



Independent observer  
of the Global Fund

## LIMITED GOVERNANCE REFORM UNDER WAY AT THE GLOBAL FUND

Governance reform is amongst the last of the recommendations originally made by the High Level Panel in November 2011. With a wide mandate for reform, the Board convened an eight-member working group on governance in early 2014.

Using fairly comprehensive advice from the Inspector General's review of governance at the Board (GF-OIG-14-008), extensive consultations amongst constituencies and members of the Board, the Working Group presented its findings to the full Board at their retreat in Montreux, prior to their 32nd Board meeting. This article reports only final outcomes of the deliberations as well as the topics under the Governance Plan for Impact (GF/B32/08-final).

The Governance Plan predicates its recommendations on prior reforms in areas including Board function, risk management and the role of the Partnership Forum; the voting structure; transparency of Board and Committee votes; institutional memory management; legal status; lifecycle and constituency management. Implicit within the plan is an overarching effort to ensure the quality of the interventions by implementers on the Board.

### Governance Functions:

The Board has six functions: strategy development, governance oversight, commitment of financial resources, assessment of organizational performance, risk management and partnership engagement/resource mobilization and advocacy.

The final governance structure should be presented for approval by the committee in November 2015. It

will comprise of the full Board, a coordinating group and three committees. The existing permanent committees will be reconfigured as: 1) a Finance and Audit committee (which merges all finance and audit functions under one committee, a standard for many similar organizations); 2) a Strategy and Operations committee (essentially the SIIC); and 3) an Ethics and Governance committee.

To handle the transition for Board reform, a temporary Transitional Governance Committee will be formed. This will be a six-member temporary committee to be dissolved in March 2016 once the enhanced structure is in place.

This temporary committee will have five responsibilities:

- to oversee and advise on key governance functions
- to develop methods and oversee the performance assessments
- to finalize the enhanced governance structure
- to develop key components of a comprehensive governance structure
- to develop a proposal for the future Board structure

Further terms of reference were provided to the Board and were approved as described in the governance plan GF/B32/08 – revision 2 (Annex 2).

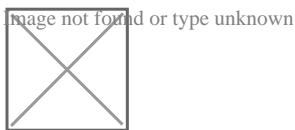
Assignment of responsibility among the existing standing committees — the Audit and Ethics Committee, the Strategy, Investment and Impact Committee and the Finance and Operations Committee — will remain until the “enhanced governance structure” is in place.

An amended terms of reference for the Board's leadership were set out in the Annex 5 of the Governance Plan.

The Board, after some debate during the retreat, reaffirmed that the chair and co-chair of the Board will be term-limited after two years.

Cross-cutting activities of the Board:

The working group's proposal to the Board to oversee activities such as risk management, an assessment of organizational performance and the reaffirmation of the role of the Partnership Forum was summarized and approved, as shown in the following schema.



From GF/B32/08-final – figure 5.

The Board approved a recommendation by the working group that requires acceptance of the responsibility for risk management at each level of the governance structure. All committees will contribute to the management of risk, and each committee must be fully appraised of the risk universe. The Chief Risk Officer is responsible for the consolidation and presentation of risk report to the Board twice annually.

Separately the Board requested the provision of an assurance report outlining the CRO's independent view on the robustness and effectiveness of the Secretariat's risk management and mitigation activities to maintain an acceptable risk profile. This is also independent of a request that the Inspector General also

provide a risk assessment report.

#### Assessing the Global Fund's Organizational Performance:

The Board agreed that key performance indicators will be considered at all Committee levels and presented as a clear way of measuring progress towards the Strategic Objectives of the Global Fund. It was also agreed that the development of KPIs to monitor the 2017-2021 strategy will be an integral part of the strategy development process and build on lessons learned from the current framework.

#### Voting Structure:

There were mixed reactions to what was presented by the working group. The end result was that there were no changes to the voting structure approved by the Board, but this could be further considered by the Transitional Governance Committee.

It was confirmed that individual constituency votes at the Board level will be systematically recorded, and a summary report included in the public Board documents on the website. Voting at Committee level will be systematically recorded, and a summary report made available internally.

Despite concerns about the installation of the live-streaming of Board meetings, such as the effect it might have on the openness of discussions on the Board, it was agreed that the current process of live-streaming for all delegations to the Board would continue, and that consideration to making this live-streaming public would be considered over the next year.

#### Institutional Memory Management:

The Board approved that an annual report will be provided by the Office of Board Affairs containing a) the full register of Board decisions and b) the status of implementation.

#### Elevating the Implementer Voice:

The Board approved a roadmap developed for the Implementer Bloc by Management Sciences for Health, and assured them that there would be adequate support for the implementation of the roadmap and workplan.

As an observer said about the outcomes of this Governance Plan: “this is a refinement of the existing structure, rather than a major change in the governance of the Global Fund.” With the Governance Plan for Impact now largely approved for action, and the transitional committee charged with oversight of the implementation of the plan, the Global Fund at least has a “plan to plan” for moving ahead.

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