognized the importance of focus on term lengths and effective leadership; Committee roles and responsibilities; and operational, strategic and behavioral initiatives to enhance strategic discussions at the Board. **Board** discussions reflected on themes of representation, diversity, inclusion and voice, the relationship between the Board and Secretariat, and challenges and lessons from the virtual environment. Thus far, initial Board discussions have recognized the potential impact of longer tenures for improved continuity, review of committee mandates, and the need to ensure strategic focus at Board level.
- C. Proposed thematic areas to structure a Governance Action Plan 2.0 are as follows: (1) Elevate Board Discussions; (2) Leverage the Role of Committees; (3) Governance in an evolving context; (4) Succession Planning and Selection Processes; (5) Culture; and (6) Future Governance Structure.

## Input Received

- Governance Performance Assessment Report by independent consultants Nestor Advisors
- EGC discussions in February and March 2021.
- Input from constituencies at Board workshop of 23 April 2021.
- Discussion and feedback on final report from Secretariat management.

# Report

## What is the need or opportunity?

1. In line with the Governance Performance Assessment Framework,<sup>1</sup> the Global Fund assessed the performance of its governance in Q4 2020, using an independent service provider, Nestor Advisors (NA), who conducted surveys, interviews, document review and benchmarking, as well as observation of governance meetings. The Ethics and Governance Committee (EGC) oversaw the process. While the assessment was carried out during the COVID-19 pandemic, the findings are relevant beyond the virtual context.
2. The final Governance Performance Assessment Report<sup>2</sup> presents a multitude of findings and a suite of prioritized recommendations to enhance Global Fund governance. In addition, it lays out a potential vision of an alternative future governance structure, which Nestor Advisors propose as a potential means to overcome some inherent challenges relating to trust, loyalty and accountability.
3. The assessment report constitutes the foundation for an action plan to define the priorities for governance strengthening for the coming years. Turning the GPA into a Governance Action Plan 2.0 with broad buy-in provides an important opportunity for the Global Fund to continue to strengthen its governance, in support of delivering on the Global Fund mission. Definition of an action plan necessarily entails consideration of the capacity of both the Board and its committees, and the Secretariat, in addition to timing workstreams in line with broader cycles or upcoming milestones, such as upcoming selection processes.
4. Noting the importance of broad engagement, the EGC organized a workshop with the Board on 23 April to receive input on the final report and recommendations. This paper summarizes EGC and Board inputs to date, and proposes, for input, initial considerations around prioritization and a potential framework for a Governance Action Plan v.2.0.

## What are the emerging priorities?

### Summary of Board and EGC Input

5. **EGC discussion** of the GPA report findings and recommendations identified key priority themes for attention, as follows:
  - i. **Term lengths and effective leadership;**
  - ii. **Committee roles and responsibilities; and**
  - iii. **Enhancing strategic discussions at the Board.**
6. EGC members also recognized the importance of cross-cutting considerations regarding **constituency engagement and voice**, the themes of **trust and “power”**, as well as the importance of considering forward-looking actions within the **context of the changing global health environment**. The committee also recognized the Global Fund’s additional work in the context of the COVID-19 Response Mechanism, and the need to consider associated implications for effective governance oversight. The EGC remains attentive to **prioritization**, streamlining the GPA recommendations into existing EGC workstreams, consideration of **best practices**, and effective **engagement** as recommendations are taken forward.
7. **Board discussion.** The informal Board workshop held on 23 April 2021 explored the GPA report findings, with discussions focused on the three priority themes identified by the EGC, above. Board discussions welcomed the independent assessment and comprehensive report, recognized the timeliness of discussing effective governance in a **changing landscape** while being sensitive to the need to carefully plan **timelines for change**. Discussions also underlined the importance of **collective engagement** in order to further explore the substance of individual proposals, in due

<sup>1</sup> GF/B41/ER02 Revised Governance Performance Assessment Framework (2019)

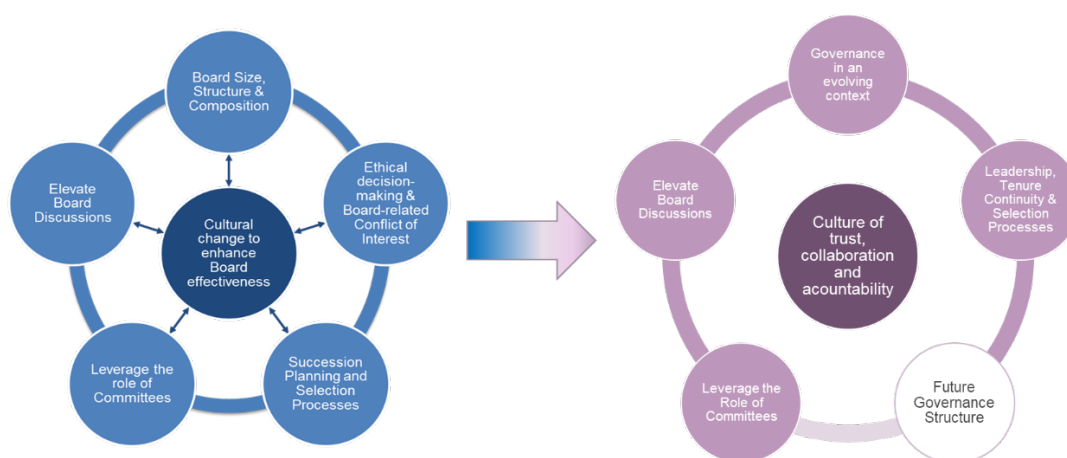
<sup>2</sup> GF/B45/21 – Governance Performance Assessment Final Report

course. Considerations regarding **representation, diversity, inclusion and voice** are of particular relevance, while challenges and **lessons from the virtual environment**, including the need for flexibility in approaches, and for ensuring robust oversight balanced with agility, provide a further dimension to the considerations around governance strengthening.

8. Initial Board discussions provided the following guidance to the EGC as follows:
  - i. **Term lengths and effective leadership**
    - a. General **support for longer terms**, recognizing the benefits for continuity, institutional memory and effectiveness, particularly given the complexity of the Global Fund landscape, and burden of selection processes. The potential burden of longer terms or term extensions was also noted.
    - b. **Flexibility** may be needed for Board Member and Alternate roles, recognizing different arrangements and contexts within constituencies.
    - c. **Staggering** of terms between committees and Board Leadership as important for leadership continuity and effectiveness.
    - d. **Leadership succession planning** merits attention, particularly for committee leadership roles.
    - e. Linkages between longer terms and **streamlined committee mandates** were noted, particularly in the context of time commitment for leaders.
  - ii. **Committee roles and responsibilities**
    - a. Recognition of the need to **streamline** work at the Strategy Committee and Board, and the need to further explore the idea of a **Committee of the Whole** for strategy development.
    - b. Support for **increased clarity of mandate**, and the need to **leverage committees** to avoid duplication at the Board.
    - c. Recognition of the potential for impact of the recommendations regarding focusing oversight of **risk** matters.
    - d. Recommendations regarding the role of the Coordinating Group and a standing Nomination Committee for Executive Director and Inspector General selections were not deemed to be high priorities.
  - iii. **Enhancing strategic discussions at the Board**
    - a. The need to strengthen constituency **voice, diversity and engagement**, being mindful of differing capacity.
    - b. Recognition of the value of **informal engagements**.
    - c. The importance of **onboarding and knowledge** to enable Board member effectiveness.
    - d. The role of behavioral changes in Board meeting effectiveness, including moving towards **interactive discussion** rather than reading statements.
    - e. The importance of **effective information-sharing** for decision-making processes.
    - f. The need to explore and address **cultural** issues, including between the Board and Secretariat.
9. Regarding the GPA proposal on a potential **future governance structure** (Chapter IV, Final Report), discussions noted the need for additional analysis and discussion, to better understand the rationale underlying the suggestions regarding broader structural changes. As noted in the GPA report, reflections relating to a potential future governance structure provide a vision of a future structure, which may address key themes in relation to trust, representation and voice, and would require further in-depth review of institutional arrangements.
10. Overall, Board and EGC discussions to date indicate a need to focus on term lengths and streamlining of committee mandates as emerging priorities. Upcoming selection processes for Board Leadership and committee leaders and members may set the timeline for review of procedures relating to tenure in particular. Continued efforts to enhance strategic focus and strengthen governance culture remain of central importance.

## Moving to a Governance Action Plan v. 2.0

11. **2018 Governance Action Plan themes.** The Governance Action Plan of 2018 identified six thematic areas, each with a set of governance strengthening workstreams and initiatives. The majority of action items have concluded,<sup>3</sup> with key outstanding workstreams including the review of committee mandates, and long-term considerations around Board size and composition, incorporated into the proposal below. Following conclusion of planned policy-level deliverables, and embedding of training on Codes of Conduct, we propose continuous attention to ethics and integrity matters, including the tensions between representation and serving in the best interests of the Global Fund, through the workstreams focusing on culture and accountability. (Broader ethics-related priorities remain under EGC oversight and are covered in the work plan and objectives of the Ethics Office.)
12. An indicative overview of a **draft Governance Action Plan 2.0** is shared in Annex 1 and will be further developed based on input from the Board and EGC. The Governance Action Plan will serve as a tool to define and guide priorities, with individual proposals to be developed and brought to the relevant governance bodies for input and approval, as required in line with relevant mandates. Drawing from the findings of the GPA, the following themes may structure the next action plan.
- Elevate Board discussions
  - Leverage the role of Committees
  - Leadership, tenure, continuity and selection processes
  - Governance in an evolving context
  - Culture of trust, collaboration and accountability
  - Towards a future governance structure
13. **Prioritization** will be key to an actionable plan, as well as ensuring proposals for change are made with due attention to ongoing EGC workstreams, and Board and Secretariat capacity. **Initial feedback** received through EGC and Board discussions indicates that the questions around **tenure, leadership and continuity, committee mandates, and modalities to enable strategic and inclusive board discussions** are areas of priority, enabled by cross-cutting themes including culture, trust inclusion and accountability.
14. An initial prioritization of the GPA recommendations is proposed in Annex 2. A number of the GPA recommendations link to workstreams or initiatives already under way, or can be incorporated into governance ways of working, support and operations, with the support of the Governance Team and Secretariat. Moreover, while the GPA recommendations form the starting point for development of the Governance Action Plan 2.0, the specific scope of action items and workstreams will undergo careful consideration, consultation, and review, with a view to developing final recommendations in line with objectives and the Global Fund context.



<sup>3</sup> As last reported to the EGC in March 2021, document [GF/EGC12/03](#)

## What do we need to do next to progress?

15. Board input is sought on the following:

- i. What are your constituency's reflections on the findings and recommendations?
- ii. Prioritization: which of the recommendations have the most potential for impact?
- iii. The proposed framework for a Governance Action Plan 2.0.

16. Following Board input at the pre-day of the 45<sup>th</sup> Board Meeting, the EGC will continue its considerations to define the Governance Action Plan 2.0, for discussion at the 16<sup>th</sup> EGC meeting in July 2021. The plan will identify key objectives, action items based on the prioritized recommendations and accountable actor. Resource implications will also be considered.

## Annexes

The following items can be found in Annex:

- Annex 1: Draft Framework for a Governance Action Plan 2.0.
- Annex 2: Overview of prioritization of GPA Recommendations
- Annex 3: Links to Relevant Past Documents & Reference Materials

## Annex 1 – Draft indicative overview of a Governance Action Plan 2.0 Framework

Thematic Area	Objective (illustrative)	Indicative action items inspired by Recommendations <i>For illustrative purposes this includes reference to the recommendations. The final recommendations will evolve into specific action items / workstreams, and will be further prioritized. (In parentheses, NA high-priority recommendations).</i>	Timeline & accountability <i>(indicative / TBD)</i>
<b>Tenure, Continuity, Succession Planning and Selection Processes</b>	Effective selection processes covering the Board Leadership, Board Direct Reports, and committees. Appropriate skills and effective institutional memory management.	<p><b>Priority area: Term lengths, leadership and continuity</b></p> <p><b>Key GPA recommendations on tenure</b></p> <ul style="list-style-type: none"> <li>• Rec 11. Term lengths of BM, CM, CL to three years (high priority)</li> <li>• Rec 20. Term length of BL to three years, renewable once (high priority)</li> </ul> <p><b>GPA recommendations to be consolidated with existing or ongoing EGC or Secretariat workstreams (selection processes; onboarding and communication; operational matters; policy reviews)</b></p> <ul style="list-style-type: none"> <li>• Rec 6. Membership skills matrix</li> <li>• Rec 12. Workshops on specific Board processes (high priority)</li> <li>• Rec 3. Adjustments to ED evaluation (high priority; in progress)</li> </ul> <p><b>Relevant ongoing EGC work streams</b></p> <ul style="list-style-type: none"> <li>• <i>Board Leadership and Committee selection processes</i></li> </ul>	Short-medium term (2021-2022), <i>noting upcoming selection processes</i>
<b>Elevate Board Discussions</b>	Board and committee meetings are strategically focused, with challenge in discussions, and enable Constituency engagement and voice.	<p><b>Priority area: Strategic focus, inclusiveness, engagement and voice</b></p> <p><b>GPA recommendations to be consolidated with existing or ongoing EGC or Secretariat (onboarding and communication; operational matters; culture)</b></p> <ul style="list-style-type: none"> <li>• Rec 13. Volume and Content of Board and Committee Packs (high priority)</li> <li>• Rec 14. Board Packs – include key questions (high priority)</li> <li>• Rec 15. Seminars on items for discussion (cross cutting)</li> <li>• Rec 16. Behavioral nudges to enhance inclusivity (cross cutting)</li> <li>• <i>Cross-cutting with areas on “governance in an evolving context” and “culture”</i></li> </ul>	Short term (from 2021) and ongoing
<b>Leverage the Role of Committees</b>	Effective committee structure (mandates and overall functioning) and Coordinating Group, to ensure appropriate support for Board to fulfill its six core functions effectively.	<p><b>Priority area: Clarity of roles and responsibilities; review of committee mandates</b></p> <p><b>Key GPA recommendations relating to committee mandates:</b></p> <ul style="list-style-type: none"> <li>• Rec 8 and Rec 22 Adjustments to AFC Mandate – strengthen on risk</li> <li>• Rec 21. Adjustments to SC mandate</li> <li>• Rec 23. Adjustments to EGC mandate</li> <li>• Rec 25. Adjustment to Coordinating Group (deprioritize or reclarify scope)</li> </ul>	Short-medium term (2021-2022)



## Annex 1 – Draft indicative overview of a Governance Action Plan 2.0 Framework

Thematic Area	Objective (illustrative)	Indicative action items inspired by Recommendations <i>For illustrative purposes this includes reference to the recommendations. The final recommendations will evolve into specific action items / workstreams, and will be further prioritized. (In parentheses, NA high-priority recommendations).</i>	Timeline & accountability <i>(indicative / TBD)</i>
<b>Leverage the Role of Committees cont'd</b>		<p><b>GPA recommendations to be consolidated with existing workstreams (onboarding and communication; operational matters)</b></p> <ul style="list-style-type: none"> <li>• Rec 24. Committee level dashboards</li> <li>• Rec 15. Seminars on items for discussion – Classification of type of meetings and their formality (cross cutting)</li> </ul> <p><b>Relevant ongoing EGC work streams</b></p> <ul style="list-style-type: none"> <li>• <i>Governance Culture Initiative – Roles and Responsibilities</i></li> </ul>	
<b>Governance in an evolving context</b>	Global Fund governance leverages learnings from the COVID-19 working environment, to inform longer-term efficiency, effectiveness and focus.	<p><b>GPA recommendations to be consolidated with existing workstreams (onboarding and communication; culture; operational matters)</b></p> <ul style="list-style-type: none"> <li>• Rec 18. Blended approach to meetings</li> <li>• Rec 16. Behavioral nudges to enhance inclusivity (cross cutting)</li> <li>• Rec 19. Enhance interaction in virtual setting.</li> <li>• Rec 17. Enhance interactivity of Governance Portal</li> </ul> <p><b>Relevant ongoing EGC work streams</b></p> <ul style="list-style-type: none"> <li>• <i>Governance Continuity</i></li> </ul>	Short term (from 2021) and ongoing
<b>Culture of Trust, Collaboration and Accountability</b>	The Board demonstrates a culture of trust, collaboration and accountability to the Global Fund.	<p><b>GPA recommendations to be consolidated with existing workstreams (onboarding; operational matters; policy reviews)</b></p> <ul style="list-style-type: none"> <li>• Rec 10. Secretariat and Governance interactions (high priority)</li> <li>• Rec 4. Enhancements to Governance Performance Assessments (high priority)</li> </ul> <p><b>Relevant ongoing EGC work streams</b></p> <p><i>Continuous focus and training on Ethics and Integrity (ethical decision-making, Code of Conduct, managing Board-related conflicts of interest)</i></p> <ul style="list-style-type: none"> <li>• <i>Governance Culture Initiative - Trust</i></li> </ul>	Short-medium term (2021-2022)
<b>Towards a Future Governance Structure</b>	The structures of the Board, including size and composition, enable constituency engagement and voice, and best enable delivery of the Global Fund's mission.	<p><b>GPA recommendations</b></p> <ul style="list-style-type: none"> <li>• Rec. 1. Establish forum of entire Board on Strategy matters (high priority)</li> <li>• TBC for further exploration - Vision of a future Governance Structure (Constituency Assembly)</li> </ul> <p><b>Relevant planned EGC work streams</b></p> <ul style="list-style-type: none"> <li>• <i>Board Size and Composition workstream. (GAP 2018)</i></li> </ul>	Longer-term



## Annex 2 – Overview of prioritization of GPA Recommendations

<b>Short-term enhancements/operational adjustments</b> for implementation by the Secretariat in the short-medium term, commencing 2021.	<b>Medium-term strategic proposals</b> including recommendations which may be streamlined into EGC workstreams already in progress, such as review of committee mandates, and work on governance culture, with a likely horizon of 2021-2022.	<b>Long-term strategic proposals</b> including recommendations with potential for impact, but which may require significant discussion and consultation to further assess their scope and approach to implementation.
<ul style="list-style-type: none"> <li>• Rec 4 – Enhancements to Governance Performance Assessments</li> <li>• Rec 6 – Membership Skills Matrix</li> <li>• Rec 10 – Secretariat -Governance interactions Part 2 (entry point for communication).</li> <li>• Rec 12 – Workshops on specific Board processes</li> <li>• Rec 13 – Volume and content of Board and Committee Packs</li> <li>• Rec 14 – Board Packs – Include key questions</li> <li>• Rec 15 – Seminars on items for discussion</li> <li>• Rec 16 – Behavioral nudges</li> <li>• Rec 19 – Enhance interaction in virtual setting</li> <li>• Rec 17 – Enhance interactivity of the Governance Portal</li> </ul> <p><i>Note: many recommendations link to workstreams or initiatives already under way, and/or are operational matters, which can be incorporated into ways of working with the support of the Governance Team and Secretariat, and with attention to resource implications.</i></p>	<ul style="list-style-type: none"> <li>• Rec 3. Adjustments to ED evaluation (<i>in progress at EGC</i>)</li> <li>• Rec 10. Secretariat and Governance interactions Part 1: Culture</li> <li>• Rec 11. Term lengths of BM, CM, CL to three years</li> <li>• Rec 20. Term length of BL to three years, renewable once.</li> <li>• Rec 8 and Rec 22 Adjustments to AFC Mandate – strengthen on risk</li> <li>• Rec 21. Adjustments to SC mandate</li> <li>• Rec 23. Adjustments to EGC mandate</li> <li>• Rec 25. Adjustment to Coordinating Group</li> <li>• Rec 24. Committee level dashboards</li> <li>• Rec 18. Extended Governance calendar and blended approach to meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Rec 1. Establish forum of entire Board on Strategy matters</li> </ul> <p>TBC - Vision of a future Governance Structure (Constituency Assembly) – longer-term consideration requiring further in-depth analysis.</p>
<p><b>Other recommendations</b>, to be referred to another entity, require more information, or may be deprioritized.</p> <ul style="list-style-type: none"> <li>• Rec 2. Independent Evaluation Function (referred to Strategy Committee for M&amp;E workstream)</li> <li>• Rec 7. Executive succession planning policy (for further discussion).</li> <li>• Rec 9. Greater accountability of IG to the AFC (for further discussion).</li> <li>• Rec 5. Board Nomination Committee (deprioritized)</li> </ul>		

## Annex 3 – Relevant Past Documents & Reference Materials

- [GF/B45/21 – Governance Performance Assessment Final Report \(May 2021\)](#)
- [GF/EGC15/03 From Governance Performance Assessment to Action Plan \(March 2021\)](#)
- Presentation: [Preliminary findings as presented to Board in November 2020 \(2020\)](#)
- [GF/B41/ER02 Revised Governance Performance Assessment Framework \(2019\)](#)
- [GF/B39/16 Governance Action Plan \(2018\)](#)