

## **The 2014 Work Plan on Governance**

### **Purpose:**

This paper presents the preliminary thoughts of the Board Leadership toward the launch of a Working Group on Governance (Working Group). The Working Group will reflect on a range of issues of Board and Committee governance that have been touched on in discussion over the past 12 months.

The primary documentary basis for the work of the Working Group would be the report, including conclusions, of the Governance Advisory Review presently underway by the Office of the Inspector General (OIG) and related work on the holistic Ethics Framework. We would propose that Terms of Reference (TORs) for the Working Group be completed in April along the lines suggested in this working paper, and anticipate the Working Group consult from June until December 2014 with their work culminating in a retreat and Board recommendations.

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board meeting.

**Part 1: Background**

- 1.1. At its Twenty-Third Board Meeting in May 2011, the Board Chair and Vice-Chair were requested to take forward an ambitious governance reform initiative based on the recommendations from the Comprehensive Reform Working Group. These supplemented by recommendations from the Final Report of the High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria (High Level Panel Report) and by a consultative process conducted by the Board Leadership.
- 1.2. At the Twenty-Fourth Board Meeting in September 2011, the Board took a decision to establish a new committee structure (the Audit and Ethics Committee, the Finance and Operational Performance Committee and the Strategy, Investment and Impact Committee) and a Coordinating Group. Related amendments to the Bylaws of the Global Fund refocused the Board's role on six key areas, including risk and financial oversight as well as on performance management.
- 1.3. The two phases of Governance Reform have focused on: (i) clarifying the role of the Board; (ii) developing a streamlined and effective committee structure; (iii) improving committee composition, and establishing standards for selection and participation of Board Members assessing Board composition including bloc structure, constituency size and composition, the role of non-voting seats; and (iv) reviewing the roles of other governance, administrative and evaluative bodies.
- 1.4. Extensive consultations were carried out during these two phases, closely engaging the Board, including through identified Governance Constituency Focal Points and Board sub-groups.
- 1.5. In August 2013 the current Board Leadership identified in its letter to Board members some key elements of the Global Fund governance which would be prioritized during their two-year mandate: (i) assuring the Board works at a strategic level; (ii) adherence to the path created by previous Board decisions; and (iii) full and comprehensive integration of ethical principles in the functioning of the Global Fund, its Board, and Committees.
- 1.6. At the Thirtieth Board meeting in November 2013, the Board leadership initiated a discussion on the possibility of moving to a three-year cycle of governance. During that meeting the Board Chair reflected on the results of early discussion with Board members and Committee Chairs and Vice-Chairs, as well as senior members of the Secretariat on issues related to the Board calendar (requirements regarding the approval of the OPEX, the auditing of the accounts, etc.) and other matters.
- 1.7. Since that discussion, several constituencies have highlighted other important issues of governance deserving attention and indicated their willingness to take part in further work on governance.

**Part 2: Proposed areas of focus for the Working Group**

- 2.1 In the absence of a Board Committee being formally in charge of governance, the Board Leadership is proposing to the Board the creation of a Working Group on governance - in line with paragraph 40.1 of the Board and Committee Operating Procedures.

- 2.2 The principal task of the Working Group is to identify and recommend improvements and necessary changes in existing Global Fund governance systems, structures, and guidelines to improve effectiveness and efficiency in performance of the work of the Board and Committees, as well as assure shared responsibility and equity among Board constituencies in regard to their participation in Global Fund governance. The recommendations proposed would be based on the assumption that, the Global Fund governance cycle would be planned on a three-year cycle.
- 2.3 The Working Group will focus on the substantive and strategic matters related to governance, and the logistics and management of a retreat or other discussion forum will be managed by the Secretariat.
- 2.4 It is proposed that the Working Group focus its initial attention on:
- i. The findings of the OIG governance advisory review (the first draft will be available at the end of May and final report available in June 2014);
  - ii. The work underway on a new holistic Ethics Framework;
  - iii. The received inputs from constituencies on governance issues;
  - iv. The results from recent Board Health Surveys; and
  - v. The full range of organizational Charters, procedures, and Terms of Reference guiding and laying out systems and standards for governance within the Global Fund.
- 2.5 The Working Group members will also build on their own experience in the field of governance. The High Level Panel Report will constitute an important background document.
- 2.6 In addition to inputs coming from the items noted in paragraphs 2.4 and 2.5 above, the Board Leadership will also recommend several other important areas for consideration of the Working Group. For example: (i) lessons learned from two years of experience with the current Board and Committee systems; (ii) principles of governance important to the Partnership Forum; (iii) assessing Board accountability; (iv) looking at the management of cross-cutting issues; and (v) the link between governance and organization ethics.
- 2.7 Part 4 of this paper sets out a proposed timetable to take the proposal in this paper to inputs into a Board Retreat, possibility on the side of a December 2014 Board Meeting.

### **Part 3: Establishment and organization of the Working Group on Governance**

- 3.1 Based on the notion that the principal areas of concern of the Working Group relate to the Board and Committees of the Global Fund, it is proposed that the Working Group would be composed of three members representing the donor bloc and three members representing the implementer bloc. The donor and the implementers will designate three people being necessarily Board members or alternates or current or former committee members.
- 3.2 The Working Group will also involve two members from the Secretariat - the Chief of Staff being one these two members - and one member from the OIG.
- 3.3 The two blocs would be expected to appoint their representatives by the end of April. These representatives will have demonstrated experience and knowledge in the field of governance. People must be available to dedicate an important amount of time to this work.

- 3.4 The Chair of the Working Group will be elected from among its members and be necessarily a Board member or an Alternate Board member. The Chair and Vice-Chair of the Global Fund Board will oversee the work of the Working Group and will be able to attend all of the working sessions of the group. The Working Group would report directly and periodically to the Chair and Vice-Chair of the Board, who would in turn provide routine updates on progress to the Board.
- 3.5 The Board Leadership will provide a dedicated team to support the Working Group. How and when the Working Group meet (in person or by other means) will be discussed after the election of the Chair in coordination with the support team of the working group.

**Part 4: Procedures**

- 4.1 The Working Group's TORs will be developed by the Board Leadership and circulated for input of constituencies by the end of April.
- 4.2 The Working Group will start its activities immediately after the release of the OIG governance advisory review.
- 4.3 The Working Group will present its conclusions through a report to the Board leadership at the Board Retreat and the Thirty-Second Board Meeting in 2014. The working group will cease its activities after the Thirty-Second Board Meeting in December 2014.