

GF/B31/ER06

For Decision

2014 AD-HOC WORKING GROUP ON GOVERNANCE

TERMS OF REFERENCE

Purpose: This report presents the final Terms of Reference of the 2014 Ad-Hoc Working Group on Governance (‘Working Group’) for approval, and proposes one decision point as follows:

- GF/B31/EDP10: Approval of the Terms of Reference for the 2014 Ad-Hoc Working Group on Governance

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board deliberations close and a decision has been taken.

PART 1: PROCESS

1.2. Following the proposal of the Board Chair and Vice-Chair ('Board Leadership') at the Thirty-First Board Meeting in March 2014 for the creation of an Ad-Hoc Working Group on Governance (as laid out in document GF/B31/18), Board Constituencies provided input on the Work Plan on Governance on 25 March 2014. An overview of observations and comments received from Constituencies was shared with the Board on 29 April 2014, providing some clarification in response to issues raised. Constituency inputs served to inform the drafting of a first version of the Terms of Reference of the 2014 Ad-Hoc Working Group on Governance.

1.3. The draft Terms of Reference were submitted for the Board's input on 2 May 2014. Observations from constituencies were received by 9 May 2014, and guided the revision of the Terms of Reference for the 2014 Ad-Hoc Working Group on Governance which are presented for decision in Annex 1 of this report.

1.4. Simultaneously, the call for nominations for membership of the Working Group was launched on 2 May 2014, with the donor and implementing blocs expected to appoint their respective representatives by 23 May 2014.

1.5. The Board approval of the Terms of Reference is expected to conclude on 23 May 2014. On this date, and subject to the appointment of members and approval of Terms of Reference, the Working Group will begin its work.

PART 2: DECISION POINT

2.1 Board Leadership requests Board approval of the decision point set forth below.

GF/B31/EDP10: Approval of the Terms of Reference for the 2014 Ad-Hoc Working Group on Governance

The Board approves the Terms of Reference for the 2014 Ad-Hoc Working Group on Governance, as set forth in Annex 1 to GF/B31/ER06.

Terms of Reference of the 2014 Ad-Hoc Working Group on Governance

Purpose

1. The purpose of the 2014 Ad-Hoc Working Group on Governance ('Working Group') is to identify and recommend for Board consideration possible changes in the Global Fund governance system with the intention of improving efficiency, effectiveness, unity and equity in conduct and management of the affairs of the Global Fund Board and its Committees, in line with the mission, needs, and work of the Global Fund.

Background

2. At the Thirty-First Board Meeting in March 2014, the Board Leadership introduced a proposal for the establishment of an Ad-Hoc Working Group on Governance (GF/B31/18). This was associated with various previous discussions of Board management, including consideration at the Thirtieth Board Meeting of bringing the Global Fund work cycle more in harmony with the three year replenishment exercise.
3. Based on two years' experience with the current structures and procedures it was considered timely to review and evaluate existing systems. A willingness to proceed with a governance review was shared among Board members at the Thirty-First Board Meeting.
4. The proposed review is to be carried out in line with and to strengthen realization of the priorities laid out by the Board Leadership in August 2013 for their two-year term: (i) assurance that the Board operates at a strategic level; (ii) adherence to the path created by previous Board decisions; and (iii) comprehensive and full integration of ethical principles in the functioning of the Global Fund, the Board and its Committees.
5. The Board, working through Committees and designated Focal Points has, from the Twenty-Third Board Meeting in May 2011, been closely engaged in governance reform initiatives – based on the recommendations from the Comprehensive Reform Working Group, supplemented by recommendations from the Final Report of the High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms ('High Level Panel Report') and by a consultative process conducted by the Board Leadership.

6. At the Twenty-Fourth Board Meeting in September 2011, the Board took a decision to establish a new committee structure (i.e. the Audit and Ethics Committee, the Finance and Operational Performance Committee and the Strategy, Investment and Impact Committee) and a Coordinating Group. The Charters for the three Standing Committees and the Terms of Reference for the Coordinating Group, as well as related amendments to the By-laws and Board and Committee Operating Procedures of the Global Fund were adopted at the Twenty-Fifth Board Meeting in November 2011. They refocused the Board's role on six key areas, including risk and financial oversight as well as performance management.
7. The two phases of Governance Reform have successively 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.

Mandate and Scope

8. The 2014 Ad-Hoc Working Group on Governance will mainly focus on carrying out an overall review of the functioning of current governance system and sub aspects systems – including structures, procedures, working relations – in leading the business of the Global Fund equitably, consistently, transparently, accountably, responsibly and in a unified manner. Specific issues which might be considered could include:
 - Board and Committee design and working procedures;
 - Accountability and representativeness of the governance structures;
 - Accuracy of the governance documents;
 - Management of cross-cutting issues;
 - Role of the Coordinating Group;
 - Governance cycle – for example, terms of office for Board and Committee leadership;
 - Full and functional integration of ethical values and the holistic ethics framework in the Global Fund governance structure.
9. The Working Group will work with a range of documentary references with principle reliance on the following:
 - The findings of the Office of Inspector General ('OIG') Governance Advisory Review which will constitute the primary source to detail and to finalize the scope of the Working Group;
 - The work of the Steering Committee of the Audit and Ethics Committee on a new holistic Ethics Framework;
 - Oral and written input from constituencies and individuals who are recommended by Working Group Members and knowledgeable in the field of governance. Input to be considered where offered on their own initiative or invited by the Working Group;
 - The full range of organizational Operating Procedures, By-laws and Charters, guiding and laying out systems and standards for governance within the Global Fund.

Historical documents will also be available for reference including results of past Board Health Surveys, the Report of the High-Level Independent Review Panel and others as needed or called for by members of the Working Group.

10. Working Group members will also build on their own experience and expertise in the field of governance, particularly in relation to other multilateral organizations.
11. The Working Group will have the ability to design its scope and its working arrangements as long as it ensures the delivery of its preliminary conclusions for the November 2014 Board Retreat and final recommendations at the November Board meeting. This will make possible operational decisions by the Board to be implemented progressively starting in 2015.

Establishment, Working arrangements and Support

12. The Ad-Hoc Working Group on Governance will be constituted in May 2014. It will send its report to the Board two weeks prior the November Board retreat. It will present its recommendations after the Board retreat discussions at the Thirty-Second Board Meeting in November 2014 and will be disbanded with the conclusion of the Thirty-Second Board Meeting.
13. The Working Group will be independent of the Board and Board Leadership but will periodically update the Chair and Vice-Chair of the Board on their work. The Chair of the Working Group will update the Coordinating Group. This may be done in writing or take the form of discussion in teleconference. The Coordinating Group contacts will ensure ongoing communication between the Working Group and the Board Standing Committees. Using electronic or teleconference means, the Working Group will also provide progress reports on its work to the Board at intervals of approximately four to six weeks or more frequently if the Working Group believes appropriate.
14. The Working Group will present a draft report on its conclusions to the Board Leadership and the Coordinating Group at least two weeks before recommendations are presented and deliberated at the Board Retreat scheduled for 16-17 November 2014. The final report of the Working Group will be in the form of recommendations to the Board, reflecting discussion and conclusions of the Board Retreat.
15. Working methods of the Working Group (e.g., in person, e-mail, teleconference, other) will be determined by members after the election of the Chair. Support of the work of the Working Group will be organized by the Office of Board Affairs. Existing Governance Focal Points will be kept informed and consulted by the Working Group.
16. Under the leadership of its Chair, the Working Group will be expected to develop and stick to a detailed work plan with clear progress indicators in line with their task. The work plan will be shared with Board Leadership and the full Board by the end of June 2014.
17. Decision-making in the Working Group will be by consensus.
18. Funding for travel and accommodations will be provided to the members of the Working Group, in accordance with applicable Global Fund policy.

Membership

19. The Working Group on Governance will have a total of eight (8) members – three (3) designated by implementers, three (3) by donors, one (1) from the Secretariat (the ED or his permanent designee) and one from the Office of the Inspector General (the Inspector General or his permanent designee).
20. The constituency-nominated persons will:
 - a) be selected by open and transparent procedures set by donors and implementers for their respective group, being necessarily current or former Board Members, Alternates, focal points or committee members;
 - b) serve on the Working Group in their personal capacity.

All members of the Working Group will be expected to act in a neutral, non-political manner, in the best interest of the Global Fund.

Constituency-selected representatives will have demonstrated experience and knowledge in the field of governance. Both donors and implementers will be expected to appoint their representatives by 23 May 2014.

The representative of the Secretariat will provide inputs into the Working Group to ensure the successful understanding of operational follow up of the Working Group deliberations. The representative of the OIG will have particular responsibility to assure full understanding of the finding on governance and alternative for change put forth in the OIG governance advisory review.

21. Constituency-designated members of the Working Group will need to be able to dedicate the equivalent of roughly forty working days to this assignment between mid-May and the end of November 2014.
22. The Chair of the Working Group will be selected from among the six Board constituency representatives and elected by Working Group members by 30 May 2014. The Chair of the Working Group will be expected to give additional time beyond the estimated work time of other members.
23. The Chair and Vice-Chair of the Global Fund Board will oversee the work of the Working Group through the reporting mechanism mentioned above and will be entitled to attend working sessions of the group.
24. Membership in the Working Group shall not count towards the two-committee limit set forth in section 42.1 of the Board and Committee Operating Procedures.