Governance Culture and Governance Effectiveness

42nd Board Meeting

GF/B42/14

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Board Information

Purpose of the paper: An update by the Ethics and Governance Committee (EGC) on the Governance Culture Initiative:

1. To present the key findings from Phase 1;
2. To present proposed ideas on how to progress and improve governance culture and effectiveness through Phase 2;
3. To invite discussion and feedback from the Board.

⑤ The Global Fund

Context

1. Consideration of this theme was prompted by the Office of Inspector General (OIG)'s 2017 Advisory Review on Governance and outcomes of various governance performance assessments. In 2017, the Ethics and Governance Committee (EGC) developed a Governance Action Plan, where Culture was identified as a foundational challenge in need of attention. During the development of the first phase of the initiative, the term 'Board Culture' was broadened to 'Governance Culture' and the process was expanded to include the Board's standing Committees and elements of the Secretariat who work closely with the governing bodies and officials, and other key stakeholders.

2. The methodology was designed to gauge the broad spectrum of views through direct engagement and included a series of semi-structured group conversations preceded by a select number of interviews, and written evaluations submitted after the conversations.

Outcomes from Phase 1: Key Themes and Priorities

3. The vast majority of participants confirmed their appetite for further work to enhance the governance culture of the Global Fund, noting that it could improve the quality of discussions, decision-making and decisions, improve trust and personal relationships, and address diversity of perspectives and the exercise of power in the governance culture.

4. **Ten key themes** emerged that reflect the most commonly expressed perceptions about governance culture:

   1) There is an overall shared mission, but the strategic focus needs sharpening
   2) There is tension in balancing transparent financial and programmatic risks
   3) Trust is experienced inconsistently
   4) Information sharing and flows are considered important and could be enhanced
   5) Having open discussion in governance meetings is challenging
   6) Behavior is regulated in informal ways
   7) Power and influence affect the way that governance happens
   8) Decisions are often questioned and revisited
   9) Diverse perspectives bring strengths and some critical challenges
   10) Balancing new perspectives while keeping institutional memory can be challenging

5. The following **six priority areas** were identified by governance officials, Secretariat members and other key stakeholders for concerted work to enhance governance culture:

   1) Building trust among governance officials and with the Secretariat
   2) Creating space for difficult discussions
   3) Further valuing and leveraging diverse perspectives as a core element of the governance culture
   4) Developing a shared understanding of trade-offs and how they should be prioritized
   5) Creating a clear, strategic focus
   6) Creating alignment in understanding of roles for each governance body

Phase 2: A Suggested Path Forward

6. Phase 2 of the initiative aims to move the conversation from description and assessment of the current 'state' of governance culture and focus on specific action steps that can be undertaken to preserve strengths and address shared challenges.

7. In October, the EGC agreed to convene a time-bound Task Force to propose recommendations which would increase governance efficiency and effectiveness and that could boost even better health outcomes. The Task Force would also be including some work on the further understanding

the root causes. The formation of this Task Force is underway including its proposed scope of work and Terms of Reference for members.

8. To date, *the following phase 2 activities* and interventions have been proposed:

- Development of a Culture Protocol for the Global Fund that describes the aspirational (e.g. ideal) governance culture and builds awareness about the observable behaviours that are consistent with this ideal and which individual governance officials can adopt
- Hold regular governance culture activities – dinners and other experiences prior to meetings, short activities during meetings, and coaching of chairs and vice chairs of governance that reinforce these preferred behaviors
- Periodic learning and monitoring check-points in the form of short focus groups or small series of "checking in" style interviews
- Holding a Governance Culture Retreat that permits a deeper dive into addressing and experiencing the desired culture

9. Additional activities that have been proposed for consideration by the Task Force in connection with the six priority areas include:

1) Building trust
- Design and pilot a set of brief activities that happen at the beginning of each Board and Committee meeting, to build trust between members before they begin conversations e.g. offer structured informal interactions where people are nudged to interact with those they might not naturally trust / sit with.
- Include relational aspects in the process for on Boarding new members, not only briefings/manuals on how things work, and aim to share a culture protocol once this is defined
- Undertake activities to build trust and mutual understanding with those in the Secretariat who engage with or provide reporting for the governing bodies
- Design and run sessions with those in the Secretariat who engage with or provide reporting for the governing bodies to understand their perspectives of the current governance culture

2) Creating spaces for difficult conversations
- Governance officials do not have the habit, comfort or confidence to engage with open and difficult conversations within the governance of the Global Fund. Provide officials with opportunities to practice these habits and exercise different ways of talking and listening through facilitated spaces, for example future Jeffersonian dinners
- Acknowledge the different constraints that governance officials are under in representing legitimate concerns of their constituencies. Investigate the extent to which different constituencies experience this constraint. If there are some who experience it less, share their practices and approaches with other constituencies to develop better shared practices.

3) Further valuing and leveraging diverse perspectives
- Make explicit certain principles of ways of working and collaboration (like "democracy of time" at the beginning of governance meetings) during coaching Chairs and Vice Chairs and in sessions prior to the meetings to ensure living the culture
- Create facilitated conversations about power dynamics

4) Developing a shared understanding of risks and how they should be prioritized
- Provide an opportunity for developing a shared understanding, awareness and alignment

around the risks to be considered in the work of the Global Fund on different levels – from programmatic risks on the ground to financial and reputational risks. The conversation could include questions on where the trade-offs between these risks lie, and how they should best be prioritized.

- Some of the elements under "Creating space for difficult discussions" will also be supporting this priority area, especially concerning risks that some governance members may perceive as a consequence of their relationship with their constituency (e.g. reputational risks in the case of inefficient spending of taxpayer money).

5) Creating a clear and strategic level focus for governance bodies

- Based on the agreed functions for the Board and the Secretariat ensure more strategic and less operational focus though better planning of the agendas
- Ensure that governance bodies focus their energy on appropriate and agreed activities and conversations during meetings through skillful chairing/facilitation – acknowledge chairing a meeting requires a skill set that can be developed, coached and/or trained
- Develop systems to encourage more thorough considerations of the costs and benefits of each request for information or reports that are submitted to the Secretariat

6) Creating alignment in understanding of roles for each governance body and officials

- Ensure that governance officials and key Secretariat members have a common agreement and buy-in to the different roles each entity can best play in the governance structure, based on the current written and unwritten rules
- Continue to enhance coordination between governance bodies and members to eliminate duplication of work

Discussion questions

10. The Board is invited to consider the following questions for further discussion:

    1) Do you agree with the suggest outline for the phase 2 of the governance culture initiative?

    2) What opportunities and pitfalls should we consider?

    3) What could we do today as individuals and as a group that would contribute to improving the governance culture already now?

Annex: Further information

- [The Global Fund Governance Culture Initiative Executive Summary of Findings and Recommendations: February - July 2019 by Reos Partners](#) (October, 2019)
- EGC documents on Governance (Board) Culture:
    - [GF/EGC11/06 - Governance Culture Initiative – Phase 2](#) (October 2019)
    - [GF/EGC10/02 – Update on the Governance Culture Initiative](#) (July 2019)
    - [GF/EGC09/07 - Update on Governance Culture initiative (formerly Board Culture initiative): Update on engagement with Governance Officials](#) (March 2019)
    - [GF/EGC08/07 - Board Culture: Structured discussions with Governance Officials](#) (October 2018)
    - [GF/EGC07/07 – Potential Next Steps for a Board Culture Initiative](#) (June 2018)