

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspace to over 10,000 subscribers.

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The Fund cannot afford to have a second failure in its search for an Executive Director. Improvements must be made to the rules. First and foremost, board members must agree to reduce the level of politicking on behalf of one or another candidate.

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**1. NEWS: Board Plans Special Meeting After Failing to Choose an Executive Director**

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Six months after launching its search for a new Executive Director, the Global Fund reached an impasse at the board meeting that ended on Friday. Despite over twenty hours of intense discussion spread over four days, the board failed to reach consensus on any of the five short-listed candidates. The board therefore reluctantly decided to launch a new search and to make an appointment at a specially-convened board meeting to take place by mid-February. (The current Executive Director, Richard Feachem, agreed some time ago to serve until the end of March 2007.)

In the board's discussions, it quickly became evident that the top two candidates were Michel Kazatchkine (France's HIV/AIDS Ambassador and former Vice-Chair of the Global Fund) and Michel Sidibe (a citizen of Mali who is a top UNAIDS official). In numerous votes, Kazatchkine received the support of all or almost all of the "donor group" together with about half of the "recipient group", and Sidibe received the support of all or almost all of the recipient group together with about half the donor group. (Board members could support one or both candidates.) Thus, even though each received the support of more than two thirds of all board members, neither received the support of two thirds of both groups.

Since its beginning, the board has had a rule that important decisions require a "double two-thirds majority", with votes in favour from at least seven of the ten board members from the donor group and from at least seven of the ten board members from the recipient group.

Very little changed through multiple votes. Half of the donor group and half of the recipient group were willing to accept both of the two leading candidates, even though one or both was not their first choice. But the other half of each group dug their heels in and would only accept one of the leading candidates.

In the end, the board agreed to establish a new Nomination Committee consisting of four people from the donor group, four from the recipient group, and Peter van Rooijen, from developed-country NGOs, serving as what amounts to a non-voting chair. The Nomination Committee will, by the end of this month, present to the board a proposed action plan and decision-making procedure for a new search, and will then offer a ranked shortlist of five names (which could include names from the original shortlist, and/or applicants who didn't get onto the original shortlist, and/or completely new applicants). The board will then hold a special meeting by mid-February to make a final choice.

During the period since last April's board meeting, the board's Nomination Committee, supported by an executive search firm, had advertised the position, received 334 applications, and narrowed these down to a shortlist of five. In addition to Kazatchkine and Sidibe, the shortlisted people were Hilde Johnson, former Minister of International Development of Norway; Jim Kolbe, a senior Republican member of the US House of Representatives; and Bill Roedy, a US citizen and President of MTV Networks International.

The Nomination Committee presented the board with background details regarding the five shortlisted candidates, and the full board interviewed each of the five via teleconference during the week prior to the board meeting. None of the candidates were present at the board meeting.

The donor group consists of eight representatives of Western governments, one representative of the private sector, and one representative of foundations. The recipient group consists of seven representatives of developing-country governments, one representative of developing-country NGOs, one representative of developed-country NGOs, and one representative of communities living with the three diseases.

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**2. NEWS: Main Decisions Made at Global Fund Board Meeting**

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Key decisions made by the Global Fund Board at the meeting that ended on Friday were as follows.

1. **Approval of Round 6 Grants:** The Board approved 85 Round 6 grants that will cost \$846 million over the first two years and \$2,519 m. over five years. As a result of recent new pledges, plus contributions from UNITAID, the Board concluded that the Fund has sufficient money to pay for all grants that were recommended by the Technical Review Panel. [For details, see GFO Issue 67, dated 4 November 2007.]
2. **Recruitment of Executive Director:** After failing to agree on a new Executive Director, the Board set up a new Nomination Committee and agreed to choose the Executive Director at a special board meeting to take place by mid-February. [For details, see the first article in this issue of GFO.]
3. **Rounds 7 and 8:** The Board decided that the Call for Proposals for Round 7 (in which the proposal form and guidelines and the expected fund availability will be published) will take place by 1 March 2007, with proposals to be submitted by early July 2007 and Board approval in mid-November 2007. Round 8 will be one year later – Call for Proposals by 1 March 2008, proposals to be submitted by early July 2008, and Board approval in mid-November 2008. The early announcement of these dates is intended to encourage applicants to start much earlier with planning and development of their proposals. Future Rounds are expected to continue on a similar annual cycle.
4. **Rolling Continuation Channel:** The Board approved the establishment of a method (known as a "rolling continuation channel") that, from March 2007, will sometimes permit a CCM to apply for up to six years of further funding for a grant that is approaching the end of Phase 2. The Fund will consider such applications about four times per year. Grants will only be eligible for consideration if the Secretariat determines that they have been performing very well, are expected to have measurable impact, and are receiving significant support from other funding sources. Only 25% to 33% of grants are expected to meet this eligibility

standard, and if they do, the continuation requests will still have to be approved by the TRP and the Board.

5. **Continuity of Services:** The Board made some modifications to its "Continuity of Services" policy, which ensures the provision of up to two years-worth of continued funding of treatment-based services for people who have already been placed on treatment through grants that will shortly be ending.
6. **Grant Consolidation Pilot Project:** The Board agreed that the Secretariat should conduct a pilot project in a few countries in which, when the CCM and Principal Recipient agree, two or more grants to the same PR can be consolidated into one grant, with no reduction in grant value but with simplified administration as a result of the reduced number of targets, reports, disbursements, Phase 2 decision dates, etc.
7. **UNITAID Support:** The Board welcomed the contribution by UNITAID of \$52.5 million towards the cost of those Round 6 grants that will increase the number of patients on treatment, plus \$9.05 m. towards the cost of grants that scale up the provision of artemisinin-based combination therapy (ACT), plus \$7.9 m. towards the cost of grants that scale up the provision of MDR-TB treatment. (UNITAID is the new International Drug Purchase Facility that has been established by Brazil, France, Chile, Norway and the United Kingdom and that generates money through an airline ticket levy.)
8. **Resource Mobilization Task Team:** The Board approved the setting up of a Resource Mobilization Task Team, to consist of a mix of Global Fund board members and outside experts. By mid-February 2007, the task team will produce recommendations regarding how the Fund can raise the increased amounts of money that are going to be needed over the next few years.
9. **In-Kind Donations:** The Board agreed to set up a Joint Steering Group on Product and Service Donations (dealing with what is also known as in-kind donations, a sensitive issue regarding which the Board failed to reach agreement in June 2004). The steering group will consist primarily of Global Fund board members, but will be backed by a technical working group consisting of outside experts from all sectors. The steering group will produce a report and recommendations by October 2007.
10. **Eligibility of Upper-Middle Income Countries:** The Board asked its Portfolio Committee to recommend, by early February 2007, whether the Fund should modify its current restrictions regarding grant applications by upper-middle income countries. This will permit the Board to make an email-based decision on this matter prior to Round 7.
11. **Administrative Services Agreement with WHO:** The Board agreed to start preparing for a likely termination of the Fund's Administrative Services Agreement with WHO, prior to making a firm decision at its April 2007 meeting on whether to implement termination. (Under the Agreement, WHO is responsible for certain aspects of Global Fund administration. If the Agreement is terminated, new procedures will be put in place that the Fund controls more directly.)
12. **2007 Budget:** The Board approved a 2007 Operating Expense Budget in the amount of just under \$105 million.
13. **Partnership Forum:** The Board agreed to hold the Third Partnership Forum in 2008.
14. **Five-Year Evaluation:** The Board agreed that the Fund's Technical Evaluation Reference Group (TERG) will conduct a five-year evaluation of the Fund.
15. **Second Replenishment:** The Board agreed that the second Voluntary Replenishment of the Fund will consist of meetings in March and September 2007, in Norway and Germany respectively, at which donors will discuss their likely commitments to the Fund for the years 2008-2010.

**16. Global Fund Staffing:** The Board asked the Executive Director to initiate an external evaluation of the size and structure of the Fund's staffing.

The precise wording of the Board decisions, and extensive background documentation, will shortly be available at [www.theglobalfund.org/en/about/board/fourteenth](http://www.theglobalfund.org/en/about/board/fourteenth).

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**3. COMMENTARY: The Executive Director Selection: It's Time to Improve the Rules**

by Bernard Rivers

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There's no question that the Global Fund's failure to agree on a new Executive Director is a cause of public embarrassment. But this outcome is in fact the result of one of the Fund's greatest strengths.

Five years ago, the Fund set itself a very high bar: every time the board makes an important decision, it must obtain a "double two-thirds majority", with seven out of the ten "donor members" and seven out of the ten "recipient members" voting in support of the resolution.

What is amazing is not that the board failed to leap this bar when choosing an Executive Director last week; it is that this was only the second time in five years that such a thing has happened. (The previous time was in 2004, when the board failed to approve a resolution that the Fund should accept certain forms of "in-kind" donations.)

If the board had a less onerous rule – perhaps one in which a decision could be forced through by a majority of one group working with a minority of the other group – the Fund would now have a new Executive Director. But such an Executive Director would not have received as strong a mandate as he or she would be likely to want.

So: the tough rule worked. It rightly forced the board to attempt to find a new candidate who can generate consensus.

Having said that, the Fund cannot afford to have a second failure; this would suggest to many that the Fund is incapable of running itself effectively. Improvements must be made to the rules. Here are some suggestions.

1. First and foremost, board members must agree to reduce the level of politicking on behalf of one or another candidate. The Fund's bylaws state that the Executive Director must be selected "based on merit, in a non-political, open and competitive manner." That is perhaps a bit naïve – choosing the leader of an international organization is nearly always based on a mix of merit and politics. But in this case the politics got out of hand. During the lead-up to the board meeting, government leaders actively promoted specific candidates. At the meeting itself, some European donors dropped very broad hints that their willingness to provide continued or increased financial support to the Fund depended on whether their preferred candidate was chosen. (This at times had the opposite of the desired effect, causing resentment and increased rigidity, including among other European donors.) And some board members refused to vote for a candidate whom, in other contexts, they had happily worked with and apparently respected, creating the clear impression that their stand was based in part on instructions from their capitals based, in turn, on geo-political rather than merit factors. As a result, the mood got quite tense at times, not just between the voting groups, but within them.
2. The board needs to develop a more realistic position on what information truly needs to be confidential. Even though all five candidates were perfectly willing to have their identities and views publicly known, the Fund refused to release any of this information. If the selection is to be carried out primarily by a board committee based on candidate merit, it's fine to keep the details private. But if it is to be done by the full board partly on a political basis, the main details about the candidates should be made completely public so that CCM members and the like can make their views known to their board members.

3. Time should not be wasted by advertising widely for additional candidates. Instead, the Nomination Committee (NC) should, through its chair, actively seek to persuade some world-class figures to apply. Through informal discussions by phone or email, committee members should agree on half a dozen people whom they regard as eminently qualified, and then decide on the best way to approach those persons and convince them to let their names be put forward.
4. The NC should consider urging the board to drop its requirement that the NC supply it with five names, and instead propose that it put forward just one. If it has to submit more than one name to the board, some high-profile candidates will be very unwilling to expose themselves to the possibility of public rejection such as happened to all five members of the first shortlist. This is the ultimate test of "merit" versus "politics". If the board is serious that the selection should be based just on merit, and wants to avoid the risk of another bruising fight, it should trust the NC to thoroughly evaluate the candidates, and then just vote yes or no on the NC's first choice without being told who else the NC had considered.
5. Board members and alternates should meet in person with the candidate(s) sent to them by the NC.
6. The board should agree before beginning the process that if no candidate is supported by seven out of ten donors and seven out of ten recipients, some specified fallback rules will be used (e.g. five out of ten donors and five out of ten recipients, or fourteen out of twenty donors-plus-recipients).

It is already eight months since Richard Feachem announced that he will be leaving, and the Fund urgently needs a new Executive Director. The Fund expects its grantees to perform heroically to implement their grants. The board must now do the same.

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This is an issue of the GLOBAL FUND OBSERVER (GFO) Newsletter.

GFO is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria ([www.theglobalfund.org](http://www.theglobalfund.org)). GFO is emailed to over 10,000 subscribers in 170 countries at least twelve times per year.

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