



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Tenth Board Meeting  
Geneva, 21-22 April 2005**

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**GF/B10/11  
Revision 1**

## **REPORT OF THE COMMITTEE RESTRUCTURING WORKING GROUP**

**Outline:** This paper provides a brief report of the activities and consolidated recommendations of the Committee Restructuring Working Group, and includes the revised annexes as amended at the Tenth Board meeting.

### **Decision Points:**

1. The Board decides to reorganize the Board Committees by canceling the GPC, MEFA, PFSC, PMPC, RMCC and constituting the following three committees:
  1. The Policy and Strategy Committee (PSC)
  2. The Portfolio Committee (PC)
  3. The Finance and Audit Committee (FAC)
  
2. The Board adopts the Committee Terms of Reference contained in Board Document [GF/B10/11], as amended at its Tenth Board Meeting.
  
3. The Board adopts the Committee Rules and Procedures contained in Board Document [GF/B10/11], as amended at its Tenth Board Meeting.

## Part 1: Introduction

1. The Committee Restructuring Working Group (CRWG) was mandated at the Ninth Board meeting to work on the implementation of the changes in committee structure outlined in the Booz Allen Hamilton Study (GF/B9/6). The CRWG membership is attached as Annex 1. The CRWG met three times by video/phone conference and twice in person during the First Replenishment in Stockholm. Additional consultations were held via email. The Chair of the CRWG, Dr Brian Brink, shared working documents with the Board and managed a targeted consultation process with all CRWG members and Board constituencies. Final recommendations from the CRWG are presented here.

2. The CRWG focused on several areas of concern in reviewing implementation modalities:
- a. Structure and Membership
  - b. Terms of Reference
  - c. Leadership
  - d. Processes and Culture.

It was clear to the group that these issues were all interdependent and many discussions took a holistic approach to the issues, recognizing the difficulties in separating the different areas.

3. The CRWG did not address the Ethics Committee which retains its currently approved structure, terms of reference and operating procedures.

## Part 2: Committee Structure, Membership and Terms of Reference

1. The CRWG took the original structural model presented by the consultants at the Ninth Board and contrasted it with an adapted model presented by the Secretariat. Consultations on the two models with Board delegations did not reach any clear consensus so the two models are presented here as Options for Board consideration. Both proposals presume 10 donor and 10 recipient voting board constituencies.

2. Option 1 allows for a fully representative Policy and Strategy Committee, combining the responsibility for oversight and Board recommendations on all policy issues that are not highly technical in nature (finance policies and procurement policies). Terms of reference for Option 1 are given in Annex 2a:

### Option 1:

Finance and Audit	Policy and Strategy	Portfolio
<ul style="list-style-type: none"> <li>• 4 donor entities</li> <li>• 4 recipient entities</li> <li>• World Bank, WHO and UNAIDS invited to serve in consultative, non-voting role</li> <li>• Members required to meet minimum financial management capability or experience standards</li> </ul> <p><b>Total: 8 + 3 members</b></p>	<ul style="list-style-type: none"> <li>• Full Representation from 20 voting constituencies</li> <li>• World Bank, WHO and UNAIDS invited to serve in consultative, non-voting role</li> </ul> <p><b>Total: 20 + 3 members</b></p>	<ul style="list-style-type: none"> <li>• 6 donor constituencies</li> <li>• 6 recipient constituencies</li> <li>• World Bank, WHO and UNAIDS invited to serve in consultative, non-voting role</li> <li>• Members required to meet minimum HIV/AIDS, TB, malaria or public health experience</li> </ul> <p><b>Total: 12 + 3 members</b></p>
<p><b>Total: 49 (2 seats for each constituency + 3 seats for each technical adviser)</b></p>		

The following explanation was given for this model:

Option	Description	Potential Risks	Potential Benefits
<p><b>Blended Approach</b></p>	<p>Strategy and Policy Committee comprised of members from all constituencies, other core committees adopt capabilities-based, model with consideration given to constituency balance.</p>	<p>Policy &amp; Strategy Committee becomes “shadow board”</p> <p>Direct constituency input reduced in other core committees</p>	<p>Benefits of reduced committee size (focus, cost) are realized</p> <p>Benefits of focusing on expertise in membership of Portfolio and Finance and Audit Committees are realized</p> <p>Constituency input is accommodated through fully representative Strategy &amp; Policy Committee</p>

The basic pros and cons of this approach were expanded upon during discussion and can be summarized thus:

**Pros:**

- One fully representative committee (PSC) will enable full inclusion in Board preparations for all Board constituencies, and address the problem of constituencies having to “choose” between committees;
- Board’s work will be facilitated because all constituencies will have provided their input, conflicting positions will have been clarified and consensus will have been built to the extent possible during the committee phase;
- Combining all policy items in one committee will strengthen policy coherence and facilitate consistent policy development;
- This approach will allow greater emphasis on technical expertise for the FAC and the PC while allowing broader skills on PSC.

**Cons:**

- The PSC, with representation of all Board constituencies may take on the role of a shadow Board and undermine Board deliberation if committee procedures are not adhered to;
- Size of the PS committee may not facilitate full dialogue and could impede progress on difficult issues;
- May overemphasize the role of one committee vis a vis the other two in terms of influence on the overall direction of the Global Fund;
- The size of a single committee presents additional logistical and organizational challenges for the Secretariat.

3. Option 2 makes the three committees more equal in size, with wider distribution of responsibilities in the Terms of Reference (Annex 2b):

**Option 2:**

<b>Finance and Audit</b>	<b>Policy and Strategy</b>	<b>Portfolio</b>
<ul style="list-style-type: none"> <li>• 6 donor entities</li> <li>• 6 recipient entities</li> <li>• World Bank, WHO and UNAIDS invited to serve in consultative, non-voting role</li> <li>• Members required to meet minimum financial management capability or experience standards</li> </ul> <p><b>Total: 12 + 3 members</b></p>	<ul style="list-style-type: none"> <li>• 7 donor entities</li> <li>• 7 recipient entities</li> <li>• World Bank, WHO and UNAIDS invited to serve in consultative, non-voting role</li> </ul> <p><b>Total: 14 + 3 members</b></p>	<ul style="list-style-type: none"> <li>• 7 donor entities</li> <li>• 7 recipient entities</li> <li>• World Bank, WHO and UNAIDS invited to serve in consultative, non-voting role</li> <li>• Members required to meet minimum HIV/AIDS, TB, malaria or public health experience</li> </ul> <p><b>Total: 14 + 3 members</b></p>
<p><b>Total 49 seats: (2 seats for each constituency + 3 seats for each technical adviser)</b></p>		

The following explanation was given for the model:

<b>Option</b>	<b>Description</b>	<b>Potential Risks</b>	<b>Potential Benefits</b>
<b>Balanced Approach</b>	Committees are of equal importance and constituencies can choose the 2 key areas they wish to focus on	<p>Constituencies without representation challenge results from other committees</p> <p>Increases competition between committees</p>	<p>Benefits of reduced committee size (focus, quality dialogue; cost) are realized for all committees</p> <p>Leadership is more evenly balanced</p>

The basic pros and cons of this approach were expanded upon during discussion and can be summarized thus:

**Pros:**

- More balanced approach, puts equal emphasis on the work of all three committees;
- Supports a culture of the Board characterized by division of labour;
- Smaller PSC easier to manage and more focused, functioning more efficiently, higher quality of dialogue

**Cons:**

- Leaves some constituencies unrepresented on each committee, which may be a particular problem for the PSC if committee procedures are not adhered to;
- Risk of insufficient consensus building process prior to Board meetings which may lead to challenges to committee recommendations at Board meetings;
- Difficulty of assigning membership given competition for places.

4. In the context of the terms of reference, the CRWG noted that each committee should take on as an overarching responsibility the identification and evaluation of all Global Fund risks relevant to the terms of reference of the committee and ensure that proper controls are in place to reduce the risks to an acceptable level. It was felt that this should be seen as a core governance requirement of the Global Fund Board and its Committees.

**Decision Point:**

**1. The Board decides to reorganize the Board Committees by canceling the GPC, MEFA, PFSC, PMPC, RMCC and constituting the following three committees:**

- 1. The Policy and Strategy Committee (PSC)**
- 2. The Portfolio Committee (PC)**
- 3. The Finance and Audit Committee (FAC)**

**The Terms of Reference are provided in GF/B10/11, Annex 2 [a or b] and the revised Committee Rules and Procedures in GF/B10/11, Annex 3.**

**2. The Board adopts Option [1 or 2] with regard to Committee structure and membership**

**Part 3: Committee Leadership**

1. The CRWG places a great deal of importance in the leadership of the committees as a factor for their success. For this reason the group has proposed a set of processes and criteria for the selection of committee leadership. These are contained in the revised Committee Rules and Procedures (Annex 3) and include the need for the Board Chair and Vice Chair to base their selections on:

- ▶ Strong leadership and management skills, specifically an ability to enforce adherence to the Committee's role and an ability to drive meetings efficiently;
- ▶ Commitment and ability to invest the required time;
- ▶ At least one year of experience with the Global Fund's Board and its committees;
- ▶ Subject specific expertise for the relevant committee;
- ▶ Necessary resources to do the job (access to email/ phone, travel).

2. While the Board Chair and Vice Chair are required to select candidates for committee chair from nominated individuals, it is expected they would do this in a consultative manner. Nominations made by constituencies for committee leadership should take into account the above criteria and should be nominative.

3. The assessment of whether the nominee has the necessary resources to perform the functions of the role should include consideration of the resources provided by the Global Fund.

**Part 4: Committee Processes and Culture**

1. The need for a clear set of processes and behavior expected of committee leaders and members was seen as vital to changing the committee efficiency in the context of the Fund. For this reason the CRWG updated the existing Committee Rules and Procedures (Annex 3) to encapsulate the desired culture and act as guidance for the management of the committees.

The Board Chair and Vice Chair must adhere to these procedures and are responsible for ensuring similar adherence from the committee leaders and members.

2. The committees should operate with a maximum level of transparency within the Board, and materials for committee consideration should be available (by means of a secure Global Fund website) to all constituencies for review and possible input, either through the committee chair or delegations represented on the committee.

#### **Part 5: Conclusion**

1. The CRWG believes that annual review and monitoring of the performance of the committees is important to ensure their ongoing efficiency and has included language to that effect in the new procedures. In addition, formal review of the committee structure should be undertaken every 2-3 years to ensure continuing fit and appropriateness in the evolving life of the Fund.

This document is part of an internal deliberative process of the Fund and as such cannot be made public. Please refer to the Global Fund's documents policy for further guidance.

## Annex 1: Membership of CRWG

Chair CRWG	Dr	Brian	Brink
Chair PMPC	Prof	Francis	Omaswa
Chair PFSC	Dr	Helene	Gayle
Chair GPC	Mr	Pasqualino	Procacci
Chair MEFA	Dr	Sigrun	Møgedal
Chair RMCC	Mr	Stuart	Flavell
VC Board and Chair EC	Dr	Hélène	Rossert-Blavier
Rep of the Board Chair	Ms.	Margaret	Grebe
Booz Allen Hamilton	Mr	Charlie	Beever
	Mr	John	Larkin
Secretariat	Ms	Christina	Schrade
	Ms	Dianne	Stewart

**Draft Committee Terms of Reference submitted to the Board for its consideration  
at its 10<sup>th</sup> Board meeting**

**Committee Terms of Reference Option 1**

<b>Global Fund Committees: Terms of Reference</b>
<b>Finance and Audit Committee (FAC)</b>
<ul style="list-style-type: none"> <li>➤ Review and provide guidance on the Fund's budget for Operating Expenses, applying a rolling three year term perspective;</li> <li>➤ Make recommendations to the Board on the annual budget proposed by the Secretariat; monitor expenditure of the budget in the course of the year and report to the Board thereon after the conclusion of each half-year;</li> <li>➤ Recommend to the Board the selection of external auditors of the Fund, receive and consider the reports of the auditors and report to the Board thereon;</li> <li>➤ Review the Fund's Audited Financial Statements for each year, and make recommendations to the Board regarding the approval of the Financial Statements;</li> <li>➤ Provide guidance to the Board on the Fund's fiscal management policies and processes, including asset-liability coverage, financial forecasts, modalities of contributions and investment policies for the Fund's financial assets;</li> <li>➤ Serve as the lead committee for the Office of the Inspector General and pass on OIG recommendations to the Board along with comments of the committee.</li> </ul>
<b>Policy and Strategy Committee (PSC)</b>
<ul style="list-style-type: none"> <li>➤ Oversee the core governance structures of the Fund, including processes and structures of the Board, Partnership Forum, CCMs;</li> <li>➤ Provide guidance to the Board on the evolution of <u>all</u> core policies of the Global Fund, receiving relevant policy inputs from the two technical committees as appropriate;</li> <li>➤ Provide guidance to the Board on Global Fund overall strategic planning;</li> <li>➤ Review the overall performance of the Global Fund, making use of both internal and external evaluations, and TERG reports;</li> <li>➤ Serve as the lead committee for the TERG independent evaluation and review function and pass on TERG recommendations to the Board along with the comments of the committee, as appropriate;</li> <li>➤ Serve as lead committee for the replenishment process;</li> <li>➤ Provide guidance on policies of harmonization and long-term sustainability;</li> <li>➤ Ensure ongoing learning and evolution at the strategic level.</li> </ul>
<b>Portfolio Committee (PC)</b>
<ul style="list-style-type: none"> <li>➤ Receive regular portfolio updates from the Secretariat and review performance;</li> <li>➤ Review and provide guidance to the Board on proposal guidelines, TRP review criteria and appeal processes;</li> <li>➤ Provide guidance to the Board on criteria for, and recruitment of, TRP members;</li> <li>➤ Provide guidance on initiatives to mobilize operational partnerships for technical assistance;</li> <li>➤ Review all portfolio processes, including harmonization of the Global Fund procedures and processes with other support for country led efforts to achieve the MDGs;</li> <li>➤ Provide guidance to the Board on grant renewal processes;</li> </ul>



- Provide advice to the Board on procurement and supply management policies;
- Receive updates on grants managed under the Additional Safeguard Policy.

**Annex 2b**

## **Committee Terms of Reference Option 2<sup>1</sup>**

<b>Global Fund Committees: Terms of Reference</b>
<b>Finance and Audit Committee (FAC)</b>
<ul style="list-style-type: none"> <li>➤ <b>Responsible for providing guidance on all policy and strategy issues relating to Finance and Audit</b></li> <li>➤ Review and provide guidance on the Fund's budget for Operating Expenses, applying a rolling three year term perspective;</li> <li>➤ Make recommendations to the Board on the annual budget proposed by the Secretariat; monitor expenditure of the budget in the course of the year and report to the Board thereon after the conclusion of each half-year;</li> <li>➤ Recommend to the Board the selection of external auditors of the Fund, receive and consider the reports of the auditors and report to the Board thereon;</li> <li>➤ Review the Fund's Audited Financial Statements for each year, and make recommendations to the Board regarding the approval of the Financial Statements;</li> <li>➤ Provide guidance to the Board on the Fund's fiscal management policies and processes, including asset-liability coverage, financial forecasts, modalities of contributions and investment policies for the Fund's financial assets;</li> <li>➤ Serve as the lead committee for the Office of the Inspector General and pass on OIG recommendations to the Board along with comments of the committee;</li> <li>➤ <b>Serve as lead committee for the replenishment process;</b></li> </ul>
<b>Policy and Strategy Committee (PSC)</b>
<ul style="list-style-type: none"> <li>➤ Oversee the core governance structures of the Fund, including processes and structures of the Board, Partnership Forum, CCMs;</li> <li>➤ Provide guidance to the Board <b>on the evolution of core policies of the Global Fund, in areas not explicitly covered by the FAC and PC;</b></li> <li>➤ Provide guidance to the Board on Global Fund overall strategic planning, <b>in areas not explicitly covered by the FAC and PC;</b></li> <li>➤ Review the overall performance of the Global Fund, making use of both internal and external evaluations, and TERG reports;</li> <li>➤ Serve as the lead committee for the TERG independent evaluation and review function and pass on TERG recommendations to the Board along with the comments of the committee, as appropriate;</li> <li>➤ Ensure ongoing learning and evolution at the strategic level.</li> </ul>
<b>Portfolio Committee (PC)</b>
<ul style="list-style-type: none"> <li>➤ <b>Responsible for providing guidance on all policy and strategy issues relating to the portfolio of grants;</b></li> <li>➤ Receive regular portfolio updates from the Secretariat and review performance;</li> <li>➤ Review and provide guidance to the Board on proposal guidelines, TRP review criteria and appeal processes;</li> <li>➤ Provide guidance to the Board on criteria for, and recruitment of, TRP members;</li> <li>➤ Provide guidance on initiatives to mobilize operational partnerships for technical assistance;</li> <li>➤ <b>Provide guidance on policies of harmonization and long term sustainability;</b></li> <li>➤ Review all portfolio processes, including harmonization of the Global Fund procedures and processes with other support for country led efforts to achieve the MDGs;</li> </ul>

<sup>1</sup> Highlighted bullets indicate differences with Option 1

- Provide guidance to the Board on grant renewal processes;
- Provide advice to the Board on procurement and supply management policies;
- Receive updates on grants managed under the Additional Safeguard Policy.

**Draft Committee Rules and Procedures submitted to the Board for its consideration at its 10<sup>th</sup> Board meeting**

**COMMITTEE RULES AND PROCEDURES**

**Section I: Leadership**

1. The Board Chair and Vice Chair, in consultation with Board members, will nominate chairs for each committee, based on applications made by constituencies for committee leadership. The committee chairs so nominated must be approved by the full Board.
2. Representation within the committee chairing shall be balanced between representatives of the two voting blocks set out in Article 7.6 of the Bylaws. There will be one chair per committee.
3. Committee chairs will preferably be either Board members or alternates.
4. The Board Chair and Vice Chair shall consider the following factors when determining their nominations for committee chairs:
  - a. Strong leadership and management skills, the ability to ensure that Committee conduct conforms to the role mandated by the Board and that meetings are run efficiently;
  - b. Commitment and ability to invest the required time;
  - c. At least one year of experience with the Global Fund's Board and its committees;
  - d. Subject specific expertise relevant to the committee;
  - e. Assessment of whether the nominee has the necessary resources to perform the functions of the role (including consideration of the resources to be provided by the Global Fund);
  - f. A balance of representatives of different constituencies from the Board, as well as the specific mandate of that committee.
5. In the event the Board Chair and Vice Chair cannot agree on a qualified candidate, the Board Chair shall present a candidate to the Board for ratification.
6. For reasons of efficiency, the committee chair will, taking into account balance and availability, and in consultation with the relevant constituency, appoint a qualified vice chair. The appointment will be made in consultation with the Board Chair and Vice Chair to ensure balance of representation of committee leadership by the two voting blocks identified in Section 7.6 of the Bylaws.
7. Committee vice chairs are an active part of the committee leadership. Committee chairs will systematically consult with committee vice chairs and, where appropriate and efficient, delegate tasks to the vice chair.
8. The Board Chair and Vice Chair shall nominate committee chairs when necessary as, for example, when a committee chair is no longer available, or is not adequately fulfilling the role. The Board will approve the change of any committee chair.

## **Section II: Membership**

### **A. Selection, Balance and Continuity**

1. The Board Chair and Vice Chair, in consultation with the committee chair, will propose membership of each committee, based on applications made by constituencies for committee membership, for full Board approval. Each constituency may participate in a maximum of two committees (membership of the Ethics Committee will not count towards this limit). Where demand for committee seats exceeds the maximum, priority will be given to ensuring the balance of donors, recipient countries, NGOs, private sector and foundations.
2. Membership of committees will be by constituencies who will nominate one qualified individual to be the committee member. While it is preferable that constituencies choose Board members or alternates to serve on committees, they may choose any individual to represent them. This individual should have an appropriate mandate, be sufficiently informed, briefed and empowered, so that he/she can contribute to the work of the committee and accurately represent his/her constituency.
3. In cases where a constituency's committee member is not also the Board Member, the committee member is expected to represent the Board member's positions and keep the Board member regularly updated on all committee activities.
4. In the exceptional case that a committee member cannot attend a meeting, one named alternate can substitute for the member. Communication with the alternate is the responsibility of the committee member.
5. In the exceptional event that membership must permanently change from one delegate to another, both the incoming and outgoing members may, with the explicit permission of the committee chair, attend one meeting together in order to facilitate the transition of membership.
6. Committee membership should be for two year terms.

### **B. Accountability**

1. The Board Chair in consultation with the Vice Chair will continuously review the output of committees, assess their effectiveness and make appropriate recommendations regarding their membership and mandates as events require.
2. The Board Chair is responsible for convening meetings each trimester of the Vice Chair, committee chairs, Executive Director and designated Secretariat focal points to address coordination of committee work plans and roles and to address any other pending committee issues. Within two weeks of the conclusion of each Board meeting the Board Chair will agree with the Vice Chair, the committee chairs and the Secretariat focal points on the distribution of newly assigned tasks.
3. The Board shall specify which committee shall bear primary responsibility for a particular issue, in cases where more than one committee may be reasonably expected to have a joint interest in a policy or area of work. The Board decision and the subsequent work plan must clearly state which committee is the lead actor on that area of work. Where appropriate, committee meetings will be scheduled to facilitate collaboration between committees with a common interest (including cross-cutting meetings).

4. If, as a result of the assessment of a committee a leadership problem is perceived, the Board Chair and Vice Chair will make the necessary changes to the chair and/or vice chair positions. In the case of a membership problem where a committee member is not performing, e.g. not attending committee meetings or not responding to explicit requests given by the committee chair, then the first action will be for the committee chair to consult with the concerned Board member. If the situation persists, the committee chair will consult with the Board Chair and Vice Chair. As a last resort, the Board Chair and Vice Chair will remove the constituency from the committee and the normal selection process will be followed to fill the vacancy.

### **C. Size**

1. Committees will be limited to a maximum membership as follows:
  - a. Policy and Strategy: XX members
  - b. Portfolio: XX Members
  - c. Finance and Audit: XX members
  - d. Ethics: 6 members
2. There will be no more than one member per constituency on any single committee. Only committee members (or their alternate) will attend committee meetings.
3. The committee chair can decide on additional participation to the committee meeting but this will be limited to individuals who may have specific technical expertise required by the committee to perform its work. The committee chair will take cost implications into account in issuing an invitation and shall limit participation to meetings at which the expertise is required.
4. There will be no open-ended invitations to constituencies to bring their own experts. There will be no observers permitted to attend committee meetings.

## **Section III: Operating Procedures**

### **A. Terms of Reference, Timeframes and Work Methods**

1. Committees shall focus on strategic, policy and governance issues and allow the Secretariat to deal with management and operational decisions. Committees shall act only at the direction of the Board, and shall only present options and recommendations on key strategic policy and governance issues to the Board for decision.
2. The Board will define terms of reference of the Committees. The committees will then develop a work plan to reflect their mandate and distribute these to the Board Chair and Vice Chair and other committee chairs and vice chairs. These work plans will be updated as new tasks are assigned by the Board.
3. The Secretariat will conduct an induction of new committee members, and shall provide a manual outlining roles and functions of each committee and Secretariat staff assigned to support them, and the expected role of committee members.
4. Committee chairs and vice chairs, in consultation with the Secretariat, shall create an annual meeting plan and meeting agendas. The objectives and associated agendas of the

committees must be validated at the meeting held each trimester between the Board Chair and Vice Chair, the committee chairs and the Secretariat, to ensure clarity of objectives and elimination of overlap.

5. Committees will consult broadly on major policy issues and request and consider substantive comments from constituencies through the constituency's designated representatives. The Secretariat will establish a secure website for each committee to facilitate this consultation and to provide Board members access to the working documents of all committees.
6. Each committee will conduct an annual self assessment (including meeting attendance, performance against plan, effectiveness) and discuss the results with the Board Chair and Vice Chair. The formal role and scope of each committee should be assessed every 2-3 years, possibly at the time of renewal of committee membership.
7. Committees shall follow standard reporting formats when submitting reports to the Board. All recommendations should include associated costs.
8. Committees shall ensure that proposed decision points for the Board are reviewed by Fund legal staff prior to submitting them to the Board for review.
9. The Secretariat shall distribute meeting materials to ensure receipt by committee members at least one week in advance of the committee meeting and shall ensure that materials contain the text of draft decisions proposed for committee consideration.
10. Committees and the Secretariat shall use red-lining/track changes as a standard practice when providing documents for review.
11. In exceptional circumstances, where committees cannot reach consensus, the committee shall develop recommendations by reflecting minority and majority viewpoints.
12. The practice of Board consultations between board members, committee chairs and the Secretariat should be continued as a way to build cohesiveness and facilitate trust within and among constituencies and the Secretariat.

#### **B. Use of External Experts**

1. Expert input to committees may be provided at their discretion and in consultation with the Executive Director and may take the form of a panel of independent experts.
2. The committee chair and vice chair, in conjunction with the Executive Director, will then choose participants on the panel from the list of nominations submitted by the committee. These independent experts will be subject to the Fund's Conflict of Interest policy.
3. Input from an expert panel shall be provided through a mechanism to be determined by the committee, which may include reporting directly to the committee as a whole, or reporting through the committee chair and/or vice chair.
4. The committee will provide terms of reference for such panels.

### **C. Role of the Secretariat**

1. The Secretariat will co-ordinate and facilitate the work of the committees, providing support to the committee chairs and vice chairs related to, among other matters, efficiency, continuity and management of crosscutting issues
2. The Secretariat will appoint one qualified individual from the Secretariat for each committee to be the Secretariat focal point.
3. The Secretariat's committee focal point will be accountable on a long-term basis to the appointed committee and will, for reasons of efficiency, coherence and continuity, provide secretarial assistance and support to the work of the committees, attend the committee meetings, and assist the chair and the vice chair in order to prepare, facilitate and co-ordinate the work plan and meetings of the committee. The focal point will be subject to the guidance of the chair and vice chair, and will be responsive to the tasks assigned to them by the committee.

### **D. Committee Costs**

In circumstances where the Global Fund is responsible for the covering the costs of committee attendance (i.e. recipient block delegations):

1. Only the committee member, or the officially designated alternate, is funded by the Fund.
2. If the committee chair holds committee meetings immediately preceding Board Meetings as formal committee meetings (but not as informal consultations at which no action is taken), committee members shall be funded to attend these meetings.
3. In the case of committee members attending a meeting together as part of a transition plan (see Section II.A. para 5), both incoming and outgoing members will be funded.

### **Section IV: Miscellaneous**

Matters in which the Board Chair and Vice Chair fail to reach consensus in exercising their joint authority as set forth in these Rules and Procedures will be resolved by the Chair.

**Committee Terms of Reference as amended and approved at the Tenth Board meeting**

Annex 2a

<b>Global Fund Committees: Terms of Reference</b>
<b>All Committees</b>
<ul style="list-style-type: none"> <li>• <b>Identify and evaluate all Global Fund risks relevant to the terms of reference of the committee and ensure that proper controls are in place to reduce the risks to an acceptable level.</b></li> </ul>
<b>Finance and Audit Committee (FAC)</b>
<ul style="list-style-type: none"> <li>➤ Responsible for providing advice on all policy and strategy issues relating to Finance and Audit</li> <li>➤ Review and provide advice on the Fund's budget for Operating Expenses, applying a rolling three year term perspective;</li> <li>➤ Make recommendations to the Board on the annual budget proposed by the Secretariat; monitor expenditure of the budget in the course of the year and report to the Board thereon after the conclusion of each half-year;</li> <li>➤ Recommend to the Board the selection of external auditors of the Fund, receive and consider the reports of the auditors and report to the Board thereon;</li> <li>➤ Review the Fund's Audited Financial Statements for each year, and make recommendations to the Board regarding the approval of the Financial Statements;</li> <li>➤ Provide advice to the Board on the Fund's fiscal management policies and processes, including asset-liability coverage, financial forecasts, modalities of contributions and investment policies for the Fund's financial assets;</li> <li>➤ Serve as the lead committee for the Office of the Inspector General and pass on OIG recommendations to the Board along with comments of the committee;</li> <li>➤ Serve as lead committee for conducting the replenishment process.</li> </ul>
<b>Policy and Strategy Committee (PSC)</b>
<ul style="list-style-type: none"> <li>➤ Monitor and advise the Board on the core governance structures of the Fund, including processes and structures of the Board, Partnership Forum, CCMs;</li> <li>➤ Provide advice to the Board on the evolution of core policies of the Global Fund, in areas not explicitly covered by the FAC and PC;</li> <li>➤ Provide advice to the Board on Global Fund overall strategic planning, in areas not explicitly covered by the FAC and PC;</li> <li>➤ Review the overall performance of the Global Fund, making use of both internal and external evaluations, and TERG reports;</li> <li>➤ Serve as the lead committee for the TERG independent evaluation and review function and pass on TERG recommendations to the Board along with the comments of the committee, as appropriate;</li> <li>➤ Ensure ongoing learning and evolution at the strategic level.</li> <li>➤ Advise the Board on overall resource mobilization policy</li> </ul>
<b>Portfolio Committee (PC)</b>
<ul style="list-style-type: none"> <li>➤ Responsible for providing advice on all policy and strategy issues relating to the portfolio of grants;</li> <li>➤ Receive regular portfolio updates from the Secretariat, including progress with grant expenditure at all levels of program implementation, and review performance;</li> <li>➤ Review and provide advice to the Board on proposal guidelines, TRP review criteria and appeal processes;</li> <li>➤ Provide advice to the Board on criteria for, and recruitment of, TRP members;</li> </ul>



- Provide advice on initiatives to facilitate the provision of technical support;
- Provide guidance on policies of harmonization and long term sustainability;
- Review all portfolio processes, including harmonization of the Global Fund procedures and processes with other support for country led efforts to achieve the MDGs;
- Provide advice to the Board on grant renewal processes;
- Provide advice to the Board on procurement and supply management policies;
- Receive updates on grants managed under the Additional Safeguard Policy.

**COMMITTEE RULES AND PROCEDURES**

**Section I: Leadership**

9. The Board Chair and Vice Chair, in consultation with Board members, will nominate chairs for each committee, based on applications made by constituencies for committee leadership. The committee chairs so nominated must be approved by the full Board.
10. Representation within the committee chairing shall be balanced between representatives of the two voting blocks set out in Article 7.6 of the Bylaws. There will be one chair per committee.
11. Committee chairs will preferably be either Board members or alternates.
12. The Board Chair and Vice Chair are encouraged to consider the following factors when determining their nominations for committee chairs:
  - g. Strong leadership and management skills, the ability to ensure that Committee conduct conforms to the role mandated by the Board and that meetings are run efficiently;
  - h. Commitment and ability to invest the required time;
  - i. At least one year of experience with the Global Fund's Board and its committees;
  - j. Subject specific expertise relevant to the committee;
  - k. Assessment of whether the nominee has the necessary resources to perform the functions of the role (including consideration of the resources to be provided by the Global Fund);
  - l. A balance of representatives of different constituencies from the Board, as well as the specific mandate of that committee.
13. In the event the Board Chair and Vice Chair cannot agree on a qualified candidate, the Board Chair shall present a candidate to the Board for ratification.
14. For reasons of efficiency, the committee chair will, taking into account balance and availability, and in consultation with the relevant constituency, appoint a qualified vice chair. The appointment will be made in consultation with the Board Chair and Vice Chair to ensure balance of representation of committee leadership by the two voting blocks identified in Section 7.6 of the Bylaws.
15. Committee vice chairs are an active part of the committee leadership. Committee chairs will systematically consult with committee vice chairs and, where appropriate and efficient, delegate tasks to the vice chair.
16. The Board Chair and Vice Chair shall nominate committee chairs when necessary as, for example, when a committee chair is no longer available, or is not adequately fulfilling the role. The Board will approve the change of any committee chair.
17. Because committee chairs must chair the committee meeting without prejudice, they may bring an additional representative of the constituency to participate as a member of the

committee. Where considered necessary by the committee chair, the vice chair of a particular committee may be permitted to bring an additional representative of the constituency to participate as a member of the committee.

## **Section II: Membership**

### **A. Selection, Balance and Continuity**

7. The Board Chair and Vice Chair, in consultation with the committee chair, will propose membership of each committee, based on applications made by constituencies for committee membership, for full Board approval. Each constituency may participate in a maximum of two committees (membership of the Ethics Committee will not count towards this limit). Where demand for committee seats exceeds the maximum, priority will be given to ensuring the balance of donors, recipient countries, NGOs, private sector and foundations.
8. Membership of committees will be by constituencies who will nominate one qualified individual to be the committee member. While it is preferable that constituencies choose Board members or alternates to serve on committees, they may choose any individual to represent them. This individual should have an appropriate mandate, be sufficiently informed, briefed and empowered, so that he/she can contribute to the work of the committee and accurately represent his/her constituency.
9. In cases where a constituency's committee member is not also the Board Member, the committee member is expected to represent the Board member's positions and keep the Board member regularly updated on all committee activities.
10. In the exceptional case that a committee member cannot attend a meeting, one named alternate can substitute for the member. Communication with the alternate is the responsibility of the committee member.
11. In the exceptional event that membership must permanently change from one delegate to another, both the incoming and outgoing members may, with the explicit permission of the committee chair, attend one meeting together in order to facilitate the transition of membership.
12. Committee membership should be for two year terms.

### **B. Accountability**

5. The Board Chair in consultation with the Vice Chair will continuously review the output of committees, assess their effectiveness and make appropriate recommendations regarding their membership and mandates as events require.
6. The Board Chair is responsible for convening meetings, within two weeks of the conclusion of each Board meeting, of the Vice Chair, committee chairs, Executive Director or designee to address coordination of committee work plans and roles and to address any other pending committee issues.
7. The Board shall specify which committee shall bear primary responsibility for a particular issue, in cases where more than one committee may be reasonably expected to have a

joint interest in a policy or area of work. The Board decision and the subsequent work plan must clearly state which committee is the lead actor on that area of work. Where appropriate, committee meetings will be scheduled to facilitate collaboration between committees with a common interest (including cross-cutting meetings).

8. If, as a result of the assessment of a committee a leadership problem is perceived, the Board Chair and Vice Chair will make the necessary changes to the chair and/or vice chair positions. In the case of a membership problem where a committee member is not performing, e.g. not attending committee meetings or not responding to explicit requests given by the committee chair, then the first action will be for the committee chair to consult with the concerned Board member. If the situation persists, the committee chair will consult with the Board Chair and Vice Chair. As a last resort, the Board Chair and Vice Chair will remove the constituency from the committee and the normal selection process will be followed to fill the vacancy.

### **C. Size**

5. Committees will be limited to a maximum membership as follows:
  - e. Policy and Strategy: 19 members (plus one representative of each of the World Bank, the World Health Organization, and UNAIDS in a consultative, non-voting role)
  - f. Portfolio: 12 Members (plus one representative of each of UNAIDS and the World Health Organization in a consultative, non-voting role)
  - g. Finance and Audit: 8 members (plus the one representative of World Bank in a consultative, non-voting role)
  - h. Ethics: 6 members
6. There will be no more than one member per constituency on any single committee. Only committee members (or their alternate) will attend committee meetings.
7. The committee chair can decide on additional participation to the committee meeting but this will be limited to individuals who may have specific technical expertise required by the committee to perform its work. The committee chair will take cost implications into account in issuing an invitation and shall limit participation to meetings at which the expertise is required.
8. There will be no open-ended invitations to constituencies to bring their own experts. There will be no observers permitted to attend committee meetings.

## **Section III: Operating Procedures**

### **A. Terms of Reference, Timeframes and Work Methods**

13. The Board will define terms of reference of the Committees. Committees shall act only in accordance with these terms of reference, or on any other matter at the direction of the Board.
14. The committees will develop a work plan to reflect their mandate and distribute these to the Board Chair and Vice Chair and other committee chairs and vice chairs. These work plans will be updated as new tasks are assigned by the Board.

15. The Secretariat will conduct an induction of new committee members, and shall provide a manual outlining roles and functions of each committee and Secretariat staff assigned to support them, and the expected role of committee members.
16. Committee chairs and vice chairs, in consultation with the Secretariat, shall create an annual meeting plan and meeting agendas. The objectives and associated agendas of the committees must be validated at the meeting held each trimester between the Board Chair and Vice Chair, the committee chairs and the Secretariat, to ensure clarity of objectives and elimination of overlap.
17. Committees will consult broadly on major policy issues and request and consider substantive comments from constituencies through the constituency's designated representatives. The Secretariat will establish a secure website for each committee to facilitate this consultation and to provide Board members access to the working documents of all committees.
18. Each committee will conduct an annual self assessment (including meeting attendance, performance against plan, effectiveness) and discuss the results with the Board Chair and Vice Chair. The formal role and scope of each committee should be assessed by the Board after one year, and subsequently every 2 years, possibly at the time of renewal of committee membership.
19. Committees shall follow standard reporting formats when submitting reports to the Board. All recommendations should include associated costs.
20. Committees shall ensure that proposed decision points for the Board are reviewed by Fund legal staff prior to submitting them to the Board for review.
21. The Secretariat shall distribute meeting materials to ensure receipt by committee members at least one week in advance of the committee meeting and shall ensure that materials contain the text of draft decisions proposed for committee consideration.
22. Committees and the Secretariat shall use red-lining/track changes as a standard practice when providing documents for review.
23. In exceptional circumstances, where committees cannot reach consensus, the committee shall develop recommendations by reflecting minority and majority viewpoints.
24. The practice of Board consultations between board members, committee chairs and the Secretariat should be continued as a way to build cohesiveness and facilitate trust within and among constituencies and the Secretariat.

## **B. Use of External Experts**

5. Expert input to committees may be provided at their discretion and in consultation with the Executive Director and may take the form of a panel of independent experts.
6. The committee chair and vice chair, in conjunction with the Executive Director, will then choose participants on the panel from the list of nominations submitted by the committee. These independent experts will be subject to the Fund's Conflict of Interest policy.

7. Input from an expert panel shall be provided through a mechanism to be determined by the committee, which may include reporting directly to the committee as a whole, or reporting through the committee chair and/or vice chair.
8. The committee will provide terms of reference for such panels.

### **C. Role of the Secretariat**

4. The Secretariat will co-ordinate and facilitate the work of the committees, providing support to the committee chairs and vice chairs related to, among other matters, efficiency, continuity and management of crosscutting issues
5. The Secretariat will appoint one qualified individual from the Secretariat for each committee to be the Secretariat focal point.
6. The Secretariat's committee focal point will be accountable on a long-term basis to the appointed committee and will, for reasons of efficiency, coherence and continuity, provide secretarial assistance and support to the work of the committees, attend the committee meetings, and assist the chair and the vice chair in order to prepare, facilitate and co-ordinate the work plan and meetings of the committee. The focal point will be subject to the guidance of the chair and vice chair, and will be responsive to the tasks assigned to them by the committee.

### **D. Committee Costs**

In circumstances where the Global Fund is responsible for the covering the costs of committee attendance (i.e. recipient block delegations):

4. Only the committee member, or the officially designated alternate, is funded by the Fund.
5. If the committee chair holds committee meetings immediately preceding Board Meetings as formal committee meetings (but not as informal consultations at which no action is taken), committee members shall be funded to attend these meetings.
6. In the case of committee members attending a meeting together as part of a transition plan (see Section II.A. para 5), both incoming and outgoing members will be funded.

### **Section IV: Miscellaneous**

Matters in which the Board Chair and Vice Chair fail to reach consensus in exercising their joint authority as set forth in these Rules and Procedures will be resolved by the Chair.