

# 37<sup>th</sup> Board Meeting

## Board Chair and Vice-Chair Terms of Reference

GF/B37/22- Revision 1

03-04 May 2017, Kigali, Rwanda

### **Board Decision**

Purpose of the paper: This paper presents revised Board Chair and Vice-Chair Terms of Reference to the Board for approval.

## I. Decision Point

1. Based on the rationale outlined below, the following decision point is presented to the Board for approval:

### **GF/B37/DP03: Board Chair and Vice-Chair Terms of Reference**

1. **The Board approves the Terms of Reference of the Chair and Vice-Chair of the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria, as revised and set forth in Annex 1 to GF/B37/22- Revision 1 (the “Terms of Reference”), which shall enter into force upon the conclusion of the 37<sup>th</sup> Board Meeting in May 2017.**
2. **The Terms of Reference shall supersede any and all prior versions of terms of reference of the Board Chair and Vice-Chair previously approved by the Board.**

## II. Relevant Past Decisions

2. The following summary of the relevant past decision points is provided below to contextualize the decision point proposed in Part I above.

<b>Relevant Past Decision Points</b>	<b>Summary and Impact</b>
<b>GF/EGCo3/EDPo3: Recommendation on the approval of the revised Board Chair and Vice Chair Terms of Reference (April 2017)</b>	Following deliberations during Part II of the Ethics and Governance Committee’s (the “EGC”) meeting in March 2017, the EGC agreed on presenting the revised Terms of Reference of the Chair and Vice Chair of the Board of the Global Fund to Fight AIDS, Tuberculosis and Malaria for approval by the Board at its May 2017 meeting. Annex 1 to this Board paper (GF/B37/22-Revision 1) sets forth the revised Terms of Reference that are presented to the Board for approval.
<b>GF/BR2017/DP05: Amendment to the Board Leadership Terms of Reference (February 2017)</b>	On 28 February 2017, the Board approved amendments to the Terms of Reference of the Board Chair and Vice-Chair related to time commitment and honorarium of the Board Chair and Vice-Chair. The Board also decided that an annual honorarium in the amount of US\$ 40,000 and US\$ 30,000 will be available for the next Board Chair and Vice-Chair, respectively.
<b>GF/B32/DP05: Approving the Governance Plan for Impact (November 2014)</b>	On 20 November 2014, the Board approved amended Terms of Reference for the Chair and Vice-Chair of the Board in connection with the recommendation on governance functions contained in the Governance Plan for Impact.
<b>GF/B28/EDPo4: Terms of Reference of Chair and Vice-Chair of Global Fund Board (December 2012)</b>	On 13 December 2012, the Board approved revised Terms of Reference of the Chair and Vice-Chair of

<b>Relevant Past Decision Points</b>	<b>Summary and Impact</b>
	the Board for utilization in the then upcoming nomination and election cycle.
<b>GF/B22/DP06: Board Chair and Vice Chair nomination and election process (December 2010)</b>	On 15 December 2010, the Board approved discrete amendments to the Terms of Reference of the Board Chair and Vice-Chair in connection with amendments to the overall Board Chair and Vice-Chair nomination and election process.
<b>GF/B19/DP10: Terms of Reference for Chair and Vice-Chair of the Board (May 2009)</b>	On 6 May 2009, the Board approved Terms of Reference for the Chair and Vice-Chair of the Board.

### III. Action Required

- The Board is requested to approve the decision point set out in Part I. above on the Board Chair and Vice-Chair Terms of Reference as enclosed in Annex 1 to this report (“BL ToRs”).

### IV. Background

- As the committee mandated with governance responsibilities within the Global Fund, the Ethics and Governance Committee (“EGC”) plays a role in the nomination and selection process of the Board Chair and Vice-Chair (“Board Leadership”) of the Global Fund as further provided for in Article 31 of the Operating Procedures of the Board and Committees of the Global Fund.
- The terms of both the current Board Chair and Vice-Chair are set to expire on 4 May 2017. A selection process is currently on-going and the Board will be invited to appoint the new Board Leadership at its 37<sup>th</sup> meeting.
- To reflect the evolving role of the Board Leadership and to adjust the roles and responsibilities based on past experience, the EGC began a review of the BL ToRs in November 2016. As part of this review, numerous consultations with Board constituencies were carried out over several months. The consultations offered each constituency the opportunity to provide both written and verbal feedback on key areas related to the responsibilities of the Board Leadership including: appropriate role differentiation and complementarity, candidate profile in relation to the newly approved Global Fund strategy, time commitment and continuity and succession planning.
- To provide additional perspectives to the views provided by the Board constituencies, input was also sought and received from an external consulting firm, Egon Zehnder<sup>1</sup> based on its expertise and experience in the development of board-related instruments and selection processes. Input was also received from the outgoing Board Leadership as well as key Secretariat staff members, including the Executive Director, and the Office of Board Affairs.
- The proposed revisions to the BL ToRs were discussed by the Board at the Board Retreat on 28 February 2017 (document GF/BR2017/04). As some constituencies requested additional time to consider the revisions proposed by the EGC, it was agreed to hold further consultations on the draft submitted at the Board Retreat. Two minor

<sup>1</sup> See: The Global Fund Office of Board Affairs and the Egon Zehnder, *Principles to Guide Changes to ToRs*, included as Annex 2 to the Report to the Board GF/BR2017/04.

modifications to the then existing terms of reference were approved at the Board Retreat relating to the anticipated required time commitments of the positions and the inclusion of the option for an honorarium to be paid to the incoming Board Leadership. During the Board Retreat, the Board also decided that an annual honorarium in the amount of US\$ 40,000 and US\$ 30,000 will be available for the next Board Chair and Vice-Chair, respectively.<sup>2</sup>

9. In order to enable the timely launch of the nomination call for the next Board Leadership and thereby enable the appointment of the next Board Leadership during the 37<sup>th</sup> Board Meeting in May 2017, the terms of reference amended by the Board during its February 2017 Retreat have been used in the context of the current, ongoing Board Leadership selection process.
10. Concurrently, the EGC, with the support of the Secretariat, further revised the contents of the BL ToRs to incorporate input received during the Board Retreat. A revised version was shared with the Board for comment on 10 March 2017 and two consultation calls were held with the Board during the third week of March 2017. The BL ToRs were also discussed at the 3<sup>rd</sup> EGC Meeting held on 27-29 March 2017, and further refined before their submission to the Board for approval.

## **V. Key features of the BL ToRs**

11. As outlined above, the revisions of the BL ToRs stem from a number of guiding principles developed by the EGC, supported by the Office of Board Affairs and in cooperation with Egon Zehnder. In addition, the BL ToRs have undergone significant consultations over the course of several months and were discussed extensively by the EGC. In summary, the underlying principles focused on a number of issues, in particular:
  - i. The need for increased governance continuity and institutional knowledge retention between transitions of Board Leadership;
  - ii. The need for greater clarity around the scope and division of roles and responsibility of the Board Leadership with stronger complementarity of the two roles;
  - iii. The importance for Board Leadership to be able to drive Board efficiency and to promote consensus within the Board;
  - iv. The importance for Board Leadership to play an active role between Board Meetings;
  - v. The importance of the relationship between Board Leadership and the Executive Director;
  - vi. The importance for Board Leadership to be held accountable by the Board for its effective performance; and,
  - vii. The importance for Board Leadership to act as a model and represent the ethical values of the organization.
12. These principles are reflected in various degrees in the revised BL ToRs. Some features that appeared in previous versions – such as, for example, the rotation from the Vice-Chair to the Chair position - are no longer included based on feedback received during the Board consultations.
13. The BL ToRs recognize that the Board Leadership is responsible for the overall stewardship of the Board, as described in the Introduction section, and contains a general

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<sup>2</sup> See Decision Point GF/BR2017/DP05 of 28 February 2017.

reference to the support provided to the Board Leadership by the Secretariat. The responsibilities of the Board Leadership are set out in Article I of the BL ToRs, which also refer to the Board Chair's leading role, and Article II of the BL ToRs describe the division of responsibilities between the Board Chair and Vice Chair.

14. The experience and competencies expected from the Board Leadership are set out, respectively, in Article III and Article IV of the BL ToRs. The modalities of their selection and terms of office are detailed in Article V. of the BL ToRs.
15. The BL ToRs include the same provisions on time commitment (Article VI) and the honorarium (Article VII) as those approved by the Board at the Board Retreat.
16. The BL ToRs also contain a section on Board Leadership accountability (Article VIII). Under these provisions, the Board Leadership is, for example, expected to act as role models and to uphold the Code of Conduct for Governance Officials. This Article also expressly provides that Board Leadership is accountable to the Board and subject to governance assessment procedures, and that the Leadership is expected to provide an annual report to the Board and an expenditure report to the EGC.

## **VI. Recommendation**

17. Following the review and recommendation of the EGC, the Board is requested to approve the BL ToRs, as set forth in Annex 1. If approved by the Board, the updated BL ToRs will enter into force upon the conclusion of the 37<sup>th</sup> Board Meeting in May 2017 and supersede all prior versions of the Board Leadership's terms of reference.

**TERMS OF REFERENCE**  
**CHAIR AND VICE-CHAIR OF THE BOARD OF**  
**THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND**  
**MALARIA<sup>3</sup>**

## **Introduction**

The Global Fund's Board is the supreme governing body of the organization. The Board Chair and Board Vice-Chair (together the "Board Leadership") facilitate the Board's strategic focus on its core functions, by performing the responsibilities outlined in these Terms of Reference.

The Board Chair and Vice-Chair serve in their personal capacities as non-voting members of the Board and are required to act always in the best interest of the Global Fund and uphold the Global Fund's values.<sup>4</sup>

They bring to their respective roles a broad perspective and accumulated wisdom and experience. As representatives of the Board as a whole, they provide guidance and collaborate with the Global Fund's Management to achieve the successful implementation of the strategic vision of the organization.

Board Leadership is responsible for the overall stewardship of the Board, which is distinct from the overall management of the operations of the Secretariat and Office of the Inspector General, which are delegated by the Board to the Executive Director and the Inspector General respectively. The Secretariat provides support – which may include dedicated personnel – to the Board Leadership for the performance of its functions.

### **I. RESPONSIBILITIES**

In accordance with the Global Fund's core governance documents, the Board Chair and Vice-Chair have the following responsibilities:

#### **A. The Board's Core Functions**

1. Overseeing and ensuring the effective performance of the Board as it carries out its six core functions as set forth in the Bylaws, namely Strategy Development, Governance Oversight, Commitment to Financial Resources, Assessment of Organizational Performance, Risk Management and Partnership Engagement, and Resource Mobilization and Advocacy.

#### **B. Strategic Leadership**

1. Setting out a strategic approach for the Board Leadership term that ensures the Board effectively performs its core functions;
2. Guiding the alignment of the work plans and agendas of the Board, standing committees and Coordinating Group with mandate of the Board;
3. Facilitating communication between the Board and its direct reports, the Executive Director

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<sup>3</sup> GF/B19/DP10, as amended at the Twenty-Second Board Meeting by GF/B22/DP6, by decision of the Board by electronic vote on 13 December 2012, B28/ER/04, at the Thirty-Second Board Meeting by GF/B32/DP05, and at the Board Retreat February 27-28, 2017 by GF/BR2017/DPXX.

<sup>4</sup> As outlined in the Board approved Ethics and Integrity Framework and the Code of Conduct for Governance Officials.

- and Inspector General;
4. Developing Board priorities and meeting agendas to facilitate deliberations to determine and achieve strategic priorities in consultation with Committee Chairs and Vice-Chairs and the Secretariat;
  5. Coordinating Board deliberations and communications in between meetings; and
  6. Identifying or proposing potential themes or issues for further deliberation and consideration by the Board or its standing committees, according to relevant mandates.

### **C. Governance Stewardship**

1. Holding accountable the governing structures, with the help of the committee mandated with governance responsibilities, to the Board to make best use of its time to undertake proper decision making, e.g., allowing for an appropriate level of discussion and focus, ensuring papers and analysis are well developed and properly brought before the Board;
2. Supporting and guiding the Board in the transparent selection, appointment, assessment and removal, if necessary, of the Executive Director, Inspector General or any other direct appointee with the advice of the committee mandated with governance responsibilities;
3. Recommending to the Board, following the evaluation by the committee mandated with governance responsibilities, the selection of the Chairs and Vice-Chairs of the Board's committees;
4. Collaborating with Board constituencies as well as committee Chairs and Vice-Chairs to identify qualified candidates for committee membership; and following the evaluation by the committee mandated with governance responsibilities, recommend qualified candidates for Board approval;
5. Supporting the Board's nomination and election processes for the selection of successors to the Board Chair and Vice-Chair positions with the committee mandated with governance responsibilities; and
6. Working closely with the other members of the Coordinating Group, ensuring a focus on the mandate outlined in the Coordinating Group's terms of reference and agreed workplan.

### **D. Overseeing Institutional Performance**

1. Serving as a sounding board to the Executive Director and providing advice on key strategic issues;
2. Facilitating on behalf of the Board the annual performance assessment of the Executive Director and Inspector General in line with Board-approved processes;
3. Engaging in periodic discussions and feedback loops with direct reports of the Board around progress and performance; and
4. Guiding the Board's multi-year strategic deliberations and decisions on how to achieve and assess impact of financial investments and ensuring committees give sufficient attention to this matter.

### **E. Coordinating Risk Management**

1. Facilitating, through the Coordinating Group support, the Board's establishment, review and adjustment, if necessary, of the risk management strategy of the Global Fund; and
2. Through the Coordinating Group, ensuring the effective allocation of risk-oversight activities amongst the committees and ensuring committees give sufficient attention to this matter.

### **F. Advocating for the Global Fund**

1. Acting as principal spokespersons for the Global Fund Board to advocate, promote and raise

- funds for the Global Fund and its mission; and
2. Maintaining effective communication and engagement with stakeholders, such as partners, donors, and implementers, to ensure the Board understands and addresses the issues and concerns of its wide and diverse range of stakeholders.

#### **G. Maintaining Procedural Order**

1. Convening, chairing and leading all Board meetings, executive sessions, and retreats, ensuring adequate time and appropriate procedures for informed discussion, consideration, and management of the voting process on agenda items and decisions of the Board, including intervening as needed if consensus is not reached;
2. At Board meetings, finding an adequate balance of representation and decision making to assure transparency and inclusion, but ultimately making a judgment call about when to bring discussion to a close, proceed to decision making, and act if inappropriate behaviors require intervention; and
3. Ensuring, with the support of the committee charged with governance responsibilities, that the Board and committees operate in a transparent and accountable way in line with the principles and policies of the Global Fund.

#### **H. Formal Decision-Making**

1. In certain instances, as set forth in and in accordance with the Bylaws and Operating Procedures of the Board and Committees, the Board Chair and Board Vice-Chair, acting together, may act on behalf of the Board between Board meetings to take action when the Board Chair and Vice-Chair determine the nature and urgency of the required action cannot be accommodated by emergency Board meetings, teleconferences or electronic decision points, and are required to report to the Board on any such actions as soon as possible thereafter.
2. However, the role of the Board Leadership is primarily one of leadership, coordination and facilitation; as a result other than this limited instance described in the Operating Procedures of the Board and Committees, as referenced in section H.1 above, formal decision making at the governance level is reserved to the Board and its committees.

### **II. DIVISION OF RESPONSIBILITIES**

1. Within the Board Leadership, the Board Chair serves as the lead in ensuring that the Board Leadership fulfills its obligations and respects the division of its responsibilities under these Terms of Reference.
2. At the beginning of their term, the Board Chair and the Vice-Chair shall clearly define which responsibilities within Terms of Reference will remain with and be carried by the Chair and which responsibilities will be delegated to the Vice-Chair, and communicate this distribution of responsibilities to the Board, standing committees and Secretariat. This division can be adjusted over time as needed and communicated to the Board.
3. While the Board Chair and Vice-Chair will establish this division of responsibilities, the Board Chair is expected to take the lead on behalf of the Board as spokesperson for the Global Fund in terms of Resource Mobilization or other advocacy on behalf of the Global Fund.
4. The Board Chair and Vice-Chair will consult each other throughout the full duration of their term.

5. The Board Chair and the Vice-Chair will step in for the other on a temporary basis if he/she is unable to perform his/her specific responsibilities.

### **III. EXPERIENCE**

The Chair and Vice-Chair should collectively possess the following experience:

1. Experience with governance topics and understanding best practices in the context of Board operations;
2. Experience in performing high- level outreach to key stakeholders, including donor governments, implementer governments, civil society organizations, companies, private foundations and partners;
3. Experience chairing or leading decision-making bodies composed of diverse stakeholders in the government, civil society, or private sector;
4. Experience and skill in organizing and facilitating discussions, building consensus, and mediating disputes among diverse stakeholders;
5. Experience with strategic planning, implementation, and problem-solving;
6. Leadership experience in a governance or management capacity for entities from either the government, civil society, or private sector;
7. Experience and skill in reading financial statements, budgets, and reports to analyze and assess the implications of such documents;
8. Experience conducting risk assessments and developing mitigation strategies in either the government, civil society, or private sector;
9. Expertise in some or all of the following areas: advocacy, public health, international finance, international development, diplomacy, negotiations and fundraising.

### **IV. COMPETENCIES**

The Board and Committees Operating Procedures<sup>5</sup> outline the minimum competencies that Chair and Vice-Chair should collectively possess, which are further defined as follows:

#### **Board Leadership**

1. Ability to facilitate constructive discussion and debate of key issues then work with Board constituencies to agree and implement solutions.
2. Ability to leverage all Board members' skills and knowledge to maximize Board performance and drive impact.

#### **Influencing**

1. Ability to build and sustain partnerships with key stakeholders in line with Global Fund's Partnership Model.
2. Openness to be challenged on assumptions, beliefs, or viewpoints, and reconsider positions when faced with new information or alternative theories.
3. Ability to develop effective and constructive relationships with the Board, Committee Chairs and Vice-Chairs, Executive Director, Inspector General, Ethics Officer, and senior management in the Global Fund Secretariat, as well as key external opinion leaders and counterparts.

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<sup>5</sup> See Table 4 in Annex 1 to the Board and Committees Operating Procedures.

4. Excellent written and spoken communication skills in English (additional languages are beneficial).

### **Strategic Orientation**

1. Strong visionary and analytical skills.
2. Ability to guide the Board's development and alignment around a long-term view of strategic goals.
3. Ability to guide changes to Board culture required to support a long-term strategic vision.
4. An ability to evaluate various opportunities and challenges facing complex international organizations.

### **Intercultural Skills**

1. A strong international perspective.
2. Deep understanding of development and health landscapes and ability to operate effectively in a wide range of donor and implementer country settings.

### **Board Integrity and Independence**

1. Ability to formulate a balanced and impartial view independently of organizational positions.
2. Ability to clearly express and defend opinions while remaining objective and within the neutrality requirement of the role.
3. A commitment to speaking openly and respectfully.

## **V. SELECTION AND TERM**

1. **Selection:** The Board selects its Chair and Vice-Chair in accordance with the Bylaws and the Operating Procedures of the Board and Committees. The process for the selection of the Board Leadership will preferably be completed 6 months before the beginning of the terms of the incoming Chair and Vice-Chair. Before assuming its role, the incoming Board Leadership will have the option to shadow the outgoing Board Leadership to help ensure a smooth transition.
2. **Alternating between groups:** To ensure diversity and equity in the Board Leadership, the positions alternate every two years between individuals who are nominated from the Implementer and Donor Groups.
3. **Neutral role:** Once appointed, the Chair and Vice-Chair act only in the best interest of the Global Fund as a whole. Specifically, they must not represent any Board voting group, constituency, or other stakeholder.
4. **Terms:** The Chair and Vice-Chair serve coinciding two year terms, or until the appointment of their respective successors.

## **VI. TIME COMMITMENT**

1. Depending on how the Chair and the Vice-Chair divide the responsibilities between them, the Board Chair should be prepared and able to dedicate an average of 40-50% of an individual's working time to Global Fund matters, while the Vice-Chair should anticipate an average of 25-40%. This commitment may not be uniformly distributed throughout the calendar year. For example, Board, committee and Coordinating Group meetings, as well as periods before and after such meetings, may require the Board Chair and Vice-Chair to commit full capacity to

Global Fund matters for several consecutive days.

2. The time commitment for the Board Chair and Vice-Chair is highly dependent on the Replenishment and Strategy cycles of the Global Fund. In years where there will be either a Replenishment or the development of the Strategy for the upcoming period, it is anticipated that the time commitment of the Board Chair and Vice-Chair would be higher. The Board Chair and Vice-Chair should also be prepared and able to commit additional time in exceptional circumstances.
3. The Board Chair and Vice-Chair shall communicate regularly with Committee Chairs and Vice-Chairs, Board Members, the Secretariat, partners, and other stakeholders between Board Meetings. Additionally, the Board Chair and Vice-Chair should be prepared and willing to travel as representatives of the Global Fund, in some cases to locations with security, economic, and infrastructural challenges.

## **VII. HONORARIUM**

1. An honorarium may be provided to the Board Chair and/or Vice-Chair for service in accordance with an honorarium framework as may be approved, or as separately approved on an individual basis, by the Board.

## **VIII. ACCOUNTABILITY**

1. The Board Chair and Vice-Chair are charged with upholding and role modelling the Code of Conduct for Governance Officials and for referring the conduct of any governance official, including Board and Committee Leadership, to the Ethics Officer and the committee mandated with governance responsibilities for review if and when needed.
2. The Board Chair and Vice-Chair are accountable to the Global Fund Board and as such are subject to the existing governance assessment procedures. As part of the Board approved Governance Performance Assessment Framework, the assessment of the Board Leadership function is included in the annual assessment of the Board.
3. The Board Chair and Vice-Chair will be expected to provide an annual report to the Board outlining their activities and their contributions to achieving the overall goals of the Global Fund.<sup>6</sup>

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<sup>6</sup> An expenditure report of the Board Leadership budget will be shared with the committee mandated with governance responsibilities annually.