

PIC INPUTS ON GOVERNANCE REFORMS

PURPOSE:

1. This attachment provides the inputs of the Portfolio and Implementation Committee (PIC) on the Governance Reforms discussed at the 5th PIC Meeting on 29-30 September 2011 and submitted to the Board leadership on 17 October 2011.

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1. At its meeting on 29-30 September 2011, the Portfolio and Implementation Committee (PIC) was briefed by the Office of the Board Chair on the Governance Reforms as well as the related decision taken by the Board at its Twenty-Fourth Meeting on the new Committee structure as recommended by the High Level Independent Review Panel and the Board leadership. The Office of the Board Chair clarified that only the new Committee structure and membership were decided at the Twenty Fourth Board Meeting and other aspects of the Governance reform remain for inputs.
2. Based on briefing and clarifications provided, the PIC¹ discussed its collective inputs to the Governance Reforms specifically on three areas:
 - i. Role of the Board;
 - ii. Role of Committees;
 - iii. Handover of PIC-related issues.
3. The PIC commends the Board leadership for actively facilitating the governance reform process and commits to work together for a smooth transition to the new structure.

Role of the Board

4. The PIC suggests that the Board focus on a few priorities and ensuring that the identified priorities are delivered. These priorities should include.
 - i. **Transforming the Board and its Committees into a functioning mechanism.** The PIC considers it critical for the Board and its Committees to keep their engagement at the strategic level by setting priorities and policy directions. The Board should delegate operational decisions to the Secretariat and put in place mechanism to make the Secretariat accountable. The PIC recommends that the Board develop a way to ensure and self-regulate itself in remaining at the strategic level. This could be through a set of principles against which all Board and Committee agenda are mapped and that the members use to self-regulate during meetings.
 - ii. **Ensuring that the Global Fund adheres to its principles of a lean and simple financing mechanism.** Considering concerns from countries and donors on how complex the Global Fund has become, the Board should prioritize streamlining of Global Fund processes and requirements to reduce the burden on countries. Reflecting on this, the PIC recognizes that a lot of these complications are the result of Board decisions and micro-management from the Board and Committees. Moving forward, the PIC suggests that the operational implications of proposed decisions are highlighted when submitted to the Board and Committee so these are considered in the deliberations.
 - iii. **Ensuring that Global Fund resources are invested properly.** To support its role in resource mobilization and allocation, the Board should consider an evaluation of the quality of Global Fund investments and focus portfolio monitoring on how these investments are contributing to the outcome and impact targets on the three diseases.

¹ The Latin America and Caribbean (LAC) constituency requested to abstain from the discussions of these PIC inputs and their views on the Governance Reforms are not covered in this document.

5. The issue of constituency reforms need to be prioritized. The PIC notes that implementers/country engagement at the Board and Committees level is particularly weak and that mechanisms should be put in place to strengthen their engagement. These may include: constituency representation at the Board and Committees with due consideration of country's experience, competency etc. , clarifying the role of focal points and strengthening intra-constituency communications including, facilitating access to analytical support and in preparing position papers, using existing fora of technical partners to build constituency capacities and relations with technical partners.
6. The roles of technical partners at the Board and Committee levels also need to be defined.

Role of the Committees

7. Similar to the Board, the PIC suggests that Committees should commit to the principles of delegation. Committees should support the Board in setting policy guidance and ensuring that these policy directions are adhered to without being involved in operational matters.
8. The PIC considers clear Committee TORs essential to avoid overlaps in responsibilities. The PIC recognizes, however, that a number of issues are multi-dimensional (e.g., value for money which could be looked at the strategic and operational level) and may cut across several Committees. In such cases, the focus of a Committee on each issue should be clearly defined. Based on the preliminary TORs presented, there are overlaps between the Strategy, Investment and Impact and the Finance and Operational Performance Committees on grant management/operational performance which need to be addressed.
9. With fewer and smaller committees, the PIC believes that enhanced and strategic engagement from the Board and Committee leaderships are needed. In addition, working methodologies of Committees need to be enhanced such as more frequent meetings, more structured engagement in between meetings, and fewer and prioritized agenda items for each meeting.
10. The role of advisory or adhoc Committees in the new structure needs to be clarified. The PIC considers that adhoc technical Committees are useful under the new governance structure given the smaller number of Committees and the relatively huge mandates. However, the adhoc Committees should report to the standing Committees, have clear terms of reference and have defined ending dates.
11. In general, the PIC agrees that having members with the right skills set, knowledge and experience is important for Committee functioning. However, there is a need to balance competency-based selection with the need to maintain constituency representation. Further, the competency-based process needs to be clearly defined such as: the criteria for selection and who defines them, the roles of Board/Committee leadership versus nominating constituencies and how implementing constituencies will be supported during the nomination and selection process.

Handover of Issues under PIC oversight

12. The PIC's recommendation on how issues under its oversight could be taken over by the new standing Committees are presented in the table below. The PIC further emphasizes that new Committee involvement on these issues should remain at the strategic level setting directions and policy frameworks and overseeing implementation. Operational issues should be delegated to the Secretariat for decision and implementation.

TOPICS (TO BE HANDED OVER TO SII and FOP)	SUGGESTED AREAS OF FOCUS AND FOLLOW-UP
STRATEGY, INVESTMENT AND IMPACT COMMITTEE (SII)	
1. Oversight of portfolio	<ul style="list-style-type: none"> - Need to focus on monitoring of results (output, impact and outcome indicators) not inputs - Need to differentiate between grant management KPIs (for SII oversight) vs Secretariat KPIs (for FOP oversight) - there are duplication between these two categories - Need to institutionalize proactive portfolio management and empower FPMs for this
2. TRP and Application to Signing Process	<ul style="list-style-type: none"> - Need to initiate the two-stage proposal process as soon as possible - Evaluation of TRP as a critical input to defining their roles under the new business model - Evaluation of quality of investments is needed to inform future resource allocation - Approval of the proposal forms and guidelines should be delegated to the Secretariat
3. Value for Money	<ul style="list-style-type: none"> - Need to define the overall approach for value for money and how to monitor its impact on the portfolio - Financial aspects of value for money may be handled by FOP
4. Technical Assistance and Partnerships	<ul style="list-style-type: none"> - Need to define and strengthen working arrangements between Global Fund and technical partners to build sustainable capacities in country - Need to review implementation of the Partnership Strategy including existing MOU with partners
5. Gender equality and SOGI strategies	<ul style="list-style-type: none"> - Need to ensure that the gender equality and SOGI strategies are captured in overall Global Fund operations
FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE (FOP)	
CCM	<ul style="list-style-type: none"> - Need to develop performance indicators and the mechanism for monitoring and assessing CCM performance
LFA	<ul style="list-style-type: none"> - Need to ensure that LFA performance is evaluated and actions are taken. - Strengthening the interface among LFA, CCM, PRs and partners in-country

TOPICS (TO BE HANDED OVER TO SII and FOP)	SUGGESTED AREAS OF FOCUS AND FOLLOW-UP
Risk Management and Additional Safeguards Policy	<ul style="list-style-type: none"> - Need to define roles of CCMs, PRs and LFAs in risk management - Need to balance fiduciary, programmatic, legal/policy risks in order to minimize the risk - The Additional Safeguard Policy should be reconsidered in the context of operational risk management framework
Continuity of Services	<ul style="list-style-type: none"> - How to ensure continuation of treatment as a result of delayed Round 11? - CoS is a short-term solution and focuses on treatment only. Countries should be supported to develop long-term sustainability plan to ensure continuation of programs.
Stock-outs and Procurement and Supply Management	<ul style="list-style-type: none"> - Working with partners to strengthen country capacities on forecasting, procurement and supply chain management - Need to consider existing partner buffer stock mechanisms in developing buffer stock options - Partners' role should be strengthened in terms of joint assessment of stock out situation, and better defining quality assurances policies - An advisory technical committee could handle this
Pharmacovigilance	<ul style="list-style-type: none"> - Defining Global Fund approach/strategy to pharmacovigilance - An advisory technical committee could handle this