



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twenty-Second Board Meeting
Sofia, Bulgaria, 13-15 December 2010

GF/B22/12
Board Information

REPORT OF THE ETHICS COMMITTEE

PURPOSE:

1. This report presents the activities of the Ethics Committee since the Twentieth Board Meeting.

PART 1: INTRODUCTION

1.1 The Ethics Committee met on the margins of the Twenty-First Board Meeting. Since, it has been engaged in considering ethics matters that have been referred to it on a case by case basis as well as on the Committee's core work, via email and telephone. These meetings and consultations have been led by the former Chair of the Committee, Dr. Bobby John, and in his absence, the Vice-Chair, Dr. Marijke Wijnroks.

1.2 This report sets out the highlights and some other issues dealt with by the Ethics Committee during this period. The workings of the Ethics Committee are confidential and to guard that confidentiality and the confidentiality of those persons bringing matters to the Committee, this report contains limited information concerning some of the issues raised to the Committee.

1.3 This report sets out the following information items:

PART 2: Ethics Committee Membership - confirmation of the current membership and details of resignations and appointments

PART 3: Annual Filing of Declaration of Interest Forms - information of the current state of Declarations made by Covered Individuals under the Policy on Ethics and Conflict of Interest for Global Fund Institutions

PART 4: Ethics and Conflict of Interest Guidelines for TRP Members - confirmation of the Ethics Committee's endorsement of revised Guidelines

PART 5: Code of Conduct for Suppliers and Sanctions Procedure - confirmation of endorsement

PART 6: Ethics Committee and the role of the Inspector General - confirmation of reporting roles

PART 7: Ethics and Conflict of Interest Cases considered by the Committee - brief highlights of matters considered by the Committee

PART 8: Review of Corporate Risk of engaging with inappropriate partners - information on matter considered by the Committee

PART 9: A request for a waiver of the requirement of a one-year cooling-off period

PART 10: Staff secondments

PART 2: ETHICS COMMITTEE MEMBERSHIP

2.1 The Ethics Committee revised its Terms of Reference to include an expanded mandate to consider and promote, on an ongoing basis, a values and integrity framework and to provide guidance and information related to policies including the Policy on Ethics and Conflict of Interest for Global Fund Interest for Global Fund Institutions (the "Ethics Policy") and all codes of conduct.

2.2 Based on the increased scope of remit, the Board approved new Terms of Reference for the Committee. It was suggested that the Ethics Committee may need to expand its membership to encompass a broader representation within the Board. It was noted that the membership of the current Committee has still not been filled to its required level of 6 members. There are currently four members of the committee, comprised of Dr. Marijke Wijnroks, Vice-Chair of the Committee (Point Seven), Dr. Brian Brink (Private Foundations), Daniel Rychner (Canada, Germany, Switzerland) and Dr. Aishath Shiham (South East Asia).

2.3 At the Twenty First Meeting the Board approved the appointment of Dr. Aishath Shiham from South East Asia Constituency as a member of the Ethics Committee until the adjournment of the first meeting of 2011.

2.4 In mid-October 2010, Dr. Bobby John stepped down as Chair of the Ethics Committee. The Board will be asked to approve the election of a replacement Chair at its Twenty Second Meeting in Sofia.

PART 3: ANNUAL FILING OF DECLARATION OF INTEREST FORMS

3.1 The Ethics Policy requires Covered Individuals to submit a Declaration of Interest form each year and update the information provided on it wherever there is a material change¹. The Covered Individual means a member of the Board of the Fund, an alternate, a member of any committee, task force, the Technical Review Panel, or any other subsidiary body of the Fund, and professional employees of the Secretariat.

3.2 The Ethics Policy makes it clear that employees with “significant decision-making authority, as opposed to support staff positions” qualify as professional employees and that the “Executive Director will determine whether a particular individual is covered in circumstances where there is uncertainty”.

3.3 On 14 September 2009, the Executive Director sent a memorandum proposing to the Ethics Committee which employees would be covered by the Ethics Policy. In his memorandum, the Executive Director has considered that Secretariat employees at Grade 5 and above have “significant decision-making authority” and as such would be covered by the Ethics Policy. The Ethics Committee agreed with the Executive Director’s proposal.

3.4 On 26 April 2010, the Ethics Committee agreed that the current Declaration of Interest form attached to the Policy on Ethics and Conflict of Interest is cumbersome and difficult to complete. Noting that the Policy and, by extension, the Declaration of Interest Form was approved by the Board and therefore could not be fundamentally changed by the Committee, it was agreed that the process of completing the form should be simplified for those that had already completed the form by allowing them to confirm that they had no change to disclose (if this is the case) rather than have to re-complete the form each year. It was agreed that the addition of a box on the form which would allow a declarant to confirm that there was no material change to the information provided since the previous year would suffice as a declaration in future provided that the form was signed and remitted in the usual way. Covered Individuals were informed of the change in the form when being asked to complete it for this year.

3.5. The Ethics Official distributed the Declaration of Interest form and the Ethics Policy to each Covered Individual and requested that they complete and return the form for the time period from 1 October 2009 to 30 September 2010 to the Ethics Official by 18 November 2010.

¹ Paragraph 4.3 of the Ethics Policy provides that “[d]isclosure statements shall be updated annually and whenever there is a material change in the information they contain, and shall be maintained by the Ethics Official and made available for inspection by the Ethics Committee, and, only as deemed appropriate by the Ethics Committee, by the Board. Except as outlined above, these statements shall be maintained confidential.”

The Ethics Committee will consider any issues arising from the filing of the Declaration of Interest forms.

PART 4: ETHICS AND CONFLICT OF INTEREST GUIDELINES FOR TRP MEMBERS

4.1 In October 2010, the Ethics Committee endorsed revised Ethics and Conflict of Interest Guidelines for TRP Members.

4.2 The Guidelines have been amended to reflect the TRP leadership's desire to deal effectively with actual and perceived conflicts of interest particularly in the light of the changes to membership from UN representatives. The guidelines provide for the TRP Chair and Vice-Chair to require the member to recuse him /herself in the case of conflicts and the Chair can refer matters to the Ethics Committee where necessary.

PART 5: CODE OF CONDUCT FOR SUPPLIERS AND SANCTIONS PROCEDURE²

5.1 The Ethics Committee reviewed a Code of Conduct for Suppliers which had originally been proposed by the Inspector General and had been reviewed extensively by the Secretariat and external third parties. The Ethics Committee endorsed the final document which had already received the approval of the Secretariat. The Code of Code provides a framework of conduct and ethical standard for third party individuals and organizations which are asked to supply goods and services to Principal Recipients and Sub-recipients using Global Fund resources.

5.2 A Sanctions Procedure sets out the internal processes under which the Executive Director will consider a recommendation by a Sanctions Panel in relation to a breach of the Code of Conduct and the potential remedies available to the organization for that breach.

PART 6: ETHICS COMMITTEE AND THE OFFICE OF THE INSPECTOR GENERAL

6.1 The role of the Committee in reviewing whistle-blowing matters relating to ethical matters was discussed with the Inspector General and considered by the Committee. Where whistle-blowing matters related to Ethical matters, it was agreed that the OIG and the Ethics Official would co-operate together to ensure that matters which needed the oversight of the Ethics Committee would be brought before it.

6.2 Certain changes to the Whistle-blower policy including the right of prevention of retaliation from the organization by whistle-blowers was endorsed by the Committee with a view that the matter would receive the final endorsement of the full Board at a future date.

6.3 The working relationship with the Inspector General and the role of the FAC sub-committee on OIG matters was considered not to be overlapping.

² The Code of Conduct for Supplier and the Sanctions Procedure can be found at <http://www.theglobalfund.org/en/governance/>

PART 7: ETHICS AND CONFLICT OF INTEREST CASES CONSIDERED BY THE COMMITTEE

7.1 Since it submitted its last report to the Board in November 2009, the Ethics Committee received several requests for its opinion on ethical issues and potential conflict of interest which were satisfactorily resolved by the Committee.

7.2 It was noted that no policy document, guideline or terms of reference for the TRP expressly prohibited members from sitting on Board committee. The Ethics Committee endorsed the view that this would amount to a conflict of interest and so should be prohibited.

7.3 It was noted that prior to taking on an employment position at the Secretariat, one senior member of staff had disclosed his membership on the boards of two institutions who might receive funding from the Global Fund during his term of office. Noting that the senior member of staff had voluntarily disclosed his potential interest prior to taking up his role and that the risk of a conflict had been managed in an open and transparent way by the Executive Director, the Ethics Committee commended the Secretariat's management of this potential conflict as an example of good practice.

7.4 In August 2010, a formal complaint was raised to the Committee relating to the call for nominations for the working group on eligibility and for the Partnership Forum Steering Committee. Whilst the Ethics Committee has concluded there has been no breach of ethical standards in accordance with the Ethics Policy, the governance issues which this matter has raised are still being considered by the Ethics Committee and measures to minimize the risk of future incidents will be proposed.

PART 8: REVIEW OF CORPORATE RISK OF ENGAGING WITH INAPPROPRIATE PARTNERS (JOINT ACTION WITH THE FINANCE AND AUDIT COMMITTEE)

8.1 As part of its obligations to review corporate risks associated with engaging with inappropriate partners, the Ethics Committee reviewed the proposed engagement with Dow Jones in setting up an Exchange Traded Fund (ETF). Following an in-depth presentation by the Secretariat, it was decided that the reputational risks associated with the proposed venture were acceptable and the Ethics Committee endorsed the Secretariat's proposal to move to the next stage of contracting with Dow Jones to set up the ETF.

PART 9: A REQUEST FOR A WAIVER OF THE RECRUITMENT OF A ONE-YEAR COOLING-OFF PERIOD

9.1 There were no requests for waivers to the requirement that a one-year cooling-off period applies before a person who has served as a "Board member, Alternate, a member of a Board Committee, or the Chair or Vice Chair of the Technical Review Panel" becomes eligible for employment within the Secretariat since the Ethics Committee's last report to the Board in November 2009³.

³ Paragraph 7 of the Ethics Policy provides that "[a]ny individual who has served as a Board member, Alternate, a member of a Board Committee, or as Chair or Vice Chair of the Technical Review Panel shall not be eligible for employment by the Global Fund Secretariat until one year following their last date of service in such a position. The Ethics Committee may waive this provision as appropriate. A request for such a waiver must be submitted by the

PART 10: STAFF SECONDMENTS

10.1 There were no requests for secondments⁴ or loans⁵ to the Global Fund since the Ethics Committee's last report to the Board in November 2009.

concerned individual to the Ethics Committee before he or she applies for employment by the Secretariat. The Secretariat shall not take action on or accept an application for employment from such an individual unless a waiver has been granted by the Ethics Committee.”

⁴ Secondment is a temporary transfer of an employee from their regular organization to another organization, with the seconded person following the rules and procedures of the receiving organization.

⁵ A reimbursable loan is a temporary transfer of an employee from their regular organization to another organization, with the person on reimbursable loan following the rules and procedures of the lending organization.