

Electronic Report to the Board

Revision of the Governance Performance Assessment Framework

GF/B41/ER02

June 19, 2019, Geneva

Board Decision

Purpose of the paper: This paper sets forth the revised Governance Performance Assessment Framework, which has been streamlined to make the assessment of the Board and committees more efficient, sustainable and more cost effective. The Board is invited to approve the revised Governance Performance Assessment Framework by Electronic Decision Point.

Decision

GF/B41/EDP03: Revised Governance Performance Assessment Framework

- 1. The Board approves the revised Governance Performance Assessment Framework as set forth in Annex 1 to GF/B41/ER01 (“Framework”), which shall enter into force upon Board approval of this decision point.***
- 2. The revised Framework shall supersede all prior versions of the Governance Performance Assessment Framework.***
- 3. The Board mandates the Ethics and Governance Committee (“EGC”) to regularly review the Framework and delegates decision-making powers to the EGC for any future changes to the Framework and any supporting materials related to it.***

Budgetary implications

It is anticipated that implementation of the revised Governance Performance Assessment Framework will reduce the current annual cost of the Board and Committee performance assessment (USD 200,000). No additional funds are required for 2019.

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 2.

Executive Summary

Context

1. The Global Fund By-laws require that the Global Fund conduct a periodic assessment of the performance of its governing bodies. (Art. 7.4 iv)¹.
2. The current Governance Performance Assessment Framework was approved by the Board in September 2015 (GF/B33/EDP18)². It is included as Annex 4 in the present report for information.
3. Assessments were conducted of the Board and/or Committees in 2015, 2016 and 2017 with the results informing the prioritization of governance improvement initiatives and the development of the Governance Action Plan.
4. Despite helping to define priorities, engagement by the Governing Bodies with the assessment results has remained low and the implementation of the Framework itself is viewed as cumbersome and expensive.
5. Targeting stronger engagement from the governing bodies, the EGC endorsed several modifications to the Framework aimed at streamlining the process. These modifications are included in the revised Framework presented in Annex 1. The Board is requested to approve the modification to the Framework via this EDP.

Questions this paper addresses

- A. What are the elements of the existing Governance Performance Assessment Framework?
- B. What are the challenges faced with the existing Framework?
- C. What will streamlining the Framework accomplish?
- D. What modifications have been included in the revised Framework?
- E. What are the next steps?

Conclusions

- The proposed revisions to the Governance Performance Assessment Framework will ensure the regular assessment of the governing bodies is efficient, sustainable and cost effective. The methodology outlined in the revised framework will help ensure increased Board engagement with the results and effective monitoring of the implementation of the findings and recommendations emerging from the assessments.
- Under the revised Framework, assessments would follow a two-year cycle, consisting of a “Full” assessment in Year 1 and a “Light” process in Year 2.
- Once approved, there will be a Progress report on findings and recommendations from previous assessments (2015-2017) to the Board in November 2019. Year 1 of the assessment process will be launched in May 2020.

¹ By Laws Art. 7.4 iv: Establish and oversee the framework for the periodic assessment of the performance of governing, administrative and advisory bodies of the Global Fund.

² https://www.theglobalfund.org/media/4491/bm33_er11-performanceassessmentframework_report_en.pdf - Annex 1

- Findings from the assessments will help inform the ongoing initiatives aimed at strengthening the governance practices, including the current workstream regarding Governance Culture.

Input Sought

The EGC invites the Board to approve the revised Governance Performance Assessment Framework as set out in Annex 1 via this EDP.

Input Received

- The EGC discussed and endorsed an earlier set of proposed modifications at its 8th meeting in October 2018.
- Additional proposed modifications were discussed during the EGC monthly call held in January 2019 and agreed by the EGC.
- The revised proposed Framework was circulated to the EGC for input January-February 2019.
- The revised proposal was approved by the EGC for recommendation to the Board during its March in-person meeting (GF/EGCo9/DPo1).

Report

What are the elements of existing Governance Performance Assessment Framework?

1. The current Governance Performance Assessment Framework was approved by the Board in September 2015 (GF/B33/EDP18). It is included as Annex 4 of this document.
2. The existing Framework consists of four components as shown in Figure 1 below:

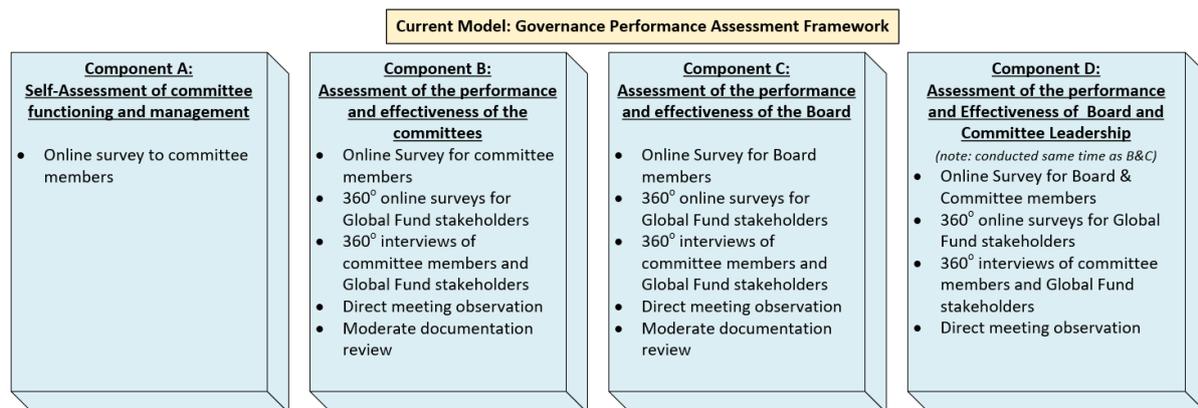


Figure 1: Components of existing Governance Performance Assessment Framework

3. In addition to a short self-assessment issued to committee members following each committee meeting (Component A), the existing Framework requires that separate assessments (Components B&C) be conducted for the Board and committees annually. Each assessment is meant to consist of 4 elements:
 - a) Survey: 360-degree survey of a wide variety of stakeholders.
 - b) Interviews: Following the survey, interviews are conducted with a subset of stakeholders to provide context to the findings of the survey or to touch on more sensitive areas.
 - c) Meeting Observation: Throughout the assessment cycle, the assessors observe Board and committee meetings.
 - d) Documentation Review: This review is aimed at determining if the quality of the documents supports informed decision making by the governing bodies.

What are the challenges faced with the existing Framework?

4. Although the results of the assessments have been helpful in setting priorities in governance, the process is time-consuming and cumbersome. Furthermore, engagement from the governing bodies with the assessment process, and its results, remains sub-optimal.
5. Engagement from the governing bodies is a critical factor in the effectiveness of a performance assessment framework. Without this key element, the assessment runs the risk of being a “tick-box” exercise.

6. Reflection on past assessments and lessons learned identified some possible root causes for the lack of engagement:
 - Assessment fatigue: From 2011-2018, 10 reviews touching on governance were conducted, leading to the development of 10 separate action plans (see Annex 3).
 - Cumbersome: Feedback received on the current process is that it is overly burdensome to the respondents and of unclear utility to the Board.
 - Cost: Past assessments have cost approximately USD 200,000/year, including the engagement of an external independent consultancy firm.
 - Oversight: With 10 action plans outlining what actions to take the oversight of the recommendations has been unclear, involving multiple oversight bodies (Board, Board Leadership, Coordinating Group, Transitional Governance Committee and Ethics and Governance Committee as well as the Secretariat).
 - Communication: There is no established pathway to the Board to communicate and discuss the results. In the past, this has been done as a presentation during a pre-Board update session or as part of the update from the committee leadership to the Board.
7. An effective and simplified assessment process can bring many advantages:
 1. Fostering in-depth discussion at the Board, providing a “*culture of inquiry*”
 2. Embedding a culture of self-reflection and strengthen commitment to Board development and growth
 3. Supporting strong decision making
 4. Surfacing areas for improvement or further attention through regular assessment and standardized monitoring

What modifications have been included?

8. In line with guidance provided by the EGC, several modifications to the Framework were prepared, including:
 - a. Combine the Board and committee assessments into one assessment which operates on a two-year cycle:
 - i. Year 1: “Full” assessment including a survey, interviews, meeting observation and an optional document review.
 - ii. Year 2: “Light” process, whereby an update report would be provided, on progress made against the findings and recommendations from the Year 1 assessment.
 - iii. Questions relating to committee performance will focus on the effectiveness of the committees’ advisory role to the Board, rather than its operational elements. Committee functioning, and management is assessed routinely via self-assessment following each committee meeting.
 - b. Focus survey questions on higher level areas of relevance to the Board and reduce size of questionnaire to minimize burden on respondents. Maintaining the option of including flexible questions, which focus on key priority areas at the time of the assessment. Reduce pool of respondents to members of the governing bodies and those who most closely engage with them.
 - c. Communicate regularly to the Board throughout the assessment process culminating in a discussion session on the Pre-Day of the Board meeting following the “Full” assessment.

- d. Monitor progress through the Governance Action Plan, under the oversight of the Ethics and Governance Committee.³
- e. Delegate approval of changes to the Framework and supporting tools (e.g. survey materials) from the Board to the EGC.

9. The areas assessed through the governance performance assessment include:
 - a. Board Mandate – including performance around each of the Board’s six core functions⁴;
 - b. Governance Culture;
 - c. Membership;
 - d. Decision Making and Impact;
 - e. Committees of the Board;
 - f. Board Meetings; and,
 - g. Performance of the Board Leadership (against mandate as outlined in the Terms of Reference for Board Leadership: Overseeing the Board's Core Functions; Strategic Leadership; Governance Stewardship; Overseeing Institutional Performance; Coordinating Risk Management; Advocating for the Global Fund; and Maintaining Procedural Order.)

10. Table 1 below provides a summary of the key elements of the assessment process if the revised Framework is approved by the Board.

	Year 1	Year 2
Scope	Full	Light
Elements	Survey, interviews, meeting observation, <i>document review (optional)</i>	Progress Update report
Bodies/Areas assessed:	Board, Committees, Board and Committee Leadership, Coordinating Group	Board, Committees, Board and Committee Leadership, Coordinating Group
Areas assessed:	Focus targeted at each of six core functions of the Board and the committee Charters. Fewer questions that are focused at a higher level	Progress against recommendations/priorities from Year 1
Participants	Board Leadership, Board and Committee Members, ED, IG, MEC, Leadership of TERG and TRP	Board and Committee Leaderships, Board and Committee Members, ED, IG
Output:	Report of results with recommended actions	Progress update report
Conducted by:	Independent External Expert	OBA under oversight of EGC
Presentation to Board/Committees:	Discussion at EGC Report shared with Board Constituencies Interactive discussion of results at Board Meeting Pre-Day	Discussion at EGC Progress update report Key elements included in EGC Leadership update to the Board at Board meeting (if needed)
Monitoring	Recommendations included in GAP	GAP updated
Oversight	EGC	EGC

Table 1: Summary of revised Governance Performance Assessment Framework

³ The [Governance Action Plan](#) was developed in 2017 - 2018 to monitor all governance initiatives in one consolidated tool under the oversight of the EGC.

⁴ Strategy Development; Governance Oversight; Commitment of Financial Resources; Assessment of Organizational Performance; Risk Management; Partnership Engagement; and Resource Mobilization and Advocacy

11. The existing Framework has been updated to include the proposed modifications as well as simplify the language and layout. The updated Framework is included as Annex 1.
12. The proposed revisions do not have any additional cost implications. The current annual cost of the assessment of the Board and committees under the existing Framework is approximately USD 200,000. The proposed framework will reduce this cost by merging the Board and committee assessments and reducing the engagement of an external service provider. With the changes to the Framework, an initial savings of 40 percent is targeted.

What are the next steps?

13. A timeline for implementation of the revised Framework, including launching the assessment and presenting results to the Board is outlined below.
14. As described above, the “Full” assessment contains a section to provide feedback on the performance of the Board Leadership. This timeline aligns with the 2-year term of the Board Leadership, with the full assessment being timed to correspond with the end of the first year of the Board Leadership term.
 - **November 2019** – Progress report on findings and recommendations from previous assessments to the Board.
 - **Year 1 – “Full” assessment**
 - **May 2020**– assessment of the Board and committees including survey, interviews, meeting observation (external independent experts) and optional document review.
 - **November 2020** – Interactive discussion of results during pre-day of Board Meeting, with agreed actions included in the Governance Action Plan and monitored by the EGC.
 - **Year 2 – “Light” process**
 - **November 2021** – Progress report on findings and recommendations from Year 1 (2020) assessment.
15. To ensure that the Governance Performance Assessment Framework remains relevant and continues to provide useful information to the Board, it will be reviewed by the EGC every 4 years (following 2 complete performance cycles).

Document Classification: Internal.

Document Circulation: Board Members, Alternate Board Members, Board Focal Points and Committee Members.

This document may be shared by the Focal Points within their respective Board constituency. The document must not however be subject to any further circulation or otherwise be made public.

Annex 1 –Revised Governance Performance Assessment Framework

Governance Performance Assessment Framework

PURPOSE

1. The Global Fund By-laws require that the Global Fund conduct a periodic assessment of the performance of its governing bodies. (Art. 7.4 iv)⁵.
2. A well-defined assessment process provides advantages to the Board through stronger Board engagement, including:
 - Fostering in-depth discussion at the Board, providing a “*culture of inquiry*”
 - Embedding a Governance culture of self-reflection and strengthened commitment to development and growth
 - Supporting strong decision making
 - Surfacing areas for improvement or further attention through regular assessment and standardized monitoring
3. This document outlines the methodology for the regular assessment of the Board and its standing committees, including:
 - Methodology for a two-year assessment cycle, with input from a broad range of stakeholders
 - Plan for Board engagement around the emerging findings
 - Clear approach for the monitoring and reporting of progress made on agreed improvement actions
4. This document also outlines the process for the Committee Self-Assessments which measuring the operational functioning and management of the committees of the Board.

METHODOLOGY

5. To support the Board in performing its Governance oversight role, the governance assessment focuses, through one consolidated process, on the performance of the governing bodies in the key areas which contribute to effective governance.

⁵ By Laws Art. 7.4 iv: Establish and oversee the framework for the periodic assessment of the performance of governing, administrative and advisory bodies of the Global Fund.

6. **Areas Assessed through the governance performance assessment:**
- a. Board Mandate – including performance around the Board’s six core functions⁶;
 - b. Governance Culture;
 - c. Membership;
 - d. Decision Making and Impact towards achieving Global Fund Strategic Objectives;
 - e. Committees of the Board;
 - f. Board Meetings; and,
 - g. Performance of the Board Leadership.

7. **Assessment Cycle:** the assessment operates on a two-year cycle, rotating between a comprehensive 360-degree assessment, the “Full” assessment, in Year 1, and a “Light” process in Year 2 providing a progress update on agreed actions.

8. **Elements of the “Full” Assessment (Year 1):**

- a. **Components:**⁷
 - i. A short, standardized survey, with the option to include additional questions if needed;
 - ii. Individual interviews with a subset of stakeholders;
 - iii. Observation of the Board and committee meetings; and
 - iv. If deemed relevant by the EGC, a review of the Board and committee documentation.
- b. **Participants:** To ensure representative results, feedback is requested from a wide range of stakeholders who engage regularly with the Board: Board Leadership, Board Members, Alternates, Coordinating Group, Committee Members, Chairs of TERP and TRP, Executive Director, Management Executive Committee and the Inspector General.
- c. **Independent assessors:** The components above are implemented by competitively selected, independent, external experts.
- d. **Timing:** The launch of the Full Assessment should align with the end the first year in the current Board Chair and Vice Chair’s term.

9. **Reporting and Monitoring for “Full” assessment (Year 1):**

- a. **Communicating results to EGC/Board:** Results of the findings and associated recommendation will be presented to and discussed by the EGC. A concise report of the findings and recommendations will then be shared by the EGC with the Board.
- b. **Board Pre-Day discussion:** Following the Year 1 assessment, an in-person discussion session will be scheduled every two years during the Pre-day of a

⁶ Strategy Development; Governance Oversight; Commitment of Financial Resources; Assessment of Organizational Performance; Risk Management; Partnership Engagement; and Resource Mobilization and Advocacy

⁷ The EGC is supported by an independent external service provider to perform any or all elements of the Governance Performance Assessment Framework. Some elements may also be supported through in-house resources (i.e. Office of Board Affairs).

Board Meeting. The intended outcome of the session is to agree a set of high level actions in order to address the findings from the assessment.⁸

- c. **Monitoring:** Action items agreed by the Board will be monitored by the EGC as part of their Board mandated oversight of governance assessments.

10. **Elements of the “Light” process:** The second year of the assessment serves as a checkpoint on the progress made against the action items that emerged from the Year 1 assessment and were agreed by the Board.

a. **Components:**

- i. **Progress Update Report:** report outlining progress made after one year on the action items agreed by the Board in Year 1.
- ii. **Optional survey:** Where supplemental information is needed, the EGC may issue an optional survey to Board Members seeking additional feedback on progress.
- iii. **Optional discussion:** In the event of urgent emerging issues, the EGC, in consultation with the Board Leadership, may determine that a discussion on performance be held at an upcoming Board Meeting.

11. **Confidentiality:** All elements of the governance performance assessments are conducted giving maximum consideration to confidentiality. Surveys are submitted anonymously and feedback on individual interview responses will be reported by the independent assessors on an anonymized basis.

COMMITTEE SELF-ASSESSMENT

12. The operational functioning and management of the committees is routinely measured through a separate Committee Self-Assessment process following each committee meeting. This assessment consists of the following elements:

- a. **Components:** include a short feedback survey sent to all committee members focused on 1) Committee Functioning and Management; 2) Committee Leadership; 3) Support provided to committees and 4) Trend in performance.
- b. **Timing:** survey is issued following each committee meeting.
- c. **Reporting:** a consolidated report of the results is provided to the Coordinating Group. The individual committee results are provided to the committee members and discussed as part of a standing agenda item at each committee meeting.
- d. **Monitoring:** the Chair and Vice-Chair of the committee are responsible for ensuring the implementation of any needed improvements into the committee ways of working.

REVIEW OF FRAMEWORK

This Governance Performance Assessment Framework will be reviewed by the EGC every 4 years (following 2 complete performance cycles). The Board has delegated approval of changes to Framework and any supporting materials to the EGC.

⁸ Participation to this session includes Board Leadership, Coordinating Group, Board Members and Alternates, Chairs of the TERG and TRP, Executive Director, Inspector General and the Management Executive Committee. Additional participation is subject to the approval of the Board Leadership.

Annex 2 – Relevant Past Board Decisions

Relevant past Decision Point	Summary and Impact
GF/B33/EDP18: Approval of the Governance Performance Assessment Framework (September, 2015) ⁹	Framework outlining the objective and approach for the annual assessment of the Global Funds standing governing bodies including the Board and committees and their leadership.

⁹ <http://www.theglobalfund.org/Knowledge/Decisions/GF/B33/EDP18/>

Annex 3: Governance related Performance Assessments and Reviews 2011-2018

Year	Performance Assessments*	Other Reviews (which touch on Governance)	Associated Action Plans/Reports
2011	<ul style="list-style-type: none"> Board Organizational Health Survey 	<ul style="list-style-type: none"> Comprehensive Working Group Final Report Global Fund Governance Reform (McKinsey) 	<ul style="list-style-type: none"> Plan for Comprehensive Reform Analysis of governance reform to date + recommendations
		<ul style="list-style-type: none"> High Level Independent Panel High Level Report 	<ul style="list-style-type: none"> Consolidated Transformation Plan
2012	<ul style="list-style-type: none"> Board Organizational Health Survey (28th BM) 		
2013	<ul style="list-style-type: none"> Self-Assessments FOPC, SIIC, AEC 		<ul style="list-style-type: none"> Discussions on ways of working in committees
2014		<ul style="list-style-type: none"> 1st OIG Governance Review Working Group on Governance formed 	<ul style="list-style-type: none"> 2014 OIG Review Recommendations
2015	<ul style="list-style-type: none"> Assessment of Board and Committees (Survey – 34th BM) 	<ul style="list-style-type: none"> Transitional Governance Committee formed 	<ul style="list-style-type: none"> Performance Improvement Plan (CG) Governance Plan for Impact (WGG)
2016	<ul style="list-style-type: none"> Assessment of Board and Board Leadership (Survey +Interviews + Observation – BM36) 	<ul style="list-style-type: none"> Ethics and Governance Committee Formed 2nd OIG Governance Review 	<ul style="list-style-type: none"> Final Report and Recommendations of the Transitional Governance Committee 2016 OIG Review Recommendations
2017	<ul style="list-style-type: none"> Assessment of Committees and Committee Leadership (Survey – BM39) 		<ul style="list-style-type: none"> Governance Action Plan

Annex 4 – Current Governance Performance Assessment Framework

The current Governance Performance Assessment Framework can be found in annex 1 of the Electronic Board Document [GF/B33/ER11](#).