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A Beginner's Guide to the Global Fund: Eight-Page Summary

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The purpose of *A Beginner's Guide to the Global Fund* is to provide a broad introduction to the Global Fund for people who have little or no prior experience of the Fund – ranging from new CCM members, to NGOs, to government officials, to new sub-recipients, to journalists who have to write about the Fund. The Beginner's Guide comes in three versions: (1) the full guide; **(2) a condensed, eight-page summary (this document)**; and (3) an even more condensed two-page summary. All three versions are available at www.aidspan.org/guides. The full guide contains extensive links to pages on the Global Fund website and other websites for readers looking for in-depth information.

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What Is the Global Fund?

The Global Fund to Fight AIDS, Tuberculosis and Malaria is an innovative multi-billion-dollar international financing mechanism intended to help advance the fight against these three diseases by dramatically increasing the availability of funding and by directing money to areas of greatest need. The Global Fund operates as a partnership between governments, civil society¹, the private sector (including businesses and foundations) and affected communities.

The Global Fund provides money to finance a wide range of activities related to the prevention of the three diseases, and to the care, treatment and support of people infected with, or affected by, the diseases. This includes operational research to improve service delivery; however, the Global Fund does not support basic science and clinical research aimed at testing or demonstrating the safety and efficacy of new drugs and vaccines. The Global Fund also supports a wide array of activities designed to strengthen the health care delivery system; however, the Fund does not support large-scale capital investments, such as building hospitals.

By 30 May 2009, the Global Fund had signed 939 Grant Agreements worth US\$ 11.3 billion. A total of US\$ 7.8 billion had been disbursed to grant recipients. The Global Fund estimates that by June 2009 programmes supported by the Global Fund had resulted in 2.3 million people receiving antiretroviral (ARV) treatment for HIV; 5.4 million people receiving effective tuberculosis (TB) treatment; and 88 million insecticide-treated bed nets (ITNs) being distributed to protect families from malaria.

The Global Fund further estimates that by June 2009, 79 million people had been reached with HIV counselling and testing; 537,000 HIV-positive pregnant women had received treatment to halt mother-to-child transmission of HIV; 10 million health or community workers had been trained to deliver services; 3.7 million orphans and vulnerable children had been provided with basic care and support; and 110 million people had been reached with community outreach services.

As indicated above, these accomplishments are attributable to programmes that the Global Fund supported. This does not mean that the Global Fund alone can take credit for this; many of these programmes were also supported by national governments and other donors.

The Global Fund operates as a financing instrument, not an implementing entity. Two additional core principles of the Global Fund are that the Fund is country-driven (i.e., it is the country, not the Fund, that proposes what will be done, and the Fund then decides whether to finance those activities); and the Fund is performance-based (i.e., disbursements are conditional on the recipient organisation being able to demonstrate that adequate progress towards previously-agreed targets has been made).

Structure of the Global Fund

At the global level, the main structures of the Global Fund are as follows:

Global Fund Board. The Board is responsible for the overall governance of the organisation, including the approval of grants. The Board includes representatives of donor country governments, developing (or “implementing”) country governments, NGOs, the private sector and people living with the diseases.

¹ “Civil society” includes NGOs, faith-based organisations (FBOs), academia, people living with the diseases and other affected populations.

Global Fund Secretariat. The Secretariat, located in Geneva, Switzerland, is responsible for the day-to-day operations of the Global Fund. The responsibilities of the Secretariat include managing the proposal applications process, managing grants, raising money from the public and private sectors, providing financial, legal and administrative support, and reporting information on the Global Fund's activities to the Board and the public.

Technical Review Panel (TRP). The TRP, an independent panel of international experts on HIV/AIDS, TB and malaria, and on health and development, reviews eligible grant proposals for technical merit, and recommends to the Global Fund Board which proposals should be funded.

Technical Evaluation Reference Group (TERG). The TERG is an advisory body providing independent assessment and advice to the Global Fund Board on issues related to monitoring and evaluation.

Office of the Inspector General (OIG). The OIG, which operates independently of the Global Fund Secretariat, provides the Board with independent and objective oversight to ensure that the Secretariat and recipients of Global Fund grants comply with Fund policies and procedures. More specifically, the OIG seeks to prevent and detect fraud, waste, abuse, malfeasance and mismanagement.

The Global Fund does not maintain country offices and, therefore, has no formal presence in individual countries. Nevertheless, the following structures operate in each implementing country and form part of what is known as “the Global Fund architecture”:

Country Coordinating Mechanisms (CCMs). CCMs are responsible for developing and submitting proposal to the Global Fund; for nominating one or more organisations to serve as principal recipients (PRs) (see next item); and for overseeing each PR's progress in implementing programmes funded by the grant. Each CCM is made up of representatives from both the public and private sectors, including the national government, multilateral or bilateral development agencies, NGOs, FBOs, academic institutions, private businesses and people living with the diseases. (See also the section on CCMs below.)

Principal Recipients (PRs) and Sub-Recipients (SRs). PRs are responsible for implementing grants emanating from proposals that have been approved by the Global Fund. PRs can be governmental, non-governmental or private sector organisations.² SRs are responsible for implementing portions of a grant, and report directly to the PR. SRs are usually local or national organisations, and can be from the government, civil society or private sectors.

Local Fund Agents (LFAs). LFAs are hired by the Global Fund to evaluate the financial management and administrative capacity of the nominated PR(s), and to verify and report on grant performance.

² Until recently, frequently there was only one PR selected to implement the activities in a given proposal, usually a government ministry. Currently, as suggested by the Global Fund, there are often two PRs, one from the government sector and one from another sector.

Partnerships

The Global Fund itself operates as a partnership between governments, civil society, the private sector and affected communities. In addition, the Global Fund relies on a wide range of partners to carry out key activities necessary for its functioning and success. Examples of these partnerships are as follows:

Development Partners. The Global Fund often relies on bilateral aid agencies and international organisations like the World Health Organization (WHO), UNAIDS, the World Bank and the United Nations Development Programme (UNDP) to provide technical expertise to the Global Fund Secretariat, CCMs, and PRs and other implementers.

Civil Society. Civil society has an effective voice on the Global Fund Board and is present on CCMs, representing NGOs, FBOs and vulnerable and marginalised groups affected by the three diseases. Civil society organisations sometimes also serve as PRs and SRs, helping to implement programmes funded through Global Fund grants. Finally, civil society plays an important watchdog role, monitoring the activities of the Global Fund and its grant recipients, and advocating for improvements in the way the Fund operates.³

Private Sector. Through partnerships with corporations, the Global Fund has received important contributions in terms of both money and in-kind donations.

Finances

Money raised

The Global Fund raises the bulk of its funds from governments of donor countries, most of whom represent the richer economies of Europe, North America and Asia. Other sources of funding include donations from the corporate sector and public and private foundations.

Table 6.1 shows how much money had been paid to the Global Fund (i.e., money sent to the Fund) as of May 2009.

Table 6.1: Amounts Paid to Date

Source	Amount (\$ million)
Donor countries	12,721
Other	760
TOTAL	13,481

Table 6.2 shows how much money had been pledged to the Global Fund as of May 2009. Pledges include not only those amounts already paid, but also money for future years promised in writing. Many of the pledges extend to the year 2010; some to 2015.

Table 6.2: Amounts Pledged to Date

Source	Amount (\$ million)
Donor countries	19,551
Other	803
TOTAL	20,354

³ Aidsplan is a prime example of a civil society organisation playing a watchdog role.

Most of the Global Fund's money is raised through what it calls its "voluntary replenishment mechanism." Under this process, the Fund organises periodic meetings with the major donor countries. At these meetings, the Fund provides a progress report on its performance, and the donor countries are encouraged to announce their pledges for the coming years.

Recently, the Global Fund estimated that for 2008, 2009 and 2010 combined, it will need to raise at least \$13.5 billion and perhaps as much as \$19.4 billion (the Fund looked at several scenarios). The Global Fund said that contributions pledged to the Fund for the period 2008-2010 came to approximately US\$9.5 billion, leaving a funding gap of at least \$4.0 billion and perhaps as much as \$9.9 billion.

Money committed and spent

As of 30 May 2009, the Global Fund had signed Grant Agreements committing it to spend \$15.6 billion through the rounds-based channel and the rolling continuation channel (the two channels are described below). Programmes in sub-Saharan Africa represent 54 percent of commitments. As of 30 May 2009, the Fund had actually spent (i.e., disbursed) \$ 7.8 billion; the remainder of the commitment will be disbursed once implementation of each grant has reached an appropriate point.

The Global Fund's Application Process

The following entities can submit applications to the Global Fund: country coordinating mechanisms (CCMs), sub-national country coordinating mechanisms (sub-CCMs), regional coordinating mechanisms (RCMs), regional organisations (ROs) and non-country coordinating mechanisms (non-CCMs). (The last are usually NGOs.) The vast majority of proposals to the Global Fund emanate from CCMs.

Rounds-Based Channel

Up to now, most proposals have been submitted under the rounds-based channel. Under this mechanism, the Global Fund periodically issues a call for proposals. Each call constitutes a round of funding. Since the first round in 2002, there has generally been one new round of funding a year.

For each round of funding, the Global Fund produces a proposal form, guidelines for applicants, and other supporting documentation. The Global Fund Secretariat screens all proposals – i.e., it reviews the proposals for completeness and to ensure that they meet the eligibility criteria. Proposals that are screened in by the Secretariat are then passed on to the TRP for review. Once the TRP has assessed each proposal, it recommends to the Global Fund Board which ones should be funded. When the TRP recommends that a proposal be funded, its recommendation is usually conditional on the applicant successfully responding to a series of clarification questions.

The Board makes the final decision. Up to now, the Global Fund has always adopted the TRP recommendations "en bloc" – i.e., as a whole. This means that the Board has avoided getting into a discussion of the merits of individual proposals, and of the countries that submitted them – and, in so doing, has de-politicised the process. Although most proposals are for a five-year period, the Board only immediately approves funding for the first two years (known as Phase 1).

Rolling Continuation Channel

In 2007, the Global Fund introduced a new channel of funding. Unlike the rounds-based channel, applications for the rolling continuation channel (RCC) are by invitation only. Applicants whose existing rounds-based grants have demonstrated strong performance may be invited by the Global Fund Secretariat to seek to extend these grants by applying for funding under the RCC. The Global Fund Secretariat makes the determination as to who gets invited. The process for RCC proposals is similar to that described above for the rounds-based channel.

National Strategy Applications

In 2009, the Global Fund Board introduced a new funding mechanism on a pilot basis, called “national strategy applications (NSAs).” Under this approach, a country that has developed a solid national strategy for tackling HIV/AIDS, TB or malaria is able to apply for Global Fund support for implementation of this strategy. Thus, the national strategy, rather than how the country fills in a Global Fund-specific proposal form, becomes the primary determinant of whether the grant is awarded.

The Global Fund Board has been examining other possible approaches to funding, including a **single funding stream** (creating a single funding stream per country, disease and PR), and **multiple application windows** (which could involve merging the rounds-based channel with the RCC).

Country Coordinating Mechanisms

As mentioned above, most proposals to the Global Fund are submitted by CCMs, a key part of the Global Fund structure in each implementing country. If the CCM is operating as it should, the many different sectors represented on the CCM collaborate closely to develop proposals and to carry out other responsibilities.

CCMs are independent entities; they are not formally part of the Global Fund. Nevertheless, the Global Fund has developed guidance on how CCMs should be structured and how they should function. Some of this guidance is in the form of requirements – i.e., conditions that the CCM has to meet before the Global Fund will accept proposals from the CCM. Other guidance is in the form of recommendations.

Most CCMs have between 15 and 30 members. Regularly scheduled meetings are held several times a year. Additional meetings can be called when the need arises, such as when a proposal is being prepared. Each CCM has a Chair and a Vice-Chair, selected by the members of the CCM.

The CCM should function as a committee, with full and equal participation by all sectors, and with decisions being taken either by consensus or by voting (or a combination of the two). Unfortunately, on many CCMs, governments (and sometimes development partners) dominate the CCM.

Most CCMs have a secretariat – sometimes possibly just one person, but usually more – to handle administrative functions (such as organising meetings, preparing minutes and distributing documents).

Grant Implementation Process

Proposals to the Global Fund usually cover a five-year period. When a proposal is approved, funding is committed for Phase 1. Separate Grant Agreements are signed with each of the PRs nominated in the proposal, assuming that each PR “passes” the PR assessment (see below). (For grants approved under the RCC, “term” is used instead of “phase.”)

By the time a proposal is approved by the Global Fund Board, the Global Fund Secretariat will have assigned a fund portfolio manager (FPM) and an LFA. The FPM is a Global Fund employee who becomes the main Secretariat contact person for each PR. The LFA is responsible for conducting an assessment of each PR nominated by the applicant in its proposal. The main objective of the assessment is to determine if the proposed PR’s existing systems and capacities correspond with the Global Fund’s minimum requirements to successfully implement a programme and manage grant funds.

Once a PR is confirmed, negotiations begin on the Grant Agreement (legal contract) that the PR will sign with the Global Fund. It is important to understand that although the original proposal was submitted by the CCM (or another applicant), Grant Agreements are signed with PRs.

The Grant Agreement includes (among other things): a description of the programme that will be implemented; a summary of the budget; a list of the key performance indicators and targets; and special terms and conditions. The special terms and conditions can include special arrangements that have been put in place for the implementation of the grant, or conditions that the PR has to fulfil either before any funding is disbursed to the PR, or during implementation. During this period, the PR also prepares a final budget and workplan.

Once the Grant Agreement is signed, the Global Fund provides the PR with the first instalment of the grant.

During implementation of a grant, the PR is required to provide the Global Fund, via the LFA, with regular progress updates and requests for disbursements to cover the next reporting period. After reviewing each progress update, the Global Fund Secretariat assigns a performance rating to the grant, and then decides how much money it will disburse.

Before the end of Phase 1 of the grant, the original applicant must submit a Request for Continued Funding for Phase 2 of the grant. The Global Fund will only approve Phase 2 funding if a project is performing adequately (and, of course, if there are sufficient funds available).

Procurement and Monitoring & Evaluation

The Global Fund estimates that almost half of the money it gives out in grants has been spent on procurement – i.e., purchasing drugs and other health products, as well as commodities such as condoms. The Global Fund does not do any procurement itself; the PRs are fully responsible for procurement. However, the Fund has established a number of procurement-related requirements. For example, before a Grant Agreement is signed with a PR, the PR must produce a procurement and supply management plan. As well, the PR must file regular reports on procurement during the life of the grant.

The PR is also required to develop an M&E Plan spelling out how it plans to monitor implementation.

Reporting on Progress

The Global Fund periodically issues reports on how the Fund is doing. These include annual reports, global progress reports and regional reports.

In 2009, the Global Fund completed a major evaluation of its performance.

Want to know more?

Consult the full version of *A Beginner's Guide to the Global Fund*, available at www.aidspace.org/guides.