



Independent observer
of the Global Fund

NON-VOTING SEAT FOR NEW PUBLIC DONORS CREATED ON GLOBAL FUND BOARD

The Global Fund Board has voted to amend its Bylaws to convert the non-voting seat on the Board currently reserved for a Swiss citizen residing in Switzerland to one reserved for “one representative of public donors which are currently not part of a voting donor constituency but have each pledged a contribution of at least \$10 million in the current replenishment cycle.” The Board also asked the Secretariat to invite these donors to join this new non-voting Board constituency, and to develop a process for selecting its Board representation in accordance with the Bylaws and the Operating Procedures of the Board and Committees of the Global Fund.

(Having a seat on the Board for a Swiss citizen residing in Switzerland was a requirement when the Global Fund was first established, but it appears that this is no longer required.)

This change does not affect Board size, structure or voting rules.

There are seven donor countries that are currently not represented on the Board (see table). Collectively, these countries have made cumulative contributions to 2016 of over \$500 million and have pledged \$80.3 million for 2017-2019.

The Board has been wrestling for some time with how best to accommodate new donors on a Board that, in terms of voting members, is delicately balanced between a donor bloc and an implementers bloc. The decisions taken at this Board meeting are seen only as an interim measure until a broader review of the Board’s size, structure and voting procedures takes place.

According to a paper prepared for the 38th Board meeting in Geneva on 14-15 November, “there appears

to be broad recognition that the Global Fund's governance structure needs to adjust to the evolving landscape in which the Global Fund operates." While building consensus on all of the changes required could take time, the paper said, there is broad agreement on the urgency of integrating additional public donors in the Global Fund's governance structure ahead of the next replenishment cycle starting in 2020, "with an aim to enhance contributions."

Table: Current donors not represented in the Global Fund Board structure (\$ million)

Country	Cumulative contributions 2001-2016	Pledged for 2017-2019
China	45.0 m.	18.0 m.
India	26.5 m.	20.0 m.
Korea	32.6 m.	11.8 m.
Kuwait	4.5 m.	5.5 m.
Qatar	0.0 m.	10.0 m.
Russia	317.0 m.	TBD
Saudi Arabia	78.0 m.	15.0 m.
Total	503.6 m.	80.3 m.

Of the seven current donors not represented on the Board structure, Russia and China were formerly recipients of Global Fund grants. India is a current recipient.

Currently, there are 10 seats on the Board for public donors. As there are more donors than seats, some of the seats are shared by multiple donors. The list is as follows:

- France
- Germany
- Japan
- United Kingdom
- United States
- Canada, Switzerland and Australia
- European Commission (Belgium, Italy, Portugal, Spain)
- Point Seven (Denmark, Norway, Netherlands, Sweden, Ireland, Luxembourg)
- Private Foundations
- Private Sector

The Board paper states that the Donor Voting Group is working to develop parameters and thresholds for single constituency donor seats with a view to promoting additional contributions from the largest donors and equitably distributing smaller donors among the public donor seats – while avoiding an excessive concentration of multiple donors in a few seats.

The Board asked the Donor Voting Group to report on its proposed revised process for donor seat allocation at the Board's 39th meeting next May. The Board said that the revised process should ensure that new public donors who commit to the principles in the Framework Document of the Global Fund and contribute or pledge more than a defined threshold amount for two consecutive replenishment periods, will be integrated into a voting public donor constituency.

The paper contains a proposal that was developed by the Donor Voting Group on the Board and endorsed by the Ethics and Governance Committee. The Board did not endorse the proposal. However, it did vote

to establish a non-voting seat for new donors as an interim measure, which is a key recommendation of the proposal.

According to the proposal, a public donor meeting the \$10 million threshold could stay in the non-voting donor seat for two replenishment cycles (i.e. until 2022), during which time the Donor Voting Group would take steps to find a (voting) constituency for the donor to join, “based on like-mindedness and alignment of interests.” The paper said the \$10 million threshold is expected to be increased prior to the 7th Replenishment in 2022.

The proposal also states that following admittance to a transitional non-voting seat, a public donor who provides a contribution of at least \$50 million in one replenishment cycle and who pledges \$50 million or more in the subsequent replenishment cycle would be guaranteed integration into one of the existing voting donor constituencies, ideally based on the principal of like-mindedness and alignment of interests. If necessary, the proposal states, the donor will be integrated “starting with the public donor constituency that is contributing the least.”

It is likely that the proposal will be fine-tuned before it is presented to the Board next May.

Changes to the donor seat allocations can only take effect once every three years – at the time of the public-sector donor constituency seat allocation process carried out before the first Board meeting in the year following a replenishment conference.

Board Document GF-B38-03 (Integration of Additional Public Donors in the Global Fund Governance Structure) should be available shortly at www.theglobalfund.org/en/board/meetings/38.

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