

# Electronic Report to the Board

# Terms of Reference of the Ethics Officer

GF/B33/ER08  
Board Decision

PURPOSE: This document presents the Terms of Reference of the Ethics Officer, for Board approval on recommendation by the Board Leadership. One decision point is proposed as follows:

1. GF/B33/EDP14: Terms of Reference of the Ethics Officer

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

# I. Decision Point

1. Based on the rationale described below, the following electronic decision point is recommended to the Board:

**Board Decision Point: GF/B33/EDP14: Terms of Reference of the Ethics Officer**

- 1. Based on the recommendation of the Board Leadership, the Board:**
  - a. Approves the Terms of Reference of the Ethics Officer, as set forth in Annex 1 to document GF/B33/ER08; and**
  - b. Notes that the Terms of Reference of the Ethics Officer supersede the Board’s earlier decisions regarding the reporting arrangement for the Ethics Officer (GF/B33/DP09)**
- 2. Accordingly, the Board instructs the Secretariat to launch the recruitment process for the Ethics Officer, who will be jointly selected by the Audit and Ethics Committee (AEC) and the Executive Director, and appointed by the Board on a no-objection basis for a three-year term that may be renewed no more than once.**
- 3. The Board requests the AEC and Finance and Operational Performance Committee to determine the future budgetary implications of this function as part of the standard Operating Expenses budget approval process, with particular consideration given to methods for maximizing value for money.**

# II. Relevant Past Decisions

2. Pursuant to the requirements of the Governance Plan for Impact, as approved at the Thirty-Second Board Meeting,<sup>1</sup> the following summary of relevant past Board and Committee decision points is submitted to contextualize the decision point proposed in section I above, and recalls the series of Board decisions taken to date in the context of the Ethics and Integrity Initiative.

Relevant past Decision Point	Summary and Impact
<b>GF/B33/DP09: Ethics and Integrity: Reporting and Location Arrangements for the Ethics Officer (March 2015)<sup>2</sup></b>	Approval of reporting arrangements and location for the Ethics Officer, who will report directly to the Board through the committee responsible for ethics matters, and will be located for administrative purposes only within the OIG.

<sup>1</sup> GF/B32/DP05: Approval of the Governance Plan for Impact as set forth in document GF/B32/08 Revision 2. <http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DP05/>  
<sup>2</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B33/DP09/>

Relevant past Decision Point	Summary and Impact
<b>GF/B33/DP10: Ethics and Integrity: Second Stage Policy Proposals (March 2015)<sup>3</sup></b>	<p>Approval of the Code of Ethical Conduct for Governance Officials, with the requirement that the Code of Ethical Conduct be reviewed upon appointment of the Ethics Officer.</p> <p>In principle endorsement of the Terms of Reference of the Ethics Officer, and requirement that the Board Leadership, in collaboration with the AEC, and with the support of the OIG, refine the TORs for submission to the Board through the AEC for approval in June 2015.</p>
<b>GF/AEC11/EDP01: Ethics and Integrity: Second Stage Policy Proposals (March 2015)</b>	The AEC presented the Terms of Reference of the Ethics Officer to the Board ahead of the Thirty-Third Board Meeting.
<b>GF/B32/DP09: Ethics and Integrity: First Stage Policy Proposals (November 2014)<sup>4</sup></b>	<p>Approval of the Ethics and Integrity Framework.</p> <p>Endorsement of the creation of a dedicated ethics function.</p>

### III. Action Required

3. Following Board adoption of the Terms of Reference of the Ethics Officer, the recruitment process for the Ethics Officer will be launched by the Secretariat following the standard recruitment procedures, and in collaboration with the AEC, as required by Board decision point GF/B33/DP10.<sup>5</sup>

4. Following Board adoption of the Terms of Reference of the Ethics Officer, and pending further clarity as to the anticipated start date of the successful candidate, the budgetary implications, if any, of the ethics function for the 2015 period will be determined. In the event that costs associated with the Ethics Officer position and supporting staff for the remainder of 2015 cannot be absorbed into the existing approved 2015 Operating Expenses budget, the request for an increase would be submitted to the Finance and Operational Performance Committee (FOPC) following the standard procedures for budget increases.

5. The AEC will engage with the FOPC to determine the budgetary implications of the ethics function. In doing so, the AEC and FOPC will consider methods developed by the Secretariat and OIG for maximizing value for money. Full costings and staffing needs for the ethics function, including full costs associated with infrastructure, travel, meetings and professional fees, will be developed once the Ethics Officer is in place. A proposed budget for the function will be submitted to the AEC for recommendation to the FOPC, when available, for inclusion in the overall Operating Expenses budget.

6. As part of the process leading up to the appointment of the Ethics Officer, the Board Leadership will lead the development and implementation of an internal communications strategy regarding the establishment of a dedicated ethics function and its applications, in order to maximize staff understanding of, and engagement with, the function, in preparation for the Ethics Officer's arrival.

<sup>3</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B33/DP10/>

<sup>4</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B32/DP09/>

<sup>5</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B33/DP10/>

## IV. Executive Summary

7. The Terms of Reference of the Ethics Officer (“Ethics Officer TORs”) represent one of the pillars of the Global Fund’s holistic ethics framework. Following discussions at the Thirty-Third Board Meeting, an iterative and consultative process was undertaken to develop and refine the Ethics Officer TORs.

8. The Ethics Officer TORs reflect the overarching goal of fully embedding ethics and integrity into operations, including compliance monitoring and consequence management. Consequently, the Ethics Officer’s remit encompasses the Global Fund Secretariat, its governance bodies and the activities it finances, which include the activities of grant implementers, CCMs and third-party providers (e.g., LFAs, suppliers).

9. The Ethics Officer TORs were developed following an extensive consultation process. Its key features were developed following individual consultations with Board constituencies in January-February 2015, and following the Board discussion of indicative materials at its Thirty-Third Meeting, a second round of constituency consultations was undertaken in May 2015 under the oversight of the Board Leadership. Throughout this period, the Ethics Officer TORs were developed and improved under the oversight of the Ethics Steering Committee, whose members and observers include the Board and AEC Leadership, the AEC’s independent ethics expert, the Inspector General and senior Secretariat management. The Ethics Officer TORs were also reviewed and discussed at the 11<sup>th</sup> and 12<sup>th</sup> Meetings of the AEC, in March and June 2015 respectively.

10. On 19 June 2015, the Board was presented with proposed Ethics Officer TORs for approval by electronic decision. While recognizing and stressing the importance of implementing a dedicated ethics function at the Global Fund, several Board constituencies suggested a need for further consideration on key areas. Namely, comments were received suggesting (i) a need for greater clarity on the roles and responsibilities of the Ethics Officer; (ii) further reflection on the appropriate reporting arrangement for the Ethics Officer; and (iii) exploration of methods to ensure efficiency in the costing of the position and its recruitment.

11. Based on these comments, the Board Leadership has developed revised Ethics Officer TORs, presented here for proposed Board adoption. Key provisions of the revised Ethics Officer TORs are as follows, and are described in more detail in Part VI of this paper, below.

12. Reporting Line. The June 2015 proposal featured reporting to the Board, through the Committee responsible for ethics matters (the “Committee;” currently the AEC). In response to constituency comments and views regarding the need for a reporting line to the Executive Director, a dual reporting arrangement has been developed. This entails reporting to the Board, through the Committee, and to the Executive Director, and is considered a balanced reporting approach. Namely, it reflects the dual nature of the Ethics Officer’s mandate, which covers ethics-related issues at both the governance and operational levels. Key aspects of reporting, namely selection and appointment, performance evaluation and work plan approval, reflect this dual reporting arrangement.

13. Location. The Board Leadership determined that the Ethics Officer TORs should continue to reflect the Board’s earlier decision on the Ethics Officer’s location. Namely, the Board decided at its Thirty-Third Meeting for the Ethics Officer to be located within the Office of the Inspector General (“OIG”), to facilitate administrative duties only (GF/B33/DP09). The Board Leadership concluded that this location arrangement remains appropriate in the case of a dual reporting arrangement, particularly with respect to the independence of the Ethics Officer. This arrangement will not modify the mandate of the OIG as set forth in its Charter, nor its role in managing allegations of misconduct, as set forth in the Whistle-blowing Policy, and may reviewed in the future.

14. Roles and Responsibilities. In order to achieve greater clarity regarding the Ethics Officer’s envisioned activities, a summary of the function’s core responsibilities was introduced in the introductory section of the Ethics Officer TORs.

15. Cost. The Board Leadership fully shares the Board’s concern around ensuring value for money in the budgeting of the ethics function. As such, the Board Leadership worked with the Secretariat to revisit the earlier-envisioned recruitment costs for the position. After identifying more cost-effective strategies for managing the recruitment, these efforts achieved reduction of the expected recruitment costs from USD140,000 to approximately USD50,000. Full costings and staffing needs for the ethics function, including costs associated with infrastructure, travel, meetings and professional fees, will be developed once the Ethics Officer is in place. A proposed budget for the function will be submitted to the AEC for recommendation to the FOPC for inclusion in the overall Operating Expenses budget, through the standard processes, for Board approval. An indicative staffing budget is included for Board information and to contextualize the above decision, in part VI below. To ensure value for money is considered throughout the costing process, the proposed Electronic Decision Point specifically requests the AEC and FOPC to consider methods for maximizing value for money when determining the budget for the Ethics Officer.

16. This paper includes two annexes, as follows:

- a. Annex 1: Terms of Reference of the Ethics Officer
- b. Annex 2: Terms of Reference of the Ethics Officer (tracked changes, showing changes incorporated since the version presented to the Board for approval on 19 June 2015)

## V. Background

17. The Ethics and Integrity Initiative was launched following the Thirty-First Board Meeting in March 2014, at which the Board expressed support for the creation of a holistic ethics framework for the Global Fund. The Ethics and Integrity Framework was adopted at the Thirty-Second Board Meeting in November 2014, at which time the Board also endorsed the proposal to create a dedicated and independent ethics function.

18. At the 11<sup>th</sup> AEC Meeting in March 2015, the Committee reviewed and discussed proposed Terms of Reference for the Ethics Officer (“Ethics Officer TORs”), which had been informed by a comprehensive consultation process with Board Members, and a benchmarking analysis of the practices of peer institutions, and had been developed with the support of an independent ethics consultant. The AEC made a recommendation to the Board ahead of the Thirty-Third Board Meeting.<sup>6</sup>

19. Board decisions. At the Thirty-Third Board Meeting, the Board took two decisions in relation to the Ethics and Integrity Initiative. First, the Board determined the following reporting and location arrangements for the Ethics Officer TORs (GF/B33/DP09):

- a. **Reporting line:** The Ethics Officer will report on its activities directly to the Board through the Committee responsible for ethics matters (the “Committee”). (Following the feedback received from constituencies in June 2015, a dual reporting line is now proposed.)
- b. **Administrative location:** The Ethics Officer will be located within the Office of the Inspector General for administrative purposes only.

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<sup>6</sup> GF/B33/15 – Revision 2: Ethics and Integrity Initiative, Second Stage Proposals.

20. Secondly, the Board affirmed its in-principle agreement with the Ethics Officer TORs as recommended by the AEC, while calling on the Board Leadership, in collaboration with the AEC, with the support of the Office of the Inspector General (“OIG”), to further develop the TORs through broad consultation with the Board, so as to further refine and clarify the reporting arrangements, appropriate differentiation of roles and responsibilities, and referral and decision-making processes and authority (GF/B33/DP10).

21. On 19 June 2015, the Board was presented with revised Ethics Officer TORs for proposed approval by electronic decision. While recognizing and stressing the importance of implementing a dedicated ethics function at the Global Fund, several Board constituencies suggested a need for further consideration on key areas. Namely, comments were received suggesting (i) a need for greater clarity on the roles and responsibilities of the Ethics Officer; (ii) further reflection on the appropriate reporting arrangement for the Ethics Officer; and (iii) exploration of methods to ensure efficiency in the costing of the position and recruitment.

## VI. Discussion

### 01 Core Responsibilities of the Ethics Officer

22. The core responsibilities of the Ethics Officer are to (i) advise on conflict of interest issues; (ii) support the response to potential ethical misconduct by governance officials, advisory body members and Secretariat staff; and (iii) monitor the effectiveness of the Global Fund’s ethics-related systems, policies and practices, and provide strategic guidance on improvements.

23. The major innovative aspect of the Ethics Officer’s mandate, as compared to many peer institutions, is that it is not purely focused on internal Secretariat issues, but rather extends upwards to include the Board and its Committees, and outwards to include grant operations. In this way, the Ethics Officer is responsible for helping ensure the Global Fund exhibits high ethical standards in its governance, operations and the activities it finances. This mandate includes the activities of grant implementers, Country Coordinating Mechanisms, and Local Fund Agents. To further clarify this point, the revised Ethics Officer TORs include a summary description of the function’s core responsibilities within the introductory section.

### 02 Reporting Arrangement

24. At the Board’s Thirty-Third Meeting, it decided that the Ethics Officer would report to the Board, through the Committee responsible for ethics matters (the “Committee;” currently the AEC). The Ethics Officer TORs presented to the Board for proposed adoption by electronic decision on 19 June 2015 reflected this decision. However, based on the responses of several constituencies on this topic, the Board Leadership determined that the reporting arrangement demanded further consideration.

25. As noted in paragraph (22), the Ethics Officer’s responsibilities involve advising on both governance and operational matters. Though a close advisory relationship with the Executive Director was expected of the Ethics Officer throughout the development of these materials, sole reporting to the Board (through the Committee) was proposed as a mechanism to ensure the independent judgment of the Ethics Officer. However, considering the need to ensure that the Ethics Officer’s function is fully embedded into the operations of the Global Fund, and recognizing the views expressed by a number of constituencies regarding the need for a formal reporting arrangement to the Executive Director, the Board Leadership determined that a reporting relationship with the Executive Director would be advantageous. Consequently, the Ethics Officer TORs describe a dual reporting relationship, both to the Board (through the Committee) and the Executive Director.

26. Through the dual reporting arrangement, the Ethics Officer will serve as a direct advisor to both the Board, through the Committee, and the Executive Director. As a consequence, the Ethics Officer has an open channel of communication with both the Board, through the Committee, and the Executive Director. In addition, the Ethics Officer is accountable to the Board, through the Committee, and the Executive Director, who share responsibility for overseeing the Ethics Officer.

27. Key features of reporting, namely appointment, performance evaluation and work plan development and approval, reflect the Ethics Officer's dual reporting arrangement. That is, the Committee and Executive Director jointly select the Ethics Officer, who is then appointed by the Board on a no-objection basis.<sup>7</sup> Performance evaluation is undertaken by the Committee and the Executive Director, with input from the Board Leadership and the Inspector General. With respect to the Ethics Officer's work plan, the Ethics Officer is to develop it in consultation with the Executive Director, for submission to the Committee for final approval. Given that joint action is required for performance evaluation, the Ethics Officer TORs stipulate that if consensus cannot be reached on these points, the matter will be referred to the full Board for decision.

28. The dual reporting arrangement represents a balanced approach to the ethics function's reporting line. It at once enables a close link to the core operations of the Global Fund, while safeguarding the independent judgment of the Ethics Officer. In addition, the Ethics Officer's final appointment by the Board and his/her location within the OIG for administrative purposes, as decided by the Board at its Thirty-Third Meeting, helps further ensure the appropriate level of real and perceived independence.

### 03 Indicative Staffing Budget for the Ethics Function

29. The Board Leadership fully shares the Board's concern around ensuring value for money in the budgeting of the ethics function. As such, the Board Leadership worked with the Secretariat to revisit the earlier-envisioned recruitment costs for the position. After identifying more cost-effective strategies for managing the recruitment, these efforts achieved reduction of the expected recruitment costs from USD140,000 to approximately USD50,000.

30. The table below provides a high-level indicative overview of potential staffing-related costs of the Ethics Officer position and function. Costs for the 2015 period will be dependent on the timeline for appointment and start date of the Ethics Officer. In the event that any costs associated with the Ethics Officer position and supporting staff cannot be absorbed into the existing approved 2015 OPEX budget, the request for an increase would be submitted to the FOPC following the standard procedures for budget increases.

31. The TORs for the Ethics Officer position and any supporting staff will be submitted to the job evaluation process to determine the appropriate grades for the positions given their Terms of Reference, to be developed by the Ethics Officer, in accordance with standard HR procedure. The staffing budget presented below is based on approximate and estimated grading for the positions.

32. Full costings and staffing needs for the ethics function, including full costs associated with infrastructure, travel, meetings, professional fees and performance evaluation, will be developed once

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<sup>7</sup> As described under the Board and Committee Operating Procedures, the no-objection voting process entails submission of a proposed decision to the Board, which is then passed unless four Board Members of either of the two voting groups object to the requested decision within a time period specified by the Board (see Section 17). The no-objection voting process is generally employed for funding recommendations, and is proposed as the voting process specific to this case in order to allow the Board final authority over the appointment of the Ethics Officer while reflecting acknowledgement of the consensus reached by the Committee and Executive Director following their review and selection process.

the Ethics Officer is in place. A proposed budget for the function will be submitted to the AEC for recommendation to the FOPC for inclusion in the overall Operating Expenses budget, through the standard processes, for Board approval. To ensure value for money is considered throughout the costing process, the proposed Electronic Decision Point specifically requests the AEC and FOPC to consider methods for maximizing value for money when determining the budget for the Ethics Officer.

<b>Ethics Office Staffing Budget in US\$ per annum (estimated)</b>	
1 Department Head	302,315
1 Assistant	127,674
<b>Total costs per annum</b>	<b>429,989</b>
<i>Plus one-time recruitment costs for the Ethics Officer position</i>	<i>50,000</i>

## VII. Recommendation

33. The Ethics Officer TORs represent the third core pillar of Ethics and Integrity Initiative, alongside the already-approved Ethics and Integrity Framework, and the Code of Ethical Conduct for Governance Officials. Board adoption of the Ethics Officer TORs will enable the Global Fund to launch a dedicated ethics function, establishing a mechanism for fully embedding ethics into all levels of Global Fund operations and activities, operationalizing the response to the various Codes of Conduct under development and refinement in the context of the Ethics and Integrity Initiative, and strengthening the Global Fund’s compliance with the values that it espouses.

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# Terms of Reference of the Global Fund Ethics Officer

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## **Terms of Reference of the Global Fund Ethics Officer**

### **1. Mandate**

Ethical conduct is a hallmark of the Global Fund, and it applies to all those involved in the operation and governance of the organization. In accordance with the Ethics & Integrity Framework, adopted by the Board at its 32<sup>nd</sup> meeting in November 2014, the Ethics Officer is responsible for providing assurance on the extent to which the Global Fund has fully and effectively implemented its ethics and integrity-related policies, codes and requirements. The Ethics Officer therefore leads efforts to promote ethical values, monitor their implementation and respond to potential ethical misconduct.

The Ethics Officer promotes strong ethics and integrity-related values, systems and practices at the levels of both Global Fund governance and operations.

At the governance level, the Ethics Officer:

- i. Advises on conflict of interest issues relating to governance officials;
- ii. Supports the response to potential ethical misconduct by governance officials and advisory body members;
- iii. Monitors the effectiveness of the Code of Ethical Conduct for Governance Officials, and other ethics-related policies applicable to the Board and its Committees; and
- iv. Reports to the Board on the strength of the Global Fund's overall ethics and integrity framework, including Secretariat systems and practices.

At the operational level, the Ethics Officer:

- i. Advises on conflict of interest issues relating to employees and individuals/entities involved in grant implementation (e.g., grant implementers, Local Fund Agents, suppliers, Country Coordinating Mechanisms);
- ii. Supports the response to potential ethical misconduct by employees; and
- iii. Advises the Executive Director on the strength of the Secretariat's ethics-related systems and policies.

The Ethics Officer will gain an in-depth understanding of Global Fund governance and operational processes, working with the Board, its Committees, the Office of the Inspector General and the Secretariat, notably the Grant Management Division, the Risk Department, the Legal and Compliance Department, the Human Resources Department and the Sourcing Department. Through mutual exchange of information and best practices, the Ethics Officer will aim to integrate the consideration of the ethical impact

of decisions and processes as well as the adequacy of controls around integrity, at all levels in the Global Fund.

## **2. Responsibilities**

### *a. Ensure Sound and Effective Ethical Risk Management*

- i. Provide an annual written opinion to the Board, through the relevant Board Committee (the “Committee”), on (i) the state of ethics and integrity across the entire Global Fund and the activities it finances, including anti-corruption controls, based on available assessments of key risk areas; and (ii) the extent to which Global Fund activities have complied with ethics and integrity-related policies, codes and requirements;
- ii. Monitor the effectiveness of existing systems, controls and procedures for mitigating ethics and integrity risks across Global Fund operations, including the activities of (i) the Board and its Committees; (ii) the Secretariat and Office of the Inspector General (OIG); (iii) grant implementers and Country Coordinating Mechanisms (CCMs); and (iv) third-party providers (e.g., Local Fund Agents (LFAs) and suppliers of both the Secretariat and grant implementers);
- iii. Advise the Executive Director and/or the Committee on potential modifications to ethics-related systems and policies to close gaps and improve controls;
- iv. Collaborate with the relevant functional areas to support the development and implementation of tools for embedding ethics and integrity into operations (e.g., communication strategies and trainings programs for Governance Officials, employees and external stakeholders); and
- v. Monitor the effectiveness of compliance systems for holding individuals and entities accountable for violations of ethical and integrity-related policies and codes, and propose modifications as appropriate.

### *b. Advice<sup>1</sup> and Support across Global Fund Operations*

- i. Provide regular advice, guidance and support to Governance Officials on ethics and integrity-related issues (both at and in-between meetings) by, amongst other actions, addressing conflict of interest issues which can be fully mitigated in a way acceptable to both the Ethics Official and the Governance Official, and monitoring their implementation;
- ii. For all other issues, provide regular advice and support to the Committee on ethics and integrity-related issues involving Governance Officials and advisory body members (e.g., Technical Review Panel and Technical

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<sup>1</sup> The advice provided by the Ethics Officer will be based on the norms and principles set forth in the Ethics & Integrity Framework and applicable policies including the relevant Code of Ethical Conduct.

Evaluation Reference Group); Based on the Ethics Officer's advice, the Committee will determine and implement appropriate preventive or mitigating actions;

- iii. Provide regular advice and support to the Executive Director on ethics and integrity-related issues pertaining to Secretariat activities, namely issues related to grant recipients, CCMs, third-party providers (e.g., LFAs and suppliers of both the Secretariat and grant implementers) and employees;<sup>2</sup> Based on the Ethics Officer's advice, the Executive Director will determine and implement appropriate preventive or mitigating actions;
- iv. When advising and supporting Governance Officials or the Secretariat as provided in paragraphs 2.b.i and iii above, the Ethics Officer keeps the Committee informed of issues that are identified as presenting real or perceived significant and novel issues, including financial or reputational risk;
- v. Ensure coordination between the Committee and the Executive Director when issues are raised involving individual(s) holding both operational and governance roles; and
- vi. Regularly provide reports directly to the Board, through the Committee, on the Global Fund's activities in response to ethical issues at both the governance and operational levels.

c. *Collaboration and Advocacy*

- i. Collaborate with all relevant functional areas of the Global Fund to build and maintain full and effective ethics and integrity systems, particularly with the Office of the Inspector General, and the Grant Management, Risk Management, and Legal and Compliance functions of the Secretariat;
- ii. Collaborate with the Chief Risk Officer in his/her risk assessment to ensure ethical risks are identified, and reflected in the appropriate tools and registers;
- iii. Promote high ethical standards in Global Fund operations, through engagement with management, employees and the Global Fund Ombudsperson;
- iv. Collaborate with the Communications Department on the Global Fund's ethics initiatives and commitment to its core ethical values; and
- v. Collaborate with the Grant Management Division to support advocacy to CCMs and grant implementers regarding the enhancement of ethics and integrity systems.

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<sup>2</sup> For issues involving the Executive Director, the Ethics Officer will consult directly with, and provide advice to, the Committee.

d. *Support Investigations of Ethical Misconduct*

- i. Promote and support compliance with the Whistle-blowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria.<sup>3</sup>
- ii. Support implementation of the principles of the Whistle-blowing Policy by collaborating with the Inspector General to implement a procedure to ensure the timely referral of ethics or integrity-related issues, as well as issues involving fraud and abuse, to the Ethics Officer or to the Office of the Inspector General, in accordance to the principles set out in the Charter of the Office of the Inspector General and the Terms of Reference for the Inspector General;
- iii. Undertake preliminary assessment of potential ethical and integrity-related misconduct by Global Fund Governance Officials, employees and members of advisory bodies;
- iv. Refer to the Office of the Inspector General any information or allegations relevant to its investigation and counter-fraud mandates (including findings associated with the preliminary assessments described in Section 2(d)(iii));
- v. Following its preliminary assessment (if applicable) and the appropriate referrals to the Office of the Inspector General, the Secretariat or the Committee, provide, as requested, advice and expertise into the investigation process of potential ethical or integrity-related misconduct;
- vi. After having sought the Ethics Officer's advice, the Executive Director will determine and implement appropriate remedial actions following ethical misconduct pertaining to the Secretariat's activities; and
- vii. In all other matters, after having sought the Ethics Officer's advice, the Committee will determine and implement appropriate remedial actions following ethical misconduct. In the event the ethics issue concerns an individual holding a governance role, and the matter concerns or has an impact on operations, the Ethics Officer will work to ensure coordination between the Committee and the Executive Director as a key part of the process of determining the appropriate response.

e. *Administrative Functions*

The Ethics Officer will implement and maintain electronic system(s) for the submission and administration of declarations of interest, based on the specific requirements contained under the applicable Code of Ethical Conduct.

### **3. Reporting Arrangement**

The Ethics Officer will have a dual reporting line, reporting to the Board, through the Committee, and to the Executive Director.

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<sup>3</sup> GF/B13/6, as amended.

Through the dual reporting line, the Ethics Officer will serve as a direct advisor to both the Board, through the Committee, and the Executive Director. As a consequence, the Ethics Officer has an open channel of communication with both the Board, through the Committee, and the Executive Director. In addition, the Ethics Officer is accountable to the Board, through the Committee, and the Executive Director, who share responsibility for overseeing the Ethics Officer.

The Ethics Officer will advise the Board, through the Committee, on (i) the strength of the Global Fund's overall ethics and integrity framework, including major issues and trends observed at the levels of both Secretariat and grant operations; and (ii) ethics and integrity-related issues pertaining to the activities of Governance Officials and advisory body members. The Ethics Officer will advise the Executive Director on (i) the strength of the Secretariat's ethics and integrity-related systems and policies; and (ii) ethics and integrity-related issues pertaining to Secretariat and grant operations.

The performance evaluation of the Ethics Officer will be jointly conducted by the Committee and the Executive Director, with input from the Board Leadership and the Inspector General. In the event consensus cannot be reached, the matter will be referred to the full Board for decision.

The Ethics Officer will receive administrative support and facilities from the Office of the Inspector General, including facilities to ensure the confidential handling of sensitive information, such as information regarding Governance Officials.

This post is located in Geneva and may require frequent travel.

#### **4. Budget and Managerial Responsibility**

The Ethics Officer will be accountable for ensuring the effective operation of the ethics function, including recordkeeping and efficient and effective management of its budget.

The strategic priorities and work plan of the Ethics Officer will be developed by the Ethics Officer in consultation with the Executive Director and submitted to the Committee for approval. The Committee will also endorse the corresponding budget, which will be approved as part of the Secretariat budgeting cycle.

#### **5. Required Skills and Experience**

The Ethics Officer must:

- i. Have an advanced degree in ethics, law, business administration, corporate governance, or other related fields;
- ii. Have at least ten years of experience in the areas of organizational ethics, corporate responsibility and/or corporate governance;
- iii. Have demonstrated experience in creating and implementing ethics and compliance programs in multifaceted environments;

- iv. Have demonstrated experience in advising complex organizations on ethics-related issues at all levels including boards of directors, executive management and external stakeholders;
- v. Have demonstrated experience in advising international organizations and for-profit and/or non-profit entities in the areas of leadership, ethical values and organizational culture; and
- vi. Have fluency in written and spoken English, with a working knowledge of French desirable.

## **6. Competencies**

### *a. Corporate Competencies*

The Ethics Officer must:

- i. Demonstrate the Global Fund's core ethical values of integrity, duty of care, accountability, and dignity and respect;
- ii. Understand and promote the mission, strategy and priorities of the Global Fund; and
- iii. Display understanding and sensitivity to all values underpinning the mission of the Global Fund.

### *b. Functional Competencies*

The Ethics Officer must have:

- i. Client orientation with a constructive approach to resolution of problems;
- ii. Excellent analytical skills and ability to interpret rules and guidelines, and ability to conceptualize policies;
- iii. Ability to demonstrate sound and independent judgment, prudence and maturity in complex and sensitive cases;
- iv. Excellent interpersonal skills with officials from the operational to most senior governance levels;
- v. Excellent drafting skills, and excellent communications skills (oral and written);
- vi. Ability to work with utmost discretion in handling sensitive and confidential matters; and
- vii. Respect for deadlines and ability to function under pressure.

The Ethics Officer will be expected to demonstrate the competencies outlined in the Global Fund's Corporate Leadership and Management Framework.<sup>4</sup>

## **7. Selection and Term**

The Ethics Officer is appointed through standard Global Fund recruitment procedures for a three-year term that may be renewed no more than once.

The Committee and the Executive Director jointly select the Ethics Officer, who is then appointed on a no-objection basis by the Board. In the event the Committee and the Executive Director cannot reach consensus regarding the selection of a candidate, the matter will be referred to the Board for decision.

Given the unique role of the Ethics Officer, following the completion of his/her term(s) as Ethics Officer, s/he will be ineligible for future employment (as an employee, consultant or as a participant in a governance role) by the Global Fund for a period of two years.

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

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<sup>4</sup> Available at [http://www.theglobalfund.org/documents/human\\_resources/Corporate\\_LeadershipAndManagementFramework\\_List\\_en/](http://www.theglobalfund.org/documents/human_resources/Corporate_LeadershipAndManagementFramework_List_en/)



## Terms of Reference of the Global Fund Ethics Officer

Blackline version, showing changes from version proposed to the Board for  
electronic decision on 19 June 2015

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## **Terms of Reference of the Global Fund Ethics Officer**

### **1. Mandate**

Ethical conduct is a hallmark of the Global Fund, and it applies to all those involved in the operation and governance of the organization. In accordance with the Ethics & Integrity Framework, adopted by the Board at its 32<sup>nd</sup> meeting in November 2014, the Ethics Officer is responsible for providing assurance on the extent to which the Global Fund has fully and effectively implemented its ethics and integrity-related policies, codes and requirements. The Ethics Officer therefore leads efforts to promote ethical values, monitor their implementation and respond to potential ethical misconduct. ~~The outcome of this work is to be the embedding of ethical considerations in all operational and governance processes.~~

The Ethics Officer promotes strong ethics and integrity-related values, systems and practices at the levels of both Global Fund governance and operations.

At the governance level, the Ethics Officer:

- i. Advises on conflict of interest issues relating to governance officials;
- ii. Supports the response to potential ethical misconduct by governance officials and advisory body members;
- iii. Monitors the effectiveness of the Code of Ethical Conduct for Governance Officials, and other ethics-related policies applicable to the Board and its Committees; and
- iv. Reports to the Board on the strength of the Global Fund’s overall ethics and integrity framework, including Secretariat systems and practices.

At the operational level, the Ethics Officer:

- i. Advises on conflict of interest issues relating to employees and individuals/entities involved in grant implementation (e.g., grant implementers, Local Fund Agents, suppliers, Country Coordinating Mechanisms);
- ii. Supports the response to potential ethical misconduct by employees; and
- iii. Advises the Executive Director on the strength of the Secretariat’s ethics-related systems and policies.

The Ethics Officer will gain an in-depth understanding of Global Fund governance and operational processes, working with the Board, its Committees, the Office of the Inspector General and the Secretariat, notably the Grant Management Division, the Risk Department, the Legal and Compliance Department, the Human Resources Department and the Sourcing Department. Through mutual exchange of information and best

practices, the Ethics Officer will aim to integrate the consideration of the ethical impact of decisions and processes as well as the adequacy of controls around integrity, at all levels in the Global Fund.

## **2. Responsibilities**

### *a. Ensure Sound and Effective Ethical Risk Management*

- i. Provide an annual written opinion to the Board, through the relevant Board Committee (the “Committee”), on (i) the state of ethics and integrity across the entire Global Fund and the activities it finances, including ~~its~~ anti-corruption controls and the activities it finances, based on available assessments of key risk areas; and (ii) the extent to which ~~the~~ Global Fund activities have complied with ethics and integrity-related policies, codes and requirements;
- ii. Monitor the effectiveness of existing systems, controls and procedures for mitigating ethics and integrity risks across Global Fund operations, including the activities of (i) the Board and its Committees; (ii) the Secretariat and Office of the Inspector General (OIG); (iii) grant implementers and Country Coordinating Mechanisms (CCMs); and (iv) third-party providers (e.g., Local Fund Agents (LFAs) and suppliers of both the Secretariat and grant implementers);
- iii. Advise the Secretariat Executive Director and/or the Committee on potential modifications to ethics-related systems and policies to close gaps and improve controls;
- iv. Collaborate with the relevant functional areas to support the development and implementation of tools for embedding ethics and integrity into operations (e.g., communication strategies and trainings programs for Governance Officials, employees and external stakeholders); and
- v. Monitor the effectiveness of compliance systems for holding individuals and entities accountable ~~establishing consequence management~~ for violations of ethical and integrity-related policies and codes, and propose modifications as appropriate ~~to the Committee.~~

### *b. Advice<sup>1</sup> and Support across Global Fund Operations*

- i. Provide regular advice, guidance and support to Governance Officials on ethics and integrity-related issues (both at and in-between meetings) by, amongst other ~~things~~ actions, assessing/addressing conflict of interest issues which can be fully mitigated in a way acceptable to both the Ethics Official and the Governance Official ~~concerned agrees to undertake, and monitoring their implementation;~~

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<sup>1</sup> The advice provided by the Ethics Officer will be based on the norms and principles set forth in the Ethics & Integrity Framework and applicable policies including the relevant Code of Ethical Conduct.

- ii. For all other issues, provide regular advice and support to the Committee on ~~the Committee's assessment and response to~~ ethics and integrity-related issues involving Governance Officials and advisory body members (e.g., Technical Review Panel and Technical Evaluation Reference Group); Based on the Ethics Officer's advice, the Committee will determine and implement appropriate preventive or mitigating actions;
- iii. Provide regular advice and support to ~~the Executive Director the Secretariat~~ on ethics and integrity-related issues pertaining to Secretariat activities, ~~including namely~~ issues related to grant recipients, CCMs, third-party providers (e.g., LFAs and suppliers of both the Secretariat and grant implementers) and employees;<sup>2</sup> Based on the Ethics Officer's advice, the Executive Director will determine and implement appropriate preventive or mitigating actions;
- iv. ~~Consult the Committee, as needed, in the review~~ When advising and supporting Governance Officials or the Secretariat as provided in paragraphs 2.b.i and iii above, the Ethics Officer keeps the Committee informed of issues that are identified as presenting real or perceived significant and novel issues, including financial or reputational risk;
- v. Ensure coordination between the Committee and the Executive Director when issues are raised involving individual(s) holding both operational and governance roles; and
- vi. Regularly ~~report~~ provide reports directly to the Board, through the Committee, on the ~~Secretariat's and the Committee's~~ Global Fund's activities in response to ethical issues at both the governance and operational levels.

c. *Collaboration and Advocacy*

- i. Collaborate with all relevant functional areas of the Global Fund to build and maintain full and effective ethics and integrity systems, particularly with the Office of the Inspector General, and the Grant Management, Risk Management, and Legal and Compliance functions of the Secretariat;
- ii. Collaborate with the Chief Risk Officer in his/her risk assessment to ensure ethical risks are identified, and reflected in the appropriate tools and registers;
- iii. Promote high ethical standards in Global Fund operations, through engagement with management, employees and the Global Fund Ombudsperson;
- iv. Collaborate with the Communications Department on the Global Fund's ethics initiatives and commitment to its core ethical values; and

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<sup>2</sup> For issues involving the Executive Director, the Ethics Officer will consult directly with, and provide advice to, the Committee.

- v. Collaborate with the Grant Management Division to support advocacy to CCMs and grant implementers regarding the enhancement of ethics and integrity systems.
- d. *Support Investigations of Ethical Misconduct*
- i. Promote and support compliance with ~~conform to~~ the Whistle-blowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria.<sup>3</sup>
  - ii. Support implementation of the principles of the Whistle-blowing Policy by collaborating with the Inspector General to implement a procedure to ensure the timely referral of ethics or integrity-related issues, as well as issues involving fraud and abuse, to the Ethics Officer or to the Office of the Inspector General, in accordance to the principles set out in the Charter of the Office of the Inspector General and the Terms of Reference for the Inspector General;
  - iii. Undertake preliminary assessment of potential ethical and integrity-related misconduct by Global Fund Governance Officials, staffemployees and members of advisory bodies;
  - iv. Refer to the Office of the Inspector General any information or allegations relevant to its investigation and counter-fraud mandates (including findings associated with the preliminary assessments described in Section 2(d)(iii));
  - v. Following its preliminary assessment (if applicable) and the appropriate referrals to the Office of the Inspector General, the Secretariat or the Committee, provide, as requested, advice and expertise into the investigation process of potential ethical or integrity-related misconduct;
  - vi. ~~Based on~~After having sought the Ethics Officer's advice, the Executive Director will determine and implement appropriate remedial actions following ethical misconduct pertaining to the Secretariat's activities; and
  - vii. In all other matters, ~~based on~~after having sought the Ethics Officer's advice, the Committee will determine and implement appropriate remedial actions following ethical misconduct; ~~in~~. In the event the ethics issue concerns an individual holding a governance role, and the matter concerns or has an impact on operations, the Ethics Officer will work to ensure coordination between the Committee and the Executive Director as a key part of the process of determining the appropriate response.

e. *Administrative Functions*

The Ethics Officer will establish-implement and maintain electronic system(s) for the submission and administration of declarations of interest, based on the specific requirements contained under the applicable Code of Ethical Conduct.

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<sup>3</sup> GF/B13/6, as amended.  
 Terms of Reference of the Global Fund Ethics Officer  
 GF/B33/ER08 – Annex 2  
 20 July 2015

### 3. Reporting Arrangement

The Ethics Officer will have a dual reporting line, reporting to the Board, through the Committee, and to the Executive Director.

Through the dual reporting line, the Ethics Officer will serve as a direct advisor to both the Board, through the Committee, and the Executive Director. As a consequence, the Ethics Officer has an open channel of communication with both the Board, through the Committee, and the Executive Director. In addition, the Ethics Officer is accountable to the Board, through the Committee, and the Executive Director, who share responsibility for overseeing the Ethics Officer.

The Ethics Officer will advise the Board, through the Committee, on (i) the strength of the Global Fund's overall ethics and integrity framework, including major issues and trends observed at the levels of both Secretariat and grant operations systems and practices; and (ii) ethics and integrity-related issues pertaining to the activities of key issues and strategic priorities related to the governance of the Global Fund and its Governance Officials.

~~b. The Ethics Officer will provide ongoing advice and support:~~

~~and advisory body members. The Ethics Officer will advise the Executive Director on (i) the strength of the Secretariat's ethics and integrity-related systems and policies; and (ii) ethics and integrity-related matters pertaining to the Secretariat's activities, including issues related to grant recipients, CCMS, third party providers (e.g., LFAs and suppliers of both the Secretariat and grant implementers) and employees; and issues pertaining to Secretariat and grant operations activities.~~

~~i. to the Committee on all other ethics and integrity-related matters not included in (i).~~

The performance evaluation of the Ethics Officer will be jointly conducted by the Committee and the Executive Director, with input from the Board Leadership and the Inspector General. In the event consensus cannot be reached, the matter will be referred to the full Board for decision.

~~The Ethics Officer will receive administrative support and facilities from ~~be located in~~ the Office of the Inspector General, including facilities to ensure the confidential handling of sensitive information, including such as information regarding Governance Officials for administrative purposes only, without compromising the independence and the scope of his/her mandate, and with a view to promote the integration and embedding of the Ethics Officer's role in the work of the Secretariat.~~

This post is located in Geneva and may require frequent travel.

### 4. Budget and Managerial Responsibility

~~The priorities for the Ethics Officer are approved by the Board, based on the advice of the Committee.~~ The Ethics Officer will be accountable for ensuring the effective operation of

the ethics function, including recordkeeping and efficient and effective management of its budget.

The strategic priorities and work plan of the Ethics Officer will be developed by the Board Ethics Officer in consultation with the Executive Director and submitted to the Committee for endorsement approval. The Committee will also endorse the corresponding budget, which The corresponding budget will be approved as part of the Secretariat budgeting cycle.  
~~Work plan and budget, including human resources needs associated with work~~

## 5. Required Skills and Experience

The Ethics Officer must:

- i. Have an advanced degree in ethics, law, business administration, corporate governance, or other related fields;
- ii. Have at least ten years of experience in the areas of organizational ethics, corporate responsibility and/or corporate governance;
- iii. Have demonstrated experience in creating and implementing ethics and compliance programs in multifaceted environments;
- iv. Have demonstrated experience in advising complex organizations on ethics-related issues at all levels including boards of directors, executive management and external stakeholders;
- v. Have demonstrated experience in advising international organizations and for-profit and/or non-profit entities in the areas of leadership, ethical values and organizational culture; and
- vi. Have fluency in written and spoken English, with a working knowledge of French desirable.

## 6. Competencies

### a. Corporate Competencies

The Ethics Officer must:

- i. Demonstrate the Global Fund's core ethical values of integrity, duty of care, accountability, and dignity and respect;
- ii. Understand and promote the mission, strategy and priorities of the Global Fund; and
- iii. Display understanding and sensitivity to all values underpinning the mission of the Global Fund.

### b. Functional Competencies

The Ethics Officer must have:

- i. Client orientation with a constructive approach to resolution of problems;
- ii. Excellent analytical skills and ability to interpret rules and guidelines, and ability to conceptualize policies;
- iii. Ability to demonstrate sound and independent judgment, prudence and maturity in complex and sensitive cases;
- iv. Excellent interpersonal skills with officials from the operational to most senior governance levels;
- v. Excellent drafting skills, and excellent communications skills (oral and written);
- vi. Ability to work with utmost discretion in handling sensitive and confidential matters; and
- vii. Respect for deadlines and ability to function under pressure.

The Ethics Officer will be expected to demonstrate the competencies outlined in the Global Fund's Corporate Leadership and Management Framework.<sup>4</sup>

## 7. Selection and Term

The Ethics Officer is appointed through standard Global Fund recruitment procedures for a three-year term that may be renewed no more than once.

The Committee and the Executive Director jointly select the Ethics Officer, who is then appointed on a no-objection basis by the Board. In the event the Committee and the Executive Director cannot reach consensus regarding the selection of a candidate, the matter will be referred to the Board for decision~~for a three-year term that may be renewed no more than once.~~

Given the unique role of the Ethics Officer, following the completion of his/her term(s) as Ethics Officer, s/he will be ineligible for future employment (as an employee, consultant or as a participant in a governance role) by the Global Fund for a period of two years.

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

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<sup>4</sup> Available at [http://www.theglobalfund.org/documents/human\\_resources/Corporate\\_LeadershipAndManagementFramework\\_List\\_en/](http://www.theglobalfund.org/documents/human_resources/Corporate_LeadershipAndManagementFramework_List_en/)