



Independent observer  
of the Global Fund

# Options for Reforming the Global Fund Board

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2 April 2014

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## Preface

Aidspan ([www.aidspan.org](http://www.aidspan.org)) is an international NGO based in Nairobi, Kenya, whose mission is to reinforce the effectiveness of the Global Fund. Aidspan performs this mission by serving as an independent observer of the Fund and by providing services that can benefit all countries wishing to obtain and make effective use of Global Fund financing.

This paper is one of several Aidspan research reports available at [www.aidspan.org/page/research](http://www.aidspan.org/page/research). Reports published over the past year by Aidspan include:

- *Conflict of Interest in Country Coordination Mechanisms: An Aidspan Survey (January 2014)*
- *The New Funding Model Allocation Methodology Explained (Version 2) (Nov. 2013)*
- *Procurement Cost Trends for Global Fund Commodities: Analysis of Trends for Selected Commodities 2005–2012 (April 2013)*
- *Global Fund Principal Recipient Survey: An Assessment of Opinions and Experiences of Principal Recipients (April 2013)*

Aidspan also publishes news, analysis and commentary articles about the Global Fund in its *Global Fund Observer* (GFO) newsletter and on [GFO Live](#). To receive GFO Newsletter, send an email to [receive-gfo-newsletter@aidspan.org](mailto:receive-gfo-newsletter@aidspan.org). The subject and text area can be left blank.

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### Author and acknowledgements

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The author thanks Queens' College, Cambridge, for hosting him while he conducted research for this paper; the more than two dozen past and present Global Fund officials and board delegation members who agreed to be interviewed by him; and multiple people for their valuable comments on draft versions of this paper.

The Global Fund, Aidspan's funders and those interviewed for this paper bear no responsibility for the contents of this or any other Aidspan publication.

## 1. Introduction

In 2011, the Global Fund faced a crisis of confidence triggered by some negative media articles. In line with the old adage that you should never let a good crisis go to waste, the Fund's Board sought to address a number of the Fund's weaknesses, some of which the Board had never previously discussed. The stakes were certainly high: the Fund disburses well over three billion dollars a year, and programmes it finances have saved millions of lives.

Under the leadership of a strong chair, the Board persuaded the executive director to resign. It appointed a temporary general manager to restructure the Secretariat, conducted a comprehensive overhaul of the Fund's business model and recruited an experienced new executive director to implement that model.

The Board's effective response to the crisis does not compensate, however, for its consistently inadequate performance in carrying out its routine responsibilities and obligations. Indeed, one could argue that had the Board done better before 2011, the crisis might well never have arisen.

When the Fund was established 12 years ago, its governance system – particularly the full voting involvement of NGO representatives – was innovative and admired. Since then, however, there has been no evolution of the Board's core governance system beyond the restructuring of its committees. Meanwhile, other organisations have instituted governance reforms that could serve as useful models.

At the Fund's 31<sup>st</sup> Board meeting, held 6-7 March 2014 in Jakarta, it was announced that a working group on governance will be established to examine the Board's structure and working methods. Membership and terms of reference are expected to be agreed in time for work to begin in June 2014, with recommendations and findings to be presented in December 2014 at the 32<sup>nd</sup> Board meeting.

Reforming itself will be as difficult as anything the Board has ever had to do, because there is no entity above it that can force it to look into a mirror and address its own weaknesses.

Over the past year the author has interviewed more than two dozen people while conducting research for this paper. The interviewees were divided fairly equally into four groups: donor group board members and delegates, implementer group board members and delegates, Global Fund management, and various other experts. This paper is based both on those interviews and on the author's own experiences during a decade of attending Global Fund board meetings as a non-speaking observer.

The opinions and recommendations contained within this paper are those of the author alone; most are derived from suggestions made in the course of the interviews.

## 2. The Comparison Organisations

The author established three criteria when choosing organisations to compare with the Global Fund: there must be voting board members from both developed and developing countries and from both governmental and non-governmental bodies; there must be a grant-making budget exceeding \$10 million per annum; and there must be clear publicly available explanations of governance policies, procedures and actions.<sup>12</sup>

Six organisations met the criteria: the Global Partnership for Education, the GAVI Alliance, UNITAID, the Roll Back Malaria Partnership, the Stop TB Partnership, and the Cities Alliance. These are referenced occasionally below and are described further in the Appendix.

## 3. The Board's Structure

This section focuses on six structural challenges that confront the Global Fund Board: its size; its voting procedures that make it easy to block resolutions; its lack of independent members; its single-tier governance system; its short governance cycle; and the limited representation on Board committees of Board members.

### 3.1 Board Size

The Board is very large, with 20 voting members, six non-voting members, and a non-voting chair and vice-chair. Once a Board discussion has started, any Board member who indicates to the chair that he or she wishes to speak is added to a list and then often has to wait half an hour or more before his or her turn comes, by which time the focus of discussion may have changed. This makes it almost impossible for the board to engage in a genuine and candid conversation.

Furthermore, each Board member is backed by a delegation of up to nine members, four of whom sit behind him/her (and sometimes are invited by the Board member to speak on his/her behalf) and five of whom sit in an overflow room with a video feed. Many non-speaking observers are also present. All in all, there can be as many as 150 people in the board room. This enhances transparency, but it also tends to make discussion less spontaneous.

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<sup>1</sup> These criteria rule out the World Bank, all UN agencies, the Green Climate Fund, the Global Environment Facility, the Global Alliance for Improved Nutrition, the Consultative Group to Assist the Poor, the Global Water Partnership, the International AIDS Vaccine Initiative, and many others.

<sup>2</sup> A helpful resource when conducting this research was [Governance of New Global Partnerships: Challenges, Weaknesses, and Lessons](#), Center for Global Development, October 2012, by Keith Bezanson and Paul Iseman.

This “boardroom bloat” means that Global Fund board meetings feel more like sessions of a *stakeholders’ governance body* (e.g. a parliament) than like sessions of a *directors’ governance body* (e.g. a corporate board).

Those who criticise the large size of the Board suggest that a smaller Board – a directors’ governance body of six to eight people with a high level of governance expertise – would be more efficient in decision-making and better able to address most governance issues.

Those who disagree refer to the Board’s need to be a large stakeholders’ governance body that understands and responds to a diverse range of voices and issues. They suggest that a well-chaired Board, no matter its size, nurtures debate, crafts compromise and develops a strong sense of ownership.

Both perspectives are legitimate, but there is a broad consensus that the Board must continue with approximately the current number of voting members. Reducing that number would not only lead to major objections from delegations that lost or had to combine their seats; it would also almost inevitably reduce the crucial diversity currently provided. However, some feel that the number of non-voting members should be reduced.

The following reforms would make the Board somewhat less cumbersome.

*Recommendation 1:* The Board should convert four of its non-voting members – namely WHO, UNAIDS, the World Bank, and “Partners” (Roll Back Malaria, Stop TB and UNITAID) – to observers who don’t sit at the board table and don’t speak during the meeting.

*Note:* Some may argue that these four Board members bring important technical expertise. But that is the job of the Secretariat. The only situation where Board members should provide technical input directly is in relation to governance. Board members and observers who have technical insights to offer regarding public health and other programmatic issues, or who have any concerns about the technical input provided by the Secretariat, should discuss these matters privately with the Secretariat.

*Recommendation 2:* To reduce the excessive number of people at each board meeting, the Board should reduce the maximum size of each board delegation from ten to five.

*Recommendation 3:* To sharpen the focus of Board members on each other rather than on the audience, the chair should be permitted to rule that at certain meetings, or for a portion of all meetings, only voting members plus one or two of their delegation members may be in the board room (together with the chair, vice-chair, executive director and speakers invited by the chair), and that anyone else wishing to know what is said should go to the overflow video room.

When there are sensitive matters to discuss, the Board holds a closed (“executive”) session that is attended only by the 20 voting members and their alternates, plus the chair and vice-chair. There is no video feed or published record. These sessions have been modestly more focussed and candid than the open sessions. However, the chair only rarely provides any kind of report back to the open session.

***Recommendation 4:*** The Board should continue to make occasional use of closed sessions, but only when a clear case can be made at the start of such sessions as to why it has to be closed. When the open session resumes, the chair should report on what broad topics were discussed.

### **3.2 The Bloc Concept**

The Global Fund Board is unique among multilateral organisations in that its 20 votes are divided equally between donors and implementers. The donor bloc consists of representatives of developed-country governments, the private sector and foundations; the implementer bloc consists of representatives of developing-country governments, NGOs, and communities living with the three diseases.

All these Board members have equal voting rights, and no Board resolution can be passed without support from two-thirds of each group. This “double-two-thirds majority” rule means that a resolution can be blocked by 20% – just four – of the 20 voting board members. Both in the full Board and in committee, delegations have on occasion threatened to organise a blocking minority if they don’t get their way. This is their right, but it has caused irritation.

This rule was, at first, a necessary means of getting everyone to accept that rich donor governments must not be allowed to push through whatever decision they want. But that concept is now so fully accepted that a strong case can be made that the rule is no longer necessary. None of the six comparison organisations has a voting rule as restrictive as that of the Global Fund.

***Recommendation 5:*** The Board should permit resolutions to be passed by a simple two-thirds majority of all Board members, rather than requiring two-thirds of each bloc.

But the Fund may need to go further. The terms “donor bloc” and “implementer bloc” were, from the start of the Global Fund, euphemisms for rich / Western / developed / grant-making countries (and their perceived private sector and foundation allies) and poor / Southern / developing / grant-receiving countries (and their perceived NGO and communities allies). That formerly reasonable distinction is beginning to lose validity. Emerging powers like Russia, China and India are starting to switch from being recipients of Global Fund grants to being donors to the Fund, creating a case that they should shift from being members of the

implementer bloc to being members of the donor bloc – or that the bloc concept should be removed.

*Recommendation 6:* The Board should examine whether to revise the Fund’s governance rules such that all voting board seats continue to be allocated as at present, but seats are no longer grouped as “donors” and “implementers”.

### **3.3 Independent Board Members**

Many boards include some independent members who are selected not because of their affiliation with constituencies or organisations that have vested interests in the affairs of the institution they are overseeing, but because of their expertise and experience in governance and leadership, their personal integrity and their open minds.<sup>3</sup>

However at the Global Fund, only the Audit and Ethics Committee has independent members: five of its eight members, including the committee chair, are independent and are paid an annual honorarium for their service.

If the Board itself were to add a small number of carefully-chosen independent members, the advantages would be twofold. First, those members could bring expertise that the Board currently lacks. Second, those members would be listened to particularly closely in some of the more difficult debates, because they would be known not to have agendas allied to any particular constituency perspectives.

*Recommendation 7:* The board should add two independent members. Their loyalty should be entirely to the Global Fund, rather than to any constituency or to either bloc. Candidates should be nominated after a global search and voted on by the whole Board. If the double-two-thirds majority voting system is retained, independent members should not have a vote. But if that system is removed (as per the recommendation in Section 3.2), they should have a vote.

Independent board members should have the same term limits as other board members. Those who are self-employed or retired should be offered an honorarium by the Global Fund.

This recommendation clearly conflicts somewhat with earlier observations that the Board may be too large. But one of the other recommendations would remove four of the non-voting Board members.

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<sup>3</sup> As mentioned in the Appendix, one third of the board of the GAVI Alliance is made up of independent members.

### 3.4 A Two-Tier Governance System

Most large organisations— including five of the six comparison organisations – have two levels of governance. At one level there is a *stakeholders’ governance body* of members, shareholders or representatives of partner organisations. Meetings of these bodies are usually open and carefully planned, with plenty of participants, speeches and points of view, and with few decisions or surprises.

At another level there is a much smaller *directors’ governance body*, often elected by the stakeholders’ governance body, that has members with substantial high-level management and governance experience. This body has more power concentrated into fewer hands, and is charged with overseeing the work of the executive director/CEO and/or with other responsibilities assigned by the stakeholders’ governance body.

Members of the first group are usually loyal first to their constituencies or 'home' organisations. In contrast, members of the second group are expected to leave their agendas at the door and concentrate exclusively on the organisation they are overseeing.

The Global Fund is unusual in that it has combined these two roles into a single body, the existing Board.<sup>4</sup> This has created a series of problems, one of which is a lack of clarity about the division of loyalties: when voting, should Board members put the needs of their own constituencies first, or the needs of the Fund? (This problem is discussed further in Section 4.5 below).

Part of the reason the Global Fund has yet to establish a directors’ governance body is the challenge of choosing members; there are few constituencies that would willingly relinquish any power or decision-making to another. The nearest the Board has come to this is the establishment of the Coordinating Group, consisting of the chairs and vice-chairs of the Board and its standing committees. But this was a political “hot potato” and in the end the Coordinating Group was seriously weakened by not being permitted to take any decisions: all it could do was discuss how the committees might coordinate their work.

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<sup>4</sup> To confuse matters, the Global Fund also has a body called the “Partnership Forum” which meets once every two to three years. The role of the Partnership Forum is to give a wider group than attends board meetings an opportunity to learn about and express its views on the Global Fund’s strategies and impact. But because the Partnership Forum has no decision-making authority, it does not constitute a *stakeholders’ governance body* as discussed above.

***Recommendation 8:*** The Global Fund should develop a two-tier governance body, retaining the existing Board as a *stakeholders’ governance body* and convening a new executive committee (ExCom) to serve as the *directors’ governance body*. Once this is done, the Coordinating Group should be abolished.

The ExCom should meet more often than the Board, sometimes doing so electronically or by phone. When the ExCom meets, there should be no other people in the room (except by invitation of the chair), and there should be no video feed. However, detailed minutes should be made publicly available.

The ExCom should only be allowed to make decisions on topics where it has been authorised to do so by the full Board. It should also, like the other standing committees, make recommendations for approval by the full Board.

The board’s three standing committees (on strategy and investment, finance and operations, and audit and ethics, discussed in Section 3.6 below) should report to the ExCom.

The ExCom should have nine voting and three non-voting members, as follows: (a) the Fund’s chair, vice-chair and executive director (all non-voting); (b) the three chairs of the Board’s standing committees; (c) the two independent Board members; (d) two of the existing “donor” board members; and (e) two of the existing “implementer” board members. The four donor and implementer ExCom members should be chosen by a vote of the entire Board. All ExCom members should have the same term of office and term limits as board members.

Standing committee chairs who are not also Board members or alternates should be non-voting members of the ExCom, giving a voting seat to another Board member or alternate from their committee.<sup>5</sup>

ExCom resolutions should require a two-thirds majority to pass (six of the nine voting members), but ExCom should strive for consensus.

Two levels of governance would allow the Fund to use the Board to take into consideration the needs and objectives of individual constituencies, and the ExCom to focus exclusively on the Fund itself, and its beneficiaries.

### **3.5 The Fund’s Governance Cycle**

Donors commit money to the Global Fund on a three-year replenishment cycle. But the Fund’s governance cycle is two years for Board officers and committee members. A two-year governance cycle is rather short; longer would be better. And having the replenishment and governance cycles coincide would provide a strong incentive for board and committee chairs to deliver proven results prior to the next replenishment meeting.

***Recommendation 9:*** The Board should time its governance cycle to coincide with the

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<sup>5</sup> This is the approach used by the Global Partnership for Education, as discussed in the Appendix.

replenishment cycle, and should extend terms for Board and committee members and officers to three years.

### **3.6 The Three Standing Board Committees**

Committees are normally established to help boards make smarter decisions. Most board committees make decisions on some matters, and forward recommendations on other matters to the full board. Three committees were established in the overhaul of the Global Fund's ways of working after 2011: strategy and investment, finance and operations, and audit and ethics.

None of the three standing board committees includes governance within its mandate. Likewise, none of them handles nominations for board or committee positions or for the two positions that report to the board – executive director and inspector general.

Good practice in governance suggests that each committee should be limited to nine members – all of whom should also be board members. But at the Global Fund, two of the three committees are larger than this, and very few of the committee members are also Board members.

The large size of the strategy and investment committee and of the finance and operations committee has limited their ability to hold effective, focussed discussions. Equally, the complicated nature of the discussions within the finance committee has prevented many delegations from even offering candidates to join. This problem was brought into sharp relief at the March 2014 Board meeting in Jakarta, when a new call had to be made for prospective members to apply to sit in the finance committee as there were not enough qualified candidates the first time around.

Committee members are often too junior, with not enough expertise in the committee subject areas, or not enough institutional knowledge to understand the genesis of some of the topics of discussion.

These inadequacies have often meant that the Board has been reluctant to adopt committee recommendations without replicating the discussions that had already occurred at committee level.

But most damaging of all is what seems to be a lack of trust among Board members. Committees are large because Board members do not want to risk their delegations not being party to the deliberations.<sup>6</sup>

Such problems of trust are, of course, not limited to the Global Fund's Board: they are a hallmark of relationships in stakeholder-level governance bodies and are natural extensions

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<sup>6</sup> See also the discussion on tensions between board committees and the Secretariat, in Section 5.2 below.

of the differing agendas that prevail. This, again, provides an argument in favour of an ExCom, where those differences would hopefully be subjugated to the overriding interest of the Fund itself.

***Recommendation 10:*** Each standing Board committee should be limited to nine members, six of whom should be Board members (or at least Board delegation members) and three of whom should be independent.

Independent committee members should be chosen for their expertise and experience in governance and the area of focus of each committee. They should be loyal to the Fund itself, rather than to any constituency or to either bloc.

Membership should be limited to a single three-year term, and membership should be rotated so that in any given year, only three people are new to the committee. Committee chairs and vice-chairs should likewise be limited to a single three-year term, though they could be chosen from former committee members. Independent committee members who are self-employed or retired should be offered an honorarium by the Global Fund.

***Recommendation 11:*** The board should set up a new standing committee to deal with governance and nominations; or it should assign these tasks to existing committees.

## 4. The Effectiveness of Board Members

This section focuses on five issues regarding Board member effectiveness: board member quality, seniority levels, term limits, board member speeches, and accountability.

### 4.1 Board Member Quality

While most Global Fund Board members are good at their day jobs, some are not very good at being board members. This manifests itself in two particular ways.

First, some Board members have been known to arrive at meetings poorly prepared. This has been more the case with members from developing-country governments – most of whom have limited support staff – than from other sectors. Poor preparation leads to a diminished voice at Board meetings, resulting in a reduced impact on decision-making.

Second, some Board members are mid-level technocrats with a detailed understanding of the technical side of things but little experience in governance: they see the trees but not always the forest.

This is particularly the case on Board committees. Board members, and to a lesser extent Board committee members, should not normally be providing technical input; they should be

digesting and occasionally commenting briefly on technical input provided by the Secretariat, and then making strategic decisions or recommendations in relation to that input.

*Recommendation 12:* The board should encourage the Secretariat, or some third party, to provide, and board delegation members to attend, some comprehensive induction training. Every delegation member should be encouraged to carefully study the Fund's [Governance Handbook](#). Finally, the Governance Handbook should be extended to include a brief section, possibly written by an outsider, that gives a clear sense of what "good governance" consists of.

*Recommendation 13:* The Board should encourage constituencies to nominate members and delegation members with past governance experience, either on other boards or as executives who have had to report to boards.

The Fund's board operating procedures state that board and committee members and alternates:

"will be subject to annual assessments by the relevant Board body. [...] Where areas of potential concern arise from these assessments, the relevant Board body will discuss the issue with the constituency concerned, with a view to addressing the concern."

None of the interviewees mentioned that there has ever been such an annual assessment. This issue is further discussed in Section 5.1 below.

## **4.2 Board and Committee Member Seniority Levels**

The Fund has no clear policy as to whether Board and committee members should be drawn from the highest ranks – ministerial or permanent secretary level in government, as an example – or mid-level.

Senior appointees bring the advantage of extensive experience in grappling with key strategic and policy issues, high levels of credibility that will likely hasten the approval process of committee-level decisions by the full Board, and a more hands-off attitude regarding the work of the Secretariat.

But the reality is that board committees need to get involved in more detailed issues than the board has to. And most very senior appointees will have neither the time nor the inclination to conduct such committee work.

*Recommendation 14:* The Board should encourage constituencies to nominate very senior people as board members and committee chairs, and to nominate trusted mid-level people to committees. The Board should then devote a relatively small portion of each meeting to reviewing and approving committee recommendations, and should

devote most of its intellectual energy to tackling broad strategic and policy issues.

### **4.3 Board Member Term Limits**

Some Board members attend only one or two meetings and are then never seen again. Conversely, others have attended Board meetings for over a decade. Board rules (which are not always obeyed) specify that each Board member shall serve a two-year term. There is currently no rule preventing a constituency from appointing the same Board member repeatedly, although some constituencies have their own rules preventing repeat terms. Nor is there a rule that prevents former Board members from attending meetings as members of delegations, where they can lobby in the hallways and be invited by their current Board member to address the Board on any topic. Furthermore, there is no Board rule preventing such a person from being appointed as a member or chair of a Board committee.

The small number of individuals who have attended Board meetings for the past decade have, without exception, provided invaluable skills and experience to the Fund throughout their service. But their very willingness to continue doing so prevents others from growing to fill their shoes. Good governance, whether it be for heads of state or for members of Global Fund Board delegations, always dictates that after a prescribed period of time, office holders should be required to hand over to others.

*Recommendation 15:* The Board should strongly encourage Board members to attend every Board meeting during their term of office.

In addition, the Board should introduce a term-limits rule specifying that after someone has attended ten board meetings as Board member and/or alternate and/or Board delegation member, that person may not attend any further board or committee meetings in any capacity, even as an observer, until three more years have passed.

### **4.4 Board Member Speeches**

There is a good unwritten rule at Global Fund Board meetings that Board members must leave their geo-political baggage at the door. This prevents there being any Board discussion of perennial gripe topics (e.g. US-Cuba relations). Another unwritten rule, again valuable and fully observed, is that at in-person Board meetings there should be no discussion regarding the approval or administration of specific Global Fund grants.

However, despite these unwritten rules, Board members have often used their time at the microphone to make speeches that fail to advance the debate in any useful way, or that use valuable time thanking other board members and agreeing with what they have said.

*Recommendation 16:* The Board should seek to enhance speaker focus by having a large and visible clock that times speeches, as at the World Bank, or a 'traffic light'

with green, amber and red lights showing how much time is left, as at the World Health Assembly.

#### **4.5 Board Member Accountability**

The Global Fund’s regulations are not clear regarding accountability. The Board’s operating procedures say that Board members have “fiduciary responsibilities to act in the best interests of the Global Fund”, but the Fund’s bylaws appear to subordinate this to the obligation of Board members to act as representatives of their constituencies. This may be appropriate in the context of a stakeholders' governance body, but it is inappropriate in a directors’ governance body, where a board member should leave his or her constituency agenda at the boardroom door.

This has been a particularly sensitive challenge for the Audit and Ethics Committee (AEC), which deals with highly confidential matters. Most people believe that AEC members must respect the confidentiality of the matters discussed and use their own best judgment on what position to adopt, without consulting their constituencies. Others disagree. This ambiguity needs to be resolved.

*Recommendation 17:* The Board should establish a Code of Conduct specifying that although members should serve as communication channels with their constituencies, their primary loyalty when receiving information and making decisions should be to the Global Fund and the people it serves.

## **5. The Board’s Work**

This section addresses three issues that have negatively affected the Board’s work: The board’s priorities have not been agreed and its work has not been independently evaluated; there have been tensions between the Board and the Secretariat; and the Fund has not cast its net sufficiently wide when searching for chairs and vice-chairs.

### **5.1 Board Priorities and Evaluation**

Board priorities prior to 2012 were putting out fires and micro-managing the Secretariat, with decision-making on strategic direction taking a backseat. Only rarely were there serious discussions at Board level about financial oversight, risk management, managerial quality, staff morale, Board performance, results delivered, and proactive innovation rather than response to crisis. Things since then have improved, but not sufficiently.

The best investment the Board could make in improving governance would be to commission a forceful independent evaluation of its work and effectiveness. The Fund’s Office of the Inspector General [OIG] is currently conducting a “Governance Advisory Review” that is scheduled for completion and private circulation to the board in June 2014. Given that the

OIG reports to the Board and the inspector general serves at the pleasure of the Board, the OIG's review will no doubt be useful but it won't be fully independent. A comprehensive independent evaluation would significantly help to focus the work of the Board as a whole and of its individual members.

*Recommendation 18:* In keeping with what is increasingly seen as best practice, the Board should, at the start of each two- or three-year governance cycle, agree on its objectives and key tasks for that cycle. (This is different from agreeing on the objectives and key tasks of the Global Fund as a whole.)

At the same time, the Board should agree on what it believes would constitute good performance. The Board should then commission an independent expert on governance (a) to attend, as an observer, all Board meetings and some committee meetings throughout the cycle; (b) to conduct, towards the end of the cycle, a 360-degree evaluation of performance by the Board and by individual members against stated expectations; (c) to seek inputs from a broad network of people involved in, and affected by, the work of the Global Fund; and (d) to submit a report, all of which should be made public except for the part that evaluates individual Board members.

The published report should be the focus of a subsequent Board session, which should be accessible to the public through live-streaming. Emphasis in that session should be on how the Fund could approach best practice in governance. A closed-door session on individual Board member performance should follow.<sup>7</sup>

*Recommendation 19:* If both Recommendation 8 (regarding the introduction of a two-tier governance system) and Recommendation 18 (regarding members of the public being permitted to watch the video feed of the discussion on an independent evaluation of the board) are approved, the board should abolish the Fund's Partnership Forum.<sup>8</sup>

## 5.2 Board/Secretariat Relations

All board-governed institutions aspire to high levels of trust in the executive director (ED) and in the Secretariat that he or she leads. This not only requires a remarkable ED; it requires the ED, in turn, to recruit remarkable and trusted senior managers who can deliver what is needed. To assess whether this has happened, an important measure would be whether the organisation could run reasonably effectively during an extended absence by the ED.

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<sup>7</sup> As mentioned in the Appendix, the GAVI Alliance has a rule specifying that any proposed new board or committee member has to be (a) nominated by the relevant constituency, (b) then approved by the board's Governance Committee, and (c) then approved by the full board.

<sup>8</sup> The Partnership Forum is discussed in a footnote to Section 0.

If it is clear that yes, there is a strong and trusted senior management team within the Secretariat, the Board should deliberately take a step back and focus on big-picture, strategic issues.

The problems that the Global Fund has experienced here are twofold. First, prior to the recruitment in 2013 of the current ED, the above ideal situation did not exist. This necessitated a heavier hand by the Board in oversight of the Secretariat. Second, any Board that is composed of a large number of stakeholders rather than a small number of strategic thinkers may be unable or unwilling to focus on big-picture issues, and may be unable to resist the temptation to focus on micro issues, even if the board is happy with the ED's performance.

These issues have manifested themselves at the Global Fund in what have at times been tense interactions between Board committees and the Secretariat. Secretariat officials have sometimes been vexed by what they saw as endless demands for information from the committees; conversely, the committees have sometimes felt that Secretariat officials only provided selective information in the hope of influencing the committees' eventual positions, and did not think as proactively as they should have about strategic issues.

There are several things that the ED could do to avoid possible future tensions. One would be to host a monthly or quarterly private call with Board members to discuss issues of concern. Another would be to invite Board members to spend some time at the Secretariat, shadowing members of the management team and observing the work of Secretariat committees.

Trust cannot be mandated, so no formal recommendations are provided here. Trust between the Board and the Secretariat has improved considerably over the past year, and could improve further if other governance challenges are addressed.

### **5.3 The Chair and Vice-Chair**

The Board needs a chair and vice-chair who are willing and able to lead, and who can devote significant time to the job, particularly during times of crisis. However, the matter of how much time they should provide is a complex balance. It would be a problem if the chair or vice-chair could only devote 5% of their time to the job. But in a different way, it might also be a problem if the chair or vice-chair devoted 50% of their time to the job, particularly if they spent most of that time attempting to micro-manage the Secretariat.

Normally the Board either expects the chair and vice-chair to do the work unpaid, or expects the chair and vice-chair's employers to pay for the time that they devote to Global Fund matters. This reduces the pool of people whom the Board can call upon. Twice thus far the Fund has had a chair or vice-chair who had no employer (each was retired) and who needed some compensation for the work, and this compensation ended up being provided by an organisation from within the donor constituency. Even though it was made clear that this financial compensation was not intended to influence the positions to be adopted by the

chair/vice-chair in question, it was an awkward arrangement. It would have been better if the compensation had been provided by the Global Fund.

*Recommendation 20:* Well in advance of the appointment of each new chair and vice-chair, the Board should set up a nominations committee to manage a global search for qualified candidates, both independent (who might need to be paid) and otherwise (who would not). The nominations committee should recommend to the full Board a shortlist of candidates.

Each chair and vice-chair should be asked to commit about 50 days a year to the Global Fund. They should each negotiate an agreement with the Board and executive director specifying, in broad terms, what use they will make of this time, and how their performance can be evaluated.

## 6. Conclusion

The Global Fund Board should bring together wise, experienced decision-makers from a variety of backgrounds so they can deploy their governance skills and experience to benefit the Fund. Their loyalties should be to the Fund itself, and their goal should be to achieve consensus on broad strategic issues and tough policy decisions. The Board has often fallen short of these ideals.

The Global Fund was ahead of almost all international organisations in its handling of governance at its inauguration in 2002. But there has been little evolution since then, whereas five of the six comparison organisations have undertaken significant reforms since 2006. As a result, the Global Fund has some catching up to do.

The Global Fund recently commissioned its inspector general to review the Fund's governance. It also plans to set up a working group that will study the inspector general's forthcoming report and will then present recommended governance reforms to the full Board at its December 2014 meeting.

Both these initiatives are "insider" approaches. The culture of politeness and, at times, of avoidance that all too often permeates the Board of the Global Fund may mean that these two initiatives will not firmly address or fully resolve some of the sensitive issues discussed in this paper. The best way to avoid this risk would be for the Fund to simultaneously commission a fearless high-level consulting organisation to conduct a comprehensive and penetrating evaluation of the Board's structure and working methods.

If that is not an option, the inspector general and the working group should be strongly encouraged not to pull their punches.

If the reforms that are finally adopted by the Board fully address the issues discussed in this paper, the Global Fund could again become a world leader regarding governance and could, in turn, provide even better value to its stakeholders than it currently does.

## Appendix: Governance Within the Comparison Organisations

As mentioned in Section 2, the author has identified six organisations (plus the Global Fund) that meet the criteria specified in that section.

Those “comparison organisations,” and their governance procedures, are as follows:

### The [Global Partnership for Education](#) (GPE):

- GPE’s mission is “to galvanize and coordinate a global effort to deliver a good quality education to all girls and boys, prioritizing the poorest and most vulnerable.” GPE performs a role regarding education that is somewhat parallel to the role played by the Global Fund regarding the three diseases. Formerly known as the Fast Track Initiative for Education for All (FTI), GPE disburses several hundred million dollars per annum.
- GPE was founded in 2002, and its governance was significantly reformed in 2008.
- GPE has a two-tier governance system consisting of a *board* and a *coordinating committee*.
- The board has 19 voting members, consisting of six representing developing countries, six representing donor countries, three representing civil society, three representing multilateral organisations, and one representing the private sector and private foundations.
- Board resolutions can be passed if there is a simple majority (ten or more out of the 19 voting members), so long as this majority includes at least one developing country, one donor country, one representative of civil society or private sector/foundations, and one multilateral agency.
- The coordinating committee has six voting members, consisting of the chairs of the three standing board committees, plus three other board members or their alternates. (If any of the committee chairs is not a board member or alternate, that person plays a non-voting role on the coordinating committee, and a further board member or alternate is added to the coordinating committee as a voting member.)
- The roles of the coordinating committee are to assist the GPE Chair in coordinating the work of the standing committees, to make time-sensitive decisions between GPE’s twice-per-year in-person board meetings when so requested by the board, and to act as a “sounding board” for the Chief Executive Officer.
- Voting on the coordinating committee requires a simple majority (which in fact means four of the six voting members).
- Each board member represents its constituency on the board and/or coordinating committee, and does not participate in deliberations in a personal capacity.

- The GPE chair, who chairs both the board and the coordinating committee, is independent of all partner organisations and does not have a vote. The chair is unpaid. There is no vice-chair.
- If a board member wishes his/her delegation at a board meeting to include anyone in addition to the board member and the alternate, this has to be approved by the chair.
- Other than the coordinating committee, the board has three standing committees: Strategy and Policy Committee (11 members); Country Grants and Performance Committee (11 members); and Governance, Ethics, Risk and Finance Committee (7 members).
- The only independent member of the board and its committees is the GPE Chair.

#### The [GAVI Alliance](#) (GAVI):

- The GAVI Alliance’s mission is “saving children’s lives and protecting people’s health by increasing access to immunisation in poor countries.” Formerly known as the Global Alliance for Vaccines and Immunisation, GAVI disburses over \$1 billion annually.
- GAVI was founded in 2000, and its governance was significantly reformed in 2008.
- GAVI has a two-tier governance system consisting of a *board* and a *board executive committee*.
- The board has 28 members, consisting of five representing developed countries, five representing developing countries, three representing multilateral agencies, one representing civil society organisations, two representing the vaccine industry, one representing foundations, one representing research institutes, and nine independent individuals, together with the CEO (non-voting).
- The executive committee has 11 members, consisting of one representing developed countries, one representing developing countries, two representing multilateral agencies, one representing foundations, three independent individuals, the board chair, the board vice-chair, and the CEO (non-voting).
- As mentioned, nine of the 28 members of the GAVI board and four of the eleven members of its executive committee are independent, of whom one currently chairs the board and its executive committee.
- Any proposed new board or committee member at GAVI has to be (a) nominated by the relevant constituency; (b) then approved by the board’s Governance Committee; and (c) then approved by the full board.
- Board minutes and Executive Committee minutes are published.
- Board and executive committee decisions can be made by a simple two-thirds majority.
- The board has five standing committees.

## **UNITAID:**

- UNITAID’s mission is to “increase access to treatment for HIV/AIDS, TB and malaria for people in developing countries by leveraging price reductions of quality drugs and diagnostics, which currently are unaffordable for most developing countries, and to accelerate the pace at which they are made available.” UNITAID disburses over \$100 million each year.
- UNITAID was founded in 2006.
- UNITAID has a single-tier governance system consisting of an *executive board*. (UNITAID also has an equivalent to the Global Fund’s Coordinating Group but, as with the Global Fund, this is not permitted to take decisions on behalf of the board.)
- The executive board has twelve members, consisting of four representing developed countries, four representing developing countries, two representing civil society networks, one representing foundations, and one from WHO (non-voting).
- UNITAID has two standing committees: Finance and Accountability Committee (7 members, chaired by the UK); and Policy and Strategy Committee (7 members, chaired by France).
- Board resolutions can be passed by a simple two-thirds majority vote.

## **The Roll Back Malaria Partnership (RBM):**

- The Roll Back Malaria Partnership is “the global framework to implement coordinated action against malaria.” It disburses about \$15 million annually.
- RBM was founded in 1998, and its governance was significantly reformed in 2006.
- RBM has a two-tier governance system consisting of a *board* and an *executive committee*.
- The board has 21 voting members, consisting of eight representing developing countries, three representing developed countries, four representing multilateral agencies, two representing NGOs, two representing the private sector, one representing research/academia, and one representing foundations.
- The executive committee has eight voting members, consisting of one representing developing countries, one representing developed countries, two representing multilateral agencies, one representing NGOs, one representing the private sector, one representing research/academia, and one representing foundations.
- Most board and executive committee resolutions can be passed by a simple majority.

## **The Stop TB Partnership:**

- The Stop TB Partnership is a partnership of over 1,000 organisations whose mission is “to serve every person who is vulnerable to TB and ensure that high-quality treatment is available to all who need it.” It disburses over \$100 million annually.

- The Partnership was established in 2000, and its governance was significantly reformed in 2013.
- The Partnership has a two-tier governance system consisting of a *board* and an *executive committee*.
- The board has 25 voting members, consisting of three representing financial donors, one representing foundations, two representing technical agencies, four representing multilateral agencies, two representing NGOs, one representing the private sector, two representing TB Affected Communities, two representing Working Groups, six representing TB Affected Countries, and two open seats.
- The executive committee has seven members. The executive committee acts on behalf of the board in between formal sessions of the board.

### **The [Cities Alliance](#):**

- The Cities Alliance is “a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development.” It works as a catalyst rather than a financing agency. Its annual expenditure is about \$10 million.
- The Alliance was founded in 2001, and its governance was significantly reformed in 2010-2011.
- The Alliance has a two-tier governance system consisting of a board of directors called the *consultative group*, and an *executive committee*.
- The consultative group has 18 voting members, consisting of seven representing developed countries, five representing developing countries, two representing global organisations of local authority alliances, two representing NGOs, and two representing multilateral agencies, together with the World Bank on a non-voting basis. The consulting group is co-chaired by the World Bank and UN-Habitat.
- Consulting group decisions are made by consensus, but members are able to “dissent on the record without objecting.”
- The executive committee has eight members.

### **Note:**

Although the organisations discussed above have governance systems from which the Global Fund could learn, the learning process need not all be one-way; even without any reforms as discussed in this paper, there are plenty of features in the Global Fund’s current governance system from which these and other organisations could learn.