



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Fifteenth Board Meeting
Geneva, 25-27 April, 2007**

GF/B15/12

REPORT ON COMMITTEES

Outline: The purpose of this document is to report on the self-assessment of the Board committees, which has been carried out under the guidance of the Vice Chair of the Board of the Global Fund. This document collates information from discussions that took place at a meeting of the Chairs and Vice Chairs of the Ethics Committee (EC), Portfolio Committee (PC), Policy and Strategy Committee (PSC) and Finance and Audit Committee (FAC), in Geneva on the 5 February 2007, as well as input from discussions that have taken place within the committees at their recent meetings.

Decision Points:

1. The Board requests the incoming Chair and Vice Chair of the Board to review and amend membership of the PC and FAC in line with the original balance of membership foreseen when the committees were restructured at the Tenth Board Meeting.

There are no budgetary implications for this decision

2. The Board adopts the amended Terms of Reference for the Portfolio Committee as detailed in Annex 3 and the Ethics Committee as detailed in Annex 4 to paper GF/B15/12.

There are no budgetary implications for this decision

Part 1: Background

1. Regular meetings are held between the Chairs and Vice Chairs of the Board committees, but as laid out in the Committee Rules and Procedures¹, in addition to these meetings the Board committees are required to carry out a self-assessment of their role and scope every 2 years. Carrying out this self assessment is an important exercise as it assists in ensuring that the governance system of the Global Fund is functioning effectively.

2. This self-assessment process was commenced at a meeting of the Chairs and Vice Chairs of the Ethics Committee (EC), Portfolio Committee (PC), Policy and Strategy Committee (PSC) and Finance and Audit Committee (FAC), in Geneva on the 5 February 2007. This meeting was chaired by the Board Vice Chair; the Board Chair was also present. All four committees were represented at the meeting, (see Annex 2 - Attendance List).

3. February 2007 was a convenient time for this process to occur, as both the Board and committee leadership will be changing following the Fifteenth Board meeting in April 2007. This process will also allow for an orderly handover between current and incumbent committee leadership. The February meeting also highlighted the governance issues that will need ongoing attention by the Board, and allowed the current leadership to make recommendations and suggest action to resolve these issues.

4. Following the February meeting, the assessment was continued within the Board committees. They were tasked with reviewing their respective Terms of Reference, and providing a list of competencies required by committee members, to be used to guide the new committee leadership in appointing new committee membership.

Part 2: Attendance and Representation at Committees

1. There is concern, particularly amongst PSC and FAC members, regarding both full representation of constituencies and consistency of attendance at committee meetings. And it was recommended that these issues be addressed by the new Board and Committee leadership. Further consideration should be given as to possible measures to encourage meeting attendance, including removing (substituting) members that attend meetings irregularly.

2. The attendance issue was particularly apparent within the "recipient" constituencies therefore the Secretariat was tasked with offering increased assistance to these constituencies through revised guidelines drawing together examples of best practices of information sharing and constituency management and communication (examples can be drawn from the NGO constituency model and others).

3. It was reiterated that, as stated in the Committee Rules and Procedures, committee leaders and members need to show commitment and ability to invest the required time in committee work and meetings. New committee Chairs and Vice Chairs should give consideration to this when appointing new committee members.

¹ Committee Rules and Procedures, Section III, Operating Procedures, Point 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 by the Board after one year, and subsequently every 2 years, possibly at the time of the renewal of the committees.

Part 3: Adjustments to the Current Committee Configuration

1. There is general support for the idea that the current committee configuration may need to be adjusted based on the experience of the last two years and the changing priorities of the Global Fund. In particular it was mentioned that the PSC may soon become too large for the work required once the strategy is approved and that it may become a smaller committee without full Board membership. In addition, the lack of balance between donors and recipients on both PC and FAC was mentioned as causing real challenges in terms of ensuring adequate buy-in from a range of stakeholders on committees' recommendations. Furthermore one constituency has suggested that consideration be given to the idea of merging the PC and the PSC into one committee only, to avoid overlaps currently existing between these two committees.

2. However, it was generally concluded that it would be premature to adopt any major revision of the committee structure at the April 2007 Board meeting given the fact that the Five Year Evaluation will look at the Global Fund's governance structure, and that the new Board leadership and Executive Director will take up their duty at the end of April 2007. It was therefore recommended that major changes to the Committee structure be adopted at the November 2007 Board Meeting and that the April Board meeting would focus on the reinforcement of the current governance structure based on several agreed principles.

3. A more detailed examination of each individual committee clearly indicates the need for some re-alignment with the principle of balance between donor and recipient constituencies.

Ethics Committee

4. It was felt that the EC was working satisfactorily, and that it had an appropriate size and an appropriate membership.

Policy and Strategy Committee

5. It was agreed that the full Board representation on this committee is currently necessary whilst this committee oversees the development of the Global Fund's Strategy, although a streamlining of this committee over time would certainly increase its manageability.

6. It is therefore suggested that the membership and Terms of Reference of PSC remain unchanged and that this issue be revisited as part of the Five Year Evaluation, at the November Board meeting.

Finance and Audit Committee

7. The table below illustrates that the current representation on this committee is not in line with the agreed principles

| | Intended FAC voting membership | Actual FAC voting membership |
|----------------------|-----------------------------------|---------------------------------|
| Donors | 4 | 5 |
| Recipients | 4 | 3 |
| Total voting members | 8 | 8 |

8. It was believed that the lack of balance between donor and recipient constituencies can lead to a lack of appropriate buy-in from all constituencies on some decisions. Although the committee is functioning well, it could benefit from better balance and continuity of membership.

9. The range of tasks assigned to this committee has progressively grown making the workload heavy and diverse and therefore underlining even further the need for experienced and informed membership.

10. Consideration was given to the size of the FAC and whether an increased number of members would imply an increased effectiveness. It was concluded that for the time being it would be more appropriate to restore the balance between blocks and ensure full attendance by suitably qualified members. In addition, it was highlighted that Committee Rules and Procedures empower Committee Chairs to invite experts as additional participants to the committee when supplementary skills and knowledge are required.

Portfolio Committee (PC)

11. Similarly to the PSC, there is a misalignment within the constituency membership of the Portfolio Committee which may lead to a lack of appropriate buy-in.

| | Intended PC voting membership | Actual PC voting membership |
|-------------------------|----------------------------------|--------------------------------|
| Donors | 6 | 5 |
| Recipients | 6 | 7 |
| Total voting members | 12 | 12 |

Therefore, this committee would benefit from a realignment to reflect the originally intended structure

12. Recommendations

- a. Committee membership should reflect the originally intended balance between donor and recipient blocks thus realigning membership of FAC and PC. Despite their traditional trend or orientation, constituencies belonging to the donor and recipient block should be encouraged to take an active role - respectively - in PC and FAC.
- b. The current composition of the committees should be monitored and revisited in the light of the 5 Year Evaluation of the Global Fund.
- c. Qualifications and skills required for committee membership should be enforced and, if needed, separate skill sets for each committee and the appointment of its members should be developed.
- d. Efforts should be made to ensure that the EC is more fully regarded as a full committee of the Board.

Decision Point 1:

The Board requests the incoming Chair and Vice Chair of the Board to review and amend membership of the PC and FAC in line with the original balance of membership foreseen when the committees were restructured at the Tenth Board Meeting.

There are no budgetary implications for this decision

Part 4: Committee Membership and Leadership

1. Following the appointment of the Chair and Vice Chair of the Board, the new committee Chairs and Vice Chairs will be appointed and new committee members agreed. To ensure that this process is transparent and effective the Secretariat was tasked to ask constituencies (a) to notify / confirm their representative(s) on committees, or (b) whether they would prefer a seat on a different committee. In addition, constituencies were asked whether nominees would like to be considered for the position of Chair or Vice Chair of the committee. Current Chairs and Vice Chairs may express interest in keeping their current position. To guide constituencies in considering their applications for committee membership and/or leadership, a list of competencies for committee members have been drawn up. They are detailed below.

Part 5: Guidelines on Competencies of Committee leaders and members

1. As highlighted at the meeting of the Global Fund Chairs and Vice Chairs on 5 February 2007, general qualities which it may be useful for committee leaders, and if possible committee members, to possess, are listed below:

- a) high level judgment in complex situations;
- b) strong leadership and management skills in a multi-cultural environment;
- c) a "facilitative" approach with a heightened political awareness;
- d) experience of working with a governing body;
- e) experience in acting as a representative of a constituency at a senior level; and
- f) good analytical skills.

2. Moreover, it was considered crucial that Committee Chair and Vice Chair invest the required time in Committee work and meetings. Committee Chair and Vice Chair should also have suitable resources to effectively carry out their respective roles.²

Desired competencies of members of the PC:

3. **PC** felt that it would be important for its members to have a good mix of qualities including:

- a) experience in implementing or overseeing public health or disease control programmes in the field;
- b) background in development and / or public health; and
- c) an ability to understand the "downstream effects" of policy decisions.

² Committee Rules and Procedures, Section 1, Leadership - The Board Chair and Vice Chair are encouraged to consider the following factors when determining their nominations for Committee Chairs. Point 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).

Desired competencies of members of the FAC:

4. **FAC** felt that it would be useful for its members to possess at least some of the following qualities:

- a) financial management expertise (preparation of budgets, review of expenditures, etc);
- b) experience in investment return policy ; and
- c) experience in resource mobilization.

Desired competencies of members of the PSC:

5. **PSC** did not indicate a specific set of qualities but rather stressed the need for its members to be fully representative of their constituencies, be fully empowered to negotiate on their behalf and be responsible for effective reporting to them.

Desired competencies of members of the EC:

6. On considering this issue the **EC** felt that the competencies desirable for members were provided by the diversity of the committee's membership. The **EC** also considered the appointment of the Ethics Advisor, who assists the committee by providing specialized expertise (where necessary) in achieving the purpose of the Policy on Ethics and Conflict of Interest for Global Fund, was an invaluable resource.

Part 6: Committee Terms of Reference

1. Committees reviewed their Terms of Reference.

- a. The **FAC** endorsed their Terms of Reference.
- b. The **PSC** endorsed their Terms of Reference whilst stressing its mandate should be revisited within the governance section of the TERG Five Year Evaluation of the Global Fund. It was felt the Evaluation should take into consideration the need for strong cooperation between FAC and PSC, particularly on resource mobilization. In particular, PSC should be focusing on policy and strategy aspects of resource mobilization, whilst FAC should focus on financial and technical aspects such as the investment return policy. It was also felt that the PSC may need to have a greater role in some selected governance issues currently being dealt with by the FAC, such as the Office of the Inspector General (OIG) and recruitment / selection of the Inspector General.
- c. The **PC** proposed a number of changes to their Terms of Reference which are appended as Annex 3.
- d. The **EC** proposed changes to their Terms of Reference which are appended as Annex 4.

Decision Point 2:

The Board adopts the amended Terms of Reference for the Portfolio Committee as detailed in Annex 3 and the Ethics Committee as detailed in Annex 4 to paper GF/B15/12.

There are no budgetary implications for this decision

Part 7: Coordination of Committee work

1. As part of the committee self assessment work plans were examined and overlaps explored to ensure they were kept to a minimum. It was noted that several issues were unnecessarily dealt with by more than one committee, and eventually delegated to the Secretariat. Most of the overlaps seem to be due to unclear decisions at the level of the Board, or its tendency to micromanage issues which could be delegated to the Secretariat from the very beginning.
2. In this regard, it was felt that there would be a need for an entity whose function would be to "manage/control" the committees work. The idea of a small "Executive Committee" or "Coordination Group" was proposed, which would facilitate co-ordination between Board Chair/Vice-Chair and committee leadership, relieve the pressure on the Board's agenda and mitigate micromanagement. There was also discussion as to whether an entity of this kind could be used to monitor the performance of the Inspector General and Executive Director. Further discussion on this issue will be needed at the Board level once a new Chair and Vice Chair are appointed.
3. It was felt crucial to ensure that committee management and oversight is addressed in the Five Year Evaluation (governance section).

Part 7: Support of Board Leadership and Office of the Chair of the Board

1. A recommendation is made to the incoming Board leadership to establish a support Office of the Chair of the Board, preferably in Geneva. It would provide an interface role with the main stakeholders including the Secretariat. The Office could discharge a traffic management role and provide an essential point of contact between Board members, the Secretariat and the Chair of the Board, Role and functions of the Office of the Chair will be further discussed with the new leadership of the Board.

Part 8: Secretariat Feedback

1. The Secretariat appreciated the opportunity to provide additional feedback on the committee assessment from their perspective. The main concerns of the Secretariat can be listed as follows:
 - a. **Micro-management:** Intense committee involvement in all aspects of the Global Fund's work as witnessed by the increasing length and detail of papers and decisions points coming to the Board via the committees, whereas the intention was for committees not to micromanage the daily business of the Global Fund.³ Committee members rarely push back on suggestions from fellow members to enlarge scope of work;
 - b. **Workload:** Extremely demanding timelines and work programmes for the committees leading to almost unmanageable workloads for some units within the Global Fund Secretariat and leaving very little time for critical non-committee work;
 - c. **Working Methods:** Multi-step review process for sign-off of papers is very onerous for Secretariat and substantially increases transaction costs. The Secretariat is sometimes put in the difficult position of having to negotiate wording of decisions and documents without all members acting with full transparency. It would be useful if all Committees enforced the guidance laid out in the Committee Rules and Procedures

³ In some cases, e.g. the strategy work, length is clearly necessary, but in general it is thought that the Board finds it difficult to cope with more than 500 pages per meeting.

regarding revisions to documents being tracked⁴ and then sent to all Committee members; and

- d. **Membership/attendance:** The Secretariat mirrors the feedback from the Committee Chairs and Vice Chairs regarding representation of constituencies and the need for consistency in attendance at meetings. There are at times difficulties in communicating with some members so that attendance is always unsure right up to the last minute, and sometimes members are funded to attend meetings which they only attend for part of the time. Committee members must commit sufficient time to reading papers in advance of attending meetings.

2. In order to address these concerns, the Secretariat supports the idea of stronger coordination of Board demands on Secretariat time by the Board leadership, although there are concerns that a leadership group (perhaps consisting of Board and Committee Chairs and Vice Chairs) would create yet another layer of management to support and report to. The Secretariat is pleased with recent decisions ensuring that decision points show both budgetary and staff time implications and hope that this will help to manage the workload.

Part 8: Future Meetings

1. Regular meetings of Chairs and Vice Chairs have proved worthwhile and therefore the new Chair and Vice Chair of the Board are strongly encouraged to convene regular meetings/conference calls between the committee Chairs and Vice Chairs and to continue to hold meetings of the group at the time of the Board meetings. The Secretariat will be ready to assist with the organization of these meetings.

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.

⁴ Committee Rules and Procedures Article 10: Committees and the Secretariat shall use red-lining/track changes as a standard practice when providing documents for review.

PROVISIONAL AGENDA

(as of 28 January 2006)

Attendance: Chairs and Vice Chairs of Committees only**Venue:** Hotel Mövenpick, Geneva, Switzerland**Monday, 5 February 2007**
(Dinner: Chateau des Penthes)

| | | |
|----------------------|---|--|
| 19.00 – 21.00 | Board and Committee Chairs and Vice Chairs Welcome Dinner Informal discussions of agenda items | Transport provided from Movenpick |
|----------------------|---|--|

Tuesday, 6 February 2007
(Room: Dornier)**08.30 – 09.00** Coffee

| | | |
|----------------------|---|-------------------------------|
| 09.00 – 09.30 | Attendance and representation at existing committees (Feedback and follow-up from last call): <ul style="list-style-type: none"> ○ Missing constituency representatives ○ Increasing constituency attendance | <u>Recommendations</u> |
|----------------------|---|-------------------------------|

| | | |
|----------------------|--|-------------------------------|
| 09.30 – 10.30 | Committee Membership: <ul style="list-style-type: none"> ○ Increased recipient block constituency representation on FAC and donor block representation on PC ○ Proposal for renewal of all committee membership | <u>Recommendations</u> |
|----------------------|--|-------------------------------|

10.30 – 11.00 Break

| | | |
|----------------------|--|------------------------------|
| 11.00 – 12.00 | Changes in Committee Leadership: <ul style="list-style-type: none"> ○ Process for nomination of new Committee Chairs and Vice Chairs (for approval at Fifteenth Board Meeting, 25 - 27 April 2007) | <u>Recommendation</u> |
|----------------------|--|------------------------------|

| | | |
|----------------------|--|------------------------------|
| 12.00 – 13.00 | 2007 Revised Committee Workplans Overlapping responsibilities | <u>Recommendation</u> |
|----------------------|--|------------------------------|

13.00 – 14.00 Lunch**14.00 – 15.00** 2007 Planning Continued (if required)**15.00 – 15.30** Break

| Committee Chairs and Vice Chairs Meeting | | |
|---|-----------------------------------|------------------------------------|
| Geneva, 6 February 2006 | | |
| Attendance List | | |
| Constituency | Committee / Position | Attendee |
| Latin America and Caribbean | Chair of Board | Carol Jacobs |
| Latin America and Caribbean | Advisor to Chair of Board | Alies Jordan |
| European Commission | Vice Chair of Board | Lieve Franssen |
| European Commission | Advisor to Vice Chair of Board | Enrico Mollica |
| Eastern and Southern Africa | Chair of EC | Sheila Dinotshe Tlou |
| Private Sector | Vice Chair of EC/ Chair of PAC | Brian Brink |
| USA | Chair of PSC | William Steiger |
| Developed Country NGO | Vice Chair of PSC | Jairo Pedraza |
| United Kingdom (Australia) | Vice Chair of PC | Geoff Adlide |
| Point Seven | Chair of FAC | Jerry O'Dwyer |
| Western Pacific Region | Vice Chair of FAC | Minghui Ren |
| Global Fund Secretariat | Job Title | Function |
| Helen Evans | Deputy Executive Director | Secretariat Lead / PSC Focal Point |
| Nosa Orobato | Director of Operations | PC Focal Point |
| Barry Greene | Chief Financial Officer | FAC Focal Point |
| Dianne Stewart | Head of Board and Donor Relations | Board Lead |
| Luke Aspinall | Board Relations Officer | Committees Focal Point |

AMENDED TERMS OF REFERENCE OF THE PORTFOLIO COMMITTEE

On considering its terms of reference the PC proposed the following amendments:

Note – the clauses of the terms of reference have been more logically ordered. These changes have not been tracked, only additions and deletions are shown.

Portfolio Committee TORs

- **Responsible for providing advice on all policy and strategy issues relating to the portfolio of grants;**
- Receive regular portfolio updates from the Secretariat, including progress with grant expenditure at all levels, review performance and provide comment on program implementation;
- Receive and review updates on the status of grants managed under the Additional Safeguard Policy;
- Review all portfolio processes, including harmonization of the Global Fund procedures and processes with other support for aligning with country led efforts to achieve the MDGs;
- Review and provide advice to the Board on proposal guidelines, TRP review criteria and appeal processes as well as criteria for, and recruitment of, TRP members;
- ~~• Provide advice to the Board on criteria for, and recruitment of, TRP members;~~
- Provide advice on initiatives to facilitate the provision of technical support through the expansion of operational partnerships;
- Provide advice to the Board on grant renewal processes;
- Provide advice to the Board on procurement and supply management policies;
- Provide guidance on policies of harmonization, alignment and long term sustainability;
- 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 (all Committees).

AMENDED TERMS OF REFERENCE OF THE ETHICS COMMITTEE

On considering its terms of reference the EC proposed the following amendments:

Note – the clauses of the terms of reference have been more logically ordered. These changes have not been tracked, only additions and deletions are shown.

Ethics Committee (EC)

- Provide guidance and information on the application of the [Policy on Ethics and Conflict of Interest for Global Fund Institutions \(COI Policy\)](#), and advise the members of the bodies and staff of the Global Fund on conflict of interest and ethics issues;
- Oversee the [COI](#) Policy and its implementation;
- Resolve differences in the interpretation of conflict of interest;
- At its discretion, bring any conflict issue it may consider necessary to the Board for discussion and determination;
- Keep appropriate written records of its activities;
- Report annually to the Foundation Board;
- Take such other actions as are consistent with the Global Fund Bylaws, Board Operating Procedures, COI Policy and these Rules, as are necessary and appropriate for achieving the objectives of the Committee; and
- [Review the Secretariat's bi-annual report of secondment staff appointments.](#)

Committee Terms of Reference (as of the Tenth Board Meeting):

The FAC, and PSC considered and endorsed their terms of reference, which are attached below for reference.

Finance and Audit Committee (FAC)

- Responsible for providing advice on all policy and strategy issues relating to Finance and Audit;
- Review and provide advice on the Fund's budget for Operating Expenses, applying a rolling three year term perspective;
- 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;
- 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;
- Review the Fund's Audited Financial Statements for each year, and make recommendations to the Board regarding the approval of the Financial Statements;
- 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;
- 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;
- Serve as lead committee for conducting the replenishment process; and
- 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 (all Committees).

Policy and Strategy Committee (PSC)

- Monitor and advise the Board on the core governance structures of the Fund, including processes and structures of the Board, Partnership Forum, CCMs;
- 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;
- Provide advice to the Board on Global Fund overall strategic planning, in areas not explicitly covered by the FAC and PC;
- Review the overall performance of the Global Fund, making use of both internal and external evaluations, and TERG reports;
- 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;

- Ensure ongoing learning and evolution at the strategic level;
- Advise the Board on overall resource mobilization policy; and
- 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 (all Committees).