



Independent observer
of the Global Fund

Reform is possible, and necessary, in the governance of the Global Fund

by Bernard Rivers

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 weaknesses, some of which had never been previously discussed.

The executive director was persuaded to resign, a temporary general manager was brought in to restructure the Secretariat and the Board conducted a comprehensive overhaul of the Fund's business model. Finally, an experienced new executive director was recruited 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.

At the Board's meeting earlier this month in Jakarta, it was announced that a working group on governance will be established to examine the Board's structure and working methods.

Here are some ideas regarding possible reforms. They are excerpted from a paper entitled "[Options for Reforming the Global Fund Board](#)" newly published by Aidspan.

Board Size

The Global Fund board is very large, with 20 voting members, six non-voting members, and a non-voting chair and vice-chair. Furthermore, each board member is backed at board meetings by a delegation of up

to nine members.

This size has its values, in that it permits a wide range of points of view to be expressed. But it also presents problems.

For instance, once a discussion has started, any board member who indicates a wish to speak 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 to engage in a genuine and candid conversation.

“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).

Recommendation: 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.

Recommendation: The board should reduce the maximum number of people in each board delegation from ten to five.

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 if it does not have the support of 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.

This voting 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.

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

Independent Board Members

Many boards include some independent members who are selected for their expertise and experience in governance and leadership, their personal integrity and their open minds.

Recommendation: The Board should add two independent members. If the double-two-thirds majority voting system is retained, the independent members should not have a vote. But if that system is removed, they should have a vote.

A Two-Tier Governance System

Most large organisations have two levels of governance. At one level there is a stakeholders’ governance body of members, shareholders or representatives of partner organisations.

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.

The Global Fund is unusual in that it has combined these two roles in a single body: the existing Board.

Recommendation: 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. The ExCom should have the authority to make certain decisions, but only where is mandated to do so by the full board. In other areas, the ExCom should just make recommendations to the Board.

The Three Standing Board Committees

Recommendation: Each standing Board committee should be limited to nine members (instead of far more, as at present), six of whom should be Board members or their nominees, and three of whom should be independent.

Board Member Quality

While most Global Fund Board members are good at their day jobs, some are not very good at being board members.

Recommendation: The Board should encourage the Secretariat, or some third party, to provide, and board delegation members to attend, some comprehensive induction training.

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

Board and Committee Member Seniority Levels

Recommendation: 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.

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.

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: 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.

Board Member Accountability

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

Board Priorities and Evaluation

Prior to 2012, the Board only rarely held serious discussions on 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.

Recommendation: The Board should, at the start of each two- or three-year governance cycle, agree on its objectives and key tasks for that cycle, and on what it believes would constitute good performance. The Board should then commission an independent expert on governance to conduct, towards the end of the cycle, a thorough evaluation of performance by the Board and by individual members against stated expectations. The report should be the focus of a subsequent Board session.

Conclusion

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.

If the Global Fund were to initiate a process of governance reform, 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.

Bernard Rivers (bernard.rivers@gmail.com) founded Aidspan in 2002 and ran it until September 2012. Now retired, he serves as a senior fellow at Aidspan and, until June 2014, as a visiting fellow at Cambridge University, where he did much of the research and many of the interviews on which this article is based. All opinions presented in this commentary and the working paper are his own.

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