

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspace to over 8,000 subscribers in 170 countries.

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[2. NEWS: Global Fund Board Accepts Most of the Recommendations of the High-Level Panel](#)

The Global Fund Board has formally adopted the report of the High-Level Panel. At a special meeting on Monday, the Board said that it accepts the report's underlying analysis, adding that the report presents a compelling case for a rapid and urgent transformation of the Global Fund.

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GFO is planning a lengthy Commentary on the High-Level Panel report, its recommendations, and the response by the Global Fund to those recommendations. Readers who have views on those matters are invited to submit them to the Editor.

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1. NEWS and ANALYSIS: Deadline for Round 11 Applications Extended to At Least 1 March 2012

Current estimates of funds available for Round 11 significantly lower than forecasted in May 2011

Funds might not be available until 4th quarter of 2013

The Board of the Global Fund has decided to extend the deadline for submission of Round 11 applications from 15 December 2011 to at least 1 March 2012.

The decision appears to be primarily motivated by a substantial reduction in the amount of funding that the Global Fund estimates will be available for Round 11.

The Fund also appears likely to take this opportunity to implement some of the changes to the applications process recommended by the *High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria* (hereinafter, "High-Level Panel," or "Panel").

The decision to extend the deadline was made by the Global Fund Board at a one-day meeting on 26 September 2011 in Geneva convened specifically to consider the recommendations of the High-Level Panel. The Panel's recommendations were made public on 19 September 2011; [GFO Issue 158](#) provided extensive coverage.

As [reported](#) in GFO Issue 155, the Global Fund Secretariat forecasted in May 2011 that \$1.5 billion would be available to fund the initial period of Round 11. This forecast was based on the assumption that all donors would honour their pledges, and that donors that traditionally do not make pledges would provide funding at a level similar to what they had provided before.

However, given the current global economic insecurity, among other factors, these assumptions now appear to be overly optimistic. At the Global Fund Board meeting on 26 September 2011, the Fund revealed that its forecast of funding available for Round 11 has been lowered to "not more than" \$0.8 billion, and that even this amount might not be available until the fourth quarter of 2013.

Thus, the Global Fund faces two serious problems. First, the amount of money available for Round 11 – \$0.8 billion – is far less than what was spent in recent rounds of funding. (The Global Fund approved spending of \$1.7 billion, \$2.2 billion and \$3.06 billion to fund the first two years of grants in, respectively, Rounds 10, 9 and 8.)

Second, the funds may not be available until the fourth quarter of 2013. This means that the Global Fund might not be in a position to sign Round 11 grant agreements until that time.

It is not surprising, therefore, that the Global Fund extended the deadline for Round 11 grants to "at least" 1 March 2012. This means that the earliest that the Board could approve Round 11 grants would be at its meeting in about November 2012. Under current procedures, the Global Fund would then allow up to one year for grant negotiations and signing. (The extended deadline for Round 11 affects applications to the general and targeted pools of funding, Second Wave of National Strategy Applications and the Health Systems Funding Platform pilot.)

When the Board decided to extend the deadline, it said that the Board and the Secretariat will also "examine options" for modification of the application, renewal and approval processes in light of the funding constraints and the recommendations of the High-Level Panel. In addition, the Board said that it will "consider options for reallocation of existing commitments" in order "to prioritize high-impact interventions." The Board said that it will communicate the results of those deliberations no later than 1 December 2011. (The next Board meeting is scheduled for 21-22 November 2011 in Accra, Ghana.)

These words were clearly not lightly considered. Nothing appears to be "off the table." Even though Round 11 was launched six weeks ago, on August 15, the Board has left itself the freedom to change the Round 11 application process and eligibility criteria (which would constitute moving the goal posts after the game has started), and to change the rules regarding how future funding amounts for already-approved grants will be determined.

In the midst of this very uncertain situation, our best guess is that the Board will decide, by December 1, to modify Round 11 procedures so that they become a hybrid between existing procedures and future procedures. (As discussed elsewhere in this issue, the Board has just agreed with the High-Level Panel that the Fund should adopt a two-stage application process, in which the first stage would be a concept paper and the second stage would be a full proposal that would be iteratively improved until the Technical Review Panel [TRP] is ready to make a final recommendation to the Board.)

The least disruptive way to achieve this hybrid would probably be to leave the Round 11 application form unchanged (using it as a "heavy substitute" for the lighter process that will be used in subsequent rounds for the first stage), and then to segue into the above-mentioned second stage, in which the proposal is worked on until it is, in effect, collectively agreed by the CCM, the Secretariat, technical partners and the TRP. Much of this second stage would take the place of the grant negotiation procedures that currently occur between board approval and grant signature.

In light of all this, what should Round 11 applicants do while they wait for the Board to decide in late November what modifications will be made to Round 11 procedures? The best advice we can give is that applicants should continue to work on their proposals. Applicants have now been given an extra two-and-a-half months – or possibly more – to prepare their applications. Given the complexities of the applications process, and the fact that many changes were introduced for Round 11 – not the least of which is that consolidated proposals are now mandatory – this additional time may come in very handy.

It might be prudent for applicants to concentrate on refining the main technical features of their applications, as opposed to filling out every part of the proposal form – in case the Global Fund does after all decide to make some changes to the form. There will be plenty of time between 1 December 2011 and 1 March 2012 to fill out the proposal form.

Finally, some applicants may be wondering whether the change in the deadline date for applications will result in a change to the "history of recent funding" eligibility criterion. Under this criterion, if a Round 11 applicant has an existing Global Fund grant for a particular disease or HSS component which has been implemented for less than 12 months, that applicant will not be able to submit a proposal for the same disease or HSS component. The 12-month period was to be calculated from the implementation start date of the existing grant to the closing date for submission of the new proposal. This closing date was to be 15 December 2011, but has now been extended to (at least) 1 March 2012. Does this mean that some applicants who had been deemed ineligible under this criterion will now become eligible? We think the answer is probably "No." While we have no "inside" information concerning this, we think it likely that the Global Fund will stick to the 15 December 2011 date as it pertains to this criterion.

Information for this article was taken from Decision Point GF/B24/DP4 of the [Decision Points](#) document for the 24th meeting of the Global Fund Board, held on 26 September 2011. GFO was not present at the meeting because observers were not invited.

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2. NEWS: Global Fund Board Accepts Most of the Recommendations of the High-Level Panel

Consolidated Transformation Plan to be developed by November 2011

Several recommendations to be implemented immediately

The Global Fund Board has formally "adopted" the report of the *High-Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms of the Global Fund to Fight AIDS, Tuberculosis and Malaria* (hereinafter, "High-Level Panel", or HLP). At its special meeting on 26 September 2012, the Board said that it accepts the report's underlying analysis, and that the report "presents a compelling case for a rapid and urgent transformation of the Global Fund."

At the meeting, the Fund's Executive Director and the Fund's Inspector General both said that they agreed with the findings of the High-Level Panel, adding that they would carry out in full and with enthusiasm the Board's decisions regarding the Panel's report. After discussion, the Board explicitly agreed with most of the Panel's recommendations, but reserved its position on a few of them.

The Global Fund established the High-Level Panel following extensive media coverage earlier this year of the Fund's findings regarding misappropriation of Global Fund money by some recipients in certain African countries.

The Global Fund Board said that it acknowledges that the Fund has "significant weaknesses" in fiduciary control and financial oversight, as identified in the HLP Report. The Board added that it is determined to take "the necessary corrective actions" to address these weaknesses.

The Board said that implementation of the Panel's recommendations will require that a detailed implementation plan be developed. To this end, the Board decided that the Board Chair and Vice-Chair, together with the Secretariat and the Office of the Inspector General (OIG), will develop a single, time-bound and costed Consolidated Transformation Plan which will integrate reform work already underway with recommendations from the Panel. (This responds to the third part of the Panel's [Recommendation 6](#) .) A draft of the Consolidated Transformation Plan will be sent to the Board for adoption at the Board meeting on 21-22 November 2011.

The Board decided that implementation of some of the Panel's recommendations will start immediately. (See [here](#) for a summary of the Recommendations that we provided in GFO Issue 158.) Specifically:

- The Secretariat and the OIG will commence implementation of [Recommendation 1](#) of the HLP Report. (The link provides the full text of the recommendation.) This recommendation called for the Global Fund – particularly the OIG – to focus its oversight activities on grants from Round 6 (2007) and later; for the relationship between the Secretariat and the OIG to be strengthened; and for there to be some modest limitations on what aspects of the OIG's reports get published.
- The Board, the Secretariat and the OIG will commence implementation of most of [Recommendation 2](#) of the HLP Report , which called on the Global Fund to adopt a new risk-management framework and apply it to the existing portfolio, and to redefine the concept of "country ownership." However, the Board decided to defer a decision on the Panel's recommendation that pooled procurement and outsourcing of drug storage and delivery should be the norm. At the meeting, the Panel's leadership made it clear that it did not propose that the Fund establish parallel drug storage and distribution systems whenever the Fund found that a country's own systems were risky. Instead, the Panel believed that the Fund should assess capacities in each country and then, when necessary, make investments to strengthen the country's storage and distribution systems rather than set up parallel systems
- The Policy and Strategy Committee will integrate [Recommendation 4](#) of the HLP Report into the Five-Year Strategy that will be voted on at the November Board Meeting. Recommendation 4 called for a two-stage grant application process in which the first stage would be a concept paper and the second stage would be a full proposal that would, in effect, be worked on until it is collectively agreed by the CCM, the Secretariat, technical partners and the TRP. Recommendation 4 also called for the Board to specify how much money is potentially available to different groups of applicants, based on factors like risk, capacity, burden, funding available from other sources, programme category and type of intervention.

- The Secretariat will implement [Recommendation 5](#) and the first two parts of [Recommendation 6](#) of the HLP Report. Recommendation 5 was aimed mostly at making the Secretariat more effective. It called for a Chief Risk Officer position; for certain changes to Secretariat staffing patterns; for more authority for fund portfolio managers; for streamlining and expanding the country teams; for certain measures to strengthen the Executive Management Team; for certain changes in how local fund agents are used and managed; and for defining the role and responsibilities of external auditors. The first two parts of Recommendation 6 called on the Global Fund to take steps to measure outcomes, not inputs, and to focus on quality and value rather than quantity. The third part of Recommendation 6 was covered earlier in this article.

Governance matters

The Board Chair and Vice-Chair will integrate [Recommendation 3](#) of the HLP Report into the Board Governance Plan currently being developed. Recommendation 3 called for the Board to focus more on policy-setting, strategy development, and overseeing management and risk management; and to re-organise its committee structure. The High-Level Panel proposed a specific committee structure.

The Board said that it is adopting Recommendation 3 with some modifications. Effective 1 December 2011, the Board's four existing standing committees will be replaced by three standing committees, as follows:

- **Strategy, Investment and Impact:** ten voting members, five from the donor bloc and five from the implementer bloc, with a chair from the donor bloc.
- **Finance and Operational Performance:** ten voting members, five from the implementer bloc and five from the donor bloc, with a chair from the implementer bloc.
- **Audit and Ethics:** seven members, with four independent members (i.e. people who are independent of the constituencies on, and who are not members of, the Global Fund's Board), one of whom will be the chair. There will be an open and transparent process to identify potential independent members, with appointments being determined at the November Board meeting.

In addition, the Board decided to create a "Coordinating Group" comprised of Board and committee chairs and vice-chairs. The Coordinating Group will be responsible for monitoring and tracking the Consolidated Transformation Plan and reporting to the full Board on progress.

The Board said that the terms of reference of the three committees will include the duties recommended in the HLP Report. Ethics-related matters will be added to the terms of reference of the Audit and Ethics Committee (the High-Level Panel had recommended that this committee cover only audit functions).

In addition, without defining this further, the Board said that the committees can include ex-officio members of the Board and will have the ability to delegate operational matters to the Secretariat.

Information for this article was taken from Decision Point GF/B24/DP3 of the [Decision Points](#) document for the 24th meeting of the Global Fund Board, held on 26 September 2011.

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3. FROM THE EDITOR: GFO Readers Invited to Comment on High-Level Panel Report

GFO is planning a lengthy Commentary on the High-Level Panel report, its recommendations, and the response by the Global Fund to those recommendations.

Readers who have views on those matters are invited to email me by 4 October sharing their thoughts. We look forward to hearing from Board members, Global Fund employees, employees of principal recipients and sub-recipients, employees of local fund agents, CCM members, TRP members, donors, providers of technical assistance, and people who benefit – or are supposed to – from Global Fund-financed programmes.

What is your overall impression of the recommendations of the Panel? (They are reported on in [GFO Issue 158](#).) What do you think were the two or three most important findings (and why)? Did the Panel get some things wrong? Did it fail to address some issues? How could its recommendations be improved? Did the Board do the right thing in adopting most of the recommendations? Please email your comments to me, writing anything from a single sentence to a whole page. Your identify, and anything you say, will be treated in confidence unless you explicitly state otherwise.

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END OF NEWSLETTER
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This is an issue of the *GLOBAL FUND OBSERVER (GFO)* Newsletter.

We welcome suggestions for topics we could cover in GFO. If you have a suggestion, please send it to the GFO Editor (see contact information below).

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