



REPORT OF THE GOVERNANCE AND PARTNERSHIP COMMITTEE

Outline: This report from the Governance and Partnership Committee with its seven annexes gives an overview of the committee's activities and deliberations and offers several recommendations for decision by the Board.

Summary of Decision Points:

It is recommended that the Board:

1. Adopt the revised Bylaws as presented in Annex 3.
2. Adopt the revised Board Operating Procedures as presented in Annex 4.
3. Adopt the Committee Rules and Procedures as presented in Annex 5 and:
 1. Mandate the Board Chair to convene the Ethics Committee; and
 2. Approve the Ethics Committee and its Terms of Reference as proposed.
4. Request the GPC to address all outstanding issues of the Conflict of Interest Policy for submission to the Board.
5. Consider and act upon the five decision points regarding the Partnership Forum as detailed in Annex 6:
 1. Adopt the approach to the Partnership Forum process and event proposed in the attached paper;
 2. Agree specifically to hold the Global Partnership Forum event contiguous with the IAC AIDS2004 Conference in Bangkok;
 3. Hold the second Board meeting of 2004 in Geneva and not in connection with the Partnership Forum event;
 4. Mandate the Board Chair to convene the Steering Committee immediately to begin planning the Partnership Forum process and event; and
 5. Approve the Steering Committee and its Terms of Reference as proposed.
6. Endorse the Memorandum of Understanding between the Fund and the Inter-American Development Bank (Annex 7); and delegate the endorsement of the Stop TB and Roll Back Malaria Memoranda of Understanding to the GPC, after which they will both be presented for ratification by the Board at its subsequent meeting in 2004.
7. Decide to fund one additional delegate from funded constituencies, preferably the Communication Focal Point, to attend Board Meetings.

Part 1: Background

1. After the June Board meeting, at which additional tasks were assigned to the GPC, the Committee developed a work plan based on the Terms of Reference which are attached here as Annex 1. The methodology adopted was for the Committee to work over email and through conference calls to develop recommendations on the assigned issues and then to consult broadly with Board Members on the direction and conclusion of these recommendations. The subject matter assigned to the GPC is of such fundamental importance to the structure and governance of the Fund that it was strongly believed that extensive consultation was the only way to ensure widespread support for the recommendations amongst Board Members.
2. Two conference calls were held for available GPC members during August and a meeting of the committee took place on 8 – 9 September, before and after which email consultations took place. The Agenda and attendance list for the September meeting is attached here as Annex 2.
3. This report gives an overview of the issues dealt with by the committee and highlights the main recommendations. Details on key issues are found in the annexes.

Part 2: Bylaws

1. The Bylaws of the Global Fund have needed revision since January of this year in order to conform to decisions of the Board. During the Fifth Board meeting in June, the Board made additional changes to the Bylaws but, rather than approaching revisions to the document on an “ad hoc” basis, referred it back to the GPC with a mandate to undertake a comprehensive review and update in order to avoid future piecemeal changes.
2. The revised Bylaws reported back to the Board from the GPC are presented for approval in Annex 3. The GPC recommends several technical changes to improve the clarity and structure, and to eliminate existing redundancies in the document, with the intention of removing ambiguities that may arise in the future. The primary substantive changes address the term of both Chair and Vice Chair and the responsibility of each office to act together in addressing urgent matters in between Board meetings, or in the event the Chair and Vice Chair are unable to agree, the authority of the Chair to act. In addition, a new provision addresses how vacancies are filled.
3. At this stage, this completes the changes requested by the Board. No additional changes should be required to the Bylaws until a decision is taken on legal status of the Fund in Switzerland (see Part 10 below).
4. At the GPC meeting the issue of voting rights for the Communities constituency (representatives of an NGO who is a person living with HIV/AIDS or from a community living with tuberculosis or malaria) was raised. While

sympathetic to the position of the Communities constituency, the GPC was of the opinion that the matter raised sensitive issues in relation to the balance of voting rights on the Board and decided not to address the matter at this time.

Decision 1:

1. It is recommended that the Board adopt the revised Bylaws as presented in Annex 3.

Part 3: Board Operating Procedures

1. The Board Operating Procedures (BOP) have been affected by Board decisions taken over the past eighteen months regarding, most specifically, committees and the election procedure. Other more minor adjustments have also been made and should now be adopted in their entirety by the Board.

2. The revised BOP are presented in Annex 4. Most changes were technical and drafting edits to aid clarity and consistency. The main changes therefore relate to the implementation of language from the Fifth Board meeting decisions. The election procedures have been simplified in order to provide greater flexibility and a quorum provision has been added. Changes to the language on committees are consistent with language used in the proposal on Committee Rules and Procedures under Part 4 below.

Decision 2:

2. It is recommended that the Board adopt the revised Board Operating Procedures as presented in Annex 4.

Part 4: Committee Rules and Procedures

1. The Board first made decisions regarding the committee structure at its Third meeting in October 2002. Until then the Board had worked through a series of informal working groups. At subsequent meetings queries have been raised regarding certain committee procedures, and additional decisions have been taken that affect the parameters of the committee structure.

2. The GPC has decided to present here a comprehensive document on Committee Rules and Procedures (Annex 5). This document contains decisions already made by the Board at previous meetings (these are noted) as well as an additional series of recommended parameters for the governance of committees.

3. The Committee Rules and Procedures are intended to be a guide to committee management. Certain key aspects of these rules have been integrated into the Board Operating Procedures as part of the overall

governance of the Fund. For reasons of brevity and efficiency the inserts into the BOP will be kept to a minimum.

4. It was deemed necessary to clarify the funding policy of the Board in relation to committee meetings. The GPC has proposed that the policy of funding one person per committee meeting be maintained for reasons of efficiency, equity and cost-effectiveness. For the same reasons, it is also strongly discouraged for committees to be attended by more than one member per constituency except in the cases explicitly identified, namely when the Committee Chair and/or Vice Chair is permitted to bring an additional person from their constituency to represent the constituency while they chair the meeting.

5. The creation of an Ethics Committee was approved as part of the Conflict of Interest policy of the Board, as was the appointment of an Ethics official in the Secretariat. The latter has been done, but the former is presented here for approval in Annex 5. The Ethics Committee will be governed by the rules for committees unless otherwise stipulated.

6. Since the Ethics Committee is a permanent committee of the Board, and because of the sensitive nature of its work, it is recommended that the committee be small, consisting of three members and a chair, with the responsibility for chairing this committee given to the Vice Chair of the Board.

Decision 3 - 5:

It is recommended that the Board:

3. Adopt the Committee Rules and Procedures as presented in Annex 5.

4. Mandate the Board Chair to convene the Ethics Committee; and

5. Approve the Ethics Committee and its Terms of Reference as proposed.

Part 5: Conflict of Interest

1. At its Third meeting in October 2002, the Board adopted a Conflict of Interest Policy which was modified at the subsequent meeting in January. The GPC has reviewed the additional issues that the Board wished to be addressed in the policy and identified other areas for consideration. In view of the fact that the Committee has had insufficient time to consult broadly on the proposed additions, and noting that the policy is already activated, the GPC would prefer to spend more time ensuring that the amendments to the policy will address as many outstanding issues as possible and in a way acceptable to all Board Members.

Decision 6:

6. It is recommended that the Board request the GPC to address all outstanding issues of the Conflict of Interest Policy for submission to the Board.

Part 6: Partnership Forum

1. As requested by the Board Chair and Vice Chair, the GPC has reflected on the need for concrete and financially prudent options for the Partnership Forum and, as explained in Annex 6, has several recommendations in this regard. The committee discussed various options at length and consulted widely on the issue. Not all the results of these deliberations are presented here since only the key decision points are elaborated upon in Annex 6. Rather the committee has recorded other aspects of the thinking as well as input from various constituencies into a background document which it will pass to the Partnership Forum Steering Committee to take forward once it is constituted.

Decisions 7 – 11:

It is recommended that the Board:

- 7. Adopt the approach to the Partnership Forum process and event proposed in the attached paper (Annex 6);***
- 8. Agree specifically to hold the Global Partnership Forum event contiguous with the IAC AIDS2004 Conference in Bangkok;***
- 9. Hold the second Board meeting of 2004 in Geneva and not in connection with the Partnership Forum event;***
- 10. Mandate the Board Chair to convene the Steering Committee immediately to begin planning the Partnership Forum process and event; and***
- 11. Approve the Steering Committee and its Terms of Reference as proposed.***

Part 7: Partnerships

1. At its meeting in September the GPC reviewed the status of some of the partnership agreements being negotiated by the Secretariat. The Memorandum of Understanding (MOU) with the Inter-American Development Bank (IADB) is being re-presented unchanged since the last Board meeting and is now proposed for endorsement as Annex 7.

2. The GPC expressed reservations about the absence of agreed MOUs with both Stop TB (STB) and Roll Back Malaria (RBM). Representatives of both secretariats attended the GPC meeting to present progress on the agreements. The GPC was strong in its request for both the Fund secretariat and the two partnerships to come to a swift resolution of outstanding issues and to formalise the agreements. The GPC was of the opinion that the MOUs are a minor aspect of the partnership and the actual business of working together, both in Geneva but more importantly at country level, must proceed rapidly. In particular, both Stop TB and Roll Back Malaria were requested by the GPC to facilitate the involvement of infected and affected communities at country level in the processes of the Fund.

3. Given the fact that neither the STB nor RBM memoranda will be ready for endorsement in October, the GPC requests that the Board delegate the endorsement of these two agreements to the GPC in the interim, and that the final, signed memoranda are presented for ratification by the Board at its Seventh Board meeting in 2004. This will ensure the agreements are in place and operational as soon as possible, while only committing the Fund for one year should changes need to be made at a later stage.

Decisions 12 and 13:

12. It is recommended that the Board endorse the Memorandum of Understanding between the Fund and the Inter-American Development Bank (Annex 9).

13. It is recommended that the Board delegate the endorsement of the Stop TB and Roll Back Malaria Memoranda of Understanding to the GPC, after which they will both be presented for ratification by the Board at its subsequent meeting in 2004.

Part 8: Country Coordinating Mechanisms

1. The GPC was informed of the progress made by the Secretariat on reviewing the functioning of Country Coordinating Mechanisms. The Secretariat's review of CCMs is intended as an overall monitoring and evaluation of their effectiveness at country level. Part of this review includes a survey and case studies underway by the Communities constituency of the Board, concentrating on the level of participation and a needs assessment of affected communities in the country level processes of the Fund.

2. The initial results of a survey were presented to the GPC, as well as the broader terms of reference for documentation of selected CCMs. The GPC was of the opinion that no action by the Board should be taken on the initial findings of the survey since a comprehensive approach needed to be taken on the issue. A broader approach would be more useful to the Board in

deciding on concrete action and would reflect better the reality at country level.

3. In providing their feedback, the GPC encouraged the Secretariat to develop a set of measures for assessing CCMs as well as a better body of best practise. When the various aspects of the review are completed, the results should be analyzed together and measured against the existing guidelines with a view to adjusting the guidelines and instituting best practice.

5. The GPC has requested the Secretariat to keep the Board informed on this review both through the work of the committee as well as through the regular Board Updates. The GPC is also aware of the cross-cutting nature of the issue and the need to keep the MEFA Committee informed and involved in the process.

6. The GPC will keep the issue of CCMs as an important item on their agenda, coordinating with the secretariat in order to be able to make recommendations in this regard to the next Board meeting in 2004.

Part 9: Funding Delegates to Board Meetings

1. The GPC believes that the spirit and practice of participation and inclusion are important cornerstones of the identity and modus operandi of the Fund. To this end all reasonable efforts should be made to ensure strong and meaningful participation of all stakeholders in the activities of the Global Fund. At the same time, it is the responsibility of the Fund to keep overhead and operating costs to a minimum to ensure maximum use of donor funds in the fight against the three diseases at country level.

2. The Board Operating Procedures state that:

“Article F:

The Global Fund will pay and provide for the costs of attendance at Board and Committee meetings for Board Members and one Alternate from each developing country and NGO constituency.”

Current practice is to fund two people from recipient delegations, namely, the seven developing country constituencies, the NGO delegations and the representatives of Communities of people living with the diseases (ten constituencies). The decision on which delegates are funded to attend is that of the Board Member. In most cases the Board Member and Alternate are funded.

3. While the issue of funding focal points to Board meetings was referred to by the Governance Working Group in its report, this issue was not considered at the Third Board Meeting where this report was reviewed. At the Fourth Board Meeting the issue of funding focal points was again raised in the

context of the Governance and Partnership Committee report and the Board decided the following:

“The Board noted the importance of the role of focal points and supported the facilitation of attendance of focal points for recipient country constituencies in attending Board and Committee meetings”. (Report of the Fourth Board Meeting, pg 14).

The Board did not, however, pronounce on what ‘facilitation’ would mean.

4. The 2003 annual budget provision for Board meetings is US\$ 587,030 which is 1.52% of the total operating expenses for the Secretariat (table 1 below). Increasing attendance to Board meetings by one delegate has a projected additional cost per meeting of US\$ 35,500. This is based on the current average cost per traveller and is equivalent to the figure that WHO uses as a budget calculator. It would be an increase of 50% over current expenditure for this item, amounting to an annual additional cost of US\$ 106,500; bringing the total annual expenditure on Board attendance travel to approximately US\$ 320,000 (table 2). The Committee also examined further information regarding the costs of Board and Committee meetings, which is included here as background information (table 3). The budget is already 70% implemented since two of the three Board meetings took place in the first six months of the year.

Table 1

Board & Committees Meetings budget as % of Total Operating Expenses			
	844,190.00	38,747,000.00	2.18%
Board	587,030.00	38,747,000.00	1.52%
Committees	257,160.00	38,747,000.00	0.66%

Table 2

Projected cost of Board travel assuming 1 additional delegate per constituency				
		Increase of	As a %	Total Annual Cost
30 delegates cost	\$106,429.58	\$35,476.53	50%	\$319,288.73
20 delegates cost	\$70,953.05			\$212,859.15

Table 3

Expenditure to date on Board and Committee Meetings				
	Budget for 2003	Pro rata Budget to June 2003	Expenditure to June 2003	% expenditure to budget
Travel and Facilities for Board and Committee Meetings	844,190.00	384,100.00	595,079.42	70%

5. While the GPC is conscious of the need to keep costs low in order to maximise the amount of money that goes to recipients, it is also aware of the need for a strong partnership at the governance level of all parties currently represented on the Board. In order for the partnership to be effective broad representation is needed at the meetings, and this is sometimes difficult to achieve given the funding constraints facing the recipient constituencies.

6. There are often multiple, complex issues being discussed at Board meetings and many recipient constituencies represent a wide range of interests and opinions that needs to be assimilated and reflected in the positions they present. The workload for the delegation is substantial and Board Members need support to ensure these views are adequately reflected in Board deliberations and decisions.

7. Giving the Board member extra flexibility in funding a third representative to the Board meetings will assist in ensuring strong representation of constituency positions as well as improved communications amongst constituency members, which in many cases are ranged across many countries and even continents.

8. While the GPC supports the notion that Board Members should be able to decide who will be funded for the additional delegate, it should be noted that focal points play a key role in constituencies, ensuring good communication with all members and facilitating the formulation of joint positions on matters of substance. This is particularly true in the large and diverse constituencies of recipient delegations. In order to perform their functions adequately focal points need to attend Board meetings. Funding the focal point would bring the added efficiency of improved communication in constituencies, better organized constituencies and the resultant improvement in the quality of the governance processes.

Decision 14:

14. It is recommended that the Board Decide to fund one additional delegate from funded constituencies, preferably the communication focal point, to attend Board Meetings.

Part 10: Legal Status of the Fund in Switzerland

1. At its Session of September 19th, 2003, the Swiss Federal Council took the decision of principle to grant to the Global Fund privileges and immunities similar to those of an international organization. This decision was officially communicated on September 22nd 2003 by Swiss President Pascal Couchepin in his intervention at United Nations Special Session on Aids (UNGASS, UN General Assembly Special Session).

2. President Couchepin has underlined the exceptional character of this decision based on the importance for Switzerland to strengthen the fight against AIDS in the world.
3. With this decision the Swiss government confirms the principle to conclude a headquarter agreement with the Global Fund which will grant to the Global Fund the privileges and immunities normally accorded to an intergovernmental organization.
4. The Swiss Federal Council's decision will be officially notified to the Global Fund by Mrs Micheline Calmy-Rey, Swiss Minister of Foreign Affairs.
5. The next steps will be the following:

Negotiation of a headquarters agreement: the Federal Department of Foreign Affairs will propose a headquarters agreement to the Global Fund defining the privileges and immunities to be granted. The negotiated headquarters agreement proposal will be submitted to the Global Fund Board for approval.

Approval of the headquarters agreement: Following its approval by the Global Fund Board, The Federal Department of Foreign Affairs will submit the headquarters agreement to (i) the Canton of Geneva and (ii) the Swiss Federal Council for approval.

Entry into force: The privileges and immunities of the Global Fund will enter into force upon approval of the headquarters agreement by the Swiss Federal Council.

6. The GPC will continue to monitor developments.

Governance and Partnership Committee

Terms of Reference

1. Revise Bylaws and Board Operating Procedures based on decisions taken in June;
2. Continue work on Conflicts of Interest including developing ToRs for the Ethics Official and the Ethics Committee and making recommendations to Chair and Vice Chair on how to appoint Ethics Committee;
3. Review of policy and procedures for committees, develop procedures for renewal of membership;
4. Monitor existing Partnership Agreements, review arrangements for new partnerships (esp. MOUs with Roll Back Malaria and Stop TB);
5. Review any additions proposed to approved guidelines on CCMs, monitor information produced from case studies;
6. Monitor progress on Legal Status of the Fund in Switzerland, review negotiations with Swiss, prepare comprehensive recommendations for Board as soon as possible;
7. Develop procedures for Partnership Forum, make recommendations regarding the first Partnership Forum in 2004;and
8. Review current expenditure and ethical issues related to funding participant travel to Board and Committee Meetings, recommend principles and procedures to govern funding.

DRAFT AGENDA**GOVERNANCE AND PARTNERSHIP COMMITTEE**

Date :	Monday 8 September and Tuesday 9 September
Venue :	Ramada Hotel, Geneva, Switzerland
Chair :	Dr Lieve Fransen
Vice –Chair :	Mr Rodrigo Pascal
Focal Point :	Dianne Stewart

Monday 8 September 2003**Morning 9.00 – 12.30:**

- 9.00 – 10.30** **1. Committees**
Discuss and approve final paper and recommendations
- 10.30 – 12.30** **2. Partnership Forum**
Discuss and approve final paper and recommendations

Lunch 12.30 – 14h00**Afternoon 14.00 – 18.00**

- 14.00 – 15.30** **3. Draft Ethics Committee Rules and Procedures**
Revised Conflict of Interest
- 15.30 – 16.30** **4. Revised Draft By-Laws and Board Operating**
Procedures
- 16.30 – 18.00** **5. Travel Costs to Board and Committee Meetings**
Review of costs analysis
Discussion of recommendations

Tuesday 9 September 2003**Morning 9.00 – 12.30:**

- 9.00 – 11.00** **6. Country Coordinating Mechanisms**
Review Draft report of preliminary findings of survey
Update on progress of case studies
- 11.00 – 12.00** **7. Partnerships**
Review draft agreements with Stop TB, Roll-Back Malaria and
the Inter-American Bank
- 12.00 – 12.30** **8. Legal Status of the Fund in Switzerland**
Update on process and next steps

Lunch 12.30 – 14h00**Afternoon 14.00 – 17.00**

- 14.00 – 17.00** **9. Review and Approval of Final Papers**

**GPC 8 – 9 September
List of Attendance**

Constituency	Nominated Member	Attending	Email address
China (Western Pacific)	Dr Jun Xing	Dr Jun Xing	xingj@moh.gov.cn jjxing@yahoo.com
Developing Country NGO	Dr Fidon Mwombeki	Dr Fidon Mwombeki	Elct-nwd@bukobaonline.com
Eastern Europe	Dr Dana Farcasanu	Dr Dana Farcasanu	Dfarcasanu@dnt.ro
East and Southern Africa	Dr Nono Simelela	Dr Ray Mabope	Raymabope@health.gov.za
Eastern Med. Region	Dr Ejaz Rahim	None	sehat@apollo.net.pk
European Commission	Dr Lieve Fransen	Dr Lieve Fransen	Lieve.fransen@cec.eu.int
Latin America and Caribbean	Dr Nemora Barcellos	Dr Nemora Barcellos	Bar2000@terra.com.br
Point Seven Group	Ms. Marijke Wijnroks	Ms Marijke Wijnroks	Marijke.wijnroks@minbuza.nl
Private Foundations	Mr Todd Summers	Mr Todd Summers	todd@phpartners.com
Private Sector	Mr Rajat Gupta	Mr Rajat Gupta	Rajat_gupta@mckinsey.com
Japan	Mr Mitsuji Suzuka	Mr Satoshi Hemmi	Mitsuji.suzuka@mofa.go.jp
USA	Mr John Gardner	Ms. Susan Pascoello	Spascocello@usaid.gov
NGO rep. Communities	Mr Rodrigo Pascal (Vice Chair)	Mr Rodrigo Pascal	rpascal@vivopositivo.org
Secretariat	Dianne Stewart David Sullivan Dominique Hempel Doris D'Cruz-Grote Marie Rosencrantz		Dianne.stewart@theglobalfund.org David.sullivan@theglobalfund.org Dominique.hempel@theglobalfund.org Doris.grote@theglobalfund.org Marie.rosencrantz@theglobalfund.org

Invited Guests:

Vice Chair	Dr Suwit Wibulpolprasert	suwit@health.moph.go
Chair Representative	Ms Margaret Grebe	Margaret.grebe@theglobalfund.org
European Commission (assist Chair and represent EC)	Mr Henrik Hansen	Henrik.hansen@cec.eu.int
Roll Back Malaria	Dr Patience Kuruneri	kuruneri@who.int
Stop TB	Dr Sarah England	Englands@who.int