



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Discussion Document

Board Committee Study

GF-B9-14

9th Global Fund Board Meeting
November 18-19, 2004
Arusha, Tanzania

This document is confidential and is intended solely for the use and information of the client to whom it is addressed.

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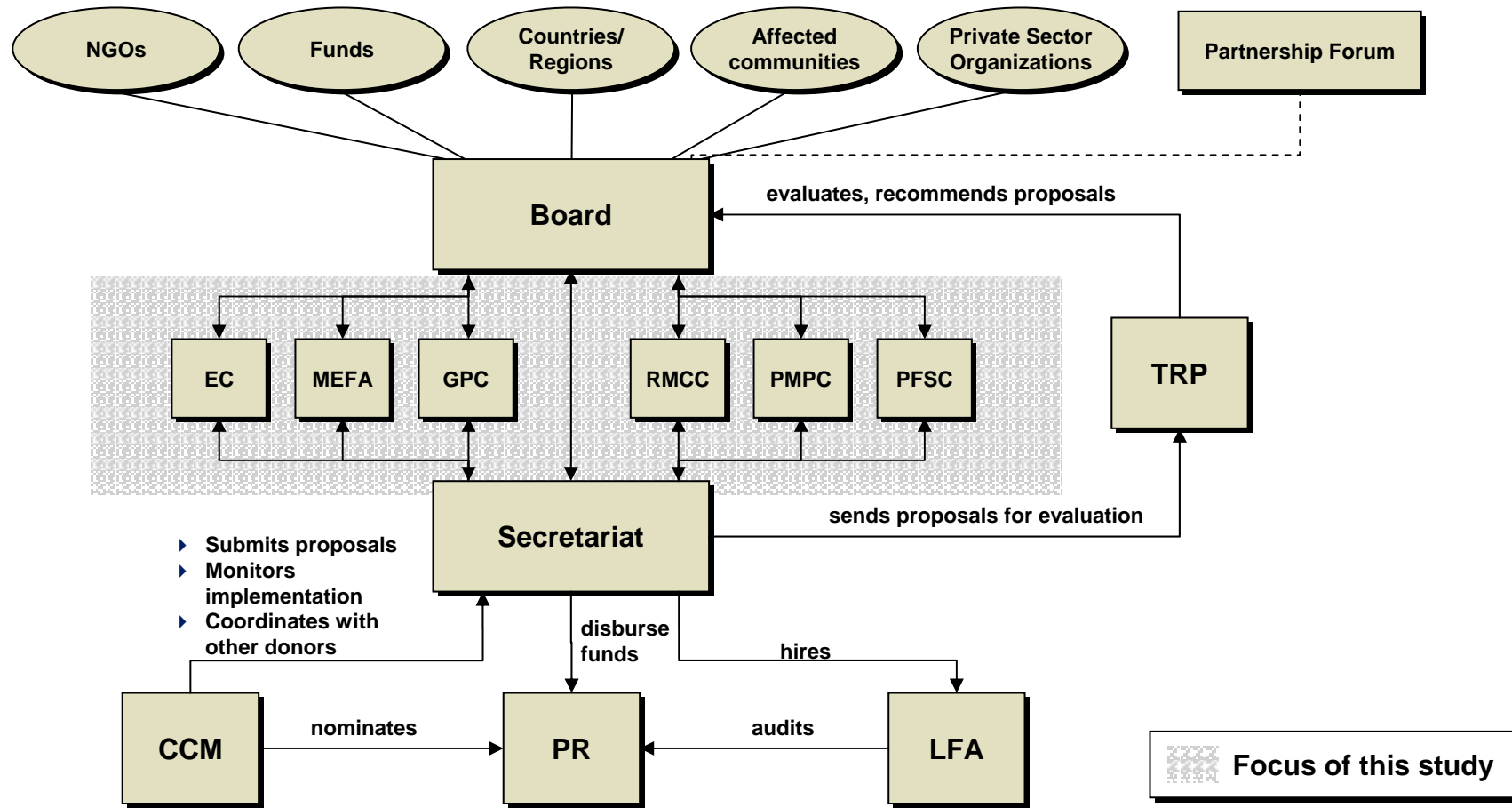
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The Global Fund Board requested its Chair and Vice Chair to work with a consultant to analyze Board Committee structure and processes

Requested Work Streams	
✓ Assessment	Assessment of the current Committee structure, including advantages and disadvantages in facilitating Board decision-making
✓ Options	Alternate options, including revision and rationalization of the Committee structures with pros and cons of various approaches
✓ Recommendations	Recommendations for improved functioning of the Committees to further streamline and facilitate decision-making of the Global Fund Board
✓ Financial Analysis	An analysis of the financial implications of any recommended revisions compared with the existing structure

The scope of Booz Allen Hamilton's work focused on the effectiveness and efficiency of the six standing Board Committees

Global Fund Organization Structure



The effort relied upon the participation and insights of a broad range of stakeholders familiar with the Fund Committee operations

Constituents Interviewed or Surveyed

70% of Board or alternate members
60% of Committee Members
Former Board and Committee Members, Focal Points, Secretariat Staff

Data Collection Methods

Interviews
Online survey
Observation of Committee Meetings
Document review

Other Organizations Investigated

- ▶ Global Alliance for Vaccines and Immunization
- ▶ Global Environmental Facility
- ▶ The Mectizan Initiative
- ▶ Stop TB Partnership
- ▶ United Way
- ▶ African Development Fund
- ▶ Governance in Africa Initiative
- ▶ International AIDS Vaccine Initiative
- ▶ International Fund for Agricultural Development
- ▶ International Trachoma Initiative
- ▶ The Roll Back Malaria Partnership
- ▶ The World Bank

Documents Reviewed

Board minutes
Committee and Working Group Reports
By-laws and Charters
Committee Rules and Procedures
Framework Document of the GFATM
Annual report
Booz Allen intellectual capital

Booz Allen is making fourteen recommendations on Committee structure, role and process for Board consideration

Structure

1. Streamline the number of core Board Committees from 6 to 4 to reflect the changing needs of the Fund
 - Strategy & Policy Committee
 - Finance & Audit Committee
 - Portfolio Management Committee
 - Ethics Committee
2. Maintain the Ethics Committee as a small standing committee. The Committee is to meet as ethical issues arise and are referred by the Board. The Committee will maintain its current size and continue to be comprised of Board members or their alternates only
3. Require financial literacy to serve as the Chair or Member of the Finance & Audit Committee
4. Require Committee Chair selection to explicitly consider the Chair's Committee leadership and management skills, specifically an ability to enforce adherence to the Committee's role and an ability to drive meetings efficiently
5. Confirm that only one delegate is permitted per Committee and that that delegate is expected to be available for all Committee meetings. In the event that membership must permanently change from one delegate to another, permit an overlap period of one committee meeting

Fourteen recommendations – Committee roles

Roles

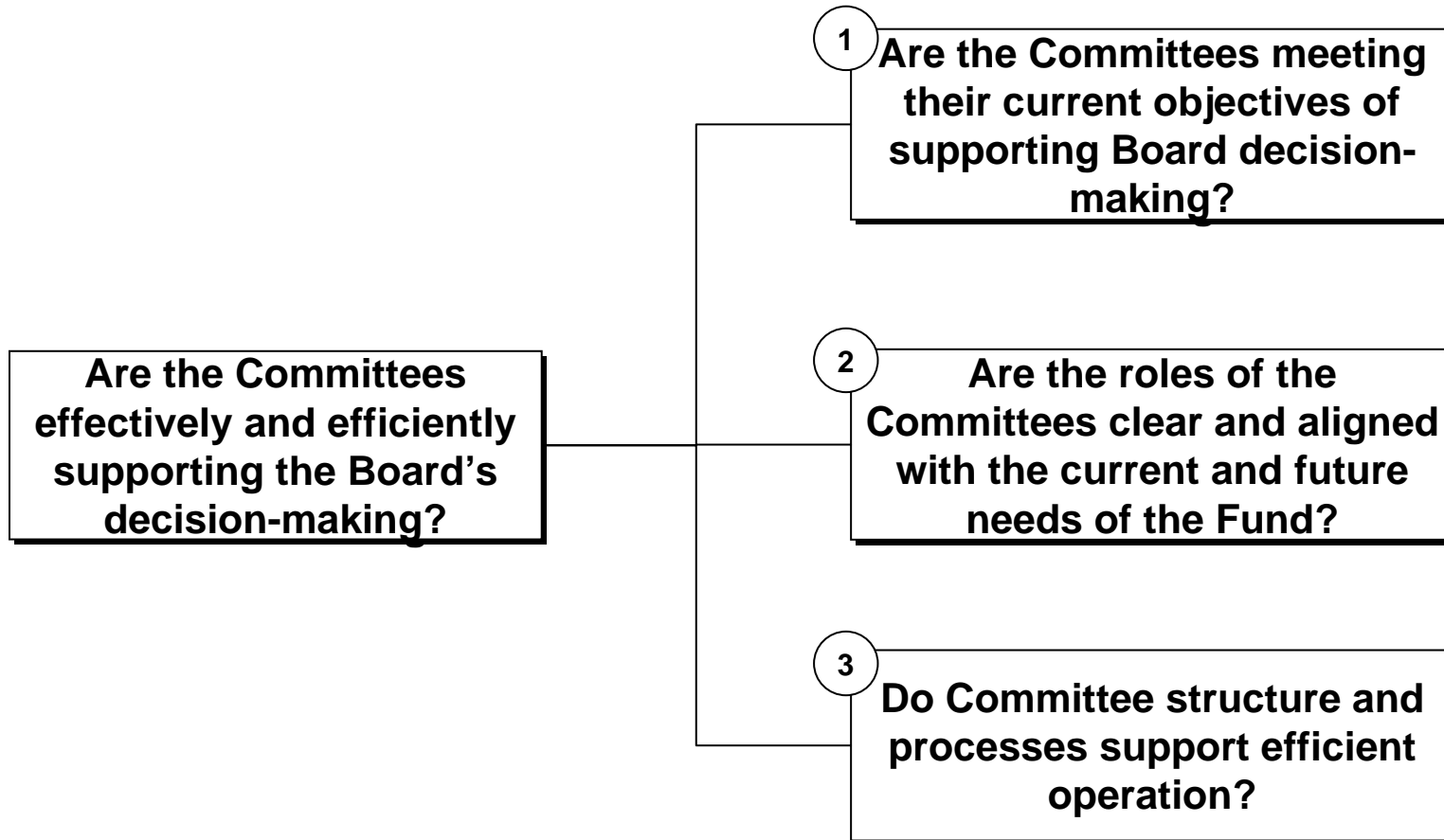
6. Confirm the role of Committees to frame issues and bring options and recommendations on major strategies and policies, with supporting rationale, to the full Board for decision – to provide operational oversight but otherwise leave implementation activities to the Secretariat
7. Request Committee Chairs and Secretariat liaisons hold quarterly telephone calls. Parties should confirm that each is adhering to respective roles and discuss points of issue. This confirmation should be sent to the Board Chair and Vice Chair. Lack of agreement on roles should be reported to the Board Chair and Vice Chair for assistance in resolution if required.
8. Eliminate duplicate assignment of issues to Committees and resolve issues of consistency and duplication at the end of each Board meeting among decisions taken by the Board
9. Create a standard initiation manual for new Committee members and staff that communicates the roles and functions of the Committees and staff and expectations of Committee members to be approved by the Strategy and Policy Committee
10. Committees should monitor their own performance and conduct an annual “health check” – formal role and scope should be assessed every 2-3 years

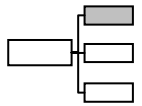
Fourteen recommendations – Committee process

Process

11. Require Committee Chairs and Vice Chairs to create an annual meeting plan and, in consultation with the Secretariat, Committee meeting agendas. Institute a process of having objectives and associated agendas validated in a meeting between the Board Chair and Vice Chair and Committee chairs to ensure clarity of objectives, and elimination of overlap.
12. Require Committees to follow a standard format when submitting their Board reports and Committee options and recommendations to ensure clear decision-making input to the Board, and that all recommendations include an associated cost and implementation plan
13. Require Committees to validate options and recommendations for consistency with the law and the rules and by-laws of the Fund with Fund legal staff prior to submitting them to the Board for review
14. Require that the Secretariat distribute meeting materials to ensure receipt at a minimum of one week in advance of the Committee meeting and that materials presented by the Secretariat (and focal points) be presented in the format of decision points and options

The recommendations are based on research addressing three questions

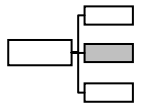




Summary findings ¹: The Committees are for the most part meeting their objectives of assisting the Board

Findings

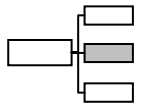
- ▶ 60-80% of survey respondents think the Committees in aggregate effectively support the Fund mission and Board decision-making
- ▶ Looking at specific Board governance roles, however, respondents identified room for improvement in selected activities:
 - Reviewing management’s performance
 - Reviewing ethical and social performance
 - Monitoring the effectiveness of the organization’s strategy



Summary findings ^(2a): Committee roles should be clarified

Findings

- ▶ Most survey respondents said they have a clear understanding of Committee roles overall, and thought the high-level role established for the Committees relative to the Board is appropriate -- the overall Committee role is to provide options and recommendations on strategy and policy decisions to the Board
- ▶ However, interviewees suggested that additional practical guidance around role expectations would enhance process effectiveness:
 - How much pre-meeting analysis is required of the Committees for a decision?
 - Who determines the options for discussion? The Committee or the Board?
 - What is the division of workload between the Committee and the Secretariat?
- ▶ Clarifying roles more thoroughly might also support a culture of greater cross-functional collaboration in management/governance



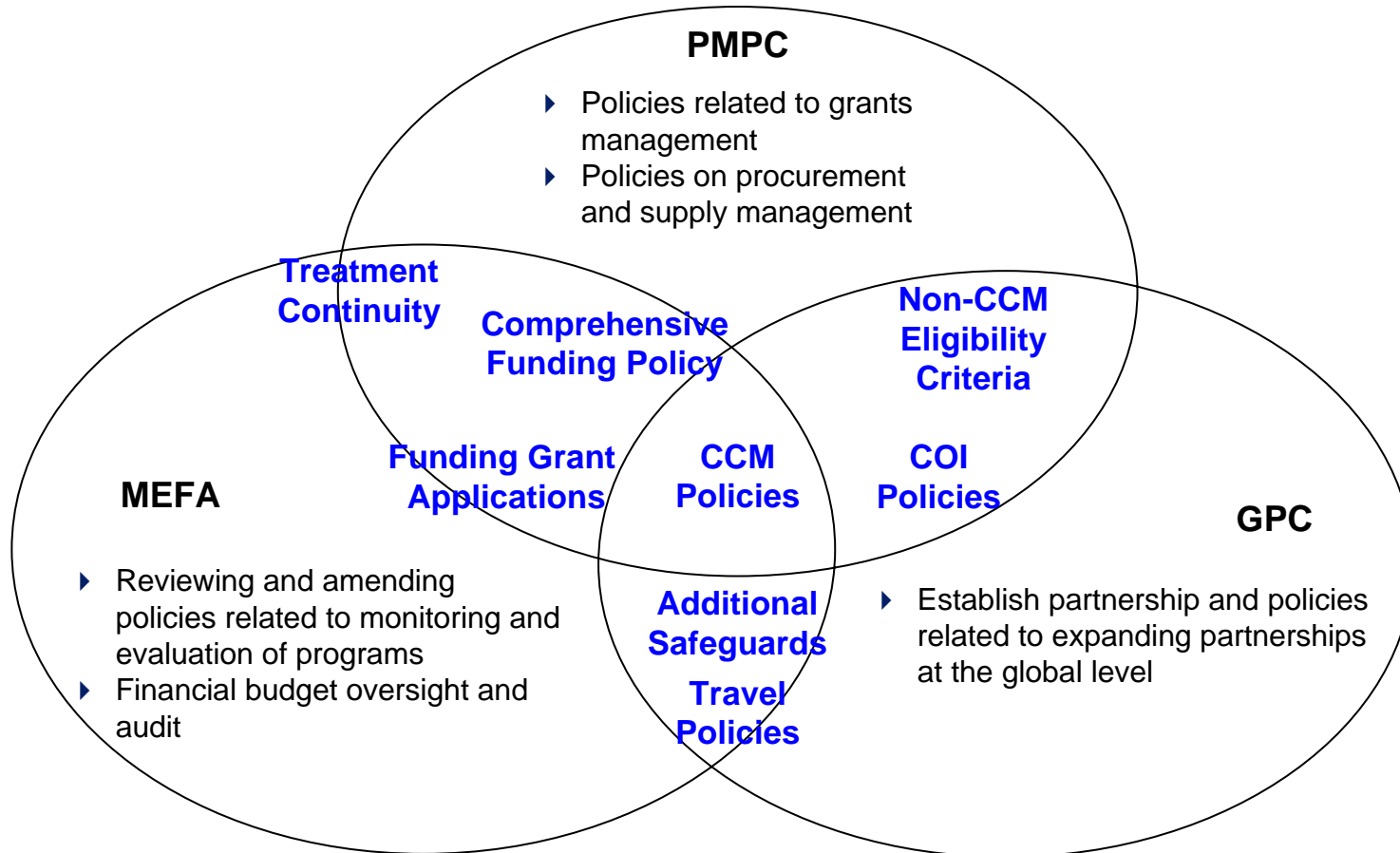
Summary findings ^(2b): The roles, scope and number of committees should be streamlined and reviewed to eliminate overlap

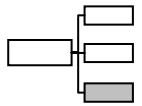
Findings

- ▶ Interviewees note that changing Fund needs, reflecting the maturing of the Fund beyond ‘start-up’ mode, have reduced or eliminated some Committee workload, creating streamlining opportunities
- ▶ In addition, Committees have (re)defined their role and scope over time in ways that result in overlapping activity
 - In response in part to similar Board requests to more than one Committee
 - Also reflecting the fact that Committees address similar issues from slightly different perspectives, e.g., Phase II Funding – Continuity of Services
- ▶ Interviewees described a need to rethink the scope and number of Committees, particularly in light of cost concerns

Summary findings ^(2b): In particular, current overlaps among the roles of the Committees should be addressed

Illustration of Sample Committee Topic Overlap

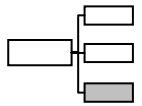




Summary findings ³: Committees are not operating efficiently; a number of structural and process reforms should help

Findings

- ▶ At a macro level, only ~50% of survey respondents think the Committees themselves are efficient
- ▶ In terms of size, Committees are behaving consistently with initial guidelines, and the majority of individuals surveyed do not appear to have a large appetite for changing the number of Committee participants
- ▶ Contrary to initial guidance, however, few Board members serve on Committees, and Committee membership changes frequently -- in an analysis of one Committee, only 9% of Committee member participants were Board members, and 55% of the participants represented on the Committee changed delegates over the course of one year
- ▶ As a result, Board members and their Committee representatives are not always aligned, and time is spent bringing new members up to speed



Summary findings ³: A number of structural and process reforms should help (continued)

Findings

- ▶ Interviewees identified the need for greater meeting efficiency...
 - Improved pre-meeting preparation
 - Improved meeting facilitation and follow-up
 - Change in meeting culture: more focused on driving to conclusions
- ▶ ...as well as a potential opportunity in establishing a more formal process for evaluating the effectiveness of individual Committees
- ▶ Committee decision-making could be improved through stability of Committee membership
- ▶ Respondents seemed comfortable with the frequency of Committee meetings; however, pressure on Secretariat resources suggest a need to review the overall number of meetings

In summary, changing Fund and Board needs and practices create opportunities to improve Committee effectiveness and efficiency

- ▶ The needs of the Fund and its Board have changed
 - The Fund is beyond ‘start-up’ mode
 - Overlap between Committee activities has increased as some Committees’ roles have expanded

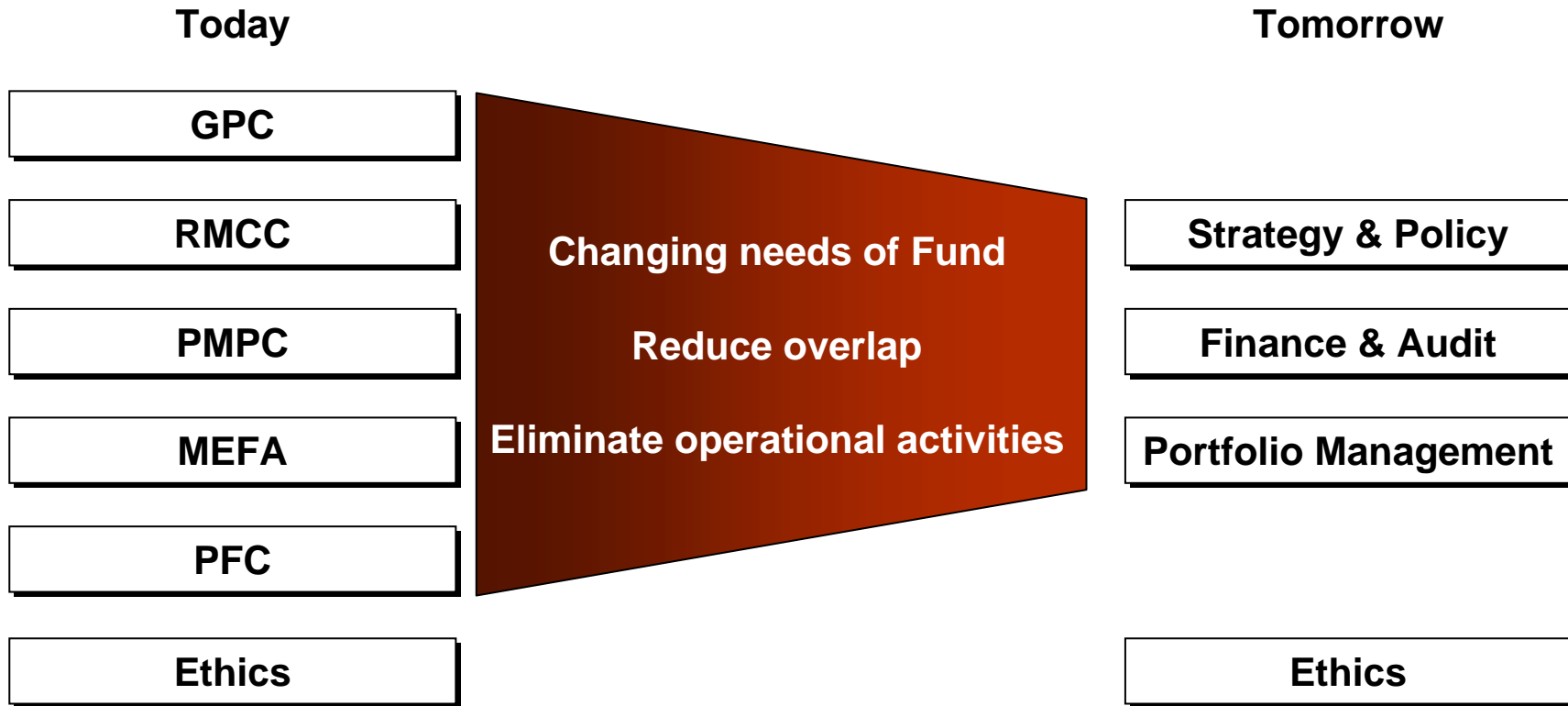
- ▶ Practices/processes have also developed that reduce the effectiveness and efficiency of Board Committees and, in some cases, diverge from the original intent
 - Limited Board member participation on Committees, and delegation to rotating representatives who are not always aligned with their Board member, leads to inefficient decision-making
 - Committees engage too often on operational, as opposed to policy, issues
 - Committees vary in the use of good meeting management techniques

- ▶ The following pages present Booz Allen’s preliminary recommendations for improvements in:
 - Committee structure
 - The role of the Committees relative to that of other Fund bodies
 - Committee processes

Board leadership will be required to drive change

- ▶ Achieving more effective and efficient Global Fund oversight will require some fundamental changes that will affect Committee structures, roles and processes
- ▶ However, “structural” changes will not be enough
- ▶ Behavioral changes will also be required
 - The Board has guidelines around roles and processes today that it is not following (e.g., alignment within constituencies, meeting attendance)
 - Some engagement in operational issues appears to be driven or compounded by a lack of trust and open communication between Board members, Committee members and the Secretariat
- ▶ To implement a new model of effective and efficient Global Fund oversight the Board will need to drive both structural and behavioral change

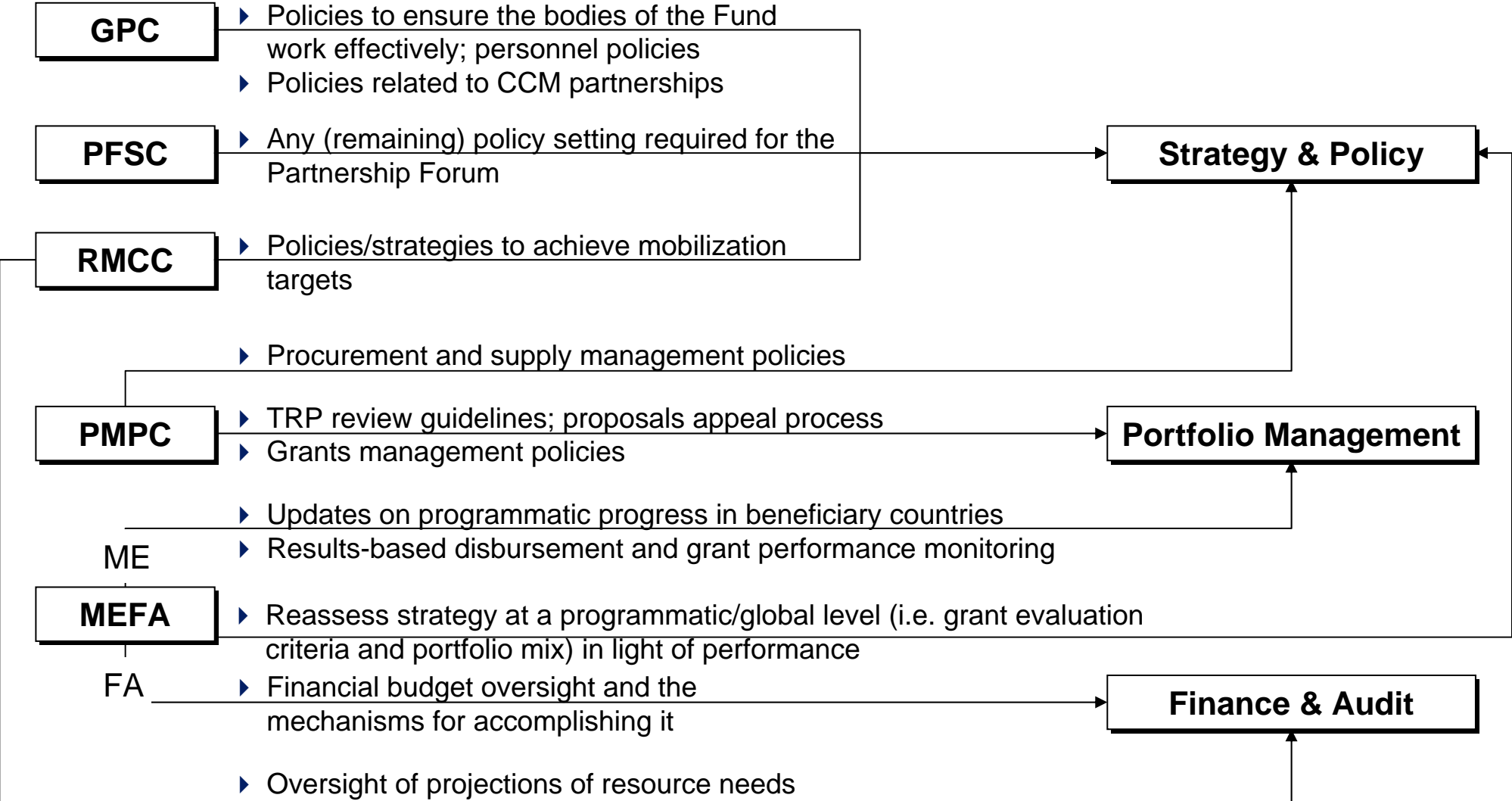
Structural recommendation: Streamline the number of core Board Committees from 6 to 4



The opportunity to streamline reflects reductions in the volume of work for some Committees as the Fund moves out of start-up mode

Committee	Start-up Work
▶ GPC	<ul style="list-style-type: none"> ▶ Bylaws and Board Operating Procedures ▶ Committee policies and procedures ▶ Terms of Reference and appointment processes for Ethics Committee ▶ Legal Status of the Fund ▶ Partnership Forum Procedures ▶ CCM startup
▶ PFC	▶ Organization of the Partnership Forum
▶ RMCC	▶ Alternatives and approach to resource mobilization
▶ PMPC	<ul style="list-style-type: none"> ▶ Initial Fund position on: <ul style="list-style-type: none"> – TRP Review guidelines – Proposals appeal process – Grants management process – Procurement and supply management policies – In-kind donations
▶ MEFA	<ul style="list-style-type: none"> ▶ Initial plan for Monitoring & Evaluation ▶ Approaches for the selection of Local Fund Agents (LFAs)
▶ Ethics	▶ Implementation of Conflict of Interest Policy

The bulk of Committee activity would either be sunsetted or transferred to three core committees



Under this recommendation, Ethics will continue with its current scope; TERG, TAWG and PAC will serve out their project function

- ▶ Ethics will continue as a small standing committee, meeting as ethical issues arise and are referred by the Board, with the same scope, namely to:
 - Prevent any situation which might affect the reputation and integrity of the Global Fund
 - Assist with the implementation of the Global Fund Policy on Ethics and Conflict of Interest (the COI Policy)

- ▶ TERG, TAWG and PAC will continue to fulfill their technical working group roles until the Board deems their work complete

The new Committee membership should be broadly representative -- Finance and Audit members should also be financially literate

Committee	Recommended Membership	Committee Size
▶ Portfolio Management	▶ Broad constituency representation	▶ Board could consider reducing the size of these committees to allow for increased efficiency in core functional oversight areas.
▶ Finance & Audit	▶ Broad constituency representation ▶ Committee Chair <u>must</u> be financially literate ▶ Committee members should be financially literate	
▶ Strategy & Policy	▶ Broad constituency representation	▶ Board previously selected 17 as the target – ultimately number should be in this vicinity to ensure broad constituency representation
▶ Ethics	▶ Board members only	▶ Current size

Role recommendation: Re-establish the roles of Board Committees as originally intended

Roles of the Different Fund Bodies (Intent and Practice)

	Board	Board Committees	Secretariat
Recommendation and Original Intent	<ul style="list-style-type: none"> ▶ Ultimate decision-making body 	<ul style="list-style-type: none"> ▶ Frame issues and bring options and recommendations, with supporting rationale, to the full Board for decision 	<ul style="list-style-type: none"> ▶ Manage day-to-day operations of the Fund ▶ Prepare issues papers at the request of Board Committees
Current Practice		<ul style="list-style-type: none"> ▶ May push issues to the Board rather than providing concrete options/recommendations that reflect Committee consensus ▶ Views are not always aligned with those of their Board member ▶ Engage in staff work 	<ul style="list-style-type: none"> ▶ On balance working in accordance with the original intent ▶ Perceived to be overtasked by required support for Committee and Board meetings ▶ Lack of trust between Secretariat and Board/Committee members (improving)

More specifically, the Committees would have both policy/decision support and oversight roles

Committee	Role Alignment
<ul style="list-style-type: none"> ▶ Strategy & Policy 	<ul style="list-style-type: none"> ▶ Policy/Decision Support – <ul style="list-style-type: none"> – Consider and review strategies, innovative financing mechanisms, to achieve mobilization targets – Consider and review partnership agreements, voting rights and policy issues – Consider and review procurement and supply management strategy – Review grant disbursement strategies based on performance (e.g. CCMs, portfolio mix) – Recommend appointments to technical panels and working groups with input from committees – Review policies, as necessary, to ensure the bodies of the Fund work effectively
<ul style="list-style-type: none"> ▶ Finance & Audit 	<ul style="list-style-type: none"> ▶ Policy/Decision Support – <ul style="list-style-type: none"> – Review and advise Board regarding budget requests including resource needs and disbursements ▶ Oversight – <ul style="list-style-type: none"> – Provide financial oversight – Review annual audit process
<ul style="list-style-type: none"> ▶ Portfolio Management 	<ul style="list-style-type: none"> ▶ Policy/Decision Support <ul style="list-style-type: none"> – Review Portfolio Management guidelines/criteria consistent with Board portfolio strategy ▶ Oversight <ul style="list-style-type: none"> – Monitor, Review progress/performance of grants toward Fund objectives – Guide results-based disbursements and grant performance monitoring
<ul style="list-style-type: none"> ▶ Ethics 	<ul style="list-style-type: none"> ▶ Policy/Decision Support <ul style="list-style-type: none"> – Advise Board concerning external ethical issues, (e.g. continuity of services) – Implementation of Conflict of Interest Policy

***Process recommendations:* Implement enhancements that will help ensure Committees maintain a focus on decision support**

Recommended Process Changes

- ▶ It is assumed that Committee Chairs are best positioned to ensure Committees maintain appropriate policy decision support focus
- ▶ Therefore the team recommends Committee Chair selection explicitly consider the Chair's Committee leadership and management skills, specifically:
 - Ability to enforce adherence to Committee role
 - Ability to drive meetings efficiently
- ▶ To support a focus on role management, the team recommends that individual Committee Chairs and their Secretariat liaison be required to hold at least quarterly telephone calls to explicitly discuss role adherence
 - Both parties should confirm that each is adhering to its respective role and discuss any points of issue; this confirmation should be sent to the Board Chair
 - Any lack of agreement that both parties are adhering should be reported to the Board Chair for resolution
 - The requirement for formal quarterly calls can be reduced or eliminated once new roles are learned and such Chair-Secretariat conversations become part of the normal course of business

The team recommends some process enhancements (Cont.)

Recommended Process Changes (Cont.)

- ▶ Similarly, Board and Committee Chairs and Vice Chairs should establish mechanisms for informal dialogue to ensure alignment of Committee vision and activities with overall Board strategy and also to foster cohesion among Board and Committee leadership.
 - Suggested mechanisms could include a dinner meeting or scheduled session in association or as part of the regular Board Meeting events
 - Quarterly telephone calls among Board and Committee Chairs and Vice Chairs
 - Regular contact among individual Chairs and Vice Chairs across Committees and between Board and Committees

- ▶ Committee members should also be educated on and encouraged to adhere to Committee roles and functions
 - Board intention on respective roles should be re-confirmed and re-communicated
 - Committee Chairs should continually reinforce appropriate roles in meetings
 - New Committee members should participate in a standard initiation program on the roles and functions of the Committees and expectations of Committee members – a short manual developed by the Secretariat and approved by the Strategy and Policy Committee could support this education
 - If these actions are not sufficient to drive change, the Committee or Board Chair may wish to consider bringing in a facilitator to help support adherence to the defined for a period of time

Implement process and procedure improvements to improve Committee efficiency

Category	Recommended Procedure
<ul style="list-style-type: none"> ▶ Committee Meeting Attendance 	<ul style="list-style-type: none"> ▶ Committee member constituencies may send a delegate in place of a Board Member ▶ However: <ul style="list-style-type: none"> – Only one delegate is permitted per Committee; that delegate should be available for all Committee meetings to ensure continuity over time – In the event that membership must permanently change from one delegate to another, an overlap period of one committee meeting may be permitted
<ul style="list-style-type: none"> ▶ Meeting Plans and Agendas 	<ul style="list-style-type: none"> ▶ An annual meeting plan should be developed by the Committee Chair and Vice-Chair ▶ Committee meeting agendas should be set by the Committee Chair, in consultation with the Secretariat. The agendas should be validated by the Board Chair or Vice-Chair to ensure no overlap in meeting agendas across Committees

Implement process and procedure improvements to improve Committee efficiency (continued)...

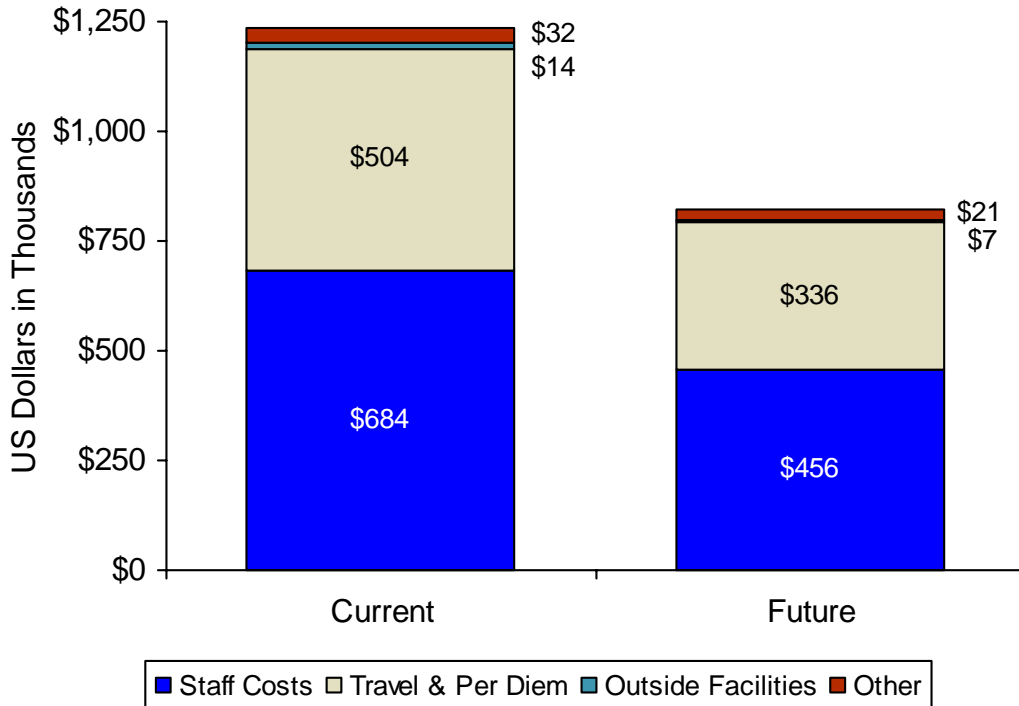
Category	Recommended Procedure
<ul style="list-style-type: none"> ▶ Reporting Out 	<ul style="list-style-type: none"> ▶ The Committees should follow a standard format for rendering Committee options and recommendations to ensure clear decision-making input to the Board ▶ Options and recommendations should be validated for consistency with the law and the rules and by-laws of the Fund with Fund legal staff
<ul style="list-style-type: none"> ▶ Meeting Materials 	<ul style="list-style-type: none"> ▶ The Secretariat should distribute relevant meeting materials to ensure receipt at least one week in advance of the Committee meeting ▶ Materials should be presented by the Secretariat (and Committee focal points) in the format of decision points and options

Committees should monitor their own performance and conduct an annual “health check” – formal scope should be assessed every 2-3 years

- ▶ In the interests of Global Fund effectiveness, Committee Chairs should be empowered to drive alignment with Committee roles and procedures through expectation setting, tracking and follow up
 - Identify individuals who are not complying with the Board’s recommended roles and procedures
 - Work with the Board Chair to tactfully address any serious issues
- ▶ Committees should consider performing “team health checks” (anonymous assessments of individual Committee efficacy through Committee member surveys) every year
 - Aggregate results by Committee shared and discussed within the Committee itself
 - Board Chair and Board Committee Chair selection committee to use to identify any need for greater intervention to ensure Committee effectiveness
- ▶ The Board should review Committee Performance every 2-3 years with a formal solicitation of comments on Committee scope from Board Members to address:
 - Continued relevance
 - Any overlap issues

If these recommendations are implemented the annual cost of Committee activities is anticipated to fall by 30% or \$400,000

**Annual Cost of Committee Activities
(\$000s) US Dollars**



Assumptions

- ▶ 18 committee meetings in current state, 12 in future state.
- ▶ 7 funded delegates per committee meeting at an average cost to the Fund of \$4,000/delegate/meeting in travel and per diem
- ▶ Production, rental, catering cost of \$1,200 per meeting
- ▶ Outside venue rentals of \$3,600 per meeting
- ▶ Current state requires 4 occasions of outside venue rental, future state requires 2 such occasions
- ▶ Staff salary costs of \$38,000 per meeting

Source: The Global Fund Secretariat, BAH Analysis