



Electronic Report to the Board

Terms of Reference for the 2016 Executive Director Nomination Committee

GF/B35/ER15

Board Decision

Issued 25 October 2016

PURPOSE: This paper outlines the recruitment process for the next Executive Director of the Global Fund and includes the terms of reference for the nomination committee that will assist the Board in the recruitment process. This paper proposes one decision point as follows: GF/B35/EDP19: Terms of Reference for the 2016 Executive Director Nomination Committee.

This document is part of an internal deliberative process of the Global Fund
and as such cannot be made public.

I. Decision Point

1. Based on the rationale described below, the following electronic decision point is recommended by the Board Chair and Vice Chair to the Board for approval:

Decision Point GF/B35/EDP19: Approval of the Terms of Reference for the 2016 Executive Director Nomination Committee

Based on the recommendation of the Board Chair and Vice-Chair (“Board Leadership”), in consultation with the Ethics and Governance Committee (“EGC”) and the Governance Focal Points Network, the Board:

- 1. Notes its responsibilities with regard to the recruitment process of the Executive Director as set out in Article 36 of the Operating Procedures of the Board and Committees of the Global Fund to Fight AIDS, Tuberculosis and Malaria (“BCOP”).**
- 2. Notes the consultations of the Board Leadership and the Governance Focal Points Network with the EGC in relation to this process, including with respect to the establishment of the nomination committee referred to in the BCOP and the selection of an executive search firm, Russell Reynolds Associates, to provide support to the said nomination committee in carrying out its mandate.**
- 3. Approves the terms of reference of the 2016 Executive Director Nomination Committee as set out in Annex 1 to GF/B35/ER15.**
- 4. Invites the Board Leadership to submit in due course for Board approval, in accordance with Article 36 of the BCOP, a Chair and the membership of the nomination committee.**

II. Relevant Past Decision

2. The following summary of the relevant past decision point is submitted to contextualize the decision point proposed in Section I above.

Relevant past Decision Point	Summary and Impact
GF/EGC02/EDP01: Recommendation on the approval of the Terms of Reference for the Nomination Committee for the recruitment process of the Executive Director (20 October 2016)	The Ethics and Governance Committee invited the Board Chair and Vice-Chair to recommend to the Board for approval, in accordance with the Operating Procedures of the Board and Committees of the Global Fund to Fight AIDS, Tuberculosis and Malaria, the terms of reference for the Nomination Committee for the recruitment process of the Executive Director.

III. Action Required

3. The term of the current Executive Director will expire on 31 May 2017. In accordance with Article 36.2 of the Operating Procedures of the Board and Committees of the Global Fund to Fight AIDS, Tuberculosis and Malaria (“BCOP”), the Board Chair and Vice Chair (“Board leadership”) shall in consultation with the committee mandated with governance responsibilities (the Ethics and Governance Committee, “EGC”) recommend for Board approval the terms of reference of an ad-hoc nomination committee (“Nomination Committee”) to assist the Board in the recruitment process of the new Executive Director.

4. The Board Leadership invites the Board to approve the terms of reference of the Nomination Committee as set forth in Annex 1 to this document GF/B35/ER15 (“Terms of Reference”).

5. A key objective is ensure that the Nomination Committee’s Terms of Reference and membership, once submitted to the Board by the Board Leadership, are expediently approved so as to enable the Nomination Committee to initiate its work and the Board to take the decision on the selection of the new Executive Director at the Board Retreat scheduled at the end of February 2017.

IV. Background

6. Given that the term of the current Executive Director will expire on 31 May 2017 and that his term will not be renewed, a recruitment process must be undertaken in order for the Board to appoint a new Executive Director in early 2017.

7. The nomination, recruitment and appointment of the Executive Director are envisaged in the provisions of the Global Fund By-laws and of the BCOP. The Board, the Board Leadership and the EGC are entrusted with different responsibilities with respect to the nomination, recruitment and appointment processes of the Executive Director as further provided for in the Global Fund By-laws, the BCOP and the Charter of the EGC. Indeed, while the Executive Director is ultimately selected and appointed by the Board, the Board Leadership shall, in consultation with the EGC, recommend for Board approval the terms of reference of the Nomination Committee and nominate for Board approval a Chair and the membership of the Nomination Committee. The Board Leadership may also, in consultation with the EGC, recommend for Board approval updated terms of reference of the Executive Director and the criteria for their selection. The EGC advises the Board Leadership with respect to the nomination, recruitment and appointment process and reviews relevant documents and information as further provided for in the Charter of the EGC and the BCOP.

8. In preparation of the launch of the recruitment process an extensive Board consultation was carried out. This requested feedback on the nomination and membership, role and responsibilities of the Nomination Committee. Based on input received in the consultation process and in subsequent discussions at the EGC meeting held on 14 October 2016, the EGC developed the Terms of Reference set out in Annex 1 to this report, which have also been presented and discussed with the Governance Focal Points Network in phone conferences held on 20 October 2016.¹

9. It is important to note that the role and responsibilities of the Nomination Committee in the recruitment process has, in comparison to past recent recruitments of Board direct reports, changed. This is due to the constitution in April 2016 of the EGC, a committee charged with governance matters, which is tasked with certain responsibilities that were in the past attributed to ad-hoc nomination

¹ It is recalled that Governance Focal Points Network was created by the EGC earlier this year as a consultation body to promote information-sharing, consultation and consideration of constituency positions on key issues.

committees. Notably, the EGC will advise the Board Leadership on the timetable of the recruitment process, the selection of the executive search firm, ethic clearances procedures and will review and update the core documentation required for the recruitment process. Thus the role of the Nomination Committee will focus primarily on working with the executive search firm to interview and rank a broad range of candidates in order to present the Board with a short-list of the highest ranking candidates and to enable the Board to make a final appointment decision.

V. The Recruitment Process

10. The recruitment process for an Executive Director involves several steps which are interlinked and codependent. Indeed, a number of actions must be taken in addition to the approval by the Board of the Nomination Committee's Terms of Reference. In particular, a timeline detailing the various steps to be completed must be established so that all stakeholders have a clear understanding of the recruitment process² and documents that will serve as the basis for the recruitment process, in particular the terms of reference of the Executive Director, as well as the criteria and voting rules that will be applied during the selection of the candidates, must be reviewed by the EGC and approved by the Board.

11. Following the approval of the Nomination Committee Terms of Reference pursuant to the decision point submitted to the Board in Section I of this document, the approval of the membership of the Nomination Committee will mark another important step of the recruitment process as this will enable the Nomination Committee to start its work and look, with the assistance of the executive search firm (Russell Reynolds Associates), for the most talented candidates. Russell Reynolds were selected from a set of Global Fund pre-qualified search firms. Their proposal was assessed following the Global Fund's procurement procedures, following discussion at the EGC. The search for candidates will also entail active reach out to all Board constituencies with the aim of attracting the best talent, keeping in mind the fundamental principles of gender and geographic diversity.

12. The Nomination Committee will work closely with the search firm to ensure that candidates meeting the skills and competencies profile are being identified. Two rounds of interviews will be undertaken by the Nomination Committee in January 2017 with the aim of ranking the candidates to identify the highest-ranking ones that should be submitted to the Board and up to four of the highest-ranking candidates will be submitted by the Nomination Committee to the Board in early February 2017 for final decision.

13. The final stage of the recruitment process is the Board's consideration of the candidates and its deliberation and selection of a candidate. Once the final candidate is selected and the contract terms and commencement date are agreed then the appointment will to be publicly announced.

14. Part VII of this document contain a table providing an overview of the timeline and steps that will be undertaken following the approval of the Nomination Committee Terms of Reference.

VI. Terms of Reference of the Nomination Committee

15. One of the key steps undertaken by the EGC in the planning and preparation of the recruitment process for the next Executive Director is the drafting of the Terms of Reference of the Nomination Committee as enclosed in Annex 1 to this document. The drafting drew on several sources, including the terms of reference used in the 2012 Executive Director recruitment process³, and the lessons learned from the recruitment processes for the Inspector General in 2013 and 2014. The EGC determined that

² Part VII of this document contains a table providing an overview of the timeline and steps that will be undertaken following the approval of the Nomination Committee Terms of Reference.

³ The terms of reference of the 2012 Executive Director Ad-Hoc Nomination Committee are set out in Annex 1, Revision 1 of GF/B26/04.

a significant redrafting of the 2012 terms of reference was needed, in particular to draw on the feedback received from the Governance Focal Points Network.

16. The EGC reviewed and discussed the draft terms of reference during its second committee meeting held on 13-14 October 2017 and considered the feedback and recommendations from the consultation, particularly with respect to the membership and role of the Nomination Committee.

17. In this connection, the EGC proposes that the Nomination Committee be composed of seven members, in keeping with the membership numbers used in the last two Inspector General recruitments and with the consultation feedback.

18. Particular attention has also been paid to the membership composition of the Nomination Committee. In this regard, the EGC considered a number of key principles that the Nomination Committee should have as a whole, including reflection of Board's constituencies, familiarity with the Global Fund, competence to interview top-level executives, and the ability to commit the necessary time of 15 days between November 2016 and February 2017. In this respect, several options for the membership composition were discussed and the EGC determined, after careful consideration, that a proposal which maximized constituency involvement, while recognizing the creation of the EGC was the optimal constitution for the committee.

19. The important role played by independent members was also highlighted in the consultation feedback. As a result, it is proposed that two members of the Nomination Committee should be independent members and it is recommended that these members meet the criteria of independence set out in Annex 2 to this report.

20. If approved, the Nomination Committee would therefore be composed of a Chair coming from the EGC Leadership, four constituency members, preferably Board members, Alternate or members of the EGC, coming in equal proportion from the Implementer and the Donor voting groups and two independent members and two independent members. The independent members are asked to serve voluntarily, and are not remunerated.

21. The name of the chair of the Nomination Committee will be put forward to the Board Leadership by the EGC Leadership. The names of the candidates for the position of constituency members shall be put forward to the Board Leadership by Board Members. The names of independent members of the Nomination Committee may be put forward by the Board members, or by the executive search firm appointed to support the Nomination Committee.

22. It is important to point out that the members of the Nomination Committee shall serve in their personal capacity and in the best interest of the Global Fund; they shall not seek or accept instructions in regard to their performance on the Nomination Committee from any constituency of the Global Fund Board or other individual or entity.

23. In addition, in the exceptional event that one of the members of the Nomination Committee may no longer serve as member, the EGC will nominate and appoint a new member coming from the same group of the original member.

24. The Nomination Committee will define and undertake its work according to a strategic workplan that is agreed between its members with a view of enabling the Board to make its appointment decision regarding the new Executive Director in February/March 2017. Furthermore, as alluded to above, the principal task of the Nomination Committee will be to screen and interview candidates in order to rank the candidates and present, no later than 10 February 2017, a short-list of up to four of the highest-ranking candidates to the Board for a final decision.

25. It is important to underscore that the members of the Nomination Committee should conduct themselves at all times in a manner that fully respects the privacy and personal reputation of potential candidates and all applicable confidentiality arrangements.

26. Finally, the Nomination Committee shall seek to make its decisions by consensus, and where consensus may not be obtained, the view of the majority of the committee will prevail.

VII. Next Steps Forward

27. Following the approval of the Nomination Committee's Terms of Reference by the Board, the next key milestones of the Executive Director recruitment process will be as follows:

	Action	Responsibility	Indicative Date
1.	Launch of a call for nominations for members of the Nomination Committee	Board Leadership, in consultation with the EGC	Late October, early November 2016
2.	Review of the terms of reference of the Executive Director	EGC	Late October, early November 2016
3.	Approval of the membership of the Nomination Committee	Board Leadership to submit an electronic decision point to the Board	Early November 2016
4.	Start of the search for Executive Director candidates	Nomination Committee and executive search firm	Mid November 2016
5.	Report outlining the proposed the selection criteria, voting rules for appointment and terms of reference of the Executive Director and approval of same by the Board	Board Leadership in consultation with the EGC	Before Montreux meeting (16/17 November 2016)
6.	Meeting between Nomination Committee and Board	N/A	Before and during Montreux meeting (16/17 November 2016)
7.	Assessment of long list of Executive Director candidates	Nomination Committee with the assistance of the executive search firm	December 2016
8.	Interim report to the Board	Nomination Committee	End of December 2016
9.	First and second rounds of interview of Executive Director Candidates	Nomination Committee	January 2017
10.	Submission of the short-list of candidates and the final report to the Board	Nomination Committee	No later than 10 February 2017
11.	Board panel interview and final selection by the Board	Board	Mid/late February 2017

Given the short time-frame, it is crucial that the specific milestones are met consistently in order to ensure that the process moves ahead smoothly and that the final objective of the Board making an appointment at the end of February 2017 may be met.

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Terms of Reference for the 2016 Executive Director Nomination Committee

Authority

1. The Global Fund Board approves these Terms of Reference for the 2016 Executive Director Nomination Committee (“NC”) in accordance with Article 36 of the Operating Procedures of the Board and Committees of the Global Fund to Fight AIDS, Tuberculosis and Malaria (“BCOP”) based on the recommendation of the Board Chair and Vice-Chair (together the “Board Leadership”) and following consultations with the Ethics and Governance Committee (“EGC”).

Purpose and engagement

2. The purpose of the NC is to assist the Board with the selection of the next Executive Director of the Global Fund. The NC reports directly to the Global Fund Board and its mandate shall expire on the appointment of the Executive Director.
3. While the NC reports to the Board, the Board Leadership will provide overall stewardship of the work plan of the NC, and the communications and coordination aspects thereof.
4. The Ethics Officer will, upon receiving a request to that effect, advise the NC, the EGC and Board Leadership on all due diligence and conflicts of interest issues in accordance with the Terms of Reference of the Global Fund Ethics Officer.
5. As further set out in the BCOP, the EGC shall provide the necessary support and advice to the Board Leadership with respect to the recruitment process of the Executive Director.

Membership

6. Membership of the NC shall be comprised of **seven** persons, including a Chair, as nominated by the Board Chair and Vice-Chair, following consultations with the EGC, and approved by the Board, as follows:
 - a. **One member** from the **EGC Leadership** who shall act as Chair of the NC;
 - b. **Four constituency members**, preferably Board Members, Alternate Members or members of the EGC, coming in equal proportion from the Implementer and the Donor voting groups; and
 - c. **Two independent members**, fulfilling the independence criteria set out in document GF/B35/ER15,⁴ with recent experience in the oversight and appointment of chief executive officers or their equivalent in organizations of a similar scale and reach to the Global Fund. The individuals selected will bring additional gravitas and global experience to the NC and shall provide additional technical expertise or insight to the NC.
7. All persons nominated as NC members must be able to dedicate sufficient time, estimated up to 15 days from mid-November 2016 to mid-February 2017, to the NC

⁴ This document refers to the background paper to be submitted to the Board along with these Terms of Reference for the 2016 Executive Director Nomination Committee for approval.

and to be committed to fully cooperate and participate in the NC.

8. When taken as a group, the members will bring senior level experience in management of people and systems; public speaking and outreach; and strategic leadership in the field of international financing and/or development, or international health and/or the three diseases and beyond. To the extent possible, the members will come from a broad range of sectors and regions and will also bring skills in the specific task of identifying and interviewing senior executive talent.
9. All seven members shall serve in their personal capacity and in the best interests of the Global Fund; they shall not seek or accept instructions in regard to their performance on the NC from any constituency of the Global Fund Board or other individual or entity.
10. In the exceptional event that one of the members of the NC may no longer serve as member, the EGC shall nominate and appoint a new member coming from the same group of the original member as set out in paragraph 6 above.
11. In addition to his/her membership role, the Chair of the NC shall provide coordination support and shall regularly report and update the Board on behalf of the NC.

Work plan

12. The NC shall define and undertake its work according to a strategic work plan that is agreed between its members. The work plan shall envisage that the Board will make its appointment decision regarding the new Executive Director in February/March 2017. The principal task of the NC shall be to screen and interview candidates in order to rank the candidates and present a short-list of the highest-ranking candidate(s) to the Board for a final decision.
13. Specifically, the NC shall:
 - a. Work on a non-political and merit basis;
 - b. Direct and oversee the work of the Executive Search Firm to develop a candidate list for the role of Executive Director, ensuring that the search firm reaches out to the broad Board constituency and other networks to find highly skilled candidates;
 - c. Provide any assistance that may be requested by the EGC and the Ethics Officer to facilitate and support the conflict of interest assessment of each of the shortlisted candidates;
 - d. Provide to the Board by not later than 10 February 2017:
 - i. a short list of **up to four** of the highest-ranking candidates for the role of Executive Director, which should have given due regard to diversity and based on the selection criteria as defined in the candidate profile approved by the Board in November 2016;⁵ and
 - ii. a final report outlining the NC's reasons for its assessment of each of the short listed candidates. This should include the extent to

⁵ The NC is not mandated with the development of selection criteria for the Executive Director. In accordance with Art. 36.3, such selection criteria may be recommended for Board approval by the Board Leadership in consultation with the EGC.

which each candidate fulfills the selection criteria, and the candidate's ability to perform the duties of the Executive Director as outlined in the Executive Director Terms of Reference⁶ and weight those capacities according to the key areas of competency for the role.

- e. Provide, at the end of December 2016, a progress report to the Board through electronic or teleconference means, and, if relevant, alert the Board to particular risks that may adversely impact the overall timetable for the Executive Director search and appointment decision; and
- f. Ensure that the NC conducts itself at all times in a manner that fully respects the privacy and personal reputation of potential candidates within an appropriate framework of confidentiality, including the Global Fund's Code of Ethical Conduct for Governance Officials and other applicable Global Fund documents regarding information classification and records management.

Decision-making and governance

- 14. The NC shall seek to make its decisions by consensus. Recognizing that the role of the NC is to propose the best possible candidates for the role of Executive Director, where consensus may not be obtained, the majority view of the NC will prevail.⁷
- 15. Membership in the NC shall not count towards the two-committee limit set forth in Article 43.4 of the BCOP.

⁶ The NC is not mandated with the development of terms for reference for the Executive Director. In accordance with Art. 36.3, such terms of reference may be recommended for Board approval by the Board Leadership in consultation with the EGC.

⁷ For the avoidance of doubt, the Chair of the NC will have voting capacity.

**Criteria of Independence for the independent members of the
2016 Executive Director Nomination Committee**

Members of the governance, advisory and administrative bodies of the Global Fund (“Global Fund Officials”) may not serve as independent members in the 2016 Executive Director Nomination Committee (“Nomination Committee”), with the exception of current independent members of the Ethics and Governance Committee and the Audit and Finance Committee who may be considered subject to the criteria below.

In addition, a candidate will not be considered independent if he or she:

- a. has been a Global Fund Official at any time within the last twelve months;
- b. has within the last twelve months served in an elected or appointed position within the Government of a country represented through a constituency on the Board;
- c. has been within the last twelve months an employee of a firm that has provided audit, assurance or other oversight services to the Global Fund;
- d. has participated or attended deliberations of the governance, advisory and administrative bodies of the Global Fund within the last twelve months as a delegate for a constituency of the Board;
- e. has been within the last twelve months an employee of a company or an organization that has directly or indirectly made payments to or received payments from the Global Fund over the last twelve months in excess of the lesser of US\$500,000 or 2 per cent of the consolidated expenditures or revenues of the company or organization; or
- f. holds any professional responsibilities that might infringe on her/his independence during their tenure on the Nomination Committee.