

**Electronic Report to the Board****GF/B32/ER05****Board Decision****SELECTION OF MEMBERSHIP OF TRANSITIONAL GOVERNANCE COMMITTEE****PURPOSE:**

This report outlines and presents the Board Leadership's recommendation to the Board on the approval of the membership of the Transitional Governance Committee. Accordingly, this electronic report contains the following decision point for the Board to adopt:

1. GF/B32/EDP04: Membership of Transitional Governance Committee

## DECISION

1. Based on the rationale described below, the Secretariat requests that the Board approves the electronic decision point set forth below.

### ***Decision Point GF/B32/EDP04: Membership of the Transitional Governance Committee***

- 1. The Board notes its decision to establish the Transitional Governance Committee (GF/B32/DP05) under terms of reference set forth in Annex 1 to GF/B32/ER05 (the “Terms of Reference”) and acknowledges the recommendations on membership of the Transitional Governance Committee presented in GF/B32/ER05.***
- 2. Accordingly, the Board approves the appointment of the following individuals to serve on the Transitional Governance Committee for a term that will expire upon the conclusion of the Transitional Governance Committee’s mandate, as outlined in the Terms of Reference:***
  - a. Ton Coenen;***
  - b. Marina Hue;***
  - c. Jimmy Kolker;***
  - d. Jorge Saavedra;***
  - e. Viorel Soltan; and***
  - f. Carsten Staur.***
- 3. The Board acknowledges that members of the Transitional Governance Committee shall serve in their independent, personal capacity. As such, membership on the Transitional Governance Committee shall not apply towards the rule that each Board constituency may participate in a maximum of two committees.***

## BACKGROUND

2. The Ad Hoc Working Group on Governance (WGG) was established following the Thirty-First Board Meeting held in March 2014 “to identify and recommend for Board consideration possible changes in the Global Fund governance system.”<sup>1</sup>
3. The WGG presented its recommendations in the Governance Plan for Impact (Governance Plan)<sup>2</sup> at the Thirty-Second Board Meeting held in November 2014. The Governance Plan recommends both short and long term improvements to the Global Fund governance systems.

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<sup>1</sup> GF/B31/EDP10: Approval of the Terms of Reference for the 2014 Ad-Hoc Working Group on Governance

<sup>2</sup> GF/B32/08 – Revision 2: Governance Plan for Impact

4. The Board approved the Governance Plan recommendation to transition to an enhanced governance structure, which will begin operations at the end of the current committee terms. It also decided to establish the Transitional Governance Committee to facilitate this transition under the terms of reference set forth in Annex 1 to this report.<sup>3</sup>
5. The purpose of the Transitional Governance Committee is to implement the recommendations outlined in the Governance Plan with the intention of improving the efficiency, effectiveness and consistency of the affairs of the Global Fund Board and its committees. During this transitional period, this committee will have the same standing in the governance system as the current committees and will have five key responsibilities:
  - a. Oversee the key governance functions identified in the Governance Plan as missing or not being performed under the existing structure and needing to be addressed, and advise the Board thereon.
  - b. Develop a Performance Assessment Framework and oversee the process of performance assessments of the Board and committees, including assessments of leadership.
  - c. Finalize the Enhanced Governance Structure for Board approval, including updated roles and responsibilities under the re-configured three-committee structure.
  - d. Develop the key components of a comprehensive Governance Framework for Board approval including guidelines for effective lifecycle and constituency management.
  - e. Through a consultative process, develop proposals on the Board's future size and composition.
6. On 3 December 2014, the Chair and Vice-Chair of the Board (Board Leadership) launched the nomination process for the membership of the Transitional Governance Committee. Under its terms of reference, the Transitional Governance Committee is comprised of six voting members – three nominated by the implementer constituencies of the Board and three nominated by the donor constituencies of the Board. Representatives of the two constituency groups, donor and implementer, were asked to coordinate an open and transparent process among their respective constituencies so that three candidates from each constituency group would be nominated for consideration.
7. Nominations were received by 10 December 2014 and reviewed by Board Leadership, in collaboration with the Coordinating Group. Among other considerations, the evaluation of nominees took into account whether candidates had current or prior experience as a Board Member, Alternate, Communications Focal Point, Committee Member or other role within a Board constituency. Experience and knowledge in the field of governance, particularly with respect to reform and performance assessment, were also taken into consideration.
8. Accordingly, Table 1 below lists the candidates recommended by the Board Leadership to serve as members of the Transitional Governance Committee.

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<sup>3</sup> GF/B32/DP05

**Table 1: Transitional Governance Committee Nominees**

<b>Name</b>	<b>Constituency Group</b>	<b>Constituency</b>
Ton Coenen	Implementer	Developed Country NGOs
Marina Hue	Donor	France
Jimmy Kolker	Donor	USA
Jorge Saavedra	Implementer	Developing Country NGOs
Viorel Soltan	Implementer	Eastern Europe and Central Asia
Carsten Staur	Donor	Point Seven

9. Because the members of the Transitional Governance Committee serve in their independent, personal capacity, they shall not accept or seek instruction from another party, entity or body in the discharge of their responsibilities. As such, membership on the Transitional Governance Committee shall not apply towards the rule that each Board constituency may participate in a maximum of two committees.
10. The Nomination Forms and CVs for the nominated candidates are provided in Annex 2 to this report.

## TERMS OF REFERENCE

### TRANSITIONAL GOVERNANCE COMMITTEE<sup>1</sup>

#### Purpose

1. At the Thirty-First Board Meeting in March 2014, the Board leadership introduced a proposal for the establishment of an Ad-Hoc Working Group on Governance (WGG) (GF/B31/18). From May to October 2014 the WGG conducted a review aimed to “identify and recommend for Board consideration possible changes in Global Fund governance systems”. The WGG presented its final recommendations in the Governance Plan for Impact for approval at the November 2014 Board Meeting.
2. The purpose of the Transitional Governance Committee is to implement the recommendations outlined in the Governance Plan for Impact (“the Governance Plan”) with the intention of improving the efficiency, effectiveness and consistency of the affairs of the Global Fund Board and its committees. During this transitional period, this committee will have the same standing in the governance system as the current committees.

#### Background

3. The Board, working through committees and designated focal points has, from the Twenty-Third Board Meeting in May 2011, been closely engaged in governance reform initiatives – based on the recommendations from the Comprehensive Reform Working Group, supplemented by recommendations from the Final Report of the High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms (“High-Level Panel Report”) and by a consultative process conducted by Board leadership.
4. In June 2014, the Office of the Inspector General released its final report of the OIG advisory engagement to review the effectiveness and efficiency of the Global Fund governance.

#### Mandate and scope

5. The mandate of the Transitional Governance Committee shall commence upon the conclusion of the Thirty-Second Board Meeting and will cease at the end of March 2016, or until the committee structure under the enhanced governance structure, as set forth in the Governance Plan, is fully constituted and operational.
6. The Transitional Governance Committee will focus on the implementation of the recommendations from the Governance Plan and will have four key responsibilities:

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<sup>1</sup> As adopted on 21 November 2014 (GF/B32/DP05)

- I. **Oversee the key governance functions** that were identified in the Governance Plan as missing or not currently being performed under the existing structures and needing to be addressed in the upcoming period (e.g.: institutional memory management, review of governance documents, oversight of CCMs matters (e.g.: review of OIG report), legal status issues), and advise the Board thereon.
  - II. **Develop a Performance Assessment Framework and oversee the process of performance assessments of the Board and committees**, including assessments of leadership.
  - III. **Finalize the Enhanced Governance Structure for Board approval, including updated roles and responsibilities under the re-configured three-committee structure** based on the preliminary model provided in the Governance Plan.
  - IV. **Develop the key components of a comprehensive Governance Framework for Board approval**, to ensure that the Global Fund has the correct systems, processes and guidance to facilitate effective governance including guidelines for effective lifecycle and constituency management.
  - V. **Through a consultative process, develop proposals on the Board's future size and composition** in the context of a changing global economic and development landscape as outlined in Annex 9 of the Governance Plan for Impact (GF/B32/08 – Revision 2).
7. As part of the work underlying this report, the WGG developed a package of detailed concept notes covering the various workstreams identified in this report that will be provided to the Transitional Governance Committee to inform their work.
  8. The Transitional Governance Committee will work with a wide range of references to meet its mandate, with primary reliance on the following:
    - The Governance Plan for Impact;
    - Review of and benchmarking against industry best practices in both the public and private sector;
    - Oral and written input from constituencies on governance issues, either through formal or informal consultations;
    - The core governance documents (e.g., operating procedures, by-laws and committee charters) as well as other decision points of the Board and its committees or other relevant policies that provide guidance on the standards and practices for governance within the Global Fund.
  9. The Transitional Governance Committee will also build on its own experience and expertise in the field of governance, particularly in relation to other multilateral organizations.

### **Key deliverables**

10. The implementation of the Governance Plan has several key deliverables that should be developed and either in place or put forward for Board approval for the first Board meeting of the year in 2016:

I. Updated enhanced governance structure:

- a. Finalize the enhanced governance structure with re-aligned roles and responsibilities for Board approval including the creations of or modification to relevant modifications to key governance documents.
- b. Support the process of identifying and nominating committee members for the enhanced committee structure for Board approval, through a competency-based nomination process based on experience, credentials and commitment to the organization in accordance with the Board and Committee Operating Procedures.

II. Performance Assessment Framework:

- a. Develop a methodology for a Performance Assessment Framework for Global Fund Board and committees, including overall assessment of governing bodies and their leadership.
- b. Oversee the process of performance assessments of the Board and committees and their leadership for presentation to the Board.

III. Country Coordinating Mechanisms (CCMs)

- a. Review results from the 2015 OIG Review on CCMs and provide recommendations to the Board.

IV. Guidelines for Lifecycle Management for Board and committees including:

- a. Guidelines and tools on-boarding and off-boarding of Board and committee leadership, Board and committee members.
- b. Guidelines and best practices for constituency management including:
  - i. Minimum requirements for member selection processes
  - ii. Roles and responsibilities for constituency members
  - iii. Communication principles and modalities.

### **Establishment, working arrangements and support**

11. The Transitional Governance Committee will be constituted as a temporary committee commencing its mandate in November 2014 following the Thirty-Second Board Meeting and will be conclude its mandate upon the full constitution and

implementation of the enhanced governance structure outlined in the Governance Plan, which is anticipated to be the end of March 2016.

12. The Transitional Governance Committee is expected to report periodically to the Board. Using electronic or teleconference means, the Transitional Governance Committee will provide its progress reports on the implementation of the Governance Plan for Impact to the Board at regular intervals.
13. Working methods of the Transitional Governance Committee (in-person, e-mail, teleconference, etc.) will be determined by members after the election of the Chair. Support for the work of the Transitional Governance Committee will be provided by the Secretariat.
14. Funding for travel and accommodation will be provided to the members of the Transitional Governance Committee by the Global Fund, as needed.

### **Membership**

15. The Transitional Governance Committee will have a total of six (6) voting members – three (3) nominated by implementer constituencies, three (3) nominated by donors constituencies.
16. Members of the Transitional Governance Committee will:
  - a. Be appointed by the Board based on open and transparent procedures set by donors and implementers for their respective group;
  - b. Be comprised of current Board Members, Alternates, Communication Focal Points or Committee members; or previously served as Global Fund Board Members, Alternates, Communication Focal Points or Committee Members; or constituency delegates;
  - c. Have demonstrated experience and knowledge in the field of governance, the implementation of governance reforms or in the performance assessment of governance bodies; and
  - d. Serve on the Transitional Governance Committee in their independent personal capacity and therefore not accept or seek instruction from another party, entity or body in the discharge of their responsibilities.
17. The Chair of the Transitional Governance Committee will be elected by and from among the Transitional Governance Committee members.

### **Quorum and Voting**

18. The Transitional Governance Committee may conduct business only when a majority of the members of the Transitional Governance Committee is present, whether in person or by other means that allows such members to follow and contribute to meeting discussions as they occur in real time.
19. Motions require a two-thirds majority of the voting members that are present, where quorum has been established.