



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Eighteenth Board Meeting
New Delhi, India, 7 – 8 November 2008**

**GF/B18/20
Information**

REPORT OF THE CHAIRS AND VICE-CHAIRS RETREAT

OUTLINE:

1. This report summarizes the deliberations of the Global Fund Committee Chairs and Vice-Chairs at their retreat on 6 – 7 October 2008 in Glion, Switzerland and the follow-on recommendations to the Eighteenth Board Meeting and the Policy and Strategy Committee.

PART 1: INTRODUCTION

1. The retreat of the Committee Chairs and Vice-Chairs was convened by the Board Chair and Vice-Chair in Glion, Switzerland on 6 – 7 October to discuss issues pertaining to the governance of the Global Fund.
2. Topics for discussion were developed based on the recommendations from the Technical Evaluation Reference Group (TERG) Report on the Five-Year Evaluation Study Area 1: Organizational Efficiency and Effectiveness of the Global Fund and feedback from Board members and the Committee Chairs and Vice-Chairs. The Board Chair and Vice-Chair developed a memo to initiate discussion and brainstorm solutions (see Annex 1).
3. This report contains the following topics:
 - i. **Items referred to Policy and Strategy Committee** (Part 2):
 - Term lengths of Chairs and Vice-Chairs;
 - Committee mandates and membership;
 - Improving implementing block participation;
 - ii. **Items for information** (Part 3):
 - Role of Executive Sessions at Board meetings;
 - Relationship between Board, Committees, and Secretariat.

PART 2: ITEMS REFERRED TO POLICY AND STRATEGY COMMITTEE FOR FURTHER DISCUSSION Information

1. Input from this paper (and input from the Secretariat) on each of the items discussed below will be considered by the Policy and Strategy Committee (PSC) at its 12th meeting. The PSC will then recommend decisions for the Board at the 19th Board meeting.

Executive Director as a Non-Voting Member of the Board

1. The TERG, in its Report on Study Area 1, recommended that the Executive Director become a non-voting member of the Board. The Board Chair and Vice-Chair supported this recommendation as an important recognition of the importance of the Secretariat in the structures of the Global Fund.
2. The Committee Chairs and Vice Chairs expressed support for permitting the Executive Director to be an “ex-officio” (by virtue of his office as chief executive officer of the Secretariat) and non-voting member of the Board. As the Policy and Strategy Committee is mandated to deal with governance matters, this will be referred to that committee for further discussion.

Term Lengths of Board and Committee Leadership

2. Many in the group noted that the current two-year term length of the Chairs and Vice-Chairs of the Board and the Committees (compromising on average only four Board and Committee meetings) limits the effectiveness of the leadership, as they spend much of their first year learning about their mandate and their roles. In addition, an extension of their terms would improve continuity with a longer Executive Director term.
3. The groups discussed several options, including re-election of the outgoing leadership; extending terms to three or four years; staggering the terms of Chairs and Vice-Chairs so that only one is up for

election at any time; and instituting a system where current Vice-Chairs are automatically become Chairs at the end of their Vice-Chair terms.

4. The group recommended that two options should be considered by the PSC (to be put into effect for the elections of the new Board and Committee leadership):

i. Option 1: Extend the terms for both Board and Committee leadership to three or four years (generally six Board meetings); and

ii. Option 2: Keep the terms of Board and Committee leadership as two years, but permit current leadership to be re-elected to serve an additional one year term (maximum service of three or four years).

5. The group also requests the PSC consider options to change the timing of elections for new leadership so that there can be an overlap of one Board and Committee meeting between current and future leadership, which would enable effective transition.

i. Option 1: Elect the Chair and the Vice-Chair at one meeting but not have them formally start until the following Board meeting. During this approximately six month period, the incoming Chair and Vice-Chair would serve as Chair-Elect and Vice-Chair Elect with no formal responsibilities but with budget and staff support to transition into their roles.

ii. Option 2: Have the outgoing Chair and Vice-Chair stay active for six months or a year after their terms end, serving as Chair Emeritus and Vice-Chair Emeritus during that period, with no formal responsibilities but with budget and staff support to help the new office holders transition.

6. It was also noted that it was important for terms of reference to be developed for the Chair and Vice Chair positions to more clearly identify what is expected of them. This would also make clear that these are substantive roles, with substantial work between Board Meetings, and are not ceremonial.

Committee Mandates and Membership

Background

1. The current Board Committee structure was put into place in 2005 at the 10th Board meeting. At the time, the PSC was spending the bulk of its time formulating the four-year strategy for the Global Fund, which was completed last year.

2. Concerns have been raised about the overlap of committee mandates. There is a “grey zone” between the PSC and PC where there is strategy/policy formulation needed on issues that are very core, strategic and broad, yet substantially affect grant structure and the portfolio.

3. The Board Chair and Vice-Chair and several Board members have raised concerns that issues of procurement, supply, and commodities are not being addressed in a holistic manner. Some PC members have raised concerns about the lack of expertise in this area to appropriately advise the Board and Secretariat in this important area where approximately 50 percent of grant funds are spent. Many issues raised in the AMFm Ad-Hoc committee are broader than the mandate of the committee but there is no mechanism to address them.

4. The PSC and Finance and Audit Committee (FAC) requested the Chairs and Vice-Chair Retreat propose a solution for AMFm governance.

Recommendations

5. The Group recognized that issues of procurement and supply chain are not being addressed in a holistic and substantive manner and that they should consequently be handled by a Committee with the necessary technical expertise.

6. The option of transferring the PC's mandate to the PSC and creating a new Procurement and Supply Chain Committee was discussed as one solution, but it was suggested that the PC's mandate should instead be more clearly defined rather than dissolving the PC.

7. Therefore, the PSC should review the recommendation to create an additional committee with the oversight of procurement and supply chain issues and more clearly define the oversight mandates of all committees.

8. Based on the discussion of the group the following mandates for the committees are suggested for further review, refinement, and discussion:

Committee	Oversight Mandate
Policy and Strategy	<ul style="list-style-type: none"> - core policies (as per bylaws) - Global Fund strategy including size and resource mobilization - eligibility criteria - global health architecture and partnerships - overall monitoring & evaluation (including TERG) - Board governance
Finance and Audit	<ul style="list-style-type: none"> - treasury and risk management - resource planning and mobilization - budget and profit and loss - audit and performance - implementation and monitoring of human resources strategy - financial review of OIG investigations
Portfolio and Implementation	<ul style="list-style-type: none"> - Technical Review Panel oversight and membership - portfolio analysis - grant oversight - technical assistance - CCMs - LFA model - country level alignment and harmonization - country level monitoring & evaluation - country level partnerships
Procurement and Supply Chain	<ul style="list-style-type: none"> - market forecasting (supply and demand) - market dynamics - supply chain management - quality assurance and quality control - voluntary pooled procurement - pricing and price reporting mechanism (PRM) - introduction of new tools and technologies - value for money - AMFm

Committee	Oversight Mandate
Ethics	<ul style="list-style-type: none"> - OIG (approval of work-plan, Integrity Initiative, values) - application and oversight of ethics policy - conflicts of interest (waivers)

9. The group did not make a recommendation on which Committee should be responsible for OIG oversight. The Board Chair recommended a stronger role for the Ethics Committee in managing and overseeing the OIG work-plan and that there should be a second reporting line on financial implications to the FAC. However, there was a lack of consensus from the group about the primary reporting line of the OIG. The group suggested that the PSC should further consider the issue of OIG oversight and reporting.

10. The group also recommended that the current membership and mandate of the AMFm Ad-Hoc Committee continue until May 2009 and then become a part of a potential future Procurement and Supply Chain Committee to ensure that its oversight is linked with the broader Global Fund procurement strategy.

11. The group discussed whether all committees should include membership from all constituencies thus becoming "Committees of the whole". The majority did not support the idea of a committee of the whole beyond the PSC, but consensus was not reached as some felt strongly. Some group members also supported the idea of having more frequent Committee meetings.

12. It was felt that the Chairs and Vice-Chairs should have flexibility to bring in additional experts or other Board colleagues based on recent AMFm Ad Hoc Committee and FAC consultation experience.

13. During the report back of the Chairs and Vice-Chairs Retreat to the Board Retreat, a delegate requested that as an alternative to adding an additional committee, the idea of two committees of the whole be considered. Another delegate suggested that an executive Board be established to deal with matters between Board meetings. The Board Member raised the concern that the Global Fund Board is a heavy time-commitment and that better delegation amongst the Board could help alleviate this issue. The Board Chair and Vice Chair propose that the Secretariat conduct a detailed review of the roles of Executive Committees in similar organizations and provide recommendations to the PSC, in time for the 12th PSC meeting. The PSC should consider these recommendations along with the proposal to add an additional committee.

Improving Implementing Block Participation

1. There was recognition of the work done by the Board Relations Team to develop the Guidelines on Constituency Processes and provide teleconferences and meeting facilities prior to Board and Committee Meetings to assist implementing constituencies in their preparation for Board and Committee Meetings.

2. The group expressed strong support for the need to provide additional support to improve implementing block participation in Global Fund governance structures.

3. One challenge consistently cited was the lack of financing to enable delegation Focal Points to coordinate effectively amongst their constituencies. Another challenge cited was the need to address language barriers in Global Fund governance meetings such as Retreats and Committees.

4. The group recommended that the Secretariat should provide options to the PSC on the following two potential solutions:

i. Providing direct financing to implementing constituency Focal Points (potentially by developing Terms of References and requesting partners to host); and

iii. Developing a policy and budget for interpretation and translation, as needed, at governance meetings (Committees, Retreats, etc.).

PART 3: ITEMS FOR INFORMATION

Information

Role of Executive Sessions at Board Meetings

1. Historically, Executive Sessions (meetings of Board members without the presence of the Secretariat) have been held at Board Meetings in situations of serious concern, but the Board Chair proposed that there is merit in having them regularly scheduled as a principle of good governance.

2. The Chair of the Board stated, with support expressed from the group, that Executive Sessions should always be held at the end of the first day of the Board meeting. If there are issues of controversy, these should be raised with the Chair and Vice-Chair first to determine if there is already a course of action being determined.

3. The role of the Executive Session is not to solve problems, but rather, to set a process to resolve any issue that may occur and then report to the rest of the Board and Secretariat as a commitment to transparency.

4. Once a year, a longer session should be scheduled as part of the annual Executive Director performance assessment.

Relationship between Board, Committees, and Secretariat

1. Committee Chairs and Vice-Chairs were asked to give feedback on the relationship between the Committees and the Secretariat. It was felt that there is an extremely effective relationship between individual Committees and Secretariat but that more could be done to improve communication between Committees.

2. In order to improve delegation between Board and Secretariat, each Committee Chair and Vice-Chair will discuss committee workload with the Secretariat focal points. If both determine that there are issues that can be delegated to Secretariat, the Secretariat will propose a Board decision delegating that authority to the Secretariat.

3. There was a strong commitment that more can be delegated to the Secretariat by moving towards principles-based decision making.