

# **Revision to the Board Leadership Terms of Reference**

## **47<sup>th</sup> Board Meeting**

GF/B47/05

10-11-12 May 2022, Geneva / Virtual

### **Board Decision**

Purpose of the paper: The report presents an EGC recommendation on revisions to the Terms of Reference of the Chair and Vice-Chair of the Board and corresponding amendments to the Core Governance Documents, to the Board for approval.

## Decision

**GF/B46/DP07 - Board Leadership Term**

***The Board approves the amendments to the (i) Terms of Reference Chair and Vice-Chair of the Board of the Global Fund, (ii) Bylaws of the Global Fund; and (iii) the Operating Procedures of the Board and Committees of the Global Fund, set out respectively in annexes 1, 2 and 3 to GF/B46/05.***

**Budgetary implications (included in OPEX budget)**

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

# Executive Summary

## Context

Review of the term length for the Board Chair and Vice-Chair (“Board Leadership”) is a priority workstream in the Governance Action Plan 2.0 (“GAP 2.0”), developed in response to the 2020-21 Governance Performance Assessment, and endorsed by the EGC in July 2021. The proposal is recommended by the EGC as a governance priority ahead of the next Board Leadership selection process, to be launched in Q3 2022. Finalization of this proposal was postponed from 2021 in light of the second ad hoc extension of the current Board Leadership, approved by the Board in October 2021

## Questions this paper addresses

- A. What is the recommendation and why?
- B. What options did the EGC consider?
- C. What do we need to do next to progress?

## Conclusions

- A. A **three-year Board Leadership term** is recommended to (1) enable governance and leadership continuity, (2) optimize leadership terms to ensure continuity and leverage expertise and experience, (3) improve alignment with respect to key strategic cycles (replenishment and strategy), and (4) reduce process burden. The proposal was developed based on the recommendations of the Governance Performance Assessment final report issued in 2021, best practice recommendations, benchmarking, constituency statements, and feedback from past Board Leaders. A move to three-year terms will mitigate leadership continuity risks ahead of the 8<sup>th</sup> Replenishment and next Strategy development process. In addition, in response to feedback from constituencies, a mid-term assessment of Board Leadership performance will be conducted.
- B. The EGC considered options including maintaining the status quo; renewable terms; staggered terms; and a longer-term length of four or five years.
- C. A Board decision is sought by May 2022, ahead of the next Board Leadership selection process, due to commence in Q3 2022. Key next steps for the selection process will include the appointment of a Board Leadership Nomination Committee in July 2022, and launch of a call for nominations for Board Chair and Vice-Chair candidates in September 2022. The next Board Leadership will take up office in May 2023.

## Input Sought

The Board is requested to approve the following decision: **GF/B47/DP07: Board Leadership Term**

## Input Received

- Governance Performance Assessment recommendations (2021) and feedback at Board Workshop and 45<sup>th</sup> Board Meeting.
- Discussion at 15<sup>th</sup>, 16<sup>th</sup> and 18<sup>th</sup> EGC meetings (March & July 2021; March 2022) and constituency inputs received, including additional consultation in July-August 2021.
- Feedback sought from previous Board Chairs and Vice-Chairs.
- Lessons learned from the 2019 Board Leadership selection process.

## What is the need or opportunity?

1. Review of the term length of the Board Leadership is a **priority workstream in the EGC-endorsed Governance Action Plan 2.0**,<sup>1</sup> developed following recommendations of the 2021 Governance Performance Assessment<sup>2</sup> and following iterative consultation with the EGC and Board. The Governance Performance Assessment identified a shift to a longer Board Leadership term as a **key priority for enhanced governance effectiveness, leadership continuity, and efficiency**. The assessment further underlined the importance of alignment of Board Leadership terms with key institutional cycles, namely, strategy and replenishment. In addition, lessons learned from the 2019 Board Leadership selection process indicated that a longer Board Leadership term should be considered, noting the process burden of frequent selection processes,<sup>3</sup> while feedback from past Board Leaders similarly points to the risks associated with a short leadership term, and the benefits of a longer term.
2. The Board Leadership are appointed by the Board and currently serve non-renewable two-year terms. Continuing with a two-year term model would result in leadership changes ahead of the 8<sup>th</sup> Replenishment, and during the development of the next Global Fund Strategy, and as such, would pose a significant leadership continuity and governance effectiveness risk.
3. The terms of the current Board Leadership were exceptionally extended by the Board in August 2020<sup>4</sup> until May 2022, and again in October 2021.<sup>5</sup> These exceptional extensions were adopted as a continuity and risk mitigation measure in the COVID-19 context, and to bring leadership continuity, including through the 2020-2021 Strategy Development Process, and the 2022 7<sup>th</sup> Replenishment campaign.
4. As a result of the extensions, the current Board Leadership term will conclude in May 2023. The process to select the next Board Leadership will be a governance priority for Q3-4 2022 and Q1 2023. Prior to the launch of the next selection process, the EGC and the Board have an opportunity to consider term length adjustment via revisions to the Board Leadership Terms of Reference.<sup>6</sup>

## What do we propose to do and why?

5. The Terms of Reference of the Chair and Vice-Chair of the Board<sup>7</sup> (TOR) underwent thorough review ahead of current leadership term. Ahead of the next selection process, in line with recommendations from the Governance Performance Assessment, one revision is proposed: a **three-year term**. This proposal will not impact the term of the current Board Leadership pair which is set to end after the first Board meeting in 2023. This change would apply with effect from the next leadership term commencing May 2023.

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<sup>1</sup> [GF/EGC16/05 Rev 1 – Governance Action Plan 2.0](#) (July 2021)

<sup>2</sup> [GF/B45/21 - 2020 Governance Performance Assessment Final Report](#) (May 2021)

<sup>3</sup> [GF/EGC10/03 – Lessons Learned from the Board Leadership Selection Process](#) (July 2019)

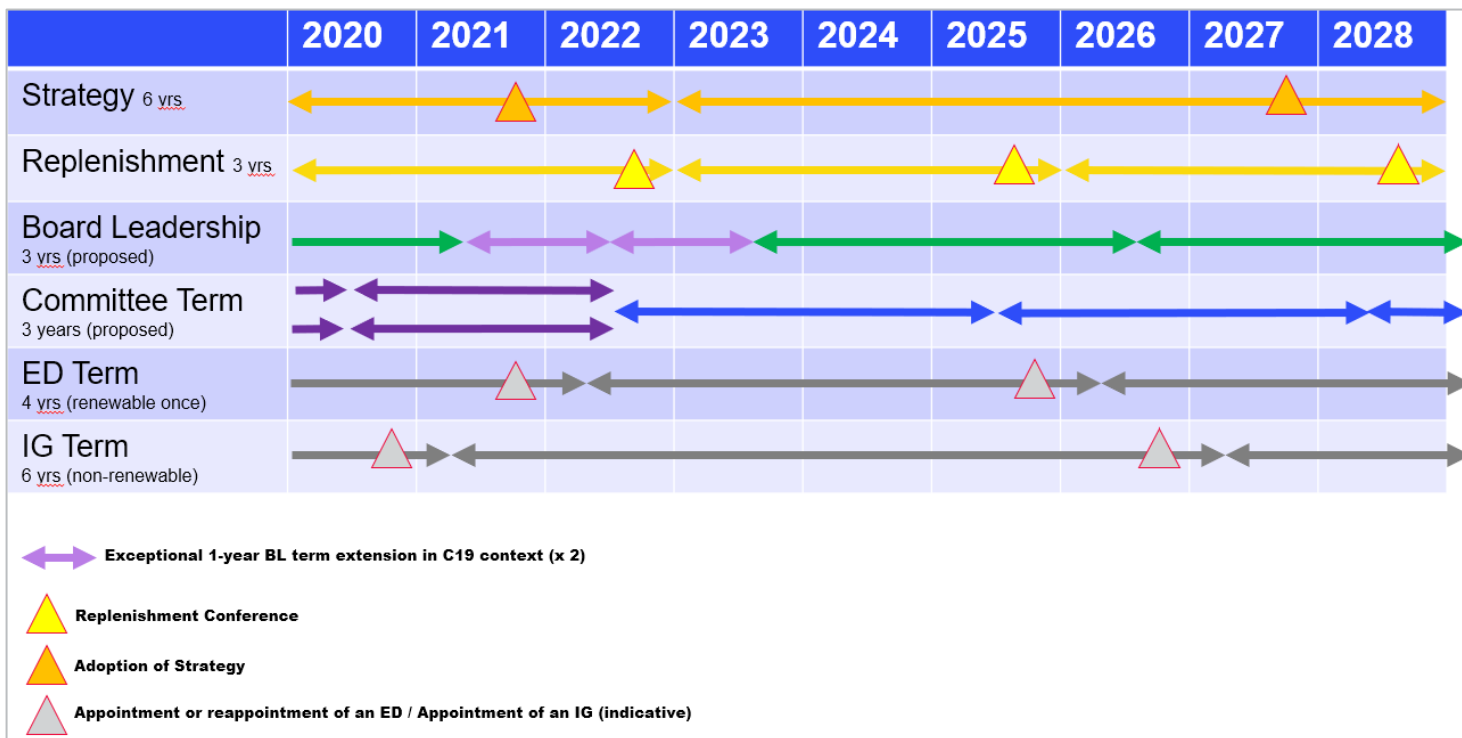
<sup>4</sup> <https://www.theglobalfund.org/board-decisions/b43-edp11/>

<sup>5</sup> <https://www.theglobalfund.org/board-decisions/b45-edp25/>

<sup>6</sup> Associated provisions of the Bylaws and BCOP will be updated accordingly.

<sup>7</sup> [https://www.theglobalfund.org/media/6006/board\\_chairvicechair\\_tor\\_en.pdf](https://www.theglobalfund.org/media/6006/board_chairvicechair_tor_en.pdf)

6. **Figure 1** below illustrates a three-year term alongside other key institutional cycles.



**Figure 1. Leadership transition and key institutional cycles<sup>8</sup>**

7. **A strengthened approach to performance assessment** will form part of the accountability arrangements for future Board Chairs and Vice-Chairs. Specifically, the Board Leadership will undergo a mid-term performance assessment, with an enhanced approach to individual assessment and feedback, as defined in the revisions to the Governance Performance Assessment Framework, adopted by the EGC at its 18<sup>th</sup> meeting in March 2022.<sup>9</sup>

**What is the rationale for a three-year term?**

8. Key considerations in support of the proposal are as follows:
- a. **Leadership continuity.** A longer term is considered best practice in support of continuity, institutional memory and effectiveness.
  - b. **Enhanced leadership continuity through key institutional cycles and decisions.** A three-year term, with due attention to strategic cycles, would ensure leadership continuity at critical moments for the organization. Specifically, ensuring leadership continuity during the **next strategy development**, and adjusting terms to ensure Board Leaders support a full **replenishment cycle**, including the Replenishment Conference. The proposal also avoids running a Board Leadership selection process in parallel to Replenishment campaign. Similarly,

<sup>8</sup> Please refer to GF/EGC18/02 – Leveraging the Role of Committees for the proposal on 3-year committee terms.  
<sup>9</sup> GF/EGC18/DP04. See also document GF/EGC18/04 Revisions to the Governance Performance Assessment Framework.

the same Board Leadership pair would see through the next Executive Director selection process in 2025, based on current anticipated timelines.

- c. **Staggered leadership transitions.** As outlined in the GAP 2.0, the Board will also consider a recommendation to extend committee terms to three years, as set forth in document GF/B47/05 – Leveraging the Role of Committees. Both proposals have been developed holistically to bring staggering between Board Leadership and committee terms.
- d. **Leveraging experience and mitigating transition burden.** A three-year term would provide Board Leadership more time to dedicate to their responsibilities, allow for a learning curve in a complex environment, leverage Board Leaders’ experience following the onboarding phase, and better enable leaders to make an in-depth contribution.
- e. **Reduced process burden and cost.** Selection processes require a significant level of effort and resources from the Board, its constituencies, and the Secretariat. Reducing the frequency of Board Leadership selection processes will support streamlining of high-burden governance processes, as well as reducing financial implications.
- f. **Culture.** A longer term may enhance trust in the relationships between Board Leadership, the Board, and the Secretariat by enabling Leadership to build a strong foundation for relationship-building over a longer period. This may facilitate the promotion of a culture of openness and trust and cultivate a governance culture that both generates and protects value.

#### **What sources inform this rationale?**

9. **Recommendation of the Governance Performance Assessment (“GPA”).** The GPA put forward a recommendation to establish longer terms for Board Leadership that would allow them to exercise their role more effectively. The GPA recommended that Board Leadership should be appointed for a period of three years. (The GPA suggested terms should be renewable once. Noting the rotation principle, whereby the Chair role rotates between nominations from donor and implementer constituencies, renewable terms are not included in this proposal.) In support of three-year terms, the GPA notes the following considerations:
  - i. **Leadership effectiveness:** a longer term “would allow Board Leadership to exercise their role more effectively and lead at least one full strategy and replenishment period, moreover, it would leave more time for the Leadership Team to actually perform their work.”
  - ii. **Alignment with peer organizations.** The Global Fund should, in line with the practices in peer organizations, extend the Board Leadership term from two to three years.
  - iii. **Ability to attract candidates.** Recognizing the high level of effort in serving as Board Chair or Vice-Chair, a three-year term is considered an appropriate and reasonable balance. A longer term may dissuade certain candidates.
  - iv. **Process effectiveness.** The BLNC spends approximately seven months out of Board Leadership’s 24-month term searching for the next Leadership.
10. **Benchmarking.** The Global Fund is **the only organization among peers that has a two-year non-renewable Board Leadership term.** It is important to note that these peer organizations are able to attract a high caliber of candidates for Board Leadership roles. **Table 1** illustrates Board Leadership terms in selected peer organizations.

Organization	Term	Renewable
The Global Fund	2 years	X
African Development Bank	5 years (x1)	✓
Asian Infrastructure Investment Bank	5 years (x1)	✓
European Bank for Reconstruction and Development (EBRD)	5 years	✓
European Investment Bank	6 years	✓
GAVI	2 years (x3)	✓
Global Alliance for Improved Nutrition (GAIN)	3 years (x1)	✓
Global Partnership for Education	2 years (x1)	✓
Mercy Corps	3 years (x1)	✓
Partnership for Maternal, Newborn and Child Health (PMNCH)	3 years	X
Save the Children	1 year (x6)	✓
StopTB Partnership	3 years (x1)	✓
Unitaid	3 years (+2)	✓

**Table 1: Board Leadership terms in selected peer organizations**

11. **Feedback from past Board Leaders.**<sup>10</sup> In line with guidance from Board constituencies and the EGC, outreach was conducted with former Board Chairs and Vice-Chairs to seek their reflections on Board Leadership term lengths, based on experience. Overall, there was **consensus that a longer term would be beneficial**. The views of former Board Chairs and Vice-Chairs are summarized below:

- a. A two-year term is too short, in that it does not give Board Leadership enough time to understand the complexity of the Global Fund, establish strong relationships with the Board and management, and leverage knowledge and experience.
- b. A longer term:
  - Allows Board Leadership to leverage their experience leading the Board to achieve results. Given that some Board-level initiatives might require more than two years to achieve results, and could benefit from mid-course corrections, a longer term would bring Board Leadership continuity, as well as increased leadership experience and confidence, to lead such initiatives.
  - Allows both Board Leadership and the Board to adapt to each other, and work together to accomplish agreed upon decisions.
  - Reduces the burden on the Secretariat, in particular management, with respect to adaptation and adjustment to new Board Leadership. Transition and onboarding every two years was considered an unreasonable burden on the Secretariat.
  - May pose challenges regarding requesting increased commitment from Board Leadership, noting that candidates may have many other commitments. Clear expectation-setting is therefore key at the selection stage.

<sup>10</sup> A survey was conducted with Board leaders from the past three leadership terms (2013-2015, 2015-2017, 2017-2019). We received responses from two former Chairs and two former Vice-Chairs.

- c. More broadly, effective support is essential. The current Advisor model was recognized as invaluable, and to be continued.

12. **Recommendations from the 2019 Board Leadership Nomination Committee.** The BLNC identified the term length of Board Leadership as a potential area for improvement, and noted that *“the level of effort required to run the selection process, and leadership transition, might require flexibility around the two-year Board Leadership term length which may benefit from the possibility of extension.”*<sup>11</sup>

## Constituency input and response

13. **Constituency feedback.** Constituencies expressed the following feedback to the EGC in the course of Q3 2021 consultations, and demonstrated general support for longer term lengths<sup>12</sup>:

- a. Recognition of the contribution of three-year terms to leadership continuity, strengthened institutional knowledge and memory, and to the **overall effective and efficient functioning of the Board and the Global Fund**;
- b. Support for longer and better-aligned leadership terms in support of **Replenishment and Strategy cycles**, as well as the need to avoid high-level selection processes during Replenishment campaign periods;
- c. Recognition of the **benefits gained from the extension of the current Board Leadership** in terms of governance effectiveness and efficiency;
- d. Recognition of the overall benefit of **reducing selection process burden**, from the perspectives of cost, level of effort, and in terms of Board capacity;
- e. Emphasis on the importance of **interim assessment of performance**, with some queries regarding the recourse available in the event of performance challenges during the term.

14. Feedback ahead of the 18<sup>th</sup> EGC meeting similarly expressed support for the proposal, reemphasized the importance of performance assessment, and enquired as to management of ad hoc issues during the term. Responses are provided in paragraphs 15 and 16 below.

15. **Performance assessment.** The Board Chair and Vice-Chair are required to undergo performance review, as defined in the Governance Performance Assessment Framework.<sup>13</sup> Results are reported to the Board.<sup>14</sup> Previously, Board Leadership were assessed within the overall governance assessment, at the end of the Board Leadership’s first year in office. Assessment of the Board Leadership will continue to be a dedicated component of governance performance assessments. Additionally, Constituency feedback on the importance of an interim, or mid-term, assessment has been taken onboard through **revision to the Governance Performance Assessment Framework**,<sup>15</sup> whereby individual assessment of the Board Chair and Vice-Chair will be **conducted to ensure feedback is available to the Board at the mid-point of the three-**

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<sup>11</sup> [GF/EGC10/03](#)

<sup>12</sup> Based on inputs from 14 constituencies received in July-August 2021.

<sup>13</sup> [https://www.theglobalfund.org/media/8627/bm41\\_edp03\\_annex\\_en.pdf](https://www.theglobalfund.org/media/8627/bm41_edp03_annex_en.pdf)

<sup>14</sup> See: [https://www.theglobalfund.org/media/10991/bm45\\_21-governance-performance-assessment\\_report\\_en.pdf](https://www.theglobalfund.org/media/10991/bm45_21-governance-performance-assessment_report_en.pdf) and detailed annexes available on the Governance Portal, [here](#).

<sup>15</sup> GF/EGC18/DP04. See also document *GF/EGC18/04 Revisions to the Governance Performance Assessment Framework*.



**year Board Leadership term**, and with enhanced attention to **providing feedback to the incumbent individuals, to inform the remainder of their time in office.**

16. In the event of an **urgent performance issue**, the EGC may determine that a discussion on performance be held at an upcoming Board Meeting. The EGC and Board are the competent bodies to consider the matter, should ad hoc issues arise during the term.

## **What options did the EGC consider?**

17. The following alternative options were explored, and are considered suboptimal for the reasons outlined:
- a. **Maintaining the status quo.** Continuation of two-year terms would not bring enhanced leadership continuity or other benefits outlined above. Moreover, two year terms would bring challenges with respect to key strategic cycles. Specifically, two-year terms would result in leadership transition ahead of the 8<sup>th</sup> Replenishment in 2025, and partway through the Strategy Development process in 2027, where leadership continuity is critical.
  - b. **Extendable terms.** A “2+1” model would bring additional complexity and process burden, requiring additional process steps, particularly if one leader is unable to be extended for any reason (willingness, availability, performance).
  - c. **Rotation from Vice-Chair to Chair** (whereby candidates serve two years as Vice-Chair and two years as Chair) could bring continuity in leadership, but would not reduce process burden, requiring a selection process for the Vice-Chair role every two years. Moreover, this option would not bring continuity in the event that a Vice-Chair was not willing to continue as Chair, noting the potential burden of a four-year commitment.
  - d. **Four- or five-year terms.** While suggested by some past Board Leaders, and a practice at some peer organizations, a longer term may be dissuasive to potential candidates, and may not sufficiently balance renewal with continuity.

## **What is needed next to progress?**

18. The Board is requested to adopt the revisions to the Terms of Reference of the Chair and Vice-Chair of the Board. Subject to approval, the changes would take effect from the next Board leadership term, commencing May 2023.
19. An indicative timeline for the **upcoming selection process** can be found in **Annex 4**, along with a brief summary of the process and operational adjustments based on lessons from 2019. An information update will be shared with the Board ahead of the process launch. The immediate next step will be the appointment of the Board Leadership Nomination Committee in July 2022.

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

20. Should the proposal not be supported, the next Board Leadership would be appointed for a two-year term from May 2023. This would result in Board Leadership transition in May 2025, a risk ahead of the 8<sup>th</sup> Replenishment in Q3-4 2025, and in May 2027 at a critical moment for strategy development.

More broadly, it would represent a missed opportunity to bring increased maturity to the Global Fund Board Leadership model.

## **Recommendation**

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

## **Annexes**

The following items can be found in Annex:

- Annex 1: Terms of Reference of Board Chair and Vice-Chair *[only excerpts of the relevant provisions are attached]*
- Annex 2: Amended Provisions of the Bylaws *[only excerpts of the relevant provisions are attached]*
- Annex 3: Amended Provisions of the BCOP *[only excerpts of the relevant provisions are attached]*
- Annex 4: Summary of Board Leadership Selection Process 2022-2023
- Annex 5: Summary of previous Committee Input & Additional Background
- Annex 6: Relevant Past Board Decisions
- Annex 7: Links to Relevant Past Documents & Reference Materials

## **Annex 1 – Amendments to the Terms of Reference of Board Chair and Vice-Chair**

### **V. SELECTION AND TERM**

2. **Rotation:** To ensure diversity and equity in the Board Leadership, the positions alternate every ~~two~~ three years between individuals who are nominated from the Implementer and Donor voting group constituencies.
4. **Terms:** The Chair and Vice-Chair serve coinciding ~~two~~ three-year terms, or until the appointment of their respective successors.

### **VIII. ACCOUNTABILITY**

2. The Board Chair and Vice-Chair are accountable to the Global Fund Board as a whole. ~~As part of the Board's Governance Performance Assessment Framework, the~~ The assessment of Board Leaders is included in the Governance Performance Assessment Framework, ~~the annual assessment of the Board.~~

## **Annex 2: Amendments to the Global Fund Bylaws**

### **ARTICLE 7: THE BYLAWS OF THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS & MALARIA**

#### **Article 7: The Global Fund Board**

##### **7.3 Chair and Vice-Chair**

Board Members will select the Board Chair and Board Vice-Chair, provided that the two positions will alternate every ~~two~~three years between the voting groups described in Article 7.6. The Board Chair and the Board Vice-Chair will each be elected for ~~two-year~~ three-year terms and shall serve until the appointment of their successors. In addition to chairing Board meetings, the Chair will also have an important advocacy, partnership and fund raising role.

Between Board meetings, the Board Chair and Board Vice-Chair, acting together, shall take action on behalf of the Board, which they consider must be taken urgently without recourse to other procedures as provided in the Bylaws or Operating Procedures of the Board and Committees of the Global Fund. In the event the Board Chair and Board Vice-Chair are unable to agree, the Board Chair shall take the decision. To the extent practical in the circumstances, the Board Chair and Board Vice-Chair shall take such action following consultation with the Coordinating Group.

Decisions taken between Board meetings shall be notified to the Board immediately, with an explanation of why such decision was deemed urgent. A full report on the decision shall be presented to the Board at its subsequent meeting.

## **Annex 3: Amendment to the Operation Procedures of the Board and Committees of the Global Fund**

### **A. BOARD COMPOSITION AND MEMBERSHIP**

#### **2. Board Chair and Vice-Chair**

2.1. The Board Chair and Vice-Chair serve coinciding ~~two-year~~ three-year terms, or until the appointment of their respective successors, in their personal capacity as non-voting members in accordance with the Terms of Reference of the Board Chair and Vice-Chair and the Board and Committee Membership Roles and Responsibilities, as set forth in Annex 1 to these Operating Procedures. The Board Chair and Vice-Chair will act solely in the best interests of the Global Fund without any constituency representation status or obligation.

### **F. NOMINATION AND SELECTION PROCESS FOR BOARD CHAIR AND VICE-CHAIR**

#### **30. Nomination Process and Eligibility to Stand for Board Chair or Vice- Chair**

30.10. Although the Board Chair and Vice-Chair do not represent any constituency, the positions alternate between the Donor Voting Group and Implementer Voting Group of the Board after each ~~two-year~~ three-year term as provided for under the Bylaws.

## Annex 4 – 2022-23 Board Leadership Selection Process

- The Board Leadership selection process will take place from Q3 2022 to Q2 2023. Table 2 below provides a high-level timeline of the key milestones of the selection process, with the next step being the appointment of a Board Leadership Nomination Committee (BLNC) in July 2022. An information note on the process will be shared with the Board in good time ahead of the launch.
- The process will follow the procedures outlined in the BCOP and BLNC Terms of Reference, with a Board-appointed BLNC responsible for conducting a competency-based, competitive and strictly confidential selection process, supported by a search firm to enable a broad and diverse candidate pool. For the upcoming term, nominations for Chair will be sought from voting constituencies of the Implementer Group, while nominations for Vice-Chair will come from voting constituencies of the Donor Group. The BLNC will recommend a final pair of candidates to the Board for appointment.
- Operational adjustments will be made in line with lessons learned from the 2019 process. Such adjustments include enhanced constituency engagement regarding the nominations process, informal engagement with the Executive Director, earlier formation of a BLNC, and an earlier launch of the selection process. The latter will bring additional time for candidate sourcing, and for candidates sourced by the search firm to be matched with voting constituencies for formal nomination, which was a key confidentiality and reputational risk in the 2019 process. An information note on the process will be shared with the Board in good time ahead of the launch.

Indicative Timeline	Activity
June-July 2022	<b>Nomination and Appointment of BLNC membership</b> Appointment by the Board following EGC review and recommendation, and due diligence.
September 2022	<b>BLNC Onboarding Meeting &amp; Work Plan for Selection Process</b>
Late-September – December 2022	<b>Launch of Board Leadership Selection Process – Call for Nominations</b> <ul style="list-style-type: none"> <li>• Constituencies and Search Firm source candidates for nomination</li> <li>• Matching of Search Firm candidates with voting constituencies for nomination</li> </ul>
December 2022 – March 2023	<b>BLNC Selection Process</b> <ul style="list-style-type: none"> <li>• Shortlisting and interviews</li> <li>• Due diligence by Ethics Office and Search Firm in multiple phases</li> <li>• Process updates to EGC and Board</li> <li>• Recommendation of final pair of candidates to Board</li> </ul>
April 2023	<b>Appointment by the Board of the next Board Chair and Vice-Chair</b>
Mid-May 2023	<b>Leadership Transition and Onboarding</b> Incoming Board Leadership take up office at the close of the 49 <sup>th</sup> Board Meeting.

## Table 2: Overview of Board Leadership Selection Process

### Annex 5 - Summary of Committee Input

*Extract from the draft Report of the 18<sup>th</sup> EGC Meeting (GF/EGC18/11, March 2022)*

#### Presentation

*Reference document: GF/EGC18/10 Revision to the Board Leadership Terms of Reference.*

- The Secretariat introduced the agenda item, which was presented for EGC recommendation to the Board following iterative discussions over the course of the current EGC term. Introductory remarks recalled that a proposal on Board Leadership term length is a top priority in the Governance Action Plan 2.0. Wide consultations with constituencies and former Board Leaders took place in 2021, with the three-year term proposal receiving broad support. The proposal aims to optimize alignment of term length with institutional cycles, bringing leadership continuity through replenishment campaigns and the next strategy development process, leveraging the experience of both leaders in a complex environment, mitigating the transition burden, reducing costs associated with frequent selection processes and strengthening institutional memory over time.
- Reflecting on constituency statements received, the Secretariat noted expressions of support which recognized the benefits of the key drivers of the proposal, and provided the following responses:
  - Regarding the need for robust performance assessment, the Secretariat reaffirmed that the proposal is supported by the proposed revisions to the Governance Performance Assessment Framework presented at the 18<sup>th</sup> EGC meeting, which introduce individual performance assessment for Board leaders, in addition to existing accountability mechanisms.
  - Regarding term lengths for other roles, a proposal on three-year committee terms is proposed at the same meeting. There are no changes foreseen to the Board membership term which is defined as two years in the Board and Committee Operating Procedures, recognizing that Constituencies have different models to manage continuity within their constituencies.
  - Regarding the next selection process, this will begin in Q3 2022, commencing with the appointment of a Board Leadership Nomination Committee. The next Board Leadership will take up office in May 2023.

#### EGC Discussion

- The EGC Chair recalled the Committee's previous iterative discussions on this proposal, noting longstanding deliberations and consultations on the matter, and recognized its key importance as a top priority Governance Action Plan 2.0 deliverable. The Chair noted that the proposal had been put on hold in late-2021 while the Board considered the second extension of the current Board Leadership, and looked forward to moving forward with the proposal at the present meeting.
- EGC Members recognized the broad support received for the proposal, and welcomed the links established with the revision of the Governance Performance Assessment Framework, which responds to constituency requests for mid-term assessment. EGC comments stressed the importance for EGC to continue to receive the overall governance performance assessment reports, as well as performance assessment outcomes at individual level. In addition, the EGC

sought clarification regarding management of *ad hoc* issues which may arise in the course of a Board Leadership term.

#### Secretariat response

- The Secretariat confirmed that the EGC will continue to receive the reporting pertaining to the overall governance performance assessment, including a high-level summary on individual performance of future Board leaders, in line with the proposed revisions to the Governance Performance Assessment Framework. The Secretariat further clarified that in the event of *ad hoc* performance issues during a leadership term, the EGC and the Board would be the competent bodies to assess such situations.

#### Decision:

- EGC Members attending the session voted unanimously in favor of the adoption of the proposed amendments (GF/EGC18/DP01). The recommendation will be submitted to the Board in May 2022.

**Additional background.** The EGC deliberated on term lengths at its 15<sup>th</sup> and 16<sup>th</sup> meetings in March and July 2021, and confirmed support for three-year terms for future Board Chairs and Vice-Chairs. In July 2021, the EGC considered a proposal for an initial 3.5-year term for the next Board Leadership pair, followed by three-year terms thereafter, proposed specifically to avoid a Board Leadership transition in mid-2022, ahead of the 7<sup>th</sup> Replenishment. Following consultation with Board constituencies, a second extension of the current Board Chair and Vice-Chair was proposed to the Board and approved in October 2021, bringing continuity of leadership through the 7<sup>th</sup> Replenishment campaign period. As a result of the second extension, the proposal on Board Leadership terms was paused, and is now under finalization.

## **Annex 5 – Relevant Past Board Decisions**

<b>Relevant past Decision Point</b>	<b>Summary and Impact</b>
<b>GF/B39/EDP18: Revised Terms of Reference for the Chair and Vice-Chair of the Board (November 2018).</b> <sup>16</sup>	Board approval of revised Terms of Reference of the Chair and Vice-Chair of the Board, superseding all prior versions of terms of reference of the Board Chair and Vice-Chair.
<b>GF/B39/EDP08: Terms of Reference of the Board Leadership Nomination Committee and Corresponding Amendments to the Core Governance Documents (August 2018).</b> <sup>17</sup>	Board adoption of the TOR of the Board Leadership Nomination Committee, and the amendments to the Operating Procedures of the Board and Committees of the Global Fund and the Charter of the Ethics and Governance Committee.
<b>GF/B39/DP12: Strengthening the Board Leadership Selection Process (May 2018).</b> <sup>18</sup>	Board adoption in principle of the revised process for selecting the Chair and Vice-Chair of the Board, as recommended by the EGC.

<sup>16</sup> <https://www.theglobalfund.org/board-decisions/b39-edp18/>

<sup>17</sup> <https://www.theglobalfund.org/board-decisions/b39-edp08/>

<sup>18</sup> <https://www.theglobalfund.org/board-decisions/b39-dp12/>

## **Annex 6 – Relevant Past Documents & Reference Materials**

- [GF/EGC18/10 – Revision to the Board Leadership Terms of Reference](#) (March 2022)
- [GF/EGC16/05 Rev 1 – Governance Action Plan 2.0](#) (July 2021)
- [GF/EGC16/04 – Board Leadership Selection Process](#) (July 2021)
- [GF/B45/21 - 2020 Governance Performance Assessment Final Report](#) (May 2021)
- [GF/EGC11/07 – Next Steps for the Board Leadership Selection Process](#) (Oct 2019)
- [GF/EGC10/03 – Lessons Learned from the Board Leadership Selection Process](#) (July 2019)