

B28/ER/09

For Decision

**2013 INSPECTOR GENERAL AD-HOC NOMINATIONS COMMITTEE
TERMS OF REFERENCE**

PURPOSE:

For decision of the Board, this paper presents:

1. The final recommended Terms of Reference for the 2013 Inspector General Ad-Hoc Nominations Committee; (“IG AHNC”) and
2. The names of the seven persons who will serve in a personal capacity as members on the IG AHNC.

B28/EDP/12: Terms of Reference for the 2013 Inspector General Ad-Hoc Nominations Committee

This document is part of an internal deliberative process of the Global Fund and as such cannot be made public until after the Board deliberations close and a decision has been taken.

Part 1: Background**For Information**

1. The Draft Report of the Twenty-Eighth Board Meeting (“Draft Report”), issued electronically to the Board for comment on 20 December 2012, records the Board’s decision to launch a search for new Inspector General. The record of that decision (set out at paragraph 67 of the Draft Report) is based on confidential discussions of the Board during Executive Session on 14 November 2012.
2. The Board Chair and Vice Chair have heard from many sources that every effort should be made to position the Board to appoint the next Inspector General at the Twenty-Ninth Board meeting over 18 – 19 June 2013, unless that timetable would prevent full utilization of a transparent, appropriate selection process.
3. On 11 February 2013, in accordance with section 33 of the Board and Committee Operating Procedures of the Global Fund (“Operating Procedures”), the Board Chair shared with the full Board:
 - a. A revised draft of the proposed Terms of Reference (“TORs”) for the 2013 Inspector General Ad-Hoc Nominations Committee (“IG AHNC”). This was based on an initial first draft presented as a working document to Board Members on 14 November 2012; and
 - b. A proposed timetable for the appointment of the next Inspector General, including:
 1. The process by which the TORs for the IG AHNC could be finalized; and
 2. The identification process for the seven IG AHNC members.
4. Relevant to finalizing the IG AHNC, between 11 February and 19 February 2013:
 - a. Two constituencies provided input on the proposed TORs for the IG AHNC, identifying a need to check the Bylaws and Operating Procedures to ensure compliance with the Global Fund’s procedures. This point is discussed in detail under Part 2 below;
 - b. The Audit and Ethics Committee (“AEC”) Chair recommended that the conflict of interest process for candidates be more explicitly stated in the work plan and other relevant materials; and
 - c. The Board Chair and Vice Chair received confirmations of consensus IG AHNC membership nominations from the Donor Bloc and Implementer Bloc (two members each), from the World Bank (one member); and from the Chair and Vice Chair of the Audit and Ethics Committee (“AEC”) that two current serving independent AEC members had agreed to serve as IG AHNC members.

Part 2: Discussion on substantive changes to the TORs of the IG AHNC

1. The 11 February 2013 version of material proposed that the AEC would have the following roles regarding candidates for the role of Inspector General:
 - a. Work plan line 9(e): A desk review of the IG AHNC’s proposals, with the implication that this would involve a conflict of interest check; and
 - b. Work plan line 9(f): The AEC making the final recommendation to the Board of the most suitable candidate (or candidates) based on the IG AHNC recommendations.

2. These items from the work plan were reflected in paragraph 8.d of the 11 February 2013 draft TORs for the IG AHNC as follows:

“Support the Audit and Ethics Committee in its deliberations on the AHNC’s shortlist of candidates, to facilitate the AEC providing a final recommendation to the Board of the strongest candidate for Inspector General by 10 June 2013”

3. Taking into account the points raised in Part 1, paragraphs 4.a and 4.b above, the Board Chair sought the opinion of Legal Counsel on the correct statement of the role of the AEC and the IG AHNC in making a final recommendation to the Board.
4. Legal Counsel has confirmed to the Board Chair that the Global Fund’s Committee Operating Procedures of the Board and Committees, a section 33.4, require the IG AHNC to provide its recommendations direct to the Board.
5. On Wednesday 27 February 2013, the AEC held an information call with the Global Fund on a number of matters. At the invitation of the AEC Chair and Vice Chair, the Board Chair participated in that call, together with staff from his office, and a representative of Legal Counsel. The information set out in this paper was shared with AEC members to ensure clarity in the role of the AEC moving forward.
6. Annex 1 to this report contains amended TORs for the IG AHNC that take up the points raised in Part 1, paragraph 4.a and b, and have been cleared through Legal Counsel.

Part 2. Decision Point

For Decision

7. Taking into account the processes that have been undertaken, the following decision point is presented by the Board Chair and Vice Chair for approval by the Board.
8. Attachment 1 to this paper is a compilation of the curriculum vitae and/or professional profile of the persons nominated according to paragraph 4.b above, and paragraph 2 (second appearing) of the draft TORs for the IG AHNC shared on 11 February 2013.

B28/EDP/12: 2013 Inspector General Ad-Hoc Nominations Committee

The Board:

1. ***Establishes a seven member ad hoc nominations committee to assist the Board with its appointment of the next Inspector General (“IG AHNC”) according to the Terms of Reference set out at Annex 1 to this Decision Point with the following membership:***

- ***Gabor AMON***
- ***Wendy HARRISON***
- ***Aida KURTOVIC***
- ***Galina MIKHLIN-OLIVER***
- ***Jan PAEHLER***
- ***Navin RUGHOOONUNUN***
- ***Timothy ZIEMER***

2. ***Requests the Audit and Ethics Committee, working in collaboration with Legal Counsel of the Global Fund, and the Interim Inspector General, to present for Board approval by not later than 5 March 2013:***
 - a. ***revised Terms of Reference for the role of Inspector General; and***
 - b. ***a revised Charter for the Office of the Inspector General.***
3. ***Requests the Audit and Ethics Committee to develop, and apply to candidates shortlisted by the AHNC, an appropriate conflict of interest assessment process to ensure that the Board will receive from the AHNC only the names of candidates who are without any conflict of interest for the role.***
4. ***Requests the AHNC to incorporate the AEC's final recommendations into the AHNC's decision making and present to the Board the AHNC's recommendation on the strongest candidate(s) for the role of Inspector General, and the reasons for its recommendation, by 10 June 2013.***

**Terms of Reference for the 2013 Ad-Hoc Nominations Committee
for the appointment of the next Inspector General**

Purpose

1. The purpose of the 2013 Inspector General Ad-Hoc Nominations Committee ('AHNC') is to assist the Board with its appointment of the next Inspector General of the Global Fund.
2. The Chair and Vice Chair of the Board's Audit and Ethics Committee ("AEC"), and the Board Chair and Vice Chair as required, will provide overall stewardship of the work program of the AHNC. Day to day project management support will be provided by the Office of the Board Chair and Vice Chair.

Membership

3. Membership of the AHNC shall be comprised of seven persons as follows:
 - a. Four members who are representatives of the Board's voting constituencies, with the implementer bloc and donor blocs nominating two consensus candidates each;
 - b. One member identified by the World Bank who brings senior level experience in the work of program assurance and internal and/or external oversight;
 - c. Two non-constituency affiliated members, who can be current, independent members on the AEC, or other independent persons identified by the AEC Chair and Vice Chair. The individuals selected will bring additional gravitas and global experience to the AHNC, and serve as technical experts on the AHNC.
4. All members should have sufficient time¹ to dedicate to the AHNC, and have access to effective communications arrangements to facilitate frequent, high-quality engagement in the AHNC's work. From a skills perspective, they will have experience in the field of assurance, investigation, and/or quality oversight according to best practice principles from the finance and development sectors. It is preferable that they have a strong understanding of the Global Fund governance framework.
5. When taken as a group, the seven persons will, to the extent possible, also bring skills in the specific task of identifying and interviewing senior executive talent.
6. All seven members shall serve in their personal capacity and shall not seek or accept instructions in regard to their performance on the committee from any constituency of the Global Fund Board or other individual or entity.

¹ As a guide the time expected may range between 15 and 20 working days, but it may be less or more.

7. The members of the AHNC from amongst its members will select a Chair and Vice Chair of the AHNC. In addition to their membership role, the Chair will provide coordination support, and issue reports and other communications on behalf of the AHNC.

Work plan

8. The AHNC shall develop and undertake its work according to a work plan that is agreed between its members. The work plan should be established by 19 March 2013 and should work towards the Board making its appointment decision at the Twenty-Ninth Board meeting on 18 and 19 June 2013.
9. Specifically, the AHNC shall:
 - a. Work on a non-political and merit basis;
 - b. Direct and oversee the work of the Executive Search Firm, Russell Reynolds Associates, to develop a candidate list for the role of Inspector General, ensuring that the search firm reaches out to the broadest of Board constituency and other networks to find highly skilled candidates;
 - c. For the purposes of supporting the AEC in its assessment of any conflict of interest issue arising for a shortlisted candidate, provide to the Board's AEC by not later than 3 June 2013 the following information:
 - i. The names of up to three candidates that the AHNC believes represent the strongest possible candidate/s across the globe for the role of Inspector General, which list should aim for diversity for the extent possible but not compromising on talent, and be based on revised Inspector General Terms of Reference ('TORs') approved by the Board; and
 - ii. The AHNC's reasons for their assessment of the short listed candidates, which should include the extent to which each candidate fulfills the selection criteria, and the candidate's relative ability to perform the duties of the Inspector General as outlined in the Inspector General TORs, and weight those capacities according to the main areas of competency for the role.
 - d. During 3 and 9 June 2013, provide any assistance that may requested by the AEC to support the AEC's conflict of interest assessment of each of the shortlisted candidates;
 - e. On 10 June 2013, provide the Board with:
 - i. The AHNC's recommendation on the preferred candidate/s for the role of Inspector General after taking into account the AEC's final determination on any conflict of interest that would remove a candidate from further consideration; and
 - ii. The information from paragraph 8.c.ii of these terms of reference for the candidate/s being presented to the Board.
 - f. Provide, at regular intervals, progress updates to the Board; and

- g. Ensure that it conducts itself at all times in manner that respects the privacy and personal reputation of potential candidates, and work within an appropriate framework of confidentiality.

Decision making and governance matters

- 10. The AHNC shall seek to make its decisions by consensus. Recognizing that the role of the AHNC is to propose the best possible candidate/s for the role of Inspector General, where consensus cannot be obtained, the majority view of the AHNC will prevail.
- 11. Membership in the AHNC shall not count towards the two-committee limit set forth in Section 42.1 of the Board and Committee Operating Procedures.