

GF/B29/13

For Decision

**RECOMMENDATIONS OF THE 2013 INSPECTOR GENERAL
AD-HOC NOMINATIONS COMMITTEE**

Purpose:

This report:

1. Describes the work undertaken by the Board and the 2013 Inspector General Ad-Hoc Nominations Committee ('IG AHNC') to implement the Board's November 2012 decision to launch the search for an Inspector General; and
2. Presents to the Board the information on two candidates, ranked by the IG AHNC in order in which they are recommended to the Board, that the IG AHNC believes represent the strongest possible persons from across the globe to serve as Inspector General for the Global Fund. In addition to the summary information provided in this report, detailed candidate data has been provided to Board Members and Alternate Members through a confidential exhibit to respect candidate privacy.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public under after conclusion of the Board Meeting in June 2013.

Part 1: Candidate recommendations

- 1.1 The 2013 Inspector General Ad-Hoc Nominations Committee's ('IG AHNC') has a mandate to assist the Board to appoint the next Inspector General in a merit based, non-political and open and competitive manner.
- 1.2 In fulfillment of section 9.e.i of the IG AHNC's Terms of Reference, the IG AHNC is presenting to the Board the following ranked shortlist of persons as final candidates for the role of Inspector General, with the IG AHNC recommending the candidate ranked 1 as the preferred candidate for the Inspector General role:

Ranking 1: Candidate A comes from a senior role within Standard Bank, a leading African financial services organization headquartered in South Africa. As Group Chief Audit Officer, he has led a substantial internal audit function operating in 37 jurisdictions, including 17 sub-Saharan African countries. He has spent extensive periods in a range of implementing partner countries. His understanding of investigations comes from earlier roles that gave him exposure to forensic audit and a period of direct management of the financial crime control unit when Chief Audit Officer. He impressed the panel with his intellectual strength, energy, and clarity of thought and analysis. He presented as a person who brings refreshing candor to problem analysis, and has a track record in bringing about systematic, sustainable change. He has led large teams through processes of complex change, maintaining a focus on team development throughout. He has operated at board level with authority, and has considerable experience in working with a broad range of other oversight structures and stakeholders. Whilst acknowledging that a move to the Fund brings with it a more diverse stakeholder environment to interact with than he has experienced in recent roles, he demonstrated a commitment to ensuring effective messaging and engagement – even when it was a complex message that was to be delivered. The IG AHNC believes that the combination of skills will offer to the Global Fund a dynamic leader of a critical function over the 6 year term.

Ranking 2: Candidate B is a seasoned oversight leader in the UN system. She brings a long track record as an auditor and familiarity with the multilateral partners with which the Global Fund collaborates. The bulk of her career has been in the public sector, both at home and in the international system. She has furthermore led the audit function of an international financial institution. She brings a politically savvy approach and a well-informed understanding of the architecture into which the Global Fund fits.

- 1.3 To aid the Board in its appointment decision at the Twenty-Eighth Board Meeting, this paper contains the following additional parts:

Part 2: Summary of the IG AHNC's formation and operations

Part 3: Overview of candidate search strategy and outcomes

Part 4: Candidate Evaluation: Approach and shortlisting outcomes

Part 5: Data on candidates considered during final interviews

Annexes

1. Terms of Reference of the 2013 IG AHNC
2. IG AHNC annotated work plan (edition 10 June 2013)

3. Template for confidentiality undertakings.
4. Statement of Work of Executive Search Firm
5. Position Specification developed by Russell Reynolds and the IG AHNC
6. Information Note for circulation by Board Constituencies
7. Structured Interview Questions asked of all candidates

Exhibits

1. Candidates' *curricula vitae* (professional resume) and supporting statements.
 2. Additional information for Board Members and Alternate Members
- 1.4 This report comprises the full record of the work of the IG AHNC, and its formal recommendations.

Part 2: Summary of IG AHNC's formation and operations

Board led process: IG AHNC Formation (Milestone 1, IG AHNC Work Plan)

- 2.1. In November 2012, the Board agreed to launch the search for an Inspector General, with the desire to make an appointment decision midway through 2013. At that time, the Board agreed it would try to emulate as many of the strengths from the 2012 Executive Director search and appointment process as were relevant.
- 2.2. Following a period of Board constituency consultation on draft materials, in March 2013 the Board established the 2013 Inspector General Ad-Hoc Nominations Committee ("IG AHNC") in accordance with the Bylaws of the Global Fund. At the same time, the Board appointed seven persons as members of the IG AHNC, as discussed in paragraphs 2.8 – 2.14 below.
- 2.3. As set out in the Terms of Reference for the IG AHNC at **Annex 1**, the overriding mandate of the IG AHNC was to present to the Board the names of one, two or three candidates who represent the strongest possible candidate or candidates "across the globe for the role of Inspector General, which list should aim for diversity for the extent possible but not compromising on talent, and be based on revised Inspector General Terms of Reference ("TORs") approved by the Board."
- 2.4. Communications between IG AHNC members included three face-to-face meetings, routine telephone calls and email communications. Strict confidentiality provisions applied to any candidate specific information shared by email. In line with best practice privacy principles, when data was no longer relevant, IG AHNC members deleted the information from their email systems.
- 2.5. Similar to the 2012 Executive Director search process, the IG AHNC provided routine updates to the Board as key milestones were met, and used a detailed work plan as the basis for these communications.
- 2.6. This work plan was developed from a February 2013 discussion draft work plan presented to the Board by the Board Chair and Vice Chair. The draft had been modeled on the Board approved processes used in the Executive Director appointment process. The IG AHNC took this draft, made adjustments that included a more robust conflict of interests checking processes, and then adopted the amended work plan on 22 March 2013. The IG AHNC approved work plan was first shared with the Board on 5 April 2013, and a progress update was shared on 17 May. **Annex 2** to this report sets out the AHNC work plan, annotated to 10 June 2013.
- 2.7. As for the Executive Director search process, work leading up to the IG AHNC's recommendations has involved the management of a number of simultaneous, time critical processes. For ease of cross-referencing, each of the headings in this report correlate to "Milestones" in the IG AHNC's work plan.

Board led process: Identification of independent members (Milestones 1 and 2, IG AHNC work plan)

- 2.8. As for the Executive Director search process, respectively, the Chair of the Implementer Voting Bloc, and the Chair of the Donor Voting Bloc, led a bloc-specific process to identify two persons from their bloc to serve on the IG AHNC. The Office of the Board Chair received consensus nominations from the Chairs of the two voting blocs within the timeframe anticipated by the work plan. The nominations (two from

the implementer bloc and two from the donor bloc) were presented after internal bloc deliberations had considered the desirability of finding, to the extent possible, balance in the IG AHNC's membership between gender, and regional and sectorial experience.

- 2.9. Different to the Executive Director search process, the IG AHNC Terms of Reference provided the opportunity for the following persons to also serve on the IG AHNC:
 - a. A person nominated by the World Bank in the Bank's capacity as a non-voting constituency member of the Global Fund Board; and
 - b. Up to two current serving external independent members of the Audit and Ethics Committee ("AEC").
- 2.10. The Board's decision to include these membership categories was taken by reason of the specialist experience that:
 - a. A senior World Bank official would bring to the IG AHNC (with the background of the "Volker Report" and the World Bank's successful reforms thereafter as important background, in addition to the World Bank's significant experience in the management of assurance and investigations processes); and
 - b. The external independent members of the AEC would bring to the work of the IG AHNC having regard to the AEC's direct oversight role of the Office of the Inspector General under the terms of the AEC Charter.
- 2.11. By mid-February 2013 the Office of the Board Chair had received confirmation from the AEC Chair of the availability of two external independent members of the AEC to serve on the IG AHNC, and confirmation from the World Bank of the availability of a senior experienced World Bank manager to join the group.
- 2.12. At its first meeting after approval of the group's Terms of Reference, the IG AHNC self-selected a Chair and Vice-Chair to support its work. As fully constituted, the membership of the 2012 AHNC comprised three women and four men, and included membership from government and non-government sectors (including the private sector and not-for-profit enterprises).
- 2.13. Members were: Aida Kurtović (Chair), Jan Paehler (Vice-Chair), Gábor Ámon, Wendy Harrison, Galina Makhlin-Oliver, Navin Rughoonundun and Tim Ziemer. When taken together, the IG AHNC brought to their work specialist skills in forensic audit/administrative investigations, internal and external audit, ethics, law and risk management.
- 2.14. All members have served in a personal capacity and dedicated their various competencies and experience towards achievement of the IG AHNC's Terms of Reference in a manner that is in the best interests of the Global Fund.
- 2.15. Taking the model from the Executive Director appointment process, strict confidentiality and anti-lobbying arrangements were also adopted by the IG AHNC to ensure integrity and equality in the group's efforts to assess candidates. These arrangements applied also to a small number of support personnel working with the IG AHNC over its term, and any other person essential to the work of the IG AHNC. **Annex 3** sets out documents that developed by the Global Fund's Legal Counsel to put those arrangements into place.

Board led process: Engagement of Executive Search Firm (Milestone 3, IG AHNC Work Plan)

- 2.16. At the time the Global Fund decided to launch the Inspector General search process, Board members were in agreement that it was in the best interests of the Global Fund to appoint Russell Reynolds Associates as Executive Search firm for the Inspector General role. Russell Reynolds' strong performance during the Executive Director search process was an important factor. The Board also valued the extensive knowledge gained by Russell Reynolds of a changed Global Fund over the 2012 calendar year. The Board then asked the Board Chair to put in place appropriate arrangements with Russell Reynolds.
- 2.17. Recognizing the different nature of the Inspector General role, the Board Chair agreed a scope of work with Russell Reynolds that would support the IG AHNC making its final recommendations to the Board by 10 June 2013. The Statement of Work is set out at **Annex 4**.
- 2.18. Amongst the range of considerations taken into account during negotiation of the statement of work, the Board Chair was particularly concerned to ensure that:
- a. Russell Reynolds was comfortable that the work plan provided sufficient time to undertake an extensive candidate outreach campaign; and
 - b. People bringing specific experience in finance, audit or assurance supplemented the Russell Reynolds global team working on candidate outreach.

Both items were confirmed to the satisfaction of the Board Chair prior to appointment of Russell Reynolds as the search firm of choice.

Board led process: Revising the Charter of the Office of the Inspector General and developing new Terms of Reference for the Inspector General (Milestones 4 and 5, IG AHNC Work Plan)

- 2.19. The Board's decision to launch the search for an Inspector General provided the Board with an opportunity to review whether the Board's articulation of the mandate of the Office of the Inspector General ("OIG") and the Inspector General role itself remained appropriate. In its consideration of any potential revisions, the Board was concerned to ensure that:
- a. It had taken up recommendations of the High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms¹ that were relevant to the work of the OIG and the interaction of the Inspector General with key stakeholders;
 - b. Any revised version of the Charter of the OIG incorporated the governance reforms adopted by the Board in November 2011, particularly in regard to the AEC's role in oversight of the work of the OIG;
 - c. The Terms of Reference for the Inspector General should be separated from the OIG Charter, to bring increased clarity between: (i) what the Board expected the Office to deliver on, and then (ii) the day to day responsibilities of the head of that office; and

¹ The report of the 'High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms' is available at: <http://www.theglobalfund.org/en/highlevelpanel/report/>

- d. The Board reaffirmed its unwavering commitment to transparency and accountability of the Global Fund to its stakeholders, at the same time as reinforcing that the OIG was part of the overall structure of the Global Fund.
- 2.20. Under the project management of the Office of the Board Chair, representatives of the OIG and Legal Counsel developed a revised Charter of the OIG and new, separate, Terms of Reference for the Inspector General role.
- 2.21. Supported by a detailed mapping of all changes made during this revision process, and the underlying rationale for them, all of the Board's constituencies were invited to provide substantive inputs on the discussion drafts over a three-week period commencing on 19 February 2013. Thereafter, Legal Counsel and the OIG prepared a final package of materials for Board approval, which was given by unanimous electronic vote on 19 March 2013.

Part 3: Overview of AHNC's search strategy and outcomes

IG AHNC led process: Candidate Search Strategy (Milestone 6, IG AHNC Work Plan)

- 3.1 During the Board's consideration, revision and approval of the updated OIG Charter and Terms of Reference for the Inspector General, the Board discussed the minimum experience and qualifications that strong candidates should bring to the Inspector General role. These discussions were captured in a detailed Position Specification that Russell Reynolds launched on its website on 20 March 2013. A copy of the Position Specification is set out in **Annex 5**.
- 3.2. The IG AHNC's strong commitment to inclusiveness and best efforts to find the strongest possible candidate or candidates across the globe led to the development of a comprehensive search campaign.
- 3.3. This campaign, implemented by Russell Reynolds with regular engagement with the IG AHNC, featured three distinct avenues for candidate generation that were tailored to the specific nature of the role under search. IG AHNC members, AEC Members, the Interim Inspector General and other third party stakeholders with all contributed to development of the tailored strategy.
- 3.4. As the IG AHNC developed the candidate search strategy, it also took into account experiences from the Executive Director public advertisement campaign. As reported to the Board in November 2012, the Executive Director Ad-Hoc Nominations Committee found that the strongest of potential candidates came through referrals from external people or Board constituency members, and not through public campaigns. This factor is discussed further below.
- 3.5. In summary, the purpose of each avenue was as follows:

Avenue 1: Global advertising campaign: Purpose: (i) general public awareness of the search process beginning; (ii) confirming Russell Reynolds' appointment and contact details; (iii) identifying a 'soft closing date' as a guide to the overall timetable (and not a barrier to ongoing candidate generation through avenues 2 and 3 below).

Avenue 2: Board Constituency outreach: Purpose: (i) official notification to all of the Board’s constituencies of the commencement of the search campaign; (ii) confirming the specific role requested of Board constituencies; and (iii) sharing short-form memoranda in multiple languages to support constituencies to undertake their own broad outreach in six languages other than English.

Avenue 3: Direct outreach to targeted industries: Purpose: (i) raise awareness of the search being undertaken; (ii) seek referrals and/or direct expressions of interest in the role; and (iii) source of informal referencing of candidates as they became known to Russell Reynolds.

3.6. As for the Executive Director search process, Russell Reynolds’ advice to the IG AHNC was that Avenue 3 was critical to identify those people who are least likely to ‘apply to an advert’ but represent strong candidates. The passages below set out information on the three avenues in more detail.

Global Advertising Campaign

3.7. A detailed advertisement was prepared to highlight the breadth and importance of the role. The IG AHNC took into account two lessons learned from the Executive Director search process as it considered the most appropriate advertising locations. First, in the Executive Director search, the public advertising avenue generated a very small number of highly relevant applications. Second, for the highly relevant applications coming through the advertisement campaign, there was no demonstrable advantage in print versus on-line advertisements.

3.8. Therefore, different to the Executive Director search process, the IG AHNC supported:

- a. A largely electronic campaign, with coverage also of important publications that only offered a print option; and
- b. Prioritization of those publications (print or on-line) that were typically accessed on a routine basis by auditors, fraud examiners and other assurance providers. Whilst there may have been some “cross posting” (the same people seeing the same advert in different sources), the IG AHNC believed it was in the best interests of the Global Fund to reach as broad a readership base as possible; and

3.9. All advertisements announced a “closing date” of 15 April 2013. As for the Executive Director search, this was a soft closing date to signal time being important. However, applications were received after this date and reviewed for relevance by Russell Reynolds. Where relevant to the role, the applications were included in the pool of potential candidates considered by the IG AHNC.

3.10. As reflected in the table below, the advertisement was made available in multiple regions and publications.

Media/Forum	Language	Print/Online	Date
Russell Reynolds worldwide website	English	Online	22-March-2013
The Economist	English	Online only	22-March-2013
European Voice	English	Online only	25-March-2013
Internal Auditor Magazine	English	Online only	25-March-2013
Association of Certified Fraud Examiners	English	Online only	26-March-2013
Empregos Online (within 'Jornal Denegocios')	Spanish and Portuguese	Online only	27-March-2013
Association of Chartered Certified Accountants world wide job site (ACCA Careers)	English	Online only	27-March-2013
PAN African Federation of Accountants (PAFA) [37 participating organizations in 34 countries]	English	Member distribution list	28-March-2013
Le Monde & Monster	French	Online only	28-March-2013
Jeune Afrique	French	Print & online	31-March-2013
International Herald Tribune Global	English	Print	02-April-2013
Global Fund External Website	English	Online only	05-April-2013
America Economia	Spanish and Portuguese	Print	05-April-2013
Pan African Federation of Accountants	English	Online only	10-April-2013
www.devex.com	English	Online only	10-April-2013

- 3.11. In total, one hundred and four (104) individuals responded to the public advertisement campaign from across the globe.
- 3.12. Russell Reynolds' feedback to the IG AHNC was that the majority of advertisement responses were from people who, whilst talented in their own right, were not people who met the selection criteria set out in the Role Specification. Accordingly, only a very small number of people who applied through the advertisement campaign were included in the long-list of potentially strong candidates for IG AHNC consideration. All other advertisement respondents were included as applicants, but in a long-list of potentially less relevant applications.

Board Constituency outreach

- 3.13. A lesson learned from the 2012 Executive Director search was that Board constituencies may not have understood that they too were a potential source of candidate referrals. The IG AHNC decided that it must therefore be more direct in its communications with the Board.
- 3.14. Building on the Board's review of the detailed work plan and IG AHNC Terms of Reference over the months of January and February 2013, the IG AHNC believed it important to give Board members, in their own language, a short document that they could circulate very broadly.

- 3.15. This material, communicated to all Board Members, Alternate Members and Focal Points on 5 April 2013 (and set out at **Annex 6**) contained the express request that constituencies share the Information Note broadly within their constituency as “*a tool for persons directly interested in the role, or for people (including Board colleagues) to refer the names of potential candidates to Russell Reynolds*”.
- 3.16. The 5 April communication noted that Russell Reynolds could then contact the relevant person, as a means of supplementing all of the other avenues of broad outreach.
- 3.17. Additional outreach to constituencies and supporters of the Global Fund was undertaken through the Friends of the Fund partnerships, and the Global Fund Advocates Network. Responding specifically to the issue of a potentially low number of applications from qualified persons from originating from implementing countries, the IG AHNC Chair also raised the profile of the search through the implementer bloc network.

Systematic outreach through Russell Reynolds’ Networks

- 3.18. Guided by the IG AHNC and the content of the Inspector General Position Specification, Russell Reynolds’ developed an outreach strategy that targeted six sources of potential candidate referrals as set out the table below.

Supreme Audit Institutions	Other National and International Oversight Services	Commercial Auditors
Multilateral organizations	Bilateral organizations	Wider commercial world <i>(such as large banks in implementing countries)</i>

- 3.19. In all cases, Russell Reynolds sought individuals with a clear track record of independent and objective assurance over the design and effectiveness of controls or processes in place to manage the key risks impacting organizations that operated in within relatively complex settings, whether that complexity arose from the nature of investments, organizational scope, volume of funds under management or other factor.
- 3.20. Outreach under Avenues 2 and 3 resulted in 230 substantive contacts in addition to the 104 applications that came through the public advertisement campaign. These contacts were people who were personally interested in the role or who were able to provide important referrals.
- 3.21. As with the Executive Director search, these contacts were made before, during and after the “soft close” (15 April 2013) of the public advertising campaign, reflecting the overall desire of the IG AHNC to identify the strongest possible candidates rather than being caught up on mechanical end dates.
- 3.22. That said, to assure overall fairness and integrity during the candidate evaluation phase, the IG AHNC adopted the same approach reported to the Board for the Executive Director search. Namely, that no new candidate would be considered by the IG AHNC any later than one week before first interviews, to ensure appropriate early due diligence could be undertaken of the merit of the candidate’s application.

Part 4: Candidate Evaluation – Approach and shortlisting outcomes

IG AHNC led process: Candidate Evaluation prior to interviews (Milestone 8, IG AHNC work plan)

- 4.1. The IG AHNC met by conference call on 30 April 2013 to consider applications received for the Inspector General role, and discussed a sample of candidate profiles with Russell Reynolds. The overall purpose of this meeting was for the IG AHNC to undertake an interim check on the overall strength of candidate applications, whilst at the same time providing Russell Reynolds with clear direction on the elements of what would constitute a strong candidate for the 7 May 2013 formal candidate short-listing meeting.
- 4.2. The IG AHNC subsequently met in-person on 7 May 2013 to identify candidates to progress to the next stage of evaluation. The IG AHNC was guided by the Board's direction to recommend, up to a maximum of three, the strongest possible candidate or candidates to serve as Inspector General.
- 4.3. The broad areas that the AHNC agreed to use to evaluate the candidates were the following items, having been taken from the Board approved Terms of Reference for the Inspector General:
 - Knowledge and Experience
 - Strategic leadership
 - Operational Management
 - Representation skills
- 4.4. At this step, and throughout the shortlisting and interviewing process the IG AHNC also had regard to:
 - a. The need to ensure that the Inspector General could meet the expectation of building and maintaining effective relationships with the full range of diverse stakeholders that are relevant to the mandate of the OIG;
 - b. The continuing evolution of the Global Fund's financing model and the fundamental transformation that the administrative part of the business had undergone in 2012, and therefore a need for an Inspector General to demonstrate capacity to operate effectively in a complex setting;
 - c. The substantially reformed governance arrangements of the Global Fund since January 2012, and particularly, the central role of the AEC in oversight of the work of the OIG, under the direction of the Global Fund Board;
 - d. Ongoing change within the OIG that continues to strengthen the work of that office and its essential link to the goals and mission of the Global Fund; and
 - e. An unwavering focus on merit being the basis for inclusion in any next stage of the process, with other diversity factors remaining important but not priority considerations. Age of candidates was also considered, with the IG AHNC considering whether the Global Fund's statement retirement age of 65 should be a ceiling for the purposes of a merit based selection process or a guide. On balance, the IG AHNC decided to retain merit-based candidates who had not yet reached 65 years of age, but would do so during the non-renewable six-year maximum Inspector General term.

- 4.5. At the 7 May 2013, a strong field of 19 people had been pre-screened as potentially very suitable for the role. These 19 came from a total of 15 people identified through direct candidate outreach, and 4 of the 104 advertisement responses. The additional 100 advertisement respondents were presented in two additional groupings of applications: Group 1: Talented people in their own right, but not a strong fit for the role based on past experience and skills; and Group 2: applications from people who were demonstrably unsuited for the role having regard to skills and past experience.
- 4.6. Focusing on the list of 19 persons who had been pre-screened as the possibly stronger group of candidates, 84% were men, and 16% were female. More favorably, 44% originated from implementing countries and 56% from donor countries. Russell Reynolds observed to the IG AHNC that the diversity on country of origin was considerably stronger than they seen in many professional environments in which they had looked.
- 4.7. From the total pool of 119 potential candidates considered on 7 May 2013, the IG AHNC identified six people to consider further. This candidate pool reflected the Board's stated preference for broad diversity:
- a. Two candidates were female, and four were male.
 - b. Candidates were drawn from a range of regions, and brought quite different styles to their work. Ages ranged, as did the breadth of management experience.
 - c. Professional backgrounds were not restricted by sector: the candidate pool brought experience from international development, public sector audit on a country-wide scale, and private sector financial services experience in an emerging country context.
- 4.8. Ongoing candidate referencing and due diligence of these six persons continued in advance of first interviews on 21 May 2013.
- 4.9. Also in response to lessons learned from the Executive Director search, throughout this process the IG AHNC was responsive to any feedback that, perhaps, the IG AHNC's candidate evaluation process had unintentionally excluded a strong candidate. In the very limited situations that arose where a candidate felt that their candidacy had not been fully evaluated based on merit, the IG AHNC reconvened and re-evaluated the candidacy. No additional names were included as strong possible candidates for first interviews from this detailed re-consideration process.

First interviews

- 4.10. All six persons shortlisted by the IG AHNC participated in first interviews 21 May 2013.
- 4.11. The IG AHNC focused on seven areas against which candidates were questioned in the first round of interviews: (i) comprehension of the institutional context in which the Inspector General role operates; (ii) appreciation of the functional importance of effective assurance; (iii) professional leadership and development capacity; (iv) building and maintaining effective engagement strategies with key stakeholders; (v) effective team building and mentoring; (vi) leading an independent oversight function; and (vii) demonstrated capacity to operate effectively within a multi-sectoral governance context. Through these the different areas of focus, the experience and competencies listed in the Inspector General Terms of Reference were addressed.

- 4.12. At the conclusion of the 21 May meeting, the IG AHNC selected three candidates to progress forward to second interviews.
- 4.13. Between 22 and 29 May 2013, additional reference checking of the three candidates was undertaken to probe areas highlighted for further consideration by the IG AHNC in the first round of interviews.
- 4.14. Over the same period of time, Russell Reynolds' Executive Assessment Practice conducted a behavioral assessment of the three short-listed candidates. The focus of the assessment process was each candidate's leadership style and management preferences, through a mixture of interviews and confidential questionnaires.
- 4.15. The three candidates then participated in an additional round of interviews with the IG AHNC on 30 May 2013 in London.
- 4.16. Discussions in the second round of interviews focused in greater detail on candidates' knowledge and experience, as well as the competencies and skills set they would bring the role. The interviews aimed to probe strategic capacity and self-reflection; demonstrated capacity in the identification and use of nuanced communication strategies to increase the likelihood of action being taken on key messages; and working in changing environments.
- 4.17. The IG AHNC also probed specific areas of the candidates' experience that had been highlighted in the first round interviews. Finally, second interviews also provided an opportunity for candidates to speak in greater detail about how they saw the role of Inspector General and their approach to it.
- 4.18. Set out at **Annex 7** is the list of common questions asked of all candidates.

AEC led process: Ethical clearance of candidates (Milestone 7, IG AHNC Work Plan)

- 4.19. Adopting one of the clear lessons learned from the Executive Director candidate evaluation process, the IG AHNC's Terms of Reference included proactive engagement of the AEC on conflicts of interest matters. For the IG AHNC, the earlier engagement of the AEC in an ethics clearance role was strongly endorsed, and fully welcomed.
- 4.20. In line with the AEC's clear mandate under the IG AHNC Terms of Reference, the AEC:
 - a. Developed by 6 May 2013, a role-specific conflict of interest assessment framework for the Inspector General search process; and
 - b. Noting the information in paragraph 4.21 below, assessed between 28 May and 5 June 2013, the declaration of interest materials of the three candidates who were invited for second interviews. This process was supported by the Global Fund's Ethics Official. All AEC deliberations were conducted in executive session and in accordance with the confidentiality arrangements required by the IG AHNC for any person facilitating the IG AHNC's delivery of its final recommendations.
- 4.21. As a matter of formal procedure, the IG AHNC's Terms of Reference and enabling Board Decision Point, had anticipated that the AEC would only receive materials regarding the candidatures on 3 June 2013, and undertake its work thereafter.

- 4.22. However, the IG AHNC decided that it was in the best interests of the Global Fund if the AEC could start its work earlier, thereby expanding the time available to fully consider potential issues.
- 4.23. On 7 June 2013, the IG AHNC received the AEC's final decision regarding ethical clearance of the three candidates who participated in the second round of interviews. The AEC advised that none of the three candidates had a potential or actual conflict of interest that would preclude them from further consideration for the Inspector General role by the IG AHNC. Further, that for two of the candidates, there were matters arising from their current employment that would preclude them from participating in a limited number of potential OIG reviews for a one year period in line with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing (the "IIA Standards"). Finally, the AEC noted a process matter regarding one of the candidates for reflection by the IG AHNC. The Chair and the Vice Chair of the IG AHNC discussed the process matter with the relevant candidate, and were fully satisfied with the outcome of that discussion.

Board Chair and Vice Chair led process: Board decision-making process for appointment (Milestone 7, IG AHNC Work Plan)

- 4.24. The IG AHNC understands that the Board Chair will discuss the Board's decision making process for this appointment at the Board meeting in Colombo.
- 4.25. This is mentioned as a matter of record only in this report, as the Board's decision making procedures fall outside of the mandate of the IG AHNC.

IG AHNC led process: Refining the candidate or candidates to be presented for Board consideration (Milestone 9, IG AHNC Work Plan)

- 4.26. Concurrent with the AEC's consideration of ethics related matters, the IG AHNC reviewed its work and its assessment of the three candidates invited for interviews. The full range of information derived from the two rounds of interviews, Russell Reynolds' pre-interviews, extensive referencing, and the behavioral assessment were considered.
- 4.27. Each member of the committee summarized his/her analysis of the three candidates against the criteria outlined in the Inspector General Terms of Reference.
- 4.28. Deliberations between the IG AHNC then followed, guided by these criteria and the considerations set out in paragraph 4.4 above.
- 4.29. The AHNC felt that all three candidates were highly competent and experienced professionals. All had the requisite technical skills to offer leadership to the OIG. It was qualities of leadership, strategic analysis, communication skills, and freshness of thought and approach which differentiated them. After full discussion, the AHNC agreed unanimously that two of the three candidates presented as the stronger candidates for the role.
- 4.30. Of the two, with gender and language competency being taken into account as very important preferences but not requirements, the IG AHNC believed that one candidate was outstanding and should be ranked first out of the two. That ranking is presented in Part 1 of this report and the candidate ranked first is presented as the IG AHNC's preferred candidate for the role.

Board led process: Board deliberations and decision (Milestone 10, IG AHNC Work Plan)

4.31. Set out below is a template decision point modeled on the example from the Executive Director appointment decision taken at the Twenty-Eighth Board.

The Board:

- 1. Appoints [name] to serve as the next Inspector General of the Global Fund for a six-year term beginning in [month] 2013.***

- 2. Requests the Board Chair and Vice-Chair to facilitate the appointment of [name] to the position of Inspector General.***