

Electronic Report to the Board

Proposal by the EGC on Committee Leadership Selection Process, Due Diligence Processes and EGC size and composition

GF/B41/ER11

28 October 2019

Electronic Board Decision

Purpose of the paper: This paper presents the recommendations of the Ethics and Governance Committee on a revised Committee leadership selection process, an enhanced due diligence process for both Committee leadership and membership selection processes as well as changes to the EGC size and composition.

Decision

GF/B41/EDP15: Revisions to the Committee Leadership Selection Process, the Due Diligence Process and the EGC Size and Composition

- 1. The Board approves (i) the proposed amendments to the Operating Procedures of the Board and Committees of the Global Fund (“BCOP”) set out in Annex 1 of GF/B41/ER11; and (ii) the proposed amendments to the Charter of the Ethics and Governance Committee (“EGC Charter”) set out in Annex 2 of GF/B41/ER11.***
- 2. The Board endorses the due diligence process overview set out in Annex 4 of GF/B41/ER11.***
- 3. The proposed amendments to the BCOP shall enter into force upon the adoption of this decision point. The proposed amendments to the EGC Charter shall enter into force upon the expiry of the term of the current EGC in May 2020.***

Budgetary implications

Trusted source inquiries carried out in line with the revised due diligence process could have resource implications of around CHF 50 000.

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 6.

Executive Summary

Context

External advisory reviews, assessments and lessons learned have highlighted challenges associated with the processes to select committee members and leadership. The Board instructed the Ethics and Governance Committee (“EGC”) to review the existing committee selection processes, and make recommendations to the Board on potential revisions to the processes on a) principles and concrete actions to underpin and guide the selection processes b) standards and processes for due diligence and c) review of the size and composition of the EGC. An EGC Working Group (“EGC WG”) carried out consultations and developed a proposal.

Questions this paper addresses

- A. What is proposed and why?
- B. What options were considered?
- C. What needs to be done next to progress?

Conclusions

- A. The proposal contained in this document recommends a strengthened Leadership Selection Process, an enhanced due diligence process, and a revisited EGC size and composition for approval by the Board.
- B. Various options were considered regarding the proposal to strengthen Committee Selection Processes, as well as options regarding how best to move forward. The EGC will discuss in due course the next steps regarding possible changes to the Committee Membership Selection processes.
- C. If the proposal presented in this document is adopted, the Secretariat will put in place the necessary adjustments to launch the Committee Leadership Selection Process in due time, so that leadership is identified in advance of the start of the selection process.

Input Sought

- The Board is requested to approve the Decision Point presented on page 2.

Input Received

- Consultations with constituencies at 40th Board meeting in November 2018 and in the side lines of the 41st Board Meeting in May 2019.
- EGC discussion at EGC09 (March 2019), EGC10 (July 2019) and EGC11 (October 2019).
- Additional consultations with constituencies that raise concerns or sought clarity about parts of the proposal.
- Input received from Board constituencies following the EGC 11th Meeting held in October 2019.

Report

What is the need or opportunity?

1. **Global Fund governance.** The Global Fund has a robust governance, made up of the Board and standing committees, yet external advisory reviews, assessments and lessons learned have revealed challenges associated with the existing processes including: perceived lack of transparency; questions regarding trust in the process; questions regarding representation; limited candidate pools; due diligence; and balancing continuity and membership renewal.
2. **Board instruction in response to feedback on Committee Selection Processes.** At the 39th Board Meeting in May 2018, the Board instructed the Ethics and Governance Committee (“EGC”) to undertake a review of the existing processes and make recommendations on potential revisions. The recommendations were to be developed through broad consultation and ensure the involvement of a representative nominated by a civil society constituency¹ in EGC deliberations.
3. **The scope of the recommendation should include:**
 - i. principles and concrete actions to underpin and guide the selection processes, including transparency, rotation of constituency representation, relevant experience, institutional memory, and gender equality;
 - ii. standards and processes for due diligence undertaken as part of the selection processes; and
 - iii. review of the size and composition of the EGC.
4. **EGC consultation.** The EGC through a working group on Strengthening Committee Selection Processes considered these questions and developed a number of proposals through a highly consultative process over the past year. Conversations have been had with all constituencies on the proposal overall as well as some of the most ambitious pieces. A comprehensive proposal was first recommended by the EGC to the Board in May 2019 (GF/B41/07), which was however not tabled and revised based on input received between May and October 2019.
5. **Behind initial timeline.** Due to significant interest in and exchange on this topic, the initial timeline of concluding these conversations in early 2019 could not be met. The launch of selection processes is therefore already significantly behind the timeline compared to past processes.

What do we propose to do and why?

What is our proposal?

6. The EGC is recommending to the Board for approval A.) a strengthened Committee Leadership Selection Process, B.) an enhanced due diligence process and C.) a revisited EGC size and composition, including rotation. Given the input received by the EGC after its October 2019 meeting, the EGC will discuss in due course the next steps regarding possible changes to the Committee Membership Selection processes.

A. Proposal for the Committee Leadership Selection Process

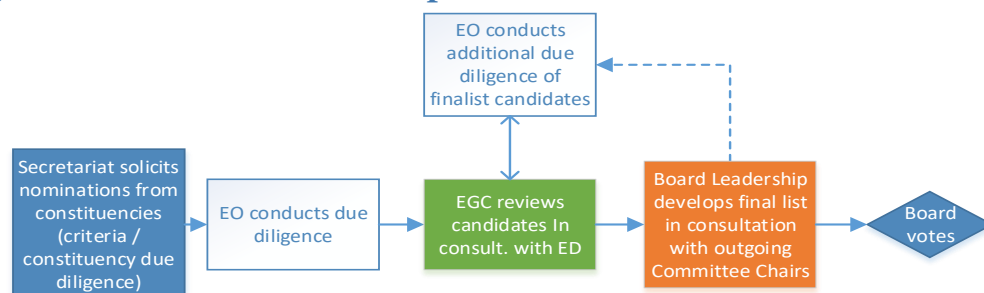
7. **Five areas addressed.** The proposal on strengthening Committee Leadership Selection Process addresses five areas: competencies of candidates (and complementarity between Committee Chair and Vice Chair roles), additional selection criteria, succession planning for the future and continuity. It also proposes clearly defined roles and responsibilities in the selection process.
8. **Competencies of candidates.** Complementarity between the skills of the Chair and Vice-Chair of a Committee should be ensured. In addition to the competencies included in Table 5 of Annex 1 to the BCOPs, it is proposed to put forward two additional competencies:

¹ Civil society constituencies are: Communities, Developed Country NGO and Developing Country NGO

- i. strong facilitation and chairing skills. Experience in chairing other, non-Global Fund related committees is an advantage.
 - ii. a good understanding of the Board's role.
9. **Additional selection criteria.** Additional selection criteria will be considered in selecting the Committee Leadership.
 - i. Working towards variety in constituency representation in Committee leadership positions over time.
 - ii. Gender. The review of nominees bears in mind the aim to establish Committee Leadership across the three committees that is balanced in terms of gender.
10. **Succession planning and continuity.** While it will be important to ensure a level of continuity, the process shall remain flexible enough to also attract new talent. At least one of the Committee leadership should have a certain level of knowledge and familiarity with the Global Fund and its governance, ideally having served on the respective Committee with a track record on effective committee participation. This would enable continuity and some level of succession planning. Nominees for one of the positions should have a minimum of 3 – 5 years of recent experience with the Global Fund. Ideally, the other part of the leadership pair will have good knowledge of the Global Fund, but in the interest of attracting new talent this is not essential. The Vice-Chair of a committee may be nominated as Chair of the committee in its next term, but an appointment is not automatic.
11. **Roles and responsibilities in Committee Leadership Selection Process.** The actors involved in the Committee Leadership Selection Process remain largely the same but will formalize some existing practices.
 - i. Constituencies may put forward nominees that match the full set of criteria required for Committee Chair or Vice Chair.
 - ii. The Ethics Officer conducts integrity due diligence on all the nominees and additional due diligence on finalist candidates and escalates any issues to the EGC as required (as described below).
 - iii. The EGC reviews all nominees in close consultation with the Executive Director and submits the outcome of its review to the Board Leadership and Committee Chairs.
 - iv. The Board Leadership and Committee Leaderships conduct interviews with finalist candidates (should a Committee Vice chair be nominated as Chair of a committee they shall recuse themselves) and the Board Leadership make a recommendation to Board for approval.

In order to implement the above, proposed amendments to the BCOP are set out in Annex 1 to this report.

Figure 1 - Committee Leadership Selection Process



B. Proposal regarding enhanced Due Diligence

12. The Ethics Office performed due diligence reviews of the candidates in the last Committee Leadership and Committee Membership selection exercises. The process for the last selection round

could be further clarified and lessons learned have shown the difficulty of receiving the right information at the right time.

The main features of the strengthened Due Diligence Process

13. The proposed strengthened due diligence aims at clarifying further the scope of the process as well as ensuring a diversity of sources and review, which is adequate for Committee membership/leadership both from a timing as well as from a resource perspective for the positions to be filled. Due diligence is based on a number of principles to ensure trust and an effective process, including ensuring the protection of the source as well as the protection of the integrity and reputation of the nominee.
14. **Strengthened due diligence based on shared responsibility in different phases.** Constituencies, the Ethics Officer and the EGC have a shared responsibility regarding the due diligence process for nominated committee members, committee chairs and vice chairs.
 - i. **Phase 1:** Constituencies carry out an initial due diligence of all nominees (for membership or leadership positions), before the nomination, adhering to clear and explicit guidance and questions provided by the Ethics Officer, including on human rights related issues and other Global Fund values and principles. This enables the nominating constituency to confirm that they have confidence that their nominee is able to fully comply with the Code of Conduct for Governance Officials, shares the Global Fund's values and would not expose the Global Fund to reputational risks.
 - ii. **Phase 2:** The Ethics Officer carries out due diligence for all nominees (for membership and leadership positions) (sanctions, watch lists, OIG database, press and social media checks, etc. and trusted sources, as appropriate) including considering conflict of interest disclosures and other relevant information provided by nominees and constituencies at the time of the nomination, including confirmation of a personal commitment to the Global Fund principles, core values and mission.
 - iii. The EGC considers any sensitive information identified by the Ethics Officer during the due diligence process with respect to a candidate nomination.
15. **Phase 3.** Additional due diligence is carried out as applicable.
 - i. **Committee Membership positions:** The Ethics Officer carries out an additional level of due diligence with trusted source inquiries, where necessary, for Committee membership candidates (i.e. if, in the opinion of the Ethics Officer, the previous phases of due diligence raise concerns).
 - ii. **Committee Leadership positions:** The Ethics Officer carries out an additional level of due diligence with trusted source inquiries for the finalist candidates for Committee Leadership positions as required (i.e. if, in the opinion of the Ethics Officer, the previous phases of due diligence raise concerns).
16. **Strengthened due diligence process.** The overall process is strengthened by the additional guidance and disclosures, the diversification of sources, and the shared responsibility between the constituency, the Ethics Officer and the EGC. Collectively this aims to identify and resolve concerns before publication of the list of candidates.
17. **Late concerns.** Improvements to due diligence outlined above, coupled with broader engagement in EGC, reduces the risk that concerns arise late in the process. That said, concerns raised after the publication of the list of candidates will be considered by the Ethics Officer under the oversight of the EGC on a case by case basis and examined with the required care and depth. To protect the reputation of the candidate and of the Global Fund, concerns must be raised in confidence only to the EGC or Ethics Officer. Depending on the severity of the concern, the voting period may be extended by the Board Leadership to ensure that any such late concerns are appropriately considered by the Ethics Officer and if necessary the Ethics and Governance Committee.

The due diligence process overview is set out in Annex 4 to this report.

What are the risks and proposed mitigations?

18. Although we propose a revised due diligence process that combines tackling issues up-stream with an adequate integrity due diligence review by the constituency, the Ethics Officer and overseen by the EGC, due diligence is a risk-based exercise that has to, by definition, trade effort, in terms of cost and time, with the depth and completeness of information gathered.

C. Proposal regarding the Ethics and Governance Committee – Size and Composition

EGZ Size and Composition

19. **EGC of eight voting members.** It is proposed to increase the size of the EGC by two voting members, one nominated by a donor constituency as well as one nominated by an implementer constituency. A slightly larger EGC ensures that the committee can respond to a growing mandate including potentially on Committee selection processes while remaining agile, following rotation as described below. The revised size of the EGC is to take effect for the constitution of the next EGC by May 2020.
20. **Civil society representation.** Understanding the particular role of civil society in the governance of the Global Fund, the proposed rotation ensures that in each committee term there will be one EGC committee member, serving in personal capacity, nominated by one of the three civil society constituencies (Communities, Developing Countries NGOs and Developed Countries NGOs).
21. **All EGC members will continue to serve in their personal capacity.** The EGC proposes not to revise the current rules regarding EGC Members serving in a personal capacity and not as constituency representatives as members of other committees do.
22. **A roster of governance experts.** Understanding the particularities of the Global Fund Governance Structure, and to complement the expertise in the Office of Board Affairs, a roster of governance experts will be put in place to quickly draw from and temporarily hire additional governance expertise as and when a need arises, in line with Article 51 of the Operating Procedures.

EGC Specific Rotation

23. **A pre-established rotation will be put in place for the EGC.** The rotational approach proposed for the EGC ensures continuity from one term to the next with two constituencies holding two consecutive terms. After five terms each constituency will have served two terms on the EGC. The EGC rotation shall be independent of any process approved in future on membership of the SC and AFC. The allocation of seats will be published prior to the launch of the selection process.
24. Participation by Civil Society Constituencies as outlined above is ensured through the rotation.

In order to implement the above, proposed amendments to the EGC Charter are included in Annex 2 to this report.

What options did we consider?

What are the options?

25. The EGC considered numerous options as presented previously in EGC papers GF/EGCo9/06², GF/EGCo9/ER01 and GF/B41/07³ and discussed in detail at the EGC at its meeting in March, July and October 2019⁴.
26. The EGC considered the options in terms of principles highlighted by the Board, the views expressed by constituencies during the consultation process, as well as the feasibility and impact of the final options on Secretariat operations to ensure a streamline and efficient process leading to the best result. Where relevant, a more detailed assessment of other options considered is also contained in the sections describing the proposal above.

Why are these our recommended options?

27. The options selected balance the views expressed by Constituencies throughout the consultations and allow for an enhanced due diligence that remains feasible, a strengthened Committee Leadership selection process that aims to identify the most suitable candidates and an increased EGC Size and rotation to prepare the EGC for a growing mandate.

What is required to progress the proposal?

28. Once the proposal has been approved by the Board the Secretariat will prepare the internal systems for Committee Leadership selection and launch a call for nominations for Committee Leadership positions in due time.

What would be the impact of delaying or rejecting the decision to progress?

29. Delaying the decision would have implications on the Committee Leadership selection process and the necessary due diligence. In the previous turns, the Committee Leadership selection process was started in August 2017 in order to ensure the final Committees were in place by May 2018. Delaying this decision would imply delaying the Committee Leadership selection process and Membership and potentially making an extension of the current committees' terms necessary.
30. Rejecting this decision would result in moving forward with the status quo for Committee Leadership selection process, due diligence and maintaining the current EGC size and composition.

Recommendation

The Board is requested to approve the Decision Point presented on page 2.

Document Classification: Internal.

Document Circulation: Board Members, Alternate Board Members, Constituency Focal Points and Committee Members.

This document may be shared by the Focal Points within their respective Board constituency. The document must not however be subject to any further circulation or otherwise be made public.

²https://tgf.sharepoint.com/:b:/r/sites/ESOB41/GFBC/EthicsandGovernanceCommitteeEGC/Meeting%20Documents/EGCo9_Meeting%20Documents/Working%20Documents/GF%20EGCo9%2006%20Recommendation%20Committee%20Selection%20Processes%20Sent.pdf?csf=1

³<https://tgf.sharepoint.com/:b:/r/sites/ESOB41/GFBC/Board/Meeting%20Documents/41st%20Board%20Meeting/Meeting%20Documents/GF-B41-07%20Committee%20Selection%20Processes.pdf?csf=1>

⁴ See annex 5.

Annexes

The following items can be found in Annex:

- Annex 1: Revisions to the Board and Committee Operating Procedures including its Annex 1
- Annex 2: Revisions to the Ethics and Governance Committee Charter
- Annex 3: EGC Rotation Table
- Annex 4: Due Diligence Process Overview
- Annex 5: Summary of previous Committee Input
- Annex 6: Relevant Past Board Decisions
- Annex 7: Links to Relevant Past Documents & Reference Materials

Annex 1 – Revisions to the Board and Committee Operating Procedures including its Annex 1

42. Committee Leadership

- 42.1. The Chair and Vice-Chair of a Committee (the “Committee Leadership”) should possess the requisite skills and experience that align with the functions and responsibilities of the Committee they chair. Unless otherwise stated in the relevant Committee Charter, any member of a relevant Board constituency that meets such qualifications may serve as a Chair or Vice-Chair of a Committee, including Board Members and Alternate Members.
- 42.2. Candidates for Committee Leadership will be evaluated by the Committee mandated with governance responsibilities, in consultation with the Executive Director, according to the following key factors, ordered based on their relevance: (i) how a nominee’s skills and experience match the mandate of the Committee, according to its Charter, and the competencies and responsibilities of Committee Leadership according to the Board and Committee Member Roles and Responsibilities, as set forth in Annex 1 to these Operating Procedures, (ii) balanced representation among Board constituencies and voting groups, and (iii) an individual’s experience with the Global Fund.
- 42.3. The Committee mandated with governance responsibilities will advise the Board Chair and Vice-Chair on the candidates for Committee Leadership after conducting an initial review in accordance with Article 42.2 of these Operating Procedures. Candidates identified by the Board Chair and Vice-Chair in consultation with the outgoing Chair and, as applicable, Vice Chair of the respective committee, after factoring in advice from the Committee mandated with governance responsibilities, will be presented, together with their qualifications, to the Board for approval in accordance with the voting procedures set forth in Article 20 of these Operating Procedures, following the completion of a due diligence assessment by the Ethics Officer. In the event the Board Chair and Vice-Chair cannot agree on a qualified candidate, the Board Chair shall present a candidate to the Board for approval.

43. Selection, Balance and Continuity of Committee Members

- 43.4 Each constituency should be represented in at least one standing committee..

Annex 1 to BCOPs.

BOARD AND COMMITTEE MEMBER ROLES AND RESPONSIBILITIES

1. PURPOSE

- 1.1 While constituencies have clear ownership of their internal process for selecting their Board Member, Alternate Member, Constituency Focal Point and other representatives (such as nominees for Committee membership), the selection processes should involve broad consultation within their constituency, and be based on competency to serve in the relevant roles.
- 1.2 This document provides guidance on minimum key competencies and responsibilities of Board Members, Alternate Members, Constituency Focal Points, Committee Members, and the Chair and Vice-Chair of the Board and the Committees of the Board.
- 1.3 In addition to competency, the Global Fund strongly encourages constituencies to look to diversity in gender, direct experience in implementing programs for the three diseases, and regional experience when selecting representatives of their constituencies. The selection process should aim for gender balanced and highly competent Committee Leadership. Specifically in regard to the Board Chair and Vice-Chair's role in Committee Chair and Vice-Chair selection, these principles will also be considered alongside demonstrated competency to fulfill these important roles. Gender diversity is also considered in selection of the Board Chair and Board Vice-Chair, and Committee Members.

Table 5 – Key Competencies and Responsibilities of Committee Leadership

Key Competencies for Committee Leadership	Key Responsibilities of Committee Leadership
<ul style="list-style-type: none">• An in-depth understanding of and personal commitment to the Global Fund principles, core values, mission, operations and governance mechanisms (experience as a Board Member or Alternate Member an advantage).• Good understanding of a Board's roles.• An in-depth understanding of and personal commitment to the Global Fund principles, core values and mission.• An in-depth knowledge of the issues around HIV/AIDS, tuberculosis and malaria, international health and/or development, operations, governance or strategy.• Strong facilitation and chairing skills. Experience in chairing other, non-Global Fund related committees is an advantage.• Experience in being part of governing bodies with an ability and capacity to network effectively and broadly.	<ul style="list-style-type: none">• Be available to commit 25 – 35% of full working time to the Global Fund including four to six weeks to attend meetings.• Be self-sufficient with respect to staff support needed for the analysis, preparation and consultation before, during and after meetings.• Attend all Board and Committee meetings and present Committee recommendations to the Board.• Chair all Committee meetings with neutrality, including ensuring correct procedures, adherence to the agenda while allowing adequate time for discussion, reaching clear decision and overseeing a vote if consensus is not reached.• Facilitate active and effective contributions by all members of the Committee for effective decision making.• Participate actively with the Coordinating Group including development of committee

Key Competencies for Committee Leadership	Key Responsibilities of Committee Leadership
<ul style="list-style-type: none"> • A facilitative and consultative approach—diplomatic with policy and strategic skills. • Strong leadership and management skills gained in a multicultural/multi-stakeholder environment. • High-level judgment in complex situations. • Acute analytical skills. • Access to the necessary communication infrastructure to allow the role to be carried out effectively (e.g. telephone, fax, e-mail and mobile phone). • Have the ability to work in written and spoken English (additional languages a great advantage)⁵ 	<ul style="list-style-type: none"> • annual work plans in alignment with the committee mandate, communicating Committee's decisions, recommendations and oversight activities. • Maintain inter-sessional communication with the Coordinating Group and members of the Committee. • Collaborate with the Secretariat to develop annual and meeting agendas for the Committee and review supporting background documentation used as basis for discussion and decision making. • Ensure appropriate delegation of responsibilities between the Board, Committee and the Secretariat. • Identify areas of need for the Committee to enhance the effective performance of its functions and mandate.

Annex 2 – Revisions to the Ethics and Governance Committee Charter

C. Composition

3. The Committee shall be comprised of the following members:
 - a. Four voting members nominated by constituencies of the implementer group, serving in their personal capacity; at least one of which is nominated by one of the following constituencies: Communities, Developed Country NGO, or Developing Country NGO.
 - b. Four voting members nominated by constituencies of the donor group, serving in their personal capacity;
 - c. One non-voting, neutral Chair;
 - d. One non-voting, neutral Vice-Chair; and
 - e. One non-voting independent member with ethics expertise.
4. Nomination and appointment of Committee Members shall be according to the Operating Procedures of the Board and Committees according to a pre-established rotation of membership of constituencies.

⁵ English is the working language of the Global Fund.

Annex 3 – EGC Rotation table

Figure 2 - Rotation for the EGC

		T1	T2	T3	T4	T5	T6	T7	T8	T9	T10
Donors	Constituency 1										
	Constituency 2										
	Constituency 3										
	Constituency 4										
	Constituency 5										
	Constituency 6										
	Constituency 7										
	Constituency 8										
	Constituency 9										
	Constituency 10										
Implementers	Constituency 11										
	Constituency 12										
	Constituency 13										
	Constituency 14										
	Constituency 15										
	Constituency 16										
	Constituency 17										
	Constituency 18										
	Constituency 19										
	Constituency 20										

31.

Legend:
White = on EGC
Grey = not on EGC

Constituency 12, 13, 15 = Civil Society Constituencies

Red line: after 5 terms, every constituency will have served two terms on the EGC.

Annex 4 – Due Diligence Process Overview

Strengthened due diligence based on shared responsibility in different phases.

Constituencies, the Ethics Officer and the EGC have a shared responsibility regarding the due diligence process for nominated committee members, committee chairs and vice chairs.

Phase 1: Constituency-led due diligence

Constituencies carry out an initial due diligence of all nominees (for membership or leadership positions), before the nomination, adhering to clear and explicit guidance and questions provided by the Ethics Officer, including on human rights related issues and other Global Fund values and principles. This enables the nominating constituency to confirm that they have confidence that their nominee is able to fully comply with the Code of Conduct for Governance Officials, shares the Global Fund's values and would not expose the Global Fund to reputational risks.

Phase 2 – Ethics Officer-led due diligence

The Ethics Officer carries out due diligence for all nominees (for membership and leadership positions) (sanctions, watch lists, OIG database, press and social media checks, etc., and trusted sources, as appropriate) including considering conflict of interest disclosures and other relevant information provided by nominees and constituencies at the time of the nomination, including confirmation of a personal commitment to the Global Fund principles, core values and mission.

The EGC considers any sensitive information identified by the Ethics Officer during the due diligence process with respect to a candidate nomination.

Phase 3: Additional due diligence by the Ethics Officer as applicable.

Committee Membership positions: The Ethics Officer carries out an additional level of due diligence with trusted source inquiries, where necessary, for Committee membership candidates (i.e. if, in the opinion of the Ethics Officer, the previous phases of due diligence raise concerns).

Committee Leadership positions: The Ethics Officer carries out an additional level of due diligence with trusted source inquiries for the finalist candidates for Committee Leadership positions as required (i.e. if, in the opinion of the Ethics Officer, the previous phases of due diligence raise concerns).

Late concerns.

Concerns raised after the publication of the list of candidates will be considered by the Ethics Officer under the oversight of the EGC on a case by case basis and examined with the required care and depth. To protect the reputation of the candidate and of the Global Fund, concerns must be raised in confidence only to the EGC or Ethics Officer. Depending on the severity of the concern, the voting period may be extended by the Board Leadership to ensure that any such late concerns are appropriately considered by the Ethics Officer and if necessary the Ethics and Governance Committee.

Annex 5 – Summary of Committee Input

[GF/EGCo9/12 Report of the 9th Ethics and Governance Committee Meeting](#)

16. The EGC welcomed the proposal presented by the EGC WG and expressed support of the general membership and leadership selection processes, the overall due diligence considerations as well as the proposal for the size and composition of the EGC. The discussions focused on the options presented regarding representation and due diligence.

[...]

22. The EGC discussed the three options presented on how to address late concerns: a. a consultation period on the list of candidates before the vote, b. the publication of the list of candidates before the vote and c. a provision to extend the voting period in case of serious late concerns being raised.

23. The EGC welcomed the generally strengthened due diligence process and noted the following points regarding the proposed options: a. The significant risks, including reputational risk for both candidates and the Global Fund, of a process that publishes the list of candidates for review by constituencies, even if only limited to Board Members and Alternate Members (options 1 and 2).

b. The challenges of maintaining confidentiality

c. The difference between a competency-based selection process with high level degree of due diligence and a political campaign

d. Board Members might not have the required competencies or expertise to carry out due diligence.

e. The importance of including human rights-related considerations in the due diligence exercise.

24. The Committee also considered alternative processes proposed by a member of the EGC WG on handling later concerns but concluded that the same concerns and risks outlined above exist and decided not to further pursue them.

25. The Ethics Officer provided reassurance that the proposed due diligence system is stronger than before and provides for mitigations up front in the due diligence process as overseen by the EGC. The Ethics Officer underlined that addressing late “red flags” was possible through an extension of vote and expressed a strong preference for option 3.

[GF/EGCo8/12 Report of the 8th Ethics and Governance Committee Meeting](#)

b. Key themes to consider:

ii. Due Diligence. Concerns were expressed regarding the effective management of the due diligence process. The Committee recognized the importance of strengthening the due diligence component of the process in order to ensure robust selection processes moving forward.

iii. Candidate Profiles & Succession planning. Members noted the need to ensure candidates have the expertise and availability for the role. Members also highlighted the importance of promoting the leadership potential of committee members, whereby the best talent is identified for growth opportunities, while also reserving space for new talent and ideas. Challenges were noted in relation to balancing succession planning and continuity with renewal.

[GF/EGCo7/11 Report of the 7th Ethics and Governance Committee Meeting](#)

c. Candidate assessment:

i. Selection criteria should be clear and prioritized, and include gender balance and constituency representation, as well as competencies and experience.

ii. Interviews. The Board Chair supported maintaining interviews for committee leadership candidates.

13. Due Diligence. The committee noted how labor-intensive the due diligence process was in the most recent selection process, and agreed that it could be strengthened.

14. Size and Composition of the EGC. The committee considered the current small size of the EGC as effective and appropriate to the committee's mandate, enabling agility, accountability, and maintaining confidentiality on sensitive matters. In addition:

a. Some members expressed support for the possibility of requiring civil society representation on the EGC.

b. An *ad hoc* or rotating committee seat may be an option, enabling the EGC to invite representatives or experts to contribute to certain discussions as required.

Annex 6 – Relevant Past Board Decisions

Relevant past Decision Point	Summary and Impact
GF/EGC11/EDPo1: Proposal by the EGC on Committee Leadership Selection Processes, Due Diligence Processes and EGC Size and Composition (October 2019)	The EGC withdrew its decisions GF/EGC11/DPo2 on a comprehensive proposal and recommended for approval by the Board a proposal focusing on Committee Leadership Selection Processes, Due Diligence Process and EGC Size and Composition.
GF/EGC11/DPo2: Revisions to the Committee Leadership and Membership Selection Processes, the Due Diligence Process and the EGC Size and Composition (October 2019)	The EGC recommended a comprehensive proposal for approval by the Board containing Committee Leadership and Membership Selection Processes, Due Diligence Process and EGC Size and Composition.
GF/EGCo9/EDPo1: Strengthened Committee Selection Processes (March 2019)	The EGC thanked the EGC WG for the work in preparing an initial set of recommendations to strengthen the Committee and endorsed the proposed revisions to strengthen the Committee selection processes set out in GF/EGCo9/ERo1 and recommended these revisions to the Board for approval in principle
GF/B39/DPo6: Strengthening the Processes for Selection of Committee	Board called on EGC to develop recommendation to November 2018 Board meeting to strengthen

Leadership and Committee Members⁶ (May 2018)	<p>committee selection processes, with a proposal to cover:</p> <ul style="list-style-type: none"> i. principles and concrete actions to underpin and guide the selection processes, including transparency, rotation of constituency representation, relevant experience, institutional memory, and gender equality; ii. standards and processes for due diligence undertaken as part of the selection processes; and iii. review of the size and composition of the EGC.
GF/B39/DP05: Appointment of the Members of the Standing Committees of the Board⁷ (May 2018)	Board appointed Committee Members including Independent Members for 2018-2020 term.
GF/B38/EDP22: Appointment of Committee Chairs and Vice-Chairs of the Standing Committees of the Board (January 2018)⁸	Board appointed Committee Chairs and Vice-Chairs for 2018-2020 term.
GF/B34/EDP07: Enhanced Governance Structure (January 2016)⁹	<p>Board approved current Committee structure and composition, committee Charters including the EGC, and revised Operating Procedures for Board and Committee, including guidelines for Committee leadership and membership selection.</p> <p>The Board and Committee Operating Procedures were subsequently amended in GF/B34/EDP21¹⁰ (April 2016) but this had no impact on selection processes.</p>
GF/B32/EDP04: Membership of the Transitional Governance Committee (December 2014)	The Board appointed six members to serve on the Transitional Governance Committee (the “TGC”) in their independent, personal capacities under the terms of reference previously approved in November 2014 as part of the Ad-Hoc Working Group on Governance’s recommendations on an enhanced governance structure.
GF/B32/DP05: Approving the Governance Plan for Impact (November 2014)	The Board approved, among several recommendations contained in the Ad-Hoc Working Group on Governance’s Governance Plan for Impact, ⁴ the finalization of an enhanced governance structure by the November 2015 Board meeting, comprised of the Board, the Coordinating Group and three re-configured standing committees—Audit and Finance, Ethics and Governance, and Strategy and Operations. Additionally, it established a Transitional Governance Committee (the

⁶ <https://www.theglobalfund.org/board-decisions/b39-dp06>

⁷ <https://www.theglobalfund.org/board-decisions/b39-dp05>

⁸ <https://www.theglobalfund.org/board-decisions/b38-edp10>

⁹ <https://www.theglobalfund.org/board-decisions/b34-edp07>

¹⁰ GF/B34/EDP21: Operating Procedures of the Board and Committees <https://www.theglobalfund.org/board-decisions/b34-edp21/>

	“TGC”) and approved certain modifications to the terms of reference of the Coordinating Group (the “CG”) to transition to the enhanced governance structure. Furthermore, due to other recommendations by the TGC, the Board amended the Bylaws and the Operating Procedures of the Board and Committees.
GF/B32/DPo8: Market Dynamics Oversight (November 2014)	The Board agreed to dissolve the Market Dynamics Advisory Group and place joint oversight of market dynamics matters with the Strategy, Investment and Impact Committee (the “SIIC”) and the Finance and Operational Performance Committee (the “FOPC”). As such, the Board approved amendments to their respective Charters.
GF/B27/DPo6: Amendments to the Charters of the Audit and Ethics Committee and the Finance and Operational Performance Committee (September 2012)	The Board approved revisions to the Charters of the Audit and Ethics Committee (the “AEC”) and the FOPC to shift the responsibilities regarding review and recommendation of the annual audited financial statements from the FOPC to the AEC.
GF/B25/EDP18: Appointment of Independent Members of the Audit and Ethics Committee (April 2012)	The Board approved the initial independent members of the Audit and Ethics Committee (the “AEC”). In doing so, it revised the AEC Charter and the Operating Procedures of the Board to reflect the increase in the number of independent members from 4 to 5 and the total number of members from 7 to 8.
GF/B25/DPo7: Governance Reforms (November 2011)	The Board approved a new governance structure, including the establishment of the Audit and Ethics Committee, the Finance and Operational Performance Committee, and the Strategy, Investment and Impact Committee, under Charters outlining their decision-making, advisory and oversight functions, together with revised Bylaws and Operating Procedures of the Board and Committees. Additionally, the Board established the Coordinating Group with its terms of reference outlining their responsibilities.

Annex 7 – Relevant Past Documents & Reference Materials

1. [GF/EGC10/04 - Strengthening Committee Selection Processes \(July 2019\)](#)
2. [GF/B41/07 – Committee Selection Processes](#) (May 2019)
3. [GF/EGCo9/06 – Strengthening Committee Selection Processes](#) (March 2019)
4. [EGC Working Document – 28 September 2018](#) (September 2018)
5. [GF/EGCo7/04 – Strengthening Committee Selection Processes: Next Steps \(June 2018\)](#)
6. [GF/B39/16 – Governance Action Plan](#) (April 2018)
7. [GF/EGCo5/ERo2 – Committee Membership Selection Processes](#) (December 2017)
8. [GF/EGCo4/05 – Committee Leadership and Membership Selection Processes](#) (July 2017)
9. [Information Notes from Committee Selection Processes](#) (2017-2018)
10. [OIG Advisory Review on governance, GF-OIG17-009](#) (April 2017)
11. Reports of Governance Performance Assessments:
 - a. [GF/EGCo6/11 Committee Performance Assessment Results](#) (March 2018)

- b. [GF/EGC05/12 – Egon Zehnder Update and Synthesis for the Ethics and Governance Committee.](#) (October 2017)
- c. [GF-EGC04-10 Report of Egon Zehnder to the EGC](#) (July 2017)
- d. [GF/B36/19 Results of Board and Board Leadership Performance Assessment](#) (November 2016)