

Governance Action Plan: Leveraging the Role of Committees

47th Board Meeting

GF/B47/06 – Revision 1
10-11-12 May 2022, Geneva / Virtual

Board Decision

This paper presents a proposal to advance the Governance Action Plan 2.0 (GAP) objective to “Leverage the role of Committees”. Specifically, recommendations by the Ethics and Governance Committee to revise the mandates and tenure of the three Standing Committees of the Board. It also explains how these efforts are linked and will contribute to other key GAP objectives and sub-objectives.

Decision

Decision Point: GF/B47/DP08: Leveraging the work of the Standing Committees

Based on the recommendation of the Ethics and Governance Committee (the “EGC”), as presented in GF/B47/06 – Revision 1, the Board:

1. Acknowledges the changes to the Charter of the Strategy Committee already approved through GF/B46/DP06 and which will be effective as of 31 December 2022;
2. Amends the Charters of the Standing Committees of the Board (“the Charters”), as set forth respectively in Annexes 5, 6 and 7 of GF/B47/06 – Revision 1, which shall each become effective upon the conclusion of the forty-seventh Board meeting; and
3. Acknowledging the specific scope and intent of the changes to the Charters, requests the EGC leadership to determine, after consultation with the Board leadership, Coordinating Group, Standing Committees and Secretariat, as relevant, whether a more complete review of the Charters may be required during the next EGC term.

There are not any budgetary implications additional to OPEX budget

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 2.

Executive Summary

Context

Following the independent Governance Performance Assessment (GPA)¹ and iterative consultation with the Board, the EGC endorsed the Governance Action Plan 2.0² (GAP 2.0) in July 2021. **“Leverage the Role of Committees”** is a key GAP objective requiring the EGC and Board to conduct a **review of the current Charters of the three Standing Committees of the Board, including (1) consideration of adjustments to their respective mandates; and (2) tenure**. The scope of the review and recommendations is structured around the GPA recommendations, as well as the work of the Culture Task Force. In particular it covers GPA recommendations on risk oversight, strategy development and tenure other considerations captured in the GAP 2.0, and some housekeeping needed to update language with current terminology, evolution of some Committee functions and responsibilities defined in existing core policies and frameworks, and delegated authority by the Board. This review offers an opportunity to strengthen Global Fund governance, including by making cross-cutting contributions to advance other GAP 2.0 priorities, in particular to a **Culture of Trust, Collaboration and Accountability**, and the objective to **Elevate Board Discussions**. Revisions to the Committee Charters are recommended by the EGC for Board approval ahead of the next committee term commencing in mid-May 2022, and would take effect from May 2022³.

Input Sought

The Board is requested to consider and approve proposed revisions to the Charters of the three Standing Committees of the Board:

- Decision Point: GF/B47/DP08 Leveraging the work of the Committees

Questions this paper addresses

- a. What is proposed and why? (Revisions to Committee mandates & tenure)
- b. What is needed to progress further on the GAP 2.0 objectives?

Conclusions

- a. **Part 1: Main proposed revisions to committee mandates include:** (i) the Audit and Finance Committee (AFC) to lead on oversight of the holistic Global Fund risk profile, while specific risks are still addressed by the Strategy Committee (SC) and EGC based on their respective mandates; (ii) more focused and distinct roles on Strategic Performance reporting and Board-approved Key Performance Indicators (KPIs), with the SC still advising and making recommendations to the Board on Strategy and grant portfolio-related KPIs, and the AFC on financial management performance KPIs ; (iii) alignment of the EGC mandate with the evolution of the governance function, based on emerging areas of oversight and current EGC role, and as defined in existing policies or guidelines, and (iv) slight revision of ethics and integrity (E&I) functions in line with current policy, terminology and the EGC role on complex and sensitive ethics-related issues. Proposed changes do not alter

¹ [GPA by Nestor Advisors](#)

² [GAP 2.0](#) endorsed by the EGC

³ With the exception of provisions in the SC Charter related to the new Global Fund's Independent Evaluation function, which will enter into force by 31 December 2022, as stated in the Board decision GF/B46/DP06.

the Board's oversight role in any way, including with respect to defining the risk strategy and risk appetite.

Part 2: Recommendation to expand Committee tenure from 2 to 3-year terms, to increase continuity, leverage expertise, and reduce process and transition burden.

- b. **Board approval of the revisions to the Committee Charters is required to advance the GAP priorities listed above.** More broadly, the Charter revisions aim to support the desired culture of trust, collaboration and accountability among Governance Bodies and the Secretariat. In this context broader efforts are needed to effectively elevate Board discussions and enhance strategic focus and efficiency. To further support understanding and clarity of roles defined in the Charters, the Secretariat will develop and maintain explanatory notes in the form of a tool to provide examples, by function, of how these are implemented. This tool will be used to onboard committee members and leadership, and to prepare prioritized work plans for the next term. In turn, focused work plans, agendas and discussions are also expected to contribute to reducing level of effort for committee members.

Input Received

- **Board feedback** provided during the GPA Workshop (April 2021), in constituency statements ahead of EGC discussions on the GAP 2.0, Committee Mandates and Tenure, and surveys issued December 2021 – January 2022.
- **EGC steer** during ongoing discussions on governance strengthening and the GPA, endorsement of the GAP 2.0 in July 2021 leading to this committee review, and recommendation for Board approval of revisions to the three Committee Charters in March 2022.
- **Constituency input** ahead of the 18th EGC Meeting (March 2022).
- **Key inputs** include GPA, GAP 2.0, and the Governance Culture Initiative workstream on clarity of roles and responsibilities.

What is the need or opportunity?

1. In July 2021 EGC endorsed the GAP 2.0. A key **GAP 2.0 objective** is to “**Leverage the Role of Committees**” to strengthen strategic effectiveness and ensure appropriate support for the Board to fulfill its six core functions⁴ effectively. A related objective focuses on “**Leadership, Tenure, Continuity, and Selection Processes**”, to balance continuity and renewal through optimal tenures of Committee membership. Advancing these objectives requires the EGC and Board to:
 - a) **Conduct a review of the Charters of the Standing Committees** with the aim to: (a) avoid duplication, ensure effective division of labor and enable strategic focus; and (b) bring clarity of roles and responsibilities; and
 - b) **Consider a recommendation to increase Committee tenure** to increase continuity, leverage expertise and reduce process and transition burden.

2. In this context, this paper puts forward proposed revisions to Committee Charters with respect to both mandates and tenure. In line with the aim and scope of this review, proposed revisions presented in Part I of this report are informed by:
 - a) **Key sources**, namely the GPA recommendations on Risk Oversight, Strategy Development and tenure, and the Culture Initiative findings on clarity of roles and responsibilities.
 - b) **Findings of a desk review** covering committee roles and responsibilities outlined in core Global Fund policies, codes, frameworks, and committee and Board decision points; good practice including in relation to cross-cutting areas of committee oversight; identification of emerging areas of oversight; analysis on term length; and benchmarking against partner organizations.
 - c) **Constituency feedback** during the GPA workshop (April 2021), surveys on level of effort by governance officials (December 2021) and recommendations from the GPA⁵ (January 2022); and constituency statements ahead of EGC discussions.

3. Revisions to Committee Charters alone would not achieve the ambition envisioned by the GAP 2.0 objectives. Charter revisions will be complemented by **broader efforts to bring clarity on committee roles, responsibilities , and to support strategic focus, and streamlining of workplans and agendas**, as described in Part II of this paper. Interpretive guidance, has been developed, as a tool to further support understanding and application of the Committee Charters and oversight roles, including on cross-cutting topics. This tool will be shared with incoming Committee Leadership and used to prepare prioritized committee workplans. Overall, this guidance is also intended to contribute to a Culture of Trust, Collaboration and Accountability, and to reduce level of effort for both Board and committee members.

⁴ The [Global Fund By-Laws](#) outline the core roles and functions of the Board. The proposed revisions to Charters of the three Committees of the Board have no impact on the existing core functions of the Board.

⁵ January 2022 Board survey covered GPA recommendations on committee tenure, role of the Board and SC for strategy development and risk management functions across governing bodies

PART I: REVISIONS TO COMMITTEE CHARTERS (FOR DECISION)

What changes to Committee Charters are proposed and why?

A - Recommendations on Committee Mandates

4. **Overall, the EGC considers that the distribution of areas of responsibility between the three committees is fit for purpose.** The GPA assessed that committee roles are generally clearly defined. Based on key inputs from the GPA, Constituency feedback and desk review, proposed changes to mandates focus on strengthened responsibility with respect to two key cross-cutting areas (risk and KPIs), clarifications, and housekeeping edits. Annex 4 provides a brief explanation of the proposed revisions to the relevant functions. Revisions to the Charters are presented in Annexes 5-7.
5. Committee Charters should (a) maintain an appropriate level of detail by keeping functions focused on general areas of work, and (b) strike a balance between clarity, simplicity and avoiding frequent updates. The proposed changes are consistent with these principles. **The main revisions to Committee mandates are summarized below.**
6. **Risk Oversight:**
 - i. **Proposed change:** formalize AFC role to oversee and report to the Board on a consolidated, holistic view of the Global Fund risk profile and follow up on main risks, while SC and EG retain oversight of specific risks⁶ based on their respective mandates. The Board remains the governance body accountable for risk management, and defines the risk strategy and risk appetite, in line with the By-Laws. Risks are assigned to the relevant committee under the Operational Risk Register, and issues raised in OIG, Ethics, and Risk Management reports including Annual Opinion reports. In the proposed model, AFC is expected to elevate issues and recommend changes on risk appetite and other policy matters to the Board, taking into consideration substantive inputs by the SC and EGC. The AFC may engage with the SC and EGC on substantive risk topics to ensure quality, timely reporting to the Board on the holistic risk profile. In addition, the Coordinating Group has the role to assign analysis of risks to the committees. Practically, committee work will be coordinated to enable effective channeling of SC and EGC inputs via the AFC to the Board.
 - ii. **Rationale:** The GPA noted that currently responsibility for risk governance and oversight is dispersed across the three standing committees, which can prevent emergence of a holistic view of the risk profile and pose challenge to risk oversight by the governing bodies. To this end, the GPA recommended that the AFC have oversight responsibility for a consolidated holistic view of the Global Fund risk profile, and a lead role on oversight of risk matters at committee level. The CG and Board consultation on this recommendation (January 2022) showed broad

⁶ SC oversees risks to implementation of the strategy and key strategic policies, achievement of strategic objectives and targets, while EGC retains responsibility to oversee ethics and integrity risks, including risks to compliance with the ethical values of the Global Fund, and governance-related risk.

support, while noting that specific risks should continue to be overseen by the SC/EGC based on their mandates.

iii. **Benchmarking.** Both Gavi and Unitaids' Audit and Finance Committees lead on risk oversight.

7. **Strategic Performance Reporting & Development of KPIs:**

i. **Proposed change:** More focused and distinct roles between SC and AFC with respect to KPIs approved by the Board, with (a) the SC still advising and making recommendations to the Board on Strategy⁷- and grant portfolio- related KPIs; and (b) the AFC advising and making recommendations to the Board on financial management performance-related KPIs.

ii. **Rationale:** The proposed change aims to bring more clarity and ownership for AFC and SC advisory roles and to avoid duplication. Changes to the functional responsibilities of the AFC are informed by the ongoing discussion between the SC, AFC and Board⁸ on the Monitoring and Evaluation Framework and the KPIs linked to the next Global Fund Strategy.

iii. **Benchmarking.** The Charters of Unitaids' Strategy Committee and Finance Committee take a similar approach.

8. **Changes to the SC Charter.** A small number of existing functions within advisory and oversight responsibilities are merged for the sake of simplicity and avoiding duplication, without removing any SC responsibilities. In addition, some language was slightly updated in line with current terminology.

9. **Changes to the EGC Charter.** As the first comprehensive mandate review since the creation of the EGC, housekeeping updates are needed to ensure the Charter corresponds to the nature of operations and activities under EGC oversight, including evolution of certain aspects of the governance function⁹. In addition, slight changes to some ethics-related functions are proposed to (a) adapt them with current terminology reflecting a risk-based approach in accordance with revised policies and codes, (b) refer more broadly to an area of work and (c) cover the EGC decision-making role on complex and sensitive Conflicts of Interest or ethical issues referred by Ethics Office. Some activities were merged and moved under oversight in line with actual nature of this EGC role/work, including in relation to updated Codes, the Col Policy, the PCFC and E&I Framework language. Where relevant, revised language was proposed to be better aligned with the Ethics Officer TORs.

10. This review also assessed emerging areas of oversight emanating from developing policy areas and emerging risks (e.g., Policy to Combat Fraud and Corruption, Ethics and Integrity Framework), as well as the areas of the 2023-2028 Global Fund Strategy. No additional revisions were deemed necessary as core and emerging areas of oversight are covered within existing Charter provisions, and will be reflected in work plans.

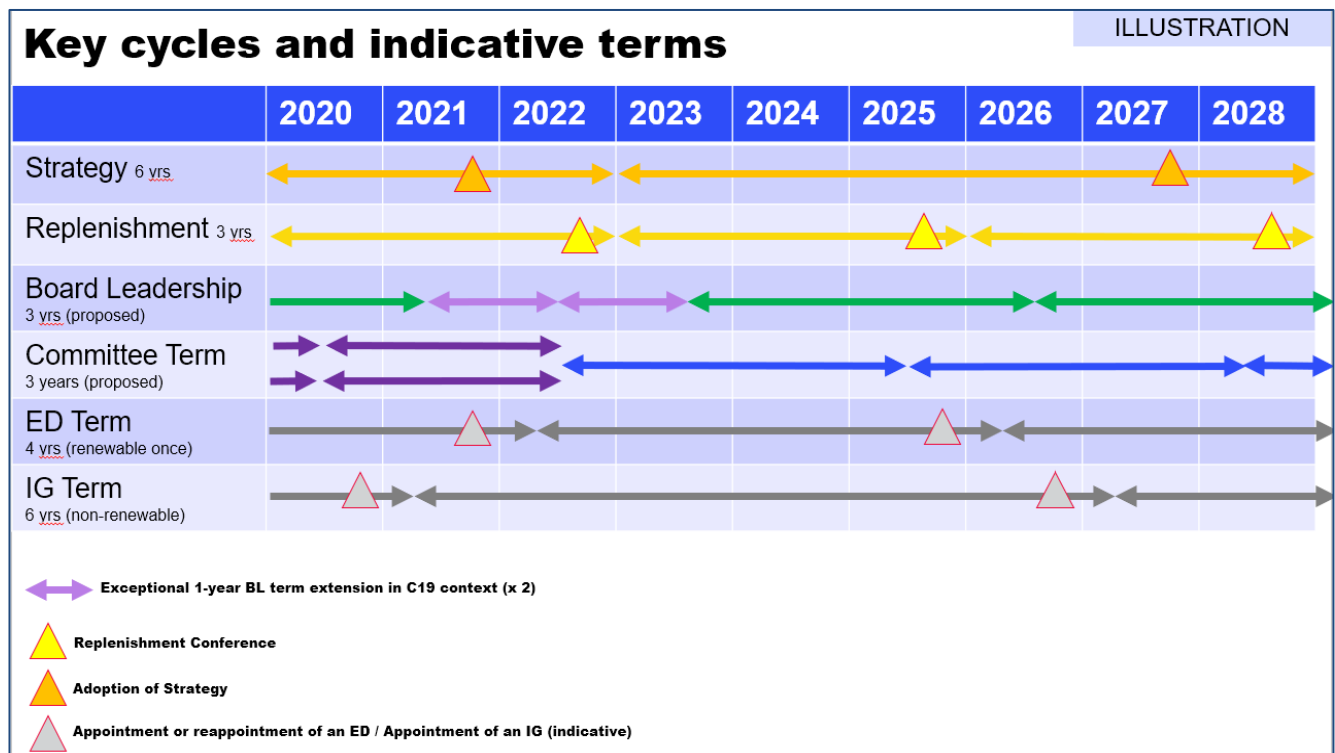
⁷ It includes KPIs linked to Strategic Outcomes from the 2023-2028 strategy. Introduction of innovations is expected to be covered under KPS focused on "Data Generation and Use" and "Market Shaping, Supply Chains, Procurement", under the SC remit to advise and make recommendations on to the Board.

⁸In November 2022 the Board will be requested to approve a Monitoring & Evaluation Framework with KPIs to track progress of the 2023-2028 Global Fund strategy.

⁹Main examples on evolution of the EGC governance function and related responsibilities leading to proposed changes to the EGC charter include: (i) addition of new oversight function to reflect current significant EGC work and efforts on initiatives aimed at strengthening governance (ii) EGC decision making responsibility with focus to approve Board direct reports performance guidelines, (iii) adaptation of EGC role and involvement to oversee facilitation and support of constituency engagement in governance processes, supported by the Secretariat, as an oversight function.

B – Recommendation on Committee Tenure

11. **Proposed change.** Following substantive deliberation and consideration of constituency feedback, the EGC proposes a **3-year committee term** in line with the GAP 2.0 and GPA recommendations.
12. **Rationale.** The GPA recommendation to expand Committee tenure underlines that under the current 2-year term, high Committee turnover (i) may prevent governing bodies from building the requisite collective institutional memory necessary for effective performance; and (ii) creates additional workload. Longer committee terms would support quality of oversight and overall governance effectiveness by:
 - i. Increasing continuity, and leveraging expertise and institutional memory;
 - ii. Enabling committees to see through complex workstreams which may exceed the duration of a two-year term (for example, ensuring continuity through the next strategy development cycle);
 - iii. Reducing process and transition burden, including the burden on constituencies, the EGC and Board associated with complex selection processes; and
 - iv. Ensuring staggering of Board Leadership¹⁰ and Committee transitions with 3-year terms starting in May 2023 and May 2022, respectively.



13. This proposal is informed by the following:
 - i. **Board inputs.** During the Board Workshop on the GPA, in constituency statements and responses to the January 2022 consultation, constituencies **showed general support for longer Committee Terms**. Feedback noted:
 - a. **Recognition of the benefits for continuity, institutional memory and effectiveness.**

¹⁰ The EGC has also recommended for Board approval at the 47th Board Meeting in May 2022 extension of Board Chair tenure from 2 to 3 years

- b. Linkages between longer terms and the need for streamlined committee workload, particularly in the context of time commitment for leaders.
 - c. Support for staggering of terms between Committees and Board Leadership, for leadership continuity and effectiveness.
 - d. The need for a process to address cases of underperformance, particularly for Committee Leadership roles serving longer terms.
 - e. Some reservations regarding the risk that three-year terms could be too demanding and may exclude potential candidates;.
 - f. Some reservations regarding longer terms resulting in less frequent rotation¹¹ for constituency representation across the committees, and request to leverage the Observer principle in the BCOPs enabling Constituencies to be exposed to Committee discussions.
- ii. **A survey of past Committee Chairs and Vice-Chairs**¹² noted the following reflections:
- a. Suggested ideal term length varied from 2- to 4-year terms, with multiple respondents suggesting a **3-year term may represent an appropriate balance between continuity, renewal and sustainability of the commitment**. 3-year terms were observed to be better **aligned with strategic cycles**.
 - b. Many recognized longer terms support increased effectiveness and would enable membership **expertise** to be better leveraged for effective delivery of a committee's mandate.
 - c. Some observed that a 2-year term is too short, since the first year in office represents a **steep learning curve**, for both substantive understanding and establishing effective working dynamics.
 - d. Similar to constituency feedback, a number of respondents noted that longer term lengths may bring challenges associated with **attracting or retaining candidates**, given the high level of effort associated with leading or serving on a committee. Longer terms would also require robust approaches in the event of suboptimal performance or lack of engagement.
- iii. **Benchmarking**. Gavi and Unitaid committee members are appointed for renewable 2-year terms. Committee Members of StopTB's Finance Committee and the United Nations Population Fund Oversight Advisory Committee¹³ serve for a 3-year term, renewable once.

14. Comments raised by constituencies regarding level of effort, risks associated with performance, and rotation principles have been carefully considered by the EGC. Overall, longer terms would be supported by the following measures, accountability mechanisms and principles:

- i. **Ongoing efforts to reduce level of effort** for governance officials, particularly for Committee Leadership. Reducing the burden of governance is built-in across GAP 2.0 objectives. Longer terms themselves reduce process and transition burden. Efforts to clarify roles and responsibilities, enable focused work plans and agendas, and leverage the role of leadership

¹¹ Rotation principles are outline in the Board decision point [GF/B42/DP06](#) (i) Each voting constituency should be represented in the Strategy Committee ("SC") and the Audit and Finance Committee ("AFC") for at least one term within a three two-year terms cycle; (ii) Each voting constituency should be represented, in any given term, in at least, the SC or the AFC; (iii) For the above committees, the implementer group representation should include government and civil society/communities; (iv) Each voting constituency should have the opportunity to have an individual nominated by it serving in their personal capacity in the EGC within a three two-year terms cycle;

¹² 18 past Committee Chairs and Vice-Chairs were surveyed in July 2021. Responses were received from 11 past leaders. Responses are summarized and will not be attributed for confidentiality purposes.

¹³ https://www.unfpa.org/sites/default/files/admin-resource/UNFPA_-_OAC_ToR_REVISIED_FINAL_APPROVED_12_May_2021_SIGNED_ANNEX.pdf

are expected to contribute to less burdensome governance, while workstreams such as 'Effective Board and Committee Reporting' support strategic and informed deliberations, and facilitate engagement.

- ii. **The introduction of a dedicated performance assessment approach for Committee Leadership**, as defined in the Governance Performance Assessment Framework adopted by the EGC in March 2022¹⁴. The revised framework responds to Board feedback on the importance of enhanced monitoring and ensuring continuing strong performance of leadership during their terms of office, including individual assessment and appropriate feedback mechanisms.
- iii. **Continued application of the rotation principle** regarding representation on committees over time, supported by observer provisions in the BCOPs and transparency of committee deliberations.

15. In addition, regarding concerns about attracting candidates for a 3-year term, candidate numbers for the 2022 committee selection process were similar to previous cycles, with all candidates confirming willingness to serve a three-year term.

16. On balance, **3-year committee terms are proposed in the revisions to the Committee Charters** based on the rationale, measures, accountability mechanisms and principles outlined above. As tenure is also stipulated in the Board and Committee Operating Procedures, this document will need to be updated for consistency.

What other options were considered?

17. **On mandates, the following option was considered.**

- i. **Strategy Development Process:** The GPA stated that strategy development should remain a key Board function, with full Board ownership, while the SC should focus on oversight of strategy implementation. A proposal to situate strategy development with the Board¹⁵ was consulted with constituencies, the CG, and the Secretariat in January 2022. Based on feedback received, the **SC's existing advisory role on strategy development is maintained**. Responses highlighted that the SC has greater bandwidth and plays an important role to support the Board, based on Board steer, through (a) having in-depth technical discussions, including based on evaluations by external bodies (e.g., TERG), and (b) making recommendations on the Global Fund's strategic direction. The current SC role on strategy development was viewed as positioning the SC to (a) help build consensus at the Board level during a complex process and (b) oversee strategy implementation. At the same time, feedback stressed the need for greater clarity on Board and SC roles, responsibilities and process for efficient discussion and development of the Global Fund's Strategy in future strategy development processes, including to avoid overlap across governance bodies. A more precise outline of roles and responsibilities should be defined ahead of the next strategy development process, within the provisions of the respective Board and SC mandates.

18. **On tenure, the following options were considered:**

¹⁴ The EGC adopted revisions to the Governance Performance Assessment Framework in March 2022.

¹⁵ The GPA proposed establishing a full-Board forum for decisions on strategy-related matters, and a streamlined mandate for the SC focused on oversight of strategy implementation and performance, and evaluation matters. .

- i. **Maintain 2-year Committee terms.** The GPA and GAP 2.0 outline challenges of maintaining 2-year terms with respect to ensuring continuity, leverage expertise and current process and transition burden.
- ii. **2-year renewable terms.** Renewable terms are not fully compatible with the constituency rotation principle.
- iii. **Option to step down.** Providing the option of 2 or 3-year terms with option to step out, with committee members starting at different times, would not be efficient, exacerbating process and transition burden, and would not enable continuity

What do we need to do next to progress the proposal

19. Board approval of the proposed revisions to the Committee mandates and tenure is required to advance the GAP objective on Leverage the role of Committees and governance effectiveness, and to contribute to other GAP key objectives and sub-objectives, ahead of the next Committee term.
20. Upon Board approval, the Board and Committee Operating Procedures will be updated to reflect the change to moving from 2 to 3-year tenure for Committee Leaders and Members.
21. Upon Board approval, the Secretariat may make some clerical adaptations to the final version of the Committee Charters (e.g., re-ordering of functions, without introducing any substantive changes).
22. Delegation of authority from the Board to the Committees, or the Secretariat, may continue to evolve over time (e.g., via decision points, roles and responsibilities stated in Board-approved policies), as appropriate, to continue to enhance the strategic focus and streamlining of role and responsibilities across governance bodies.

Recommendation

23. The Board is requested to approve the Decision Point presented on page 2.

PART II: BROADER EFFORTS ON CLARIFICATION OF COMMITTEE ROLES AND RESPONSIBILITIES

The findings of the Culture Task Force emphasized the central role of clarity regarding roles and responsibilities to enable effectiveness and trust. The Culture Task Force specifically called for clarity regarding the meaning of oversight functions, and the distinction between the roles of the Board, the committees, and the Secretariat. Clarifying and adjusting committee mandates therefore provides an opportunity to act on this finding by making such distinctions clearer.

24. Similarly, assessment of trends, and feedback from constituencies and members demonstrate the following challenges related to committee functioning:
 - i. The **Board receives a high volume of documentation for information** emanating from the Committees. (84% of Board documents in 2020-2021 were presented for information.)

- ii. Committee agendas cover a **high proportion of cross-cutting matters**, the majority shared for information. (36% of committee agenda items for the period July 2020-October 2021 were on cross-cutting matters, of which 45% for information and 55% for input, with associated duplication of documentation.)
 - iii. **Level of effort** for Committee Leadership in particular is currently assessed as above the 25-35% foreseen in the BCOP. (In a survey conducted in December 2021, the average level of effort for Committee leaders was assessed at 43% on average, based on four responses.) More broadly, level of effort, and the overall burden of Global Fund governance on governance bodies, their members, and the Secretariat, was a key overarching observation of the Governance Performance Assessment. Reducing the burden of governance is inherent across GAP 2.0 objectives.
25. Strong and well-functioning committees in support of a strategically-focused Board also rely on multiple elements beyond the legal definitions of roles contained in the Charters. Explanatory notes covering cross-cutting issues and outlining the flow of delegated authority and information between the duties of the Committee, the Board, and the Secretariat, will support Committee Leaders, who play a critical role in guiding workplans and discussions in line with respective mandates.
26. Lastly, two further opportunities continue to contribute to clarity of roles and responsibilities, strategic focus and reducing level of effort. First, **the CG** plays a key role and may continue to leverage its coordination and collaboration role across governance bodies and Secretariat, to focus and balance discussion, including on matters to be elevated to the Board based on strategic priorities. Second, the ongoing GAP 2.0 objective on **Effective Board and Committee Reporting** continues its efforts to provide concise, focused documentation to support strategic and informed deliberations at both Committee and Board, including clearly stating the role of the Committee(s) and the scope and objective of associated deliberations. Such clarity is particularly important with respect to cross-cutting matters.

Annexes

The following items can be found in Annex:

- Annex 1: Summary of Committee Input: 18th EGC Meeting from March 2022
- Annex 2: Relevant Past Board Decisions
- Annex 3: Relevant Past Documents & Reference Materials
- Annex 4: Change-log on proposed revisions to the Committee Charters
- Annex 5: Charter of the Ethics and Governance Committee
- Annex 6: Charter of the Strategy Committee
- Annex 7: Charter of the Audit and Finance Committee

Annex 1 – Summary of Committee Input: 18th EGC Meeting from March 2022

Presentation

1. The presentation placed the agenda item in the context of the GAP 2.0, noting its objective on “Leverage the Role of Committees” to conduct a review of the current Charters of the three Standing Committees, including (1) consideration of adjustments to their respective mandates; and (2) tenure. This review is expected to contribute to advancing other GAP 2.0 objectives, particularly the Culture of Trust, Collaboration and Accountability, and elevating Board Discussions.
2. Proposed revisions to Charters (i) emanate from GPA recommendations and other considerations captured in the GAP 2.0 complemented with clear and helpful feedback by Constituencies, as well as some housekeeping needed and (ii) are limited since, overall, distribution of areas of responsibility across committees is considered fit for purpose covering core workstreams. Revisions aim to maintain appropriate level of detail and balance clarity, simplicity and avoid frequent updates to the charters by the Board. Main changes relate to making the AFC the lead Committee on oversight of and reporting to the Board on the holistic Global Fund risk profile, with specific risks are still addressed by the SC and EGC based on their respective mandates; more focused and distinct roles on Strategic Performance reporting and Board-approved KPIs with the AFC advising and making recommendations to the Board on financial management performance KPIs; alignment of the EGC mandate with the evolution of the governance function, based on emerging areas of oversight (e.g., significant amount of time and effort on Initiatives aimed at strengthening governance) and current EGC role, and as defined in existing policies or guidelines (e.g., current EGC role with respect to performance assessment of Board direct reports focused on development and approval of guidelines); and slight revision of ethics and integrity functions in line with current policy, terminology and the EGC role on complex and sensitive ethics-related issues. Longer terms are proposed to increase continuity, leverage expertise, and reduce process and transition burden, while the application of the rotation principle is maintained regarding representation on committees over time.

EGC discussion

3. Members expressed support for the proposed Charter revisions, stressing the importance of a robust and clear paper to the Board, with further elaboration on how the EGC took into consideration inputs from the Board, including regarding trade-offs and considerations with respect to longer committee tenure.
4. Having received clarifications on the consultation approach taken to develop the proposal, the EGC further noted the need to continue the exchange with Constituencies seeking clarifications ahead of the upcoming Board meeting. The EGC Vice-Chair noted the CG was consulted and supported the proposal including the committee risk oversight model to be led by the AFC.
5. With respect to the proposed approach to risk oversight, the EGC stressed the importance of appropriate coordination and collaboration among the three Committees to ensure input on risk related issues and recommendations is channeled to the Board via the AFC.
6. EGC members sought clarification regarding the role of the EGC with respect to Country Coordinating Mechanisms (CCMs), noting the important in-country role of CCMs within the Global Fund operating model.

7. Lastly, EGC members recalled the importance of clear application of the Charters, supported by the planned explanatory notes, and by Coordinating Group discussion to ensure effective coordination across the work of the three Committees, particularly with respect to the adjusted approach to risk oversight.

Secretariat response

8. The Secretariat recognized the importance of clear presentation of the proposal to the Board, confirming that the Board document will include a change-log providing rationale for changes, and responses to constituency inputs raised. Explanatory notes are also being developed as a tool to further support understanding and application of the Committee Charters and oversight roles, and will be used to prepare focused committee work plans and to support onboarding of incoming Committee Leadership.
9. Responding to points raised in Constituency statements, the Secretariat noted the following:
 - a. On risk oversight, proposed changes formalize the role of the AFC as the committee responsible for overseeing a consolidated Global Fund risk profile, following up on main risks, and reporting to the Board, while specific risks are still addressed by the SC and EGC. The Board remains the main governance body responsible for overseeing risk, and setting the risk strategy and risk appetite. Coordination and collaboration will be ensured (e.g., scheduling of meetings, agenda setting and work planning, CG discussions, other as needed).
 - b. Regarding additional annexes to Charters, the Secretariat recalled the need to strike a balance between clarity, level of detail in governance documents and avoiding frequent Board updates. The Secretariat provided reassurance that this information will be contained in committee work plans, whose development is supported by explanatory notes providing clarification on implementation of the Charters to support Committee Leadership.
10. Regarding the overarching accountability framework, this is currently being addressed through the development of the new Monitoring and Evaluation Framework and related KPIs which will be subject to Board approval. Following adoption of the M&E Framework, design of a Multi-year Evaluation Calendar will take into account this accountability landscape to avoid gaps and overlaps. Relatedly, on implementation, the SC Charter and IEP Terms of Reference provide for implementation of the Multi-year Evaluation Calendar to be supplemented on a yearly basis by the workplan of the Evaluation Function. Following review and advice from the IEP, this work plan will be submitted to the SC for approval, and will include the budget required for its implementation.
11. Regarding level of effort, reducing the overall burden of governance is built-in across GAP 2.0 objectives, including ongoing work to provide concise, focused documentation to support strategic and informed Committee and Board discussions. The work to enable greater clarity on Committee roles, supported by explanatory notes on practical application of Charters, is expected to support focused work-plans, agendas and discussions, and to contribute to reducing level of effort.
12. Last, on suggestions to adjust the EGC role with respect to oversight of CCMs, the Secretariat clarified that the EGC governance role relates to institutional governance. The SC has the lead role with respect to policies relating to CCMs, in line with the CCM function to provide programmatic and in-country oversight.. Changes to the current roles and responsibilities in the charters would require broader discussion given significant legal implications with respect to the Global Fund model and key structures.

Annex 2 – Relevant Past Board Decisions

Relevant past Decision Point	Summary and Impact
Independent Evaluation Function (GF/B46/DP06) ¹⁶	Previous revision of the SC Charter to incorporate the new Independent Evaluation Function of the Global Fund
Revisions to the selection process of the members of the Board Standing Committees and to the Charters of the Board Standing Committees (November 2019) GF/B42/DP65 ¹⁷	Previous revision of the Charters of the three Standing Committees of the Board

Annex 3 – Relevant Past Documents & Reference Materials

- [GF/EGC18/02 - Governance Action Plan: Leveraging the Role of Committees](#)
- [GF/EGC17/05 Leveraging the Role of Committees –Tenure & Mandates](#) (Oct 2021)
- [GF/EGC16/03 – Revision 1 - Governance Action Plan 2.0](#)
- GF/B45/21 - [Governance Performance Assessment](#)
- [GF/EGC15/06 – Governance Culture Update](#) (March 2021)
- [GF/EGC14/06 – Governance Culture Update](#) (October 2020)
- [GF/B45/11 Governance Performance Assessment Towards a Governance Action Plan 2.0](#) (May 2021)
- [GF/B43/07 - Governance Culture](#) (May 2020)
- Ethics and Governance Committee meeting reports [July](#) and [October](#) 2021

¹⁶ <https://www.theglobalfund.org/board-decisions/b46-dp06/>

¹⁷ <https://www.theglobalfund.org/board-decisions/b46-dp06/>

Annex 4 – Change-log on proposed revisions to the Committee Charters

Table 1 – Proposed changes to the EGC Charter, by function

EGC Decision-Making Function	Rationale for proposed changes
2.1.a. Pursuant to the Ethics and Integrity Framework, approval of modifications to applicable codes of conduct addressing ethics and integrity risks to the Global Fund or Global Fund-financed activities .	Slight edit to update terminology reflecting a risk-based approach, and to refer more generally to an “area” of work
2.1.b. Approval Authorization of investigations and approval of preventive, mitigating, and remedial actions to be undertaken in response to address ethics and integrity-related issues and/or risks, including without limitation actual, potential or perceived conflicts of interest or misconduct , concerning Governance Officials, members of advisory bodies of the Global Fund, and individuals who report directly to the Board, in accordance with the process described in the applicable policies.	To cover EGC decision-making on complex / sensitive Conflict of Interest or ethical issues referred by EO.
2.1.e. Approval of the strategic priorities and the annual work plan for the ethics function, and the appropriate allocation of resources to the ethics function, in accordance with the strategic priorities and work plan of the ethics function, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board .	To expand scope of this decision-making function to reflect actual scope, since the relevant EGC decision point includes (a) the annual Ethics workplan and (b) recommends to the AFC its associated budget.
2.1. f Approval of the overall funding ceiling in accordance with Constituency Funding Policy	Add a new function in line with EGC decision-making authority under the Constituency Funding Policy (2016).
2.1.g Review and approval of modifications to the amounts available for honorarium payments for eligible governance officials under the Honorarium Framework .	Add a new function in line with EGC decision-making authority under the Honorarium Framework (2018).
2.1. h Approval of revisions to the Guideline for Annual Performance Assessment of Board Direct Reports	Adapted previous oversight function and moved under decision-making in line with the EGC role under the Guideline for Performance Assessment of Board Direct Reports (2021) (e.g., review and approval of changes).

EGC Advisory Function	Rationale for proposed changes
<p>2.2.a. The adequacy and effective implementation of the Global Fund's ethical policies and operation of related systems, based on the reports and annual opinion of the Ethics Officer.</p>	<p>Merge this function with 2.3.a. and move under oversight in line with actual nature of this EGC role/work. This change better aligns with the updated Code, CoI Policy, as well as the PCFC and E&I Framework language.</p>
<p>2.2.a. Through the Audit and Finance Committee, and in accordance with the risk management strategy or related policies approved by the Board: (i) the identification, assessment, mitigation, monitoring and assurance of risks related to compliance with the ethical values of the Global Fund and the Board's oversight of governance activities; (ii) where appropriate risk differentiation appetite statements to be set by the Board and to be exercised operationalized by the Global Fund in the management of such risks; and (iii) analyses of other risk areas allocated to the Committee at the request of the Coordinating Group.</p>	<p>Adapt function for the AFC to become the primary committee responsible to oversee (i) a consolidated Global Fund risk profile and (ii) follow up to main risks, while specific risks are assessed by the EGC/SC based on its mandates.</p>
<p>2.2.b. The establishment of new, or the modification of existing, Board-approved frameworks or policies to address on ethics and integrity matters risks allocated to the Committee, such as the Ethics and Integrity Framework and the Policy on Ethics and Conflicts of Interest for Global Fund Institutions.</p>	<p>Slight wording update to mirror updated EO ToRs and align with current policy name.</p>
<p>2.2.e. Adoption of measures to facilitate engagement with Board constituencies, including guidelines on constituency processes such as the selection of representatives.</p>	<p>(i) Move this EGC function from advisory to oversight in line with actual and appropriate level of EGC involvement to enable constituency engagement in the Global Fund context (e.g., constituencies are entitled to tailor their internal operating procedures, including process to select their representatives, supported by governance guidelines prepared by the Secretariat). (ii) Merge this function with related oversight function on promoting transparent and rigorous processes for constituency selection of Board members and use of constituency funding.</p>

EGC Oversight Function	Rationale for proposed changes
<p>2.3. a. The strength, and effectiveness and implementation of the Global Fund’s ethics and integrity-related policies and codes, and the enforcement of the Code of Conduct for Governance Officials.</p>	<p>Merged with 2.2.a and keep as EGC oversight in line with actual nature of this EGC role/work. This change better aligns with the updated Code, CoI Policy, as well as the PCFC and E&I Framework language.</p>
<p>2.3.f. Advising the Chair and Vice-Chair of the Board with respect to the Board’s annual assessment of the Executive Director’s performance and the Inspector General’s performance, including the review of relevant documents and procedures, as described in the Operating Procedures of the Board and Committees of the Global Fund</p>	<p>Adapted and moved under decision-making in line with the EGC role under the Guideline for Performance Assessment of Board Direct Reports (2021)</p>
<p>2.3.f. Supporting The facilitation and support of constituency engagement in governance processes including through (i) <u>promoting relevant measures and initiatives</u>, (ii) promoting transparent and rigorous processes for constituency selection of Board members <u>and constituency representatives</u>, based in part upon <u>membership guidelines guidance on constituency processes</u> adopted by the Global Fund and (iii) monitoring the use of constituency funding.</p>	<p>Merge with advisory function 2.2.e and keep as an oversight function based on actual EGC involvement to oversee these processes mainly supported by the Secretariat.</p>
<p>2.3. h. The initial review of potential candidates and advising — the Chair and Vice-Chair of the Board on their presentation of candidates to serve as Chairs, Vice-Chairs and members of the Standing Committees for Board approval, including the initial review of potential candidates, as described in the Operating Procedures of the Board and Committees of the Global Fund.</p>	<p>Slight edit to better describe the nature of the EGC role for this oversight function, in line with the Operating Procedures of the Board and Committees</p>
<p>2.3. l. Financial and resource implications of the activities of governance bodies, in coordination with the Audit and Finance Committee.</p>	<p>This is an overlap with the OPEX presented and overseen by the AFC as well as practice to include budget implications in committee and board decisions.</p>
<p>2.3. m. The appropriate allocation of resources to the ethics function, in accordance with the strategic priorities and work plan of the ethics function, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board.</p>	<p>Move and merge with decision-making function 2.1.e, since the EGC recommends the associated budget to the Ethics function, for its inclusion in the overall OPEX envelop</p>

<p>2.3.m. Initiatives aimed at strengthening governance.</p>	<p>Add a new oversight function based on the significant level of effort and ongoing EGC oversight of activities aiming to strengthen maturity and effectiveness of Global Fund Governance</p>
--	--

Table 2 – Proposed changes to the SC Charter, by function

SC Decision-Making Function	Rationale for proposed changes
<p>2.1.a Approval of and/or modifications to frameworks for the implementation of strategic funding policies and initiatives adopted by the Board, including reprogramming of grant programs and funding in order to align investment decisions with strategic funding policies and optimize operational impact.</p>	<p>Slight edits to better align with current terminology</p>
SC Advisory Function	Rationale for proposed changes
<p>2.2.a <u>Adoption of, and modification to monitoring and evaluation frameworks, key performance indicators frameworks (including methodology and targets), and multi-year evaluation calendars—to assess the Global Fund’s performance with respect to the strategy and grant portfolio.</u></p>	<p><u>The explicit inclusion of the M&E Framework as a related document to the KPI framework is consistent with the current intent of having this document subject to SC advice. Grouping these elements with the evaluation calendar is topical and facilitates the understanding of the scope of the work of the SC.</u></p>
<p>2.2.c. Modifications to the Board-approved policies governing the grant portfolio operations and other strategic policies initiatives of the Global Fund, based upon assessment of the performance of the Global Fund’s grant portfolio and initiatives, and taking into consideration advice and recommendations received from the other Standing Committees of the Board.</p>	<p>Slight edit to better align with current terminology and merge with previous 2.2.d and 2.2.g advisory functions for simplicity and avoiding repetition. This provision covers, for example, the Allocation Methodology, Challenging Operating Environments Policy, and Sustainability, Transition and Co-Financing Policy</p>
<p>2.2.d. Modifications to Board-approved strategic funding policies and initiatives.</p>	<p>Merge with 2.2.c advisory function for simplicity and avoiding repetition.</p>

2.2.g. Modifications to Board approved funding policies on eligibility, prioritization and counterpart financing.	Merge with 2.2.c advisory function for simplicity, to cover all strategic policies under one single function
2.2.h. <u>Through the Audit and Finance Committee and in accordance with the risk management strategy or related policies approved by the Board: (i) the identification, assessment, mitigation, monitoring and assurance of</u> a <u>Areas of risk that affect the implementation of the Global Fund’s strategy, strategic policies , the achievement of strategic objectives, goals and performance targets, (ii) where appropriate, risk appetite statements to be set by the Board and operationalized by the Global Fund in the management of such risks, and or (iii) analysis of other risk matters</u> areas assigned to the Committee by the Coordinating Group.	Merged with oversight function 2.3. h and adapt advisory function for the AFC to become the primary committee responsible to oversee (i) a consolidated Global Fund risk profile and (ii) follow up to main risks, while specific risks are assessed by the EGC/SC based on its mandates.
g. adoption of and modification to the multi-year evaluation calendar	<u>This function has been merged with 2.2.a.</u>
SC Oversight Function	Rationale for proposed changes
2.3.d. The implementation of the strategic policies of the Global Fund, taking into consideration issues such as changes in the disease landscape, <u>(such as epidemiological trends and activities of partner organizations)</u> forecasted demand for Global Fund financing the evolving global health landscape , and the overarching principles, objectives and enablers of the institutional strategy.	Merged with other existing oversight functions for the sake of simplicity, and slight edits to align with current terminology
2.3.e. The overall impact and effectiveness of Global Fund investments in health, including its market-shaping strategy , partnerships and strategic funding decisions, <u>and the implementation of the quality assurance policies.</u>	Edits to adapt terminology to current approaches, including SC oversight of implementation of Quality Assurance Policy for Diagnostics Products, as stated in the policy.
2.3.f Developments and trends in the disease landscape, taking into consideration issues such as epidemiological trends and the activities of partner organizations	Merge with existing oversight function 2.3.d for simplicity.
2.3.g. Forecasted demand for Global Fund financing, based upon epidemiological trends and analyses presented by partners, advisory bodies of the Global Fund and the Secretariat.	Merge with existing oversight function 2.3.d for simplicity
2.3.h. <u>The Secretariat’s management of areas</u> Identification and analysis of risk implications that affect the implementation of the Global Fund’s strategy, of the strategic policies and initiatives of the Global Fund, which may impact its the	Adapt existing oversight function complementing the SC advisory function 2.2.h and in line with new model for committee-level risk oversight

<p>achievement of strategic objectives and of performance targets, or other risk matters assigned to the Committee by the Coordinating Group investments, and implementation of related mitigation measures as well as the effectiveness of such management.</p>	
--	--

Table 3 – Proposed changes to the AFC Charter, by function

AFC Advisory Function	Rationale for proposed changes
<p>2.2. c. In accordance with, and as lead committee for, the risk management strategy or related policies approved by the Board: (i) the risk stratification matrix of the overall risk profile of the Global Fund and its grant portfolio, as reflected in its organisational risk register (ii) the fiduciary control framework for grant management; (iii) the review and identification, assessment, mitigation, monitoring and assurance of corporate and financial risks; and (iv) where appropriate, risk differentiation appetite statements to be set by the Board and operationalized exercised by the Global Fund in the management of such risks; and (v) analyses of risk areas allocated to the Committee at the request of the Coordinating Group.</p>	<p>Adapt function for the AFC to become the primary committee responsible to oversee (i) a consolidated Global Fund risk profile and (ii) follow up to main risks, while specific risks are addressed by the EGC/SC based on their respective mandates.</p>
<p>2.2.d. Key performance indicators—methodology and targets— to assess the Global Fund’s performance with respect to corporate and financial management</p>	<p>Adaptation in line with proposal presented in March 2022 to the Committee for Input, for the AFC to advise on financial related KPIs.</p>
AFC Oversight Function	Rationale for proposed changes
<p>2.3. b. The corporate management and operations of the Secretariat, including annual review of (i) the Secretariat’s risk assessment and management processes in line with the risk management policy approved by the Board, taking into consideration the audit and investigation findings of the OIG; and (ii) the Secretariat’s response to recommendations and findings by the external auditor and the OIG, including reference of such matter to the committee of the Board with the relevant mandate; and (iii) corporate management performance against key performance indicators adopted by the Board.</p>	<p>Aligned with proposal presented in March 2022 to the Committees for Input, for the AFC to advise on financial related KPIs approved by the Board, the AFC oversight role on relevant KPIs is already covered under function 2.3. a</p>

Table 4 – Proposed change to the three Charters of the Standing Committees, on tenure¹⁸

Term of Office	
<p>Committee Members shall serve coinciding two<u>three</u>-year terms, or until the appointment of their respective successors. The Chair and Vice-Chair of the Committee shall serve coinciding two<u>three</u>-year terms, or until the appointment of their respective successors.</p>	<p>Proposed change to committee terms from 2 to 3-years, to increase continuity, leverage expertise, and reduce process and transition burden.</p>

¹⁸ Upon Board approval of proposed changes to the Committee Charters, the Board and Committee Operating Procedures will be updated to reflect the change to committee tenure accordingly

CHARTER OF THE ETHICS AND GOVERNANCE COMMITTEE

xx November May 202219¹

¹ As approved by the Board on 28 January 2016 (GF/B34/EDP07) and amended on 9 August 2018 (GF/B39/EDP08), on 11 November 2019 (GF/B41/EDP15), on 14 November 2019 (GF/B42/DP06), and on xx May 2022 (GF/BXX/DPxx).

A. Purpose

1. The purpose of the Ethics and Governance Committee (the “Committee”) of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) is to oversee (i) adherence by the Global Fund and its stakeholders to appropriate standards of ethical behavior, as described in related Global Fund policies, codes and requirements; and (ii) implementation of the procedures and operations related to the Global Fund’s governance structure and its core governance functions.

B. Functions

2. The Board has delegated its authority to the Committee to exercise the following powers and perform the following functions.

Decision-Making Powers

- 2.1 The Committee shall exercise the following decision-making powers:

- a. Pursuant to the Ethics and Integrity Framework, approval of modifications to ~~applicable codes of conduct addressing ethics and integrity risks to the Global Fund or Global Fund-financed activities.~~
- b. ~~Approval Authorization of investigations and approval~~ of preventive, mitigating, and remedial actions to ~~be undertaken in response to address~~ ethics and integrity-related ~~issues and/or risks, including without limitation actual, potential or perceived conflicts of interest or misconduct,~~ concerning Governance Officials, members of advisory bodies of the Global Fund, and individuals who report directly to the Board, in accordance with the process described in the applicable policies.
- c. Appointment of independent external members of the Sanctions Panel under the Sanctions Procedures Relating to the Code of Conduct for Suppliers, as well as any other applicable codes of conduct.
- d. Assessment of the Ethics Officer’s performance, to be conducted jointly with the Executive Director and with input from the Board Leadership and the Inspector General.
- e. Approval of the strategic priorities and the annual work plan for the ethics function and the appropriate allocation of resources to the ethics function, in accordance with the strategic priorities and work plan of the ethics function, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board.
- f. Approval of the overall funding ceiling in accordance with Constituency Funding Policy.

- ~~g. Review and approval of modifications to the amounts available for honorarium payments for eligible governance officials under the Honorarium Framework.~~
- ~~h. Approval of revisions to the Guideline for Annual Performance Assessment of Board Direct Reports.~~

Advisory Functions

2.2 The Committee shall advise and make recommendations to the Board on the following:

- ~~a. The adequacy and effective implementation of the Global Fund's ethical policies and operation of related systems, based on the reports and annual opinion of the Ethics Officer.~~
- ~~b.a. Through the Audit and Finance Committee, and in accordance with the risk management strategy or related policies approved by the Board: (i) the identification, assessment, mitigation, monitoring and assurance of risks related to compliance with the ethical values of the Global Fund and the Board's oversight of governance activities; (ii) where appropriate, risk differentiation appetite statements to be set by the Board and to be exercised operationalized by the Global Fund in the management of such risks; and (iii) analyses of other risk areas allocated to the Committee at the request of the Coordinating Group.~~
- ~~e.b. The establishment of new, or the modification of existing, Board-approved frameworks or policies to address ethics and integrity matters risks allocated to the Committee, such as the Ethics and Integrity Framework and the Policy on Ethics and Conflicts of Interest for Global Fund Institutions.~~
- ~~d.c. Selection of the Ethics Officer, which will be conducted jointly with the Executive Director, for appointment on a no-objection basis by the Board.~~
- ~~e. Adoption of measures to facilitate engagement with Board constituencies, including guidelines on constituency processes such as the selection of representatives.~~
- ~~f.d. Assessment of the performance of the Global Fund's Board, Standing Committees and advisory bodies, as well as the leadership of the Board and its standing committees, in accordance with the performance assessment framework approved by the Board.~~
- ~~g.e. Adoption of new, or modification to, core governance documents, including but not limited to the Bylaws, Operating Procedures of the Board and Committees of the Global Fund, and relevant committee charters or terms of reference approved by the Board.~~
- ~~f. Legal status matters warranting the attention or consideration of the Board, including issues related to privileges and immunities.~~

Oversight Functions

2.3 The Committee shall have responsibility for oversight and review in the following areas:

- a. The strength, ~~and effectiveness~~ and implementation of the Global Fund's ethics and integrity-related policies and codes, and the enforcement of the Code of Conduct for Governance Officials.
- b. ~~The~~ Compliance, and the adequacy of the systems in place for confirming compliance, with applicable policies and codes for ensuring ethical behavior by the relevant Global Fund stakeholders, as described in the Ethics and Integrity Framework.
- c. The strength and effectiveness of Secretariat systems for embedding ethical values into operations and preventing and addressing fraud or misuse of Global Fund resources, including the Sanctions Panel.
- d. ~~The~~ Coordination with the Secretariat with respect to matters of ethics and integrity that have both operational and governance implications.
- e. Advising the Chair and Vice-Chair of the Board with respect to the nomination, appointment and succession processes for the Executive Director and the Inspector General, including the review of relevant documents and procedures, as described in the Operating Procedures of the Board and Committees of the Global Fund.
- ~~f. Advising the Chair and Vice-Chair of the Board with respect to the Board's annual assessment of the Executive Director's performance and the Inspector General's performance, including the review of relevant documents and procedures, as described in the Operating Procedures of the Board and Committees of the Global Fund.~~
- ~~g.f.~~ g.f. Supporting The facilitation and support of constituency engagement in governance processes including through (i) promoting relevant measures and initiatives , (ii) promoting transparent and rigorous processes for constituency selection of Board members and constituency representatives , based in part upon ~~membership guidelines~~ guidance on constituency processes adopted by the Global Fund and (iii) monitoring the use of constituency funding.
- ~~h.g.~~ h.g. The initial review of potential candidates and a Advising the Chair and Vice-Chair of the Board on their presentation of candidates to serve as Chairs, Vice-Chairs and members of the Standing Committees for Board approval, ~~including the initial review of potential candidates,~~ as described in the Operating Procedures of the Board and Committees of the Global Fund.
- ~~i.h.~~ i.h. The process by which the appointments to the Standing Committees are made by the Board, as described in the Operating Procedures of the Board and Committees of the Global Fund.
- ~~j.i.~~ j.i. The framework for induction and continued learning initiatives provided to members of the Board and Standing Committees through in-person and other means.

~~k.j.~~ The acquisition of privileges and immunities for the Global Fund, including the activities of the Privileges and Immunities Advisory Group.

~~l.~~ ~~Financial and resource implications of the activities of governance bodies, in coordination with the Audit and Finance Committee.~~

~~m.~~ ~~The appropriate allocation of resources to the ethics function, in accordance with the strategic priorities and work plan of the ethics function, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board.~~

~~n.k.~~ ~~The S~~selection of the Chair and Vice-Chair of the Board according to the Operating Procedures of the Board and Committees of the Global Fund.

~~o.l.~~ ~~Initiatives aimed at strengthening governance.~~

C. Composition

3. The Committee shall be comprised of the following members:
 - a. Four voting members nominated by constituencies of the implementer group, serving in their personal capacity; at least one of which is nominated by one of the following constituencies: Communities, Developed Country NGO or Developing Country NGO;²
 - b. Four voting members nominated by constituencies of the donor group, serving in their personal capacity;³
 - c. One non-voting, neutral Chair;
 - d. One non-voting, neutral Vice-Chair; and
 - e. One non-voting independent member with ethics expertise.
4. Nomination and appointment of Committee Members shall be according to the Operating Procedures of the Board and Committees.
5. The Chair and Vice-Chair of the Committee will alternate each term between individuals nominated by donor and implementer constituencies.
6. Committee Members shall have (i) qualifications and expertise in senior positions in the key areas of work and mandate of the Committee; and (ii) the key competencies of committee members set forth in the Operating Procedures of the Board and Committees.
7. Independent member(s) of the Committee, as well as those serving in a personal capacity, shall not seek or accept instructions in regard to performance on the Committee from any constituency of the Global Fund Board, including any government, organization or other authority, other than through action by the Board.

² Pursuant to the Board's decision GF/B41/EDP15, this paragraph will enter into force upon the expiry of the term of the current Ethics and Governance Committee in May 2020. Until such date, the Committee shall be comprised of three voting members nominated by constituencies of the implementer group, serving in their personal capacity.

³ Pursuant to the Board's decision GF/B41/EDP15, this paragraph will enter into force upon the expiry of the term of the current Ethics and Governance Committee in May 2020. Until such date, the Committee shall be comprised of three voting members nominated by constituencies of the donor group, serving in their personal capacity.

8. Independent member(s) of the Committee may receive an honorarium for service in accordance with an honorarium framework as may be approved by the Board, in addition to travel expenses and per diem.
9. Independent member(s) of the Committee shall sign a declaration of independence.⁴ Committee Members serving in their personal capacity shall sign a similar declaration.⁵

D. Term of Office

10. Committee Members shall serve coinciding ~~two~~three year terms, or until the appointment of their respective successors. The Chair and Vice-Chair of the Committee shall serve coinciding ~~two~~three-year terms, or until the appointment of their respective successors.

E. Reporting and Communication

11. The Committee will develop its activity in accordance with the committee work methods outlined in the Operating Procedure of the Board and Committees.
12. The Committee may adopt, and modify as needed, specific procedures for the manner in which the Committee and its members handle, retain and/or communicate information associated with matters that are of a sensitive and confidential nature.
13. The Chair and Vice-Chair of the Committee shall interact regularly with and report to the Coordinating Group on the results of the Committee's deliberations, as well as any issues relevant to its discussions.
14. The Chair and Vice-Chair of the Committee shall prepare a report of its work after each committee meeting and submit a report summarizing the Committee's work for each meeting of the Board. The Committee may also prepare ad-hoc reports as requested by the Board and/or Coordinating Group, which may relate to the inter-sessional activities of the Committee and its members.

F. Rules of Procedure; Member Roles and Responsibilities

15. The rules of procedure of the Committee, including but not limited to procedures for quorum and voting, and the roles and responsibilities of Committee Members and Committee Leadership shall be as set forth under the Operating Procedures and the Board and Committee Member Roles and Responsibilities, respectively.

G. Review of the Ethics and Governance Committee

16. The Committee and its members are held accountable by the Board. The Committee will undergo a performance assessment against its mandate based on the performance assessment framework approved by the Board.

⁴ Appendix I provides the criteria for independence and the declaration of independence.

⁵ Appendix I also provides an example of a declaration for members serving in their personal capacity.

17. This Charter may be amended from time to time by the Board.

Appendix I

Criteria for independent members of the Ethics and Governance Committee

1. Members of the governance, advisory and administrative bodies of the Global Fund (“Global Fund Officials”) may not serve as independent Committee members.⁶
2. In addition, a candidate will not be considered independent if he or she:
 - a. has been a Global Fund Official at any time within the last three years⁷;
 - b. has within the last three years served in an elected or appointed position within the Government of a country represented through a constituency on the Board;
 - c. has been within the last three years an employee of a firm that has provided audit, assurance or other oversight services to the Global Fund;
 - d. has participated or attended deliberations of the governance, advisory and administrative bodies of the Global Fund within the last three years as a delegate for a constituency of the Board;
 - e. has been within the last three years an employee of a company or an organization that has directly or indirectly made payments to or received payments from the Global Fund in any of the last three calendar years in excess of the lesser of US\$500,000 or 2 per cent of the consolidated expenditures or revenues of the company or organization; or
 - f. holds any professional responsibilities that might infringe on her/his independence.

⁶ Global Fund Officials include, but are not limited to, Board members and alternates, members of Board Committees, members of the Technical Review Panel and other advisory bodies, and employees, consultants and contractors of the Secretariat and the OIG.

⁷ An individual who has served as an independent member of a Board Committee may be renewed for one additional term.

**Declaration [of Independence]⁸
for the Ethics and Governance Committee**

[I declare to the best of my knowledge that having read the criteria for independence appended to the Charter of the Ethics and Governance Committee (the “Committee”), I am eligible to serve as an independent member of that Committee.]⁹ I undertake to discharge my functions and responsibilities as a member of the Ethics and Governance Committee with the interests of the Global Fund alone in mind and I will not to seek or accept instructions in regard to the performance of these functions from any constituency of the Global Fund, including any government, constituent organization or other authority, other than through action by the Board.

[Should there be any change in my relationship with the Global Fund with respect to the criteria for independence, I will immediately inform the Chair of the Global Fund Board.]¹⁰

Signed: _____

Date: _____

⁸ To be included in the Declaration of Independence of the non-voting independent member with ethics expertise.

⁹ To be included in the Declaration of Independence of the non-voting independent member with ethics expertise.

¹⁰ To be included in the Declaration of Independence of the non-voting independent member with ethics expertise.

CHARTER OF THE STRATEGY COMMITTEE

~~10-XX November~~ May 2022¹

Changes to sections modified through GF/B46/DP06 will come into force on 31 December 2022. The relevant paragraphs are highlighted in grey in this document for ease of reference.

¹ As approved by the Board on 28 January 2016 (GF/B34/EDP07) and amended on 13 June 2018 (GF/B39/EDP02), on 14 November ~~2019~~ (GF/B42/DP06), ~~and on~~ 11 November 2021 (GF/B46/DP06~~XX~~), ~~and on XX May 2022~~ (GF/BXX/DPXX). ~~Changes made through Board decision point GF/B46/DP06 enter into force on 31 December 2022~~.

A. Purpose

1. The purpose of the Strategy Committee (the “Committee”) of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) is to (i) provide oversight of the strategic direction of the Global Fund; and (ii) ensure the optimal impact and performance of its investments in health.

B. Functions

2. The Board has delegated its authority to the Committee to exercise the following powers and perform the following functions:

Decision-Making Powers

- 2.1 The Committee shall exercise the following decision-making powers:

- a. Approval of and/or modifications to frameworks for the implementation of strategic ~~funding~~ policies ~~and initiatives~~ adopted by the Board, including reprogramming of grant programs and funding in order to align investment decisions with strategic ~~funding~~ policies and optimize ~~operational~~ impact.
- b. Approval of and/or modification to the Terms of Reference for the Technical Review Panel (the “TRP”) and the Independent Evaluation Panel (the “IEP”), or any other advisory bodies of the Global Fund under the oversight of the Committee, in accordance with the Board-approved mandate for such bodies.
- c. Appointment ~~and removal~~ of members to the TRP and IEP, or any advisory bodies of the Global Fund under the oversight of the Committee.
- d. Joint recruitment of the head of the evaluation structure of the Secretariat, with the IEP and the Executive Director of the Global Fund.
- e. Approval of the ~~strategic priorities~~, guidelines, evaluation criteria, processes, work plan and procedures of the TRP and IEP.
- f. Approval of the strategic priorities and the annual work plan for the evaluation structure of the Secretariat, considering IEP advice.

Advisory Functions

- 2.2 The Committee shall advise and make recommendations to the Board on the following:

- a. ~~Adoption of, and modification to, monitoring and evaluation frameworks, key performance indicators frameworks (including methodology and targets), and multi-year evaluation calendars,~~ to assess the Global Fund’s performance with respect to the strategy and grant portfolio.
- b. Development and review of the institutional strategy of the Global Fund.
- c. Modifications to the Board-approved policies governing the grant portfolio operations and other strategic ~~policies and initiatives~~ of the Global Fund, based

upon assessment of the performance of the Global Fund's grant portfolio and initiatives, and taking into consideration advice and recommendations received from the other Standing Committees of the Board.

- d. ~~Modifications to Board-approved strategic funding policies and initiatives.~~
- e.d. Strategies for enhancing investment impact and value for money, taking into consideration issues such as epidemiological trends, technological developments, and market-shaping interventions.
- f.e. Adoption of, and modifications to, strategic policies on market dynamics matters such as market-shaping interventions and the sourcing of quality-assured pharmaceuticals, devices and other health products.
- g. ~~Modifications to Board-approved funding policies on eligibility, prioritization and counterpart co-financing.~~
- h.f. Material modifications to the mandate of the TRP, IEP or any other advisory bodies of the Global Fund under the Committee's oversight.
- i. ~~Through the Audit and Finance Committee and in accordance with the risk management strategy or related policies approved by the Board: (i) the identification, assessment, mitigation, monitoring and assurance of areas of risk that affect the implementation of the Global Fund's strategy, strategic policies, the achievement of strategic objectives, goals and performance targets, (ii) where appropriate, risk appetite statements to be set by the Board and operationalized by the Global Fund in the management of such risks, or and (iii) analysis of other risk matters/areas assigned to the Committee by the Coordinating Group.~~
- i.g. Adoption of and modification to the multi-year evaluation calendar.
- k.h. Actions to be taken in relation to the IEP's annual report and associated recommendations.

Oversight Functions

- 2.3 The Committee shall have responsibility for oversight and review in the following areas:
- a. The implementation of the strategy through the grant portfolio and related initiatives of the Global Fund, making use of assessments based upon relevant key performance indicators adopted by the Board, internal and external evaluations, reports of the advisory bodies of the Global Fund, and the advice and recommendations of the other Standing Committees of the Board.
 - b. Oversight of the TRP, IEP and other advisory bodies of the Global Fund designated as being under the oversight of the Committee, including review of evaluations, commentaries, and recommendations of such bodies, and annual performance assessments of such bodies in accordance with the performance assessment framework adopted by the Board.
 - c. Adoption of, or modifications to, the job description of the head of the evaluation structure of the Secretariat, acknowledging that the Secretariat may make non-material modifications to the job description in the due course of its operations.
 - d. The implementation of the strategic policies of the Global Fund, taking into

consideration issues such as changes in the disease landscape (such as epidemiological trends and activities of partner organizations), forecasted demand for Global Fund financingthe evolving global health landscape, and the overarching principles, objectives and enablers of the institutional strategy.

e. The overall impact and effectiveness of Global Fund investments in health, including its market-shaping strategy, partnerships and strategic funding decisions, and the implementation of quality assurance policies.

~~f. Developments and trends in the disease landscape, taking into consideration issues such as epidemiological trends and the activities of partner organizations.~~

~~g. Forecasted demand for Global Fund financing, based upon epidemiological trends and analyses presented by partners, advisory bodies of the Global Fund and the Secretariat.~~

~~h.f. The Secretariat's management of areas Identification and analysis of risk implications that affect the implementation of the Global Fund's strategy, of the strategic policies and initiatives, of the Global Fund, which may impact its the achievement of strategic objectives and of performance targets, or other risk matters assigned to the Committee by the Coordinating Group investments, and implementation of related mitigation measures as well as the effectiveness of such management.~~

~~i.g. Outcome of the work of the evaluation structure of the Secretariat, including a) its contribution to learning within the Secretariat and b) inputting in the performance assessment processes of the head of the evaluation structure of the Secretariat.~~

~~i.h. The appropriate allocation of resources to the evaluation structure of the Secretariat, in accordance with the strategic priorities and work plan of the IEP and the evaluation structure of the Secretariat, for proposed inclusion in the operating expenses budget recommended by the Audit and Finance Committee to the Board.~~

C. Composition

3. The Committee shall be comprised of the following members:²

- a. Six voting representatives of constituencies from the implementer group;³
- b. Six voting representatives of the constituencies from the donor group;⁴
- c. One non-voting, neutral Chair;

² The constituencies contained within the implementer group and donor group are identified based upon the description of the Board within the Bylaws (Article 7). The implementer group consists of the group encompassing the seven developing country seats, the two non-governmental organization seats, and the representative of a non-governmental organization who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria. The donor group consists of the group encompassing the eight donor seats and the private foundation and private sector seats.

³ Pursuant to the Board's decision GF/B42/DP06, this paragraph will enter into force upon the expiry of the term of the current Strategy Committee in May 2020. Until such date, the Committee shall be comprised of five voting representatives of constituencies from the implementer group.

⁴ Pursuant to the Board's decision GF/B42/DP06, this paragraph will enter into force upon the expiry of the term of the current Strategy Committee in May 2020. Until such date, the Committee shall be comprised of five voting representatives of constituencies from the donor group.

- d. One non-voting, neutral Vice-Chair;
 - e. Three representatives of the non-voting, ex-officio members of the Board, each acting in a non-voting, ex-officio capacity;
 - f. The Chair of the Technical Review Panel, acting in a non-voting, ex officio capacity; and
 - g. The Chair of the IEP, acting in a non-voting, ex officio capacity.
- 4. Nomination and appointment of Committee Members shall be according to the Operating Procedures of the Board and Committees.
 - 5. The Chair and Vice-Chair of the Committee will alternate between individuals nominated by donor and implementer constituencies each term, provided that the Chairs of the Committee and the Audit and Finance Committee are selected from nominations by different constituency groups each term.
 - 6. Committee Members shall have: (i) qualifications and expertise in senior positions in the key areas of work and mandate of the Committee; and (ii) the key competencies of committee members set forth in the Operating Procedures of the Board and Committees.

D. Term of Office

- 7. Committee Members shall serve coinciding ~~two~~three-year terms, or until the appointment of their respective successors. The Chair and Vice-Chair of the Committee shall serve coinciding ~~two~~three-year terms, or until the appointment of their respective successors.

E. Reporting and Communication

- 8. The Committee will develop its activity in accordance with the committee work methods outlined in the Operating Procedure of the Board and Committees.
- 9. The Chair and Vice-Chair of the Committee shall interact regularly with and report to the Coordinating Group on the results of the Committee's deliberations, as well as any issues relevant to its discussions.
- 10. The Chair and Vice-Chair of the Committee shall prepare a report of its work after each committee meeting and submit a report summarizing the Committee's work for each meeting of the Board. The Committee may also prepare ad-hoc reports as requested by the Board and/or Coordinating Group, which may relate to the inter-sessional activities of the Committee and its members.

F. Rules of Procedure, Member Roles and Responsibilities

- 11. The rules of procedure of the Committee, including procedures for quorum and voting, and the roles and responsibilities of Committee Members and Committee Leadership shall be as set forth under the Operating Procedures and the Board and Committee Member Roles and Responsibilities, respectively.

G. Review of the Strategy Committee

12. The Committee and its members are held accountable by the Board. The Committee will undergo a performance self-assessment against its mandate based on the performance assessment framework approved by the Board.
13. This Charter may be amended from time to time by the Board.

CHARTER OF THE AUDIT AND FINANCE COMMITTEE

14 ~~X~~ November ~~May~~ 2022~~19~~¹

¹ As approved by the Board on 28 January 2016 (GF/B34/EDP07), ~~and~~ amended on 14 November (GF/B42/DP06), and on ~~XX~~ May 2022 (GF/~~BXX~~/~~DPXX~~).

A. Purpose

1. The purpose of the Audit and Finance Committee (the “Committee”) of the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) is to (i) provide oversight of the financial management of the Global Fund’s resources; (ii) provide oversight of the internal and external audit, as well as investigation, functions of the Global Fund; and (iii) ensure optimal performance in the corporate and financial operations of the Global Fund.

B. Functions

2. The Board has delegated its authority to the Committee to exercise the following powers and perform the following functions.

Decision-Making Powers

- 2.1 The Committee shall exercise the following decision-making powers:

- a. Approval of asset and liability, investment and financial management strategies or policies to minimize losses and preserve the capital value of the Trust Fund of the Global Fund, as well as any other accounts utilized by the Global Fund for the deposit or management of its resources.
- b. Approval of frameworks, or modifications to such frameworks, to guide the implementation of Board-approved policies regarding the corporate and financial operations of the Global Fund, to the extent consistent with applicable Board strategies and initiatives.
- c. Approval of modifications to Board-approved human resources policies or frameworks, including matters related to the Global Fund Provident Fund.
- d. Approval of the external audit plan and related fee arrangements.
- e. Approval of the interim financial statements of the Global Fund.
- f. Approval of the Office of the Inspector General’s (“OIG”) annual audit and investigation work plan, guidelines, processes and procedures.

Advisory Functions

- 2.2 The Committee shall advise and make recommendations to the Board on the following:

- a. Selection and appointment of the external auditor of the Global Fund.
- b. Approval by the Board of the annual audited financial statements of the Global Fund.

- c. In accordance with and as lead committee for, the risk management strategy or related policies approved by the Board: (i) the risk stratification matrix—the overall risk profile of the Global Fund and its grant portfolio as reflected in its organisational risk register; (ii) the fiduciary control framework for grant management; (iii) the review and identification, assessment, mitigation, monitoring and assurance of corporate and financial risks; ~~and~~ (iv) where appropriate, risk differentiation- appetite statements to be set by the Board and exercised- operationalized by the Global Fund in the management of such risks; and (v) analyses of risk areas allocated to the Committee at the request of the Coordinating Group.
- d. Key performance indicators—methodology and targets—to assess the Global Fund’s performance with respect to ~~corporate and~~ financial management.
- e. Periodic (e.g., quarterly, annual, multi-year) projections of the Global Fund’s cash flow, including actual receipts and expenses, based upon review by the Committee of materials prepared by the Secretariat and the World Bank in its capacity as Trustee for the Global Fund.
- f. Modifications to the policy frameworks governing the receipt and management of contributions to the Global Fund, including the contribution modalities available to donors.
- g. Modifications to the Comprehensive Funding Policy and any other Board-approved policies governing the allocation and commitment of Global Fund assets for the approval of funding grant programs.
- h. Modifications to the resource mobilization strategy of the Global Fund.
- i. Adoption of, or modifications to, policies related to the financial and operational implementation of sourcing and procurement initiatives.
- j. The approval by the Board of (i) the annual operating expenses budget of the Global Fund, including the component budgets for the Secretariat and the OIG, (ii) the accompanying corporate work plan for each year’s operating expenses budget; and (iii) proposed operating expenditures that exceed the annual operating expenses budget threshold approved by the Board.
- k. The appropriateness of the scope of the mandate and functions of the OIG, and the strategic priorities of the OIG.
- l. Adoption of, or modifications to, policies related to financial and operational oversight, including those related to the activities of the OIG.

Oversight Functions

- 2.3 The Committee shall have responsibility for oversight and review in the following areas:
- a. The financial management of Global Fund resources, including annual review of (i) financial forecasts; (ii) status of donor pledges and contributions; (iii) the activities of, and relationship with, the World Bank in its capacity as Trustee for

the Global Fund; and (iv) financial management performance against key performance indicators adopted by the Board.

- b. The corporate management and operations of the Secretariat, including annual review of (i) the Secretariat's risk assessment and management processes in line with the risk management policy approved by the Board, taking into consideration the audit and investigation findings of the OIG; and (ii) the Secretariat's response to –recommendations and findings by the external auditor and the OIG, including reference of such matter to the committee of the Board with the relevant mandate; ~~and (iii) corporate management performance against key performance indicators adopted by the Board.~~
- c. The OIG, including review of (i) the results of periodic independent review and assessment to confirm conformance with prevailing international standards and guidelines; and (ii) the appropriate use of resources by the OIG based upon OIG functions and deliverables.
- d. The annual expenditures of the Global Fund against budgets approved by the Board, as well as performance against approved work plans.
- e. The Secretariat's implementation of sourcing and procurement initiatives, and their financial or operational implications, in accordance with strategies and policies on market dynamics, such as market-shaping interventions, approved by the Board.
- f. The resource mobilization strategies, policies and activities of the Global Fund, including review of (i) the status and effectiveness of replenishment activities; (ii) engagement of private donors and development of innovative financing initiatives; and (iii) management of in-kind donations by the Global Fund.
- g. The adequacy, efficiency and effectiveness of internal controls, including review of (i) the implementation of measures to incorporate into business practices the audit and investigation findings of the OIG; (ii) the fiduciary obligations of grant recipients; and (iii) key risk areas as requested by the Coordinating Group.
- h. The adequacy and effectiveness of fiscal management policies and processes, including investment and foreign exchange hedging strategies, and policies governing the commitment of Global Fund assets.
- i. Financial accounting and reporting policies applicable to the preparation and presentation of the annual financial statements of the Global Fund.
- j. The methods for enhancing value for money by improving productivity and efficiency at all levels of the organization and operation of the Global Fund, including sourcing and procurement initiatives.
- k. The corporate administrative policies and activities of the Secretariat, including human resources and insurance policies, involving consultation as appropriate with the Global Fund Ombudsman, representatives of staff and the Global Fund Legal Counsel.

- l. Review the adequacy and appropriateness of (i) strategies and policies relating to the communication of OIG findings; and (ii) communication to and engagement with stakeholders in response to OIG reports.
- m. Minimum standards for external auditors of grant recipients and policies describing the appropriate scope of work of such auditors.

C. Composition

3. The Committee shall be comprised of the following members:²
 - a. Six voting representatives of constituencies from the implementer group;³
 - b. Six voting representatives of constituencies from the donor group;⁴
 - c. One non-voting independent member with financial audit expertise;
 - d. One non-voting independent member with forensic investigations expertise;
 - e. One non-voting, neutral Chair;
 - f. One non-voting, neutral Vice-Chair; and
 - g. Two representatives of the non-voting, ex-officio members of the Board, one of which shall be the World Bank, with each such individual acting in a non-voting, ex-officio capacity.
4. Nomination and appointment of Committee Members shall be according to the Operating Procedures of the Board and Committees.
5. The Chair and Vice-Chair of the Committee will alternate between individuals nominated by donor and implementer constituencies each term, provided that the Chairs of the Committee and the Strategy Committee are selected from nominations by different constituency groups each term.
6. Committee Members shall have (i) qualifications and expertise in senior positions in the key areas of work and mandate of the Committee; and (ii) the key competencies of committee members set forth in the Operating Procedures of the Board and Committees.
7. The two independent members of the Committee shall serve in their personal capacity and shall not seek or accept instructions in regard to their performance on the Committee from any constituency of the Global Fund Board, including any government, organization or other authority, other than through action by the Board.

² The constituencies contained within the implementer group and donor group are identified based upon the description of the Board within the Bylaws (Article 7). The implementer group consists of the group encompassing the seven developing country seats, the two non-governmental organization seats, and the representative of a non-governmental organization who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria. The donor group consists of the group encompassing the eight donor seats and the private foundation and private sector seats.

³ Pursuant to the Board's decision GF/B42/DP06, this paragraph will enter into force upon the expiry of the term of the current Audit and Finance Committee in May 2020. Until such date, the Committee shall be comprised of five voting representatives of constituencies from the implementer group.

⁴ Pursuant to the Board's decision GF/B42/DP06, this paragraph will enter into force upon the expiry of the term of the current Audit and Finance Committee in May 2020. Until such date, the Committee shall be comprised of five voting representatives of constituencies from the donor group.

8. The two independent members of the Committee may receive an honorarium for service in accordance with an honorarium framework as may be approved by the Board, in addition to travel expenses and per diem.
9. All independent members of the Committee will be required to sign a declaration of independence, as defined in the Operating Procedures of the Board and Committees.⁵

D. Term of Office

10. Committee Members shall serve coinciding ~~two~~three year terms, or until the appointment of their respective successors. The Chair and Vice-Chair of the Committee shall serve coinciding ~~two~~three-year terms, or until the appointment of their respective successors.

E. Reporting and Communication

11. The Committee will develop its activity in accordance with the committee work methods outlined in the Operating Procedure of the Board and Committees.
12. The Chair and Vice-Chair of the Committee shall interact regularly with and report to the Coordinating Group on the results of the Committee's deliberations, as well as any issues relevant to its discussions.
13. The Chair and Vice-Chair of the Committee shall prepare a report of its work after each Committee meeting and submit a report summarizing the Committee's work for each meeting of the Board. The Committee may also prepare ad-hoc reports as requested by the Board and/or Coordinating Group, which may relate to the inter-sessional activities of the Committee and its members.
14. The Chair and Vice-Chair of the Committee shall be in regular contact and meet with the Inspector General (the "IG"), without members of the Secretariat being present, to discuss the remit of the IG and any issues arising from audits and investigations. In addition, the IG and the external auditor shall be given the right of direct access to the Chair and Vice-Chair of the Committee.

F. Rules of Procedure, Member Roles and Responsibilities

15. The rules of procedure of the Committee, including procedures for quorum and voting, and the roles and responsibilities of Committee Members and Committee Leadership shall be as set forth under the Operating Procedures and Board and Committee Member Roles and Responsibilities, respectively.

⁵ Appendix I provides the criteria for independence and the declaration of independence.

G. Review of the Audit and Finance Committee

16. The Committee and its members are held accountable by the Board. The Committee will undergo a performance assessment against its mandate based on the performance assessment framework approved by the Board.
17. This Charter may be amended from time to time by the Board.

Appendix I

Criteria for independent members of the Audit and Finance Committee

1. Members of the governance, advisory and administrative bodies of the Global Fund (“Global Fund Officials”) may not serve as independent Committee members.⁶
2. In addition, a candidate will not be considered independent if he or she:
 - a. has been a Global Fund Official at any time within the last three years⁷;
 - b. has within the last three years served in an elected or appointed position within the Government of a country represented through a constituency on the Board;
 - c. has been within the last three years an employee of a firm that has provided audit, assurance or other oversight services to the Global Fund;
 - d. has participated or attended deliberations of the governance, advisory and administrative bodies of the Global Fund within the last three years as a delegate for a constituency of the Board;
 - e. has been within the last three years an employee of a company or an organization that has directly or indirectly made payments to or received payments from the Global Fund in any of the last three calendar years in excess of the lesser of US\$500,000 or 2 per cent of the consolidated expenditures or revenues of the company or organization; or
 - f. holds any professional responsibilities that might infringe on her/his independence.

⁶ Global Fund Officials include, but are not limited to, Board members and alternates, members of Board Committees, members of the Technical Review Panel and other advisory bodies, and employees, consultants and contractors of the Secretariat and the OIG.

⁷ An individual who has served as an independent member of a Board Committee may be renewed for one additional term.

**Declaration of Independence for
the Audit and Finance Committee**

I declare to the best of my knowledge that having read the criteria for independence appended to the Charter of the Audit and Finance Committee (the “Committee”), I am eligible to serve as an independent member of that Committee. I undertake to discharge my functions and responsibilities as a member of the Committee with the interests of the Global Fund alone in mind and I will not to seek or accept instructions in regard to the performance of these functions from any constituency of the Global Fund, including any government, constituent organization or other authority, other than through action by the Board.

Should there be any change in my relationship with the Global Fund with respect to the criteria for independence, I will immediately inform the Chair of the Global Fund Board.

Signed: _____

Date: _____