

**GF/B31/10**

**Board Decision**

## **MEMBERSHIP OF THE COMMITTEES OF THE GLOBAL FUND BOARD**

**Purpose:** This paper presents:

1. For Board approval, the Board Chair and Vice Chair's ('Board Leadership') recommendations regarding membership appointments for the Audit and Ethics Committee; and
2. For Board information, the status of the Board Leadership's efforts to present to the Board a proposal to renew the membership of the Finance and Operational Performance Committee and the Strategy, Investment and Impact Committee.

## 1. **Background** – Audit and Ethics Committee Roles

### AEC formation

- 1.1 The eight member Audit and Ethics Committee ('AEC') was first constituted in April 2012, following the Board's:
  - a. November 2011 appointment of three Board-constituency nominated members, one of whom was appointed to serve as AEC Vice-Chair (GF/B25/DP14); and
  - b. April 2012 appointment of five external independent members with no affiliation to any of the Global Board constituencies (B25/EDP/18), one of whom was appointed to serve as AEC Chair.
- 1.2 The Board's external independent member appointment decision was taken after a world-wide search for external independent members. A large pool of potential applications ('Q1 2012 Initial Pool') was screened through a robust process, and the appointment proposal was made in reliance on the work of a six member nominations panel comprised of three Board-constituency representatives and three external independent persons with expertise in areas falling under the mandate of the AEC.

### Early steps in AEC Board-constituency nominated member renewal process

- 1.3 In anticipation of the planned rotation of the Board-constituency nominated leaders and members of the Board's three standing Committees after the first two-year term:
  - a. At its Thirtieth meeting, the Board appointed Mr. Claude Rubinowicz to the role of AEC Vice-Chair for a two-year term commencing in March 2014<sup>1</sup>; and
  - b. On 22 November 2013, issued a call to fill the one AEC Board-constituency member role that would remain to be filled after the mid-term appointment process discussed in paragraph 1.2 above was filled (that process having started before the 22 November call for nominations).

### Early steps in the AEC external independent member renewal process

- 1.4 Taking into account the additional institutional learning that external independent members must undertake because they are new to the complexity of the Global Fund, the Board Leadership has determined it was in the Global Fund's best interests to consider renewal of the terms of the currently serving external independent members before moving to consider the Q1 2012 Initial Pool of possible replacement candidates.
- 1.5 The AEC Chair and three of the four other external independent AEC members have confirmed that they are ready and willing to serve for a further term. Each has submitted a formal statement of interest and completed the ethics clearance process.

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<sup>1</sup> GF/B30/DP8, [http://www.theglobalfund.org/documents/board/30/BM30\\_DDecisionPoints\\_Report\\_en/](http://www.theglobalfund.org/documents/board/30/BM30_DDecisionPoints_Report_en/)

## **2. AEC nominations received and Board Leadership recommendations**

### Board-constituency member role

- 2.1 Mr. Christopher Kassami was single nominee for the one Board-constituency member vacancy. His candidature had been fully considered in a prior process that was not completed<sup>2</sup>.
- 2.2 In consultation with the Coordinating Group, the Board Leadership recommends appointment of Mr. Kassami as a Board constituency nominated member for a two year role commencing after this Thirty-First Board meeting.

### External independent member roles

- 2.3 The Board Leadership recommends renewal of all four of the current serving persons who are willing to serve for an additional term. Each was initially selected through the transparent competitive process set out in paragraph 1.2 above. The Board Leadership's assessment is that the AEC Chair has performed to a high standard. The AEC Chair has assessed the performance of the three other external independent members, having demonstrated their competence individually and together as a team. Continuity of service of the AEC Chair, to complement the skills brought by the incoming AEC Vice-Chair, is considered a particular advantage.
- 2.4 To fill in the one arising external independent member vacancy, the Board Leadership followed the same procedure as it had done for a 2013 vacancy, namely referring back to the Q1 2012 Initial Pool. The Board Leadership is concerned to ensure that the Board is presented with the best possible candidate to fill the arising role (one that has particular emphasis on financial aspects).
- 2.5 In consultation with the AEC Chair and Vice-Chair together with the in-coming AEC Vice-Chair, the process has been extended through until end April 2014. The departing person has confirmed their availability to continue to serve on the Committee until the new person is appointed. The flexible "...for a two-year term, or appointment of their successor"... language in the April 2012 appointment decision facilitates this approach.
- 2.6 In consultation with the Coordinating Group, the Board Leadership is proposing that Mr. Mohammed Abdellatif, Mr. Gabor Amon, Ms. Wendy Harrison, and Mr. Graham Joscelyne, be appointed for a further, and final, two-year term.
- 2.7 The decision point for the AEC membership vacancies is set out in Part 5 below.

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<sup>2</sup> This earlier processes is described in the document referred to in footnote 1.

### **3. Background – Finance and Operational Performance Committee and Strategy, Investment and Impact Committee**

- 3.1 As for the AEC, in anticipation of the planned rotation of the Board-constituency nominated leaders and members of the Board's three standing Committees after the first two-year term, at its Thirtieth meeting, the Board appointed the following people as neutral non-voting Committee leaders commencing in March 2014<sup>3</sup>:
- a. Mr. Soltan Mammadov as FOPC Chair, and Mr. Jason Lawrence as FOPC Vice-Chair; and
  - b. Mr. David Stevenson as SIIC Chair, and Dr. Anita Asiimwe as SIIC Vice-Chair.
- 3.2 The 22 November 2013 call for Board-constituency nominees referred to in paragraph 1.3 above also included a call to fill all 24 of the Board-constituency member roles on the Finance and Operational Performance Committee ('FOPC') and Strategy, Investment and Impact Committee ('SIIC'). This represented the first occasion for renewal of these roles, with the AEC, FOPC and SIIC coming into effect as a result of the Board's November 2011 decisive response<sup>4</sup> to the findings and recommendations on governance matters set out in the document 'Report of the High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms'.
- 3.3 When taken together, the 22 November 2013 initial call, a 19 December 2012 Board Leadership message, a 6 January 2014 reminder, and an additional 22 January 2014 call for FOPC members, emphasized:
- a. The importance of presenting multiple skilled candidates for the two Committees pursuant to paragraph 42 of the Board and Committee Operating Procedures ('Operating Procedures');
  - b. The shared responsibility of all Board constituencies to facilitate the Board having three strong Committees to fulfill their mandates; and
  - c. The Board Leadership's intent to only bring a membership proposal to the Board for the FOPC and SIIC at this Thirty-First meeting if sufficient, quality, nominations had been presented by the Board's constituencies to put up two equally talented teams.

### **4. FOPC and SIIC nominations received**

- 4.1 In summary, Board constituencies have not presented a sufficient number of candidates to fill all of the 24 roles taking into account the number of available member seats. However, there were examples of constituencies demonstrating flexibility between an earlier expressed preference for the SIIC, and their ultimate formal nomination for representation on the FOPC. The Board Chair and Vice-Chair are particularly grateful for the leadership shown in these limited examples.
- 4.2 The full list of complete nomination packages received through formal constituency nominations processes is set out at Annex A, revealing the disproportionate number of candidates presented for the SIIC.

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<sup>3</sup> GF/B30/DP8, [http://www.theglobalfund.org/documents/board/30/BM30\\_DecisionPoints\\_Report\\_en/](http://www.theglobalfund.org/documents/board/30/BM30_DecisionPoints_Report_en/)

<sup>4</sup> GF/B25/DP7, [http://www.theglobalfund.org/documents/board/25/BM25\\_DecisionPoints\\_Report\\_en/](http://www.theglobalfund.org/documents/board/25/BM25_DecisionPoints_Report_en/)

- 4.3 Looking at the disparity in candidate nominations between the FOPC and the SIIC, the Board Leadership is concerned with the perceived lack of interest from constituencies for the FOPC. The role of the FOPC is a critical element in the Board's development and oversight of policies that are fitting for a financing mechanism that is focused on maximizing impact. The Board Leadership also notes the lack of relevant skills of some of the profiles presented by a number of constituencies in this central process to ensuring effective governance of the Global Fund.
- 4.4 The possibility of some constituencies agreeing to shift their nomination (either the same person or someone different) from the SIIC to the FOPC was explored as a potential solution at a Coordinating Group discussion in early February 2014. This possibility was discussed with constituencies who made contact with the Board Leadership, and contacts initiated by the Board Leadership themselves. Topics covered in conversations included some or all of the following:
- a. The evolving key role of the FOPC in high-level oversight of operational policies and their transparent application by the Grant Approval Committee, now that there were financial systems in place to provide key data;
  - b. The central role of the FOPC in oversight of fiscal performance of the substantial assets entrusted to the Global Fund to invest for impact;
  - c. The benefit that rotation of membership terms between the two Committees brings for both the Global Fund and the constituency itself in building cross-cutting knowledge of the Fund's new way of working; and
  - d. The use of rotation as a means of respecting the spirit of partnership that is the very basis of engagement in the Global Fund.
- 4.5 Despite considerable effort, a solution has not currently been found that facilitates the presentation of two strong committee membership teams to the Board at this Thirty-First Board meeting. It may be possible to seek additional nominations to fill the FOPC vacant seats during the conduct of the Board meeting itself. However, the Board Leadership questions the transparency of any such outreach in terms of constituencies themselves being able to apply their own procedures before they make that nomination. The Board Leadership would also be concerned that the ethics clearance process may appear rushed.
- 4.6 For the Board Leadership, there are therefore two issues for resolution:
- a. Filling the membership vacancies arising in the current membership appointment round; and
  - b. Ensuring that there is a well-accepted nominations process for subsequent rounds that delivers a full cadre of qualified nominations for both the FOPC and SIIC. The Board Leadership proposes that this topic be a central question put to the governance working group that is presented as a concept to be considered for Board endorsement at this meeting.
- 4.7 Focusing on this appointment round, a possible approach would be to issue a new call for nominations for both the FOPC and the SIIC and require the 20 voting constituencies of the Board, and the Partners, UNAIDS and WHO constituencies to nominate at least one qualified candidate for the FOPC and one qualified candidate for

the SIIC, with a prioritization attached to all nominations received from each constituency in line with the Operating Procedures.

- 4.8 The table below sets out a possible timetable for a new call, giving time for within constituency consultations.

No	Action to be taken	Date
1	<b>Launch</b> a new call for new nominations for the FOPC and SIIC	12 March 2014
2	Board leadership outreach to constituencies	Between launch and due date
3	<b>Due date</b> for at least one qualified nomination the FOPC and at least one nomination for the SIIC from the 20 voting constituencies; and Partners, WHO and UNAIDS. *	09 April 2014
3	<b>Candidate assessment</b> by the Board Leadership	By 30 April
4	<b>Board Leadership proposal</b> to the Board	6 May 2014
5	<b>Committee Members</b> commence their two-year term	Mid May 2014

\* Note – The World Bank is, under the FOPC Charter, allocated membership to the FOPC.

- 4.9 The Board Leadership is conscious of the imminent commencement of Mr. David Stevenson as SIIC Chair, and that this would – if a SIIC membership appointment decision is not made that this meeting – give rise to a mid-term vacancy for the SIIC. The Board Leadership would, in this situation, propose that this vacancy be filled in the same way as all other mid-term vacancies that have arisen in the FOPC or the SIIC since commencement. That is, making a call to only those constituencies that are not represented on either the SIIC or the FOPC. In this case, the call could only be made to the Canada/Switzerland constituency. In view of the new call being made to refresh the full membership of the FOPC and SIIC, the Board Leadership will make an interim appointment for this vacancy under Article 7.3 of the Bylaws. Any other similarly arising vacancies could be filled in the same way.
- 4.10 The Board Leadership wishes to emphasize that they are ready to take a difficult decision and make a formal proposal to the Board for its approval of new members for the FOPC and SIIC. However, the Board Leadership must have sufficient nominations from which to make that proposal for the FOPC and then the SIIC, and they do not have a sufficient number at the current time.

**5. Proposed Decision Point**

- 5.1 Based on the discussion above, the Board Leadership, in consultation with the Coordinating Group, recommends the following decision point for approval at the Thirty-First Board Meeting:

***Decision Point: GF/B31/DPXX***

- 1. The Board acknowledges the recommendations set forth in GF/B31/10 outlining the membership appointment recommendations for the Board's Audit and Ethics Committee (AEC).***
- 2. Accordingly, the Board approves the appointment of the following individuals to the AEC for a term that will expire on 9 March 2016 or the appointment of their respective successors:***
  - a. Graham Joscelyne as independent Chair of the AEC;***
  - b. Mohammed Abdellatif as independent member of the AEC;***
  - c. Gabor Amon as independent member of the AEC;***
  - d. Wendy Harrison as independent member of the AEC;***
  - e. Christopher Kassami as a constituency-nominated member from the Eastern and Southern Africa Constituency.***

**List of nominations received**

	Number of Vacancies	Number of Nominations Received	Name of Nominee (Name, Surname)	Nominating Constituency
<b>Audit and Ethics Committee</b>	1 Board constituency nominated representative of either the donor or implementer blocs	1 Implementer	Christopher Kassami	Eastern and Southern Africa
<b>Finance and Operational Performance Committee</b>	<b>5 implementer bloc representatives</b>	4	Hristijan Jankuloski	Developing Country NGO
			Jeremy Knight	Latin America & the Caribbean
			Bal Krishna Suvedi	South East Asia
			Nilaya Mitash	South East Asia
	<b>5 donor bloc representatives</b>	4	Arun Thangaraj	Canada-Switzerland
			Reinhard Tittel-Gronefeld	Germany
			Nazzereno Todini	Private Sector
			Takeshi Osuga	Japan
	<b>1 World Bank representative in a non-voting capacity</b>	1	Alexandru (Alex) Cebotari	World Bank
	<b>1 non-voting Board constituency member representative</b>	Nil		

Membership of the Committees of the Global Fund Board

	Number of Vacancies	Number of Nominations Received	Name of Nominee (Name, Surname)	Nominating Constituency
<b>Strategy, Investment and Impact Committee</b>	<b>5 implementer bloc representatives</b>	10	Fatai Bello	West and Central Africa
			Aida Kurtovic	Eastern Europe and Central Asia
			Vinand Nantulya	Eastern and Southern Africa
			Rachel Ong	Communities
			Abdalla Osman	Eastern Mediterranean Region
			Minghui Ren	West Pacific Region
			Mirta Roses	Latin America and the Caribbean
			Asia Russell	Developed Country NGO
			Jorge Saavedra	Developing Country NGO
			Safiatou Thiam	West and Central Africa
	<b>5 donor bloc representatives</b>	6	Kieran Daly	Private Foundations
			Helga Fogstad	Point 7
			Jason Lane	UK-Australia
			Julia Martin	USA
			Philippe Meunier	France
			Jan Paehler	European Commission
	<b>2 non-voting Board constituency member representatives</b>	6	Lucia Ditiu	Partners
			Aamir Khan	Partners
			Winnie Mpanju-Shumbasho	WHO
			Mbulawa Mugabe	UNAIDS
Peter Olumese			Partners	
Martins Pavelsons			Partners	