



REPORT OF THE GOVERNANCE AND PARTNERSHIP COMMITTEE

Outline: This paper presents the results of the deliberations of the Governance and Partnership Committee. It contains seven annexes which outline the issues addressed and present recommendations for consideration by the Board.

Summary of Decision Points:

1. The Board is requested to approve the revised Board Operating Procedures as presented in Annex 2.
2. The Board is request to approve the revised Conflict of Interest Policy (Annex 3) and related disclosure of interest form; to appoint a Conflicts Committee and to instruct the Secretariat to appoint an ethics official.
3. Annex 4 presents a set of Guidelines on Constituency Processes as well as a Constituency Operations Statement Form for consideration and adoption by the Board.
4. Annex 5 presents the paper on Partnerships for discussion and decision by the Board; the Secretariat will submit a request for endorsement of the Memorandum of Understanding with UNAIDS.
5. Annex 6 presents a paper on the Country Coordinating Mechanism and makes recommendations on the best practice in CCM management as well as setting standards for CCMs.
6. Annex 7 outlines the basic requirements for the establishment of the Partnership Forum and requests the Board to mandate the Governance and Partnership Committee to develop a proposal along these lines for consideration at the June Board meeting.

Part 1: Background

1. The Governance and Partnership Committee met on Tuesday 17 December 2002 in Geneva to consider the main items contained in the agreed Terms of Reference (attached as Annex 1 which also includes a list of participants at the meeting).
2. This paper outlines the issues debated and highlights decisions points that arose from the discussion. In every case the text references an attachment which provides more information on the topic and explains the rationale behind the recommendation emerging from the Committee.
3. In addition to the items outlined below, the Chair of the Committee requested the Secretariat to incorporate the Governance decisions taken in October into the existing Board Operating Procedures for adoption by the Board at the next meeting. These revised Board Operating Procedures are attached as Annex 2.

Part 2: Conflict of Interest

4. As requested the Committee has reviewed a revised Conflict of Interest policy which included (1) the results of the legal review requested by the Board in October, (2) draft amendments required for institutional conflicts to be included in the policy in addition to those related to individuals.
5. The Committee discussed the drafts and several suggestions were made for improvements and precisions to the text and to the policy. These included the fact that gifts can be accepted 'on behalf of the Fund' and that the secretariat could establish procedures for managing these gifts. The issue of Conflict of Interest regarding CCMs was raised and it was recommended that this be handled by the Conflicts Committee which still needed to be established. Mechanisms for triggering an ethical review would need to be developed.
6. The Committee was of the opinion that in the case of 'partnership' arrangements (if, for example, Board Members or delegation members were offered contracts to work on the development of proposals, or assisting in organising CCMs) the important aspect would be the disclosure of this arrangement; it would not be prohibited under the policy.
7. The Committee agreed that a new 'disclosure of interest form should be proposed, with an accompanying instruction sheet, and that a deadline for the receipt of these forms should be established. If other forms had been completed by covered individuals in other circumstances then these submissions would be acceptable if they covered the same issues.

8. The Governance and Partnership Committee therefore recommends that the Board:
 1. **Adopts the revised Conflict of Interest Policy as presented in Annex 3;**
 2. **Adopts the revised Disclosure of Interest form shown as Exhibit A in Annex 3 and requests all covered individuals to submit the form by a deadline to be specified;**
 3. **Identifies three of its members to form the Conflicts Committee and mandates the Governance and Partnership Committee to establish procedures for the functioning of the Conflicts Committee ;**
 4. **Instructs the Executive Director to appoint an Ethics Official from the Secretariat.**

Part 3: Constituency Processes

9. The Committee considered a draft of the proposed Guidelines on Constituency Processes which were based in part on responses to the Questionnaire on Constituency Processes circulated by the Chair of the Committee.
10. It was clear both from the responses to the Questionnaire and from the discussion that the role of the focal point is critical in ensuring a well functioning constituency. While not wanting to detract from the role of the Alternate, it was clear that the focal point needs to work closely with the Board member to be really effective. In this context it was suggested that the Board should consider funding the Focal Point to attend Board meetings in addition to the Board member and Alternate (for delegations which qualify for funding).
11. The Committee also noted the importance of identifying and cultivating the 'official' voice of the Fund, that is who amongst the many stakeholders can convey official information and messages on behalf of the Fund (as opposed to on behalf of the constituency). In this context it was noted that while CCMs are not an official voice of the Fund they can play an important role in many constituencies in assisting Board Members in forming opinions and proposing policy for the Fund.
12. The Committee was in agreement that the Board should consider requesting all Constituencies to complete a statement explaining how the constituency functions (broadly based on the questionnaire). This statement should respect national sovereignty and should not be unnecessarily detailed, but should at least provide some transparency on how the constituency is constituted and operates. This statement should be made public.

13. The Governance and Partnership Committee therefore recommends that the Board:

- 1. Adopts the Guidelines on Constituency Processes (attached as Annex 4) as a useful compilation of best practice;**
- 2. Adopts the Constituency Operations Statement (Annex 4, Exhibit B) as a transparent tool for understanding the processes of stakeholder groups and requests Board members to complete the statement for their constituency;**
- 3. Instructs the Secretariat to fund the attendance of the Focal Points for the recipient country constituencies to attend Board meetings (at an estimated additional cost of US\$ 95,000 annually).**

Part 4: Partnerships

14. The Committee requested the Secretariat to update the Partnerships paper presented to the October Board meeting (attached here as Annex 5). This paper reflects the established needs for core partnerships and develops general guidelines on the basic principles of partnership.

15. It was also recommended that any partnership agreements that were under negotiation and nearing completion be presented to the Board meeting in January since the Board should have the ultimate authority to endorse formal agreements. To this end, the Secretariat will present any current partnership arrangements to the Board. These arrangements have not been reviewed by the Committee.

16. The Committee recognised that all partnerships are of equal value but may have different parameters and different ends. Partnerships should however be based on need at the local level. Framework agreements at the global level should therefore reflect needs at the local level. The Fund needs to think globally but act locally.

17. The Committee emphasised that while it was advisable and necessary for the Secretariat to pursue partnerships of various kinds it should be clear that partnership agreements should not contradict Board decisions already taken nor anticipate decisions that had not yet been taken. The Committee recognised that there was a need to give a mandate to the Secretariat to pursue, explore and negotiate partnership agreements while still retaining the right of the Board to endorse these agreements.

18. The Governance and Partnership Committee therefore recommends that the Board:

- 1. Acknowledges the approach to partnerships outlined in the paper and authorizes the Secretariat to pursue such partnerships as appropriate;**
- 2. Asks the Governance Committee to review partnership arrangements negotiated by the Secretariat in light of the framework and present them to the following Board for acknowledgement;**
- 3. Requests the Executive Director to provide ongoing updates of Global Fund partnership activity in his communications with the Board.**

Part 5: Country Coordinating Mechanisms

19. The Committee reaffirmed the centrality of the CCM to the Global Fund philosophy and principles. The Committee called for a paper (attached as Annex 6) which would recommend mechanisms for assessing CCMs and establish standards which CCMs would have to meet. It also requested the Secretariat to produce an analysis of existing CCM structures (attached to Annex 6 as Appendix II) . UNAIDS was requested to provide a paper which would discuss the CCM within the broader country level co-ordination context (Annex 6, Appendix III).

20. The Governance and Partnership Committee therefore recommends:

- 1. Recognizing the need for representative and efficient CCM membership, the Board is requested to approve the policies on CCM composition (see Annex 6 para 5.1 for details);**
- 2. Recognizing the need for transparent and participatory CCM operations, the Board is requested to approve the following policies on CCM processes (see Annex 6 para 5.2 for details);**
- 3. Recognizing the need for a CCM evaluation and monitoring framework, affirm importance of local ownership of CCM processes and leveraging existing mechanisms (see Annex 6 para 5.3 for details)**

Part 6: Partnership Forum

21. The Committee recalled the requirements for the Partnership Forum as outlined in Section 3, Part A, Articles 7, 8 and 9 of the Global Fund By-Laws. The essence of which is that the Forum should be an informal grouping of persons and entities concerned in prevention, care, treatment and eventual eradication of HIV/AIDS, Tuberculosis and Malaria. It should have biennial meetings to express views on the Fund's policies and strategies and participation should be open to wide range of stakeholders that actively support the Fund's objectives.

22. The Committee entertained initial discussion on possibilities for the Forum but acknowledged that more work and more research was required before any concrete recommendations could be made.

23. In the light of this, the Governance and Partnership Committee recommends that the Board:

- 1. Mandates the Committee to work with the Secretariat to develop a comprehensive proposal for the Partnership Forum for the June Board meeting;**
- 2. Decides to hold the Forum during the first half of 2004;**
- 3. Recommends to the Committee to link the Forum with another meeting, preferably a Board meeting, to minimise costs;**
- 4. Requests the Secretariat to research similar events and establish lessons learned (for example, the GAVI experience);**
- 5. Requests the Secretariat to provide a list of events for 2004 for consideration at the June Board meeting.**