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The Global Fund has suspended payments on a \$25 million HIV grant to Ukraine. The Fund had concluded that the grant was poorly managed and far behind schedule. But the Fund also suspected that some of the grant money was likely to be inappropriately diverted.

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The Fund projects that it will need \$5 billion during this year and next. Sufficient funding for Round 4 seems likely, but the timing of Round 5 is in doubt. The Global Fund has only received \$163 million in firm new pledges during the past eight months, of which only \$11,600 came from foundations and a negative amount from corporations. Australia has made its first pledge, but has given less in relation to its economic size than has any other Western donor.

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The Kenya CCM has decided to cut its size in half, and the Government has agreed to occupy only three out of sixteen seats. In Russia, no agreement had been reached on the composition of a CCM. The Guatemala CCM's recommendation for a Principal Recipient has been turned down by the Fund. One of Ecuador's two Principal Recipients has resigned. In the Philippines, the CCM, chaired by a government official, has chosen an NGO to serve as Principal Recipient. The South African CCM is still having difficulties.

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Round 4 applicants face six significant challenges that could have been prevented: The application form is too complex. A few of the instructions and questions are ambiguous. The new online application form is unusable for many applicants. Insufficient technical assistance has been made available. The potential role of the private sector has not been clearly explained. And little guidance has been provided on how to bundle multiple mini-applications into one consolidated application.

7. NEWS: Global Fund Has New Board Members, With Implications for Chair Position

Several new Global Fund board members have been chosen, some of them eligible to become Chair next year. One of these is Dr. Manto Tshabalala-Msimang, South Africa's Minister of Health.

8. NEWS: Forceful Pro-Fund Speech by Stephen Lewis

"It's time for the world to embrace the Fund... No one pretends the Fund is perfect, including its own Secretariat. But it is emerging as one of the most inspired multilateral financial instruments that the world has latterly fashioned... In my respectful submission the Global Fund has been abysmally resourced."

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1. NEWS: Global Fund Suspends Grant to Ukraine

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At the end of January, the Global Fund suspended payments on a Round 1 HIV grant to Ukraine that was worth \$25 million over the first two years. The Fund had concluded that the grant was poorly managed and far behind schedule. But the Fund also suspected that some of the grant money intended for drug procurement was likely to be inappropriately diverted.

This is the first time that the Fund has halted a grant, but the Fund warned that it will, if necessary, take similar action elsewhere if this is necessary in order to ensure that results promised in a grant agreement are achieved.

There were three Principal Recipients for the Ukraine grant – the Ministry of Health, a charitable organization called the Ukrainian Fund to Fight HIV Infection and AIDS, and the United Nations Development Program (UNDP). The Fund was dissatisfied with the performance of all three, and has just negotiated agreement that an international NGO, the International HIV/AIDS Alliance, a sub-recipient in the previous grant structure, will play the role of Principal Recipient for the next twelve months. The objective of this interim arrangement will be "to give Ukraine the opportunity to address concerns of slow implementation, management and governance issues," according to the Fund.

"We do not believe the programs can be successful if we stay with the current structure" in Ukraine, said the Fund's Dr. Feachem when the original arrangement was suspended. "Yet, we do not wish to stop Global Fund funds from flowing. The Ukraine needs the money and needs it now. The issue, therefore, is to secure operations in the short term to ensure that in the medium term we are able to get the program back on track."

About \$7.5 million had been disbursed to Ukraine by the time the Fund took action at the end of January. Of this, under \$1 million had been spent. The Fund has asked for about \$6 million to be returned. One of the objectives of the grant was to increase the number of people receiving AIDS treatment from less than 60 to 4,000 within two years.

It is understood that the Fund's staff, and PricewaterhouseCoopers, the Fund's Local Fund Agent (LFA) in Ukraine, had obtained some worrying evidence prior to the Fund's action, but that the significance of this was not appreciated sufficiently quickly by Secretariat staff. What precipitated the Fund's full analysis of this evidence and its rapid suspension of the grant was further information provided to the Fund by two external governmental sources.

The Fund is now evaluating how, in the future, to detect such problems more quickly, and to make them less likely in the first place. One possibility being considered is that reports from the LFA in each country will be sent direct to the Secretariat, and only later shared with the CCM and the Principal Recipient in summary form. Another is that the Secretariat will ask external forensic auditors to analyze data in cases where an initial review of the data suggests that there might be problems.

As pointed out by the Washington Post, "the Fund is in the difficult position of needing to ensure its donations are not wasted while at the same time responding urgently to the AIDS epidemic by getting

money to treatment and prevention organizations, many of which are newly created and have no track record." The Fund's Anil Soni was quoted by the Post as saying that the Fund's action is evidence that the system is working as planned. "From Day One, our donors and we said we will have failures. It's the consequence of having a broad portfolio."

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2. ANALYSIS: Latest Developments Regarding Global Fund Finances

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Financial needs

The Global Fund projects that it will need to receive a total of \$5 billion during 2004 and 2005. This is based on two major assumptions. First, that Rounds 4, 5 and 6 will be launched and approved during these two years, and that the cost of the first two years of the grants approved in each of these Rounds will be \$1,000 million. (The first two years of Rounds 1, 2 and 3 cost \$613 m., \$884 m. and \$623 m. respectively.) Second, that money for Years 3-5 of all Round 1 and 2 grants and a few Round 3 grants will also need to be received during those years.

The breakdown of the \$5 billion needed is that \$1,560 m. will be needed in 2004 and \$3,580 million will be needed in 2005.

If the United States gives the full \$547 m. that it has conditionally approved for 2004, the Fund expects to receive at least \$1,532 m. during 2004, based on current pledges. This is only \$28 m. short of the Fund's goal for 2004, and makes it likely that there will be sufficient funding for Round 4. However, US legislation says that its \$547 m. pledge for 2004 is not a guarantee, it is a maximum donation. Specifically, the US says it will give one third of the total amount received in cash (or, possibly, promissory notes) by the Fund between 1 January and 31 July 2004, up to a maximum of \$547 m. (The US has one third of the world's GDP.) This places considerable pressure on other donors not only to increase their total pledges for the year by about \$110 m., but also to pay all their 2004 pledges by July 31.

That will be challenging enough for the Fund. But the greater challenge will be to raise the needed \$3,580 m. during 2005.

Timing of Round 5

Round 5 will, in theory, be launched some time between October 2004 and January 2005. But the financial situation puts this timing in doubt.

The Secretariat's budgetary projections are based on the assumption that one Round will be approved every second board meeting in the board's three-meetings-per-year schedule. (This means that Rounds 5 and 6 would be launched in about October 2004 and June 2005, and approved at the March 2005 and November 2005 board meetings.) And the Board has resolved to have at least one Round per year (meaning that Round 5 should be launched by January 2005, one year after the launch of Round 4).

However, the board has also resolved that paying for new grants will take second place behind paying for renewal of existing grants. Thus, Round 5 cannot take place until pledges have been received sufficient to pay for renewal of many Round 1, 2 and 3 grants, as well as for new grants from Round 5. It is believed that some countries are racing to complete a Round 4 application because if they wait until Round 5, they might have to wait longer than expected.

Non-payers

Countries that as of 24 February 2004 had not paid their pledges for 2003 are Barbados (\$100,000), Belgium (\$7.5 million), Cameroon (\$100,000), Iceland (\$216,000), Mexico (\$100,000), Nigeria (\$1 million), South Africa (\$2.9 m.), and Zimbabwe (\$842,000).

New pledges

The Global Fund has only received \$163 million in firm new pledges during the eight months since just before the "International Meeting to Support the Global Fund" held in Paris on 16 July 2003. Those new pledges represent just 10% of the amount required during 2004, or 5% of the amount required during 2005.

This weak performance is slightly offset by the fact that currency fluctuations caused the value of existing pledges to increase by \$107 million during this period.

Beyond this, the USA has increased its existing \$200 m. pledge for 2004 by up to an additional \$347 m., but as discussed above, it will limit its 2004 payment to one third of the total money received from all sources during the first seven months of 2004. Thus, the increase cannot be regarded as a firm pledge.

During this period, the new pledges by foundations total a mere \$11,600 (barely more than the pledge from the Treatment Action Campaign in South Africa), and the pledges by corporations have actually decreased by nearly \$100,000. Foundations and corporations each have one seat on the Global Fund's board.

Table: New or increased pledges between 4 July 2003 and 24 February 2004

Australia	\$18,939,394
Barbados	\$100,000
Belgium	\$11,575,871
Brazil (Note 1)	-\$50,000
China	\$10,000,000
Denmark	\$30,429,801
Greece	\$310,945
Hungary	\$10,000
Iceland	\$215,827
Ireland	\$12,088,801
Japan	\$59,993,443
Mexico	\$100,000
Monaco	\$44,000
Norway	\$17,528,517
Poland	\$10,000
Portugal	\$1,000,000
Singapore	\$1,000,000
USA (Note 2)	-\$2,275,000
Foundations	\$11,604
Corporations (Note 3)	-\$98,152
Treatment Action Campaign	\$10,000
Individuals	\$152,953
Total:	\$163,521,156

Note 1: Brazil's \$50,000 pledge, due for payment in 2003, was not paid, and disappeared from the Fund's official listing in October 2003.

Note 2: This table does not show the recent increase in the US 2004 pledge because it does not feature in the Fund's official listing, which in turn is because the amount of the increase will depend upon donations by others. Separately, as shown, the US pledge for 2003 decreased by \$2.275 million during September 2003. This is apparently because of a correction of a misunderstanding regarding the magnitude of the pledge, not because of a change in policy.

Note 3: The \$100,000 pledge from Statoil, a Norwegian oil and gas company, due for payment in 2003, was not paid, and disappeared from the Fund's official listing in February 2004.

Australia

As mentioned above, Australia has announced its first pledge to the Global Fund. This is for US\$18.9 million, spread out over three years. The Australian Foreign Minister stated that Australia had delayed contributing to the Global Fund because it wanted to "wait and see how the Global Fund would work out." He added, "In those two years, we have been pretty impressed with the Global Fund. I think it's done an excellent job."

Relative to the sizes of their economies, every developed country in the world that has made a pledge to the Fund for 2004 has pledged more than Australia – from 1.5 times as much by each of Germany, Japan and Spain, to 11 times as much by Sweden. Oxfam and Medecins Sans Frontieres in Australia issued a statement saying that based on the size of its economy, Australia should be contributing US\$25 million for 2004 alone, rather than US\$19 million over three years.

Meeting of the Fund The Fund coalition

In early February, representatives of over fifty NGOs from around the world met in London to discuss the next stage in their shared work as the "Fund The Fund" coalition. (www.fundthefund.org.)

The meeting agreed on a mission statement that says "The Fund the Fund coalition exists to pressure donors to mobilize additional resources to fully fund the Global Fund to Fight AIDS, TB and Malaria." It also agreed that the Fund The Fund's campaign objectives are that:

1. The Global Fund should raise sufficient money to meet already agreed targets for HIV/AIDS, TB and malaria, and should do so partly through specifying minimum contributions from various donors based on economic wealth.
2. Funds contributed to the Global Fund should be additional.
3. [There is a need to] Increase the scale, number, and quality of proposals to the Global Fund with a view to increasing demand for Global Fund resources. One way for this to be done is for technical assistance to be provided to Global Fund applicants.

The meeting agreed to hold at least two meetings per year, and it established working methods to be used between meetings.

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3. NEWS: Country Reports

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Editor's note: As increasing numbers of grants get approved by the Global Fund and money starts to flow to grant recipients, attention increasingly turns to how Country Coordinating Mechanisms (CCMs) and Principal Recipients are operating. Each country that is eligible for Global Fund grants is expected to form a CCM that represents government, NGOs, faith-based organizations, private sector, bilateral donors, multilateral agencies, and more. The Fund has no firm rules on the size, composition or working methods of each CCM. Thus, CCMs are having to invent themselves as they proceed. Some have had much greater success with this than others, and many CCM members are seeking information on what other CCMs are doing. Accordingly, GFO will from time to time provide country reports, sometimes short (as with what follows) and sometimes long. CCM members, and organizations excluded from CCMs, are invited to contact the editor of GFO (rivers@aidspan.org) with information of potential interest to readers in other countries.

Kenya CCM Halves its Size and Government Takes Minority Role

Over the last few weeks, Kenya's CCM has agreed to reduce its membership from over 30 people to just 16. The Chair will be the Minister of Health, but the government has agreed that only three of the

sixteen CCM members will be from the government. The precise CCM composition will be: Government – 3 members; bilateral and multilateral development partners – 3 members; faith-based organizations – 3 members; NGOs – 2 members; people living with AIDS – 2 members; professional associations – 1 member; private sector – 1 member; academic institutions – 1 member.

This remarkable development arose after the CCM concluded that in its original form, the CCM was cumbersome; that some meetings were dominated by government members and some by development partners; that meetings consisted of speeches rather than discussion; and that little of value was emerging.

A decision was also made that the Round 4 HIV proposal that the CCM will submit to the Fund will focus primarily on scaling up HIV care and treatment, with a significant proportion of the activities being carried out by NGOs and faith-based organizations. An advertisement was placed in newspapers inviting community-based organizations (CBOs) and other members of civil society to submit their own proposals to the CCM. These would be evaluated and then consolidated into a single proposal to be submitted by the CCM to the Fund. Representatives of these organizations were also invited to attend a two-day conference in Nairobi, at their own expense, to learn more about the process. The conference and four follow-up regional workshops were organized by KECOFATUMA (Kenya Consortium to Fight AIDS, TB and Malaria), an umbrella group working for "transparent, responsible, accountable and inclusive leadership in Kenya civil society dealing with HIV/AIDS, TB and malaria." The meetings were arranged in response to "frustrations and complaints by many in Civil Society that the [Global Fund] process was complicated, vague, ambiguous and difficult to understand."

Two hundred people, mostly from CBOs, were expected at the conference; seven hundred came, from all over the country. Speakers included the Minister of Health. KECOFATUMA obtained small grants from the GTZ BACKUP Initiative and others to cover some meeting costs and to obtain the services of technical experts who could help CBOs prepare their applications.

A GFO article describing and analyzing these developments in greater depth will be provided in the near future.

Russia Still Has No Agreed CCM

As of mid-February, no agreement had been reached within Russia on the composition of a Russian CCM. At different times, several different listings of organizations and individuals have been put forward as "candidate CCMs", and the Global Fund web site has in recent weeks listed two different CCMs. But none of these groups has achieved sufficient support from government and NGOs to cause them to be accepted by each other as "the" CCM.

(Note: For a valid CCM to exist, it must have representation from a range of parties; it must have held meetings attended by these parties; and minutes recording attendance at and decisions made at these meetings must be sent to the Global Fund. And, at some point, the CCM must submit a proposal that the minutes record as being approved by the CCM.)

Guatemala CCM's Nominee for Principal Recipient rejected by Global Fund

The Guatemala CCM recommended that the Principal Recipient (PR) for its \$41 million Round 3 HIV grant should be the United Nations Development Programme (UNDP). However, the Global Fund Secretariat over-ruled this idea. As a result, the CCM now has to find some other organization, indigenous to Guatemala, to play this role. This process will probably delay commencement of the HIV-treatment project by several months.

The Secretariat explained to the CCM that it made this decision because it has a mandate to make use of and build local expertise and administrative capacity, and that UNDP and the Global Fund have agreed that UNDP should serve only as the "PR of last resort." This does not preclude UNDP from assisting with matters such as capacity building and procurement.

Ecuador Civil Society Principal Recipient Resigns

One of the two Principal Recipients (PRs) for Ecuador's \$14 million Round 2 HIV grant (approved a year ago) has resigned. The PR in question, Corporación Kimirina, was going to manage the civil society participants in the grant. These participants did not all agree on how the project should be managed, so Kimirina decided to resign in order to avoid holding back the implementation of the project. The other PR, the Ministry of Health, will now serve as PR for the entire project, but may choose one or two qualified NGOs as sub-recipients.

Philippines CCM chooses NGO as Principal Recipient

In the Philippines, the CCM, chaired by a government official, has chosen an NGO to serve not only as one of two Vice Chairs, but also as the Principal Recipient (PR) in all three Global Fund grants that have been approved.

The country has long had a relatively relaxed relationship between the government and civil society. The CCM, formed from the pre-existing National Infectious Diseases Advisory Council (NIDAC), consists of 28 people: 5 from the Ministry of Health, 5 from other government ministries, 6 from bilateral and multilateral agencies, 5 from NGOs, and 7 from other sectors of civil society. The CCM meets monthly; three Technical Working Groups (one for each of the main diseases) meet every two weeks; and the Executive Committees of the TWGs meet every week. Government and civil society representatives are active in all of these groups.

The CCM chose an NGO (the Tropical Diseases Foundation) to serve as PR because of its technical expertise, because of its track record in transparent management of funds, and because private-public partnership is a strong feature of the grants being implemented. No government agency serves as PR or as a sub-recipient, although many government people work as project staff. Their salaries while they do this work continue to be paid by the government, but their per diems and their other project-related expenses are paid by the Global Fund grants, via the NGO-based PR and sub-recipients. One additional reason why this arrangement was arrived at is because it was felt that if the government handled the money, the bureaucratic arrangements would be more complex and it would take longer for multiple small quantities of money to reach the people on the front lines who need it.

South Africa CCM Still Having Difficulties

South Africa specified some time ago that the role of its CCM will be played by SANAC (the South African National AIDS Council). SANAC has 41 members, of whom 22 are from the government, of whom 16 in turn are Ministers or Deputy Ministers. SANAC has had hardly any meetings since it took on the role of CCM.

In the Global Fund's Rounds 1, 2 and 3, the South African CCM had limited success. In Round 1, a proposal was submitted by the province of KwaZulu Natal on the grounds that there did not then exist a CCM. Much disagreement within South Africa, and between the South African government and the Global Fund, then followed, as reported previously in GFO. Then in Round 2, multiple bundled proposals were submitted to the Fund, of which only one was approved. And in Round 3, at least twelve proposals were submitted by the CCM, of which again only one was approved.

For Round 4, SANAC placed a newspaper advertisement calling upon governmental and non-governmental organizations to submit proposals to SANAC within two weeks, using the Global Fund format. A phone number was provided for queries, which according to one would-be applicant was never answered. This would-be applicant then found another route into SANAC, where he was told that someone had been assigned to provide technical assistance to organizations applying to the CCM – but the person had been off sick since receiving the assignment. The would-be applicant finally gave up in frustration.

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4. ANALYSIS: Round 4 – How it Works
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CCMs and other groups in multiple countries are now working hard on their applications for the Global Fund's fourth round of funding. Applications must be submitted to the Fund by April 5. The Fund's Technical Review Panel (TRP) will then review the proposals from May 3-14 and make recommendations to the Board. The Board will then make its decisions at its June 28-30 meeting.

As GFO goes to press, \$904 million is forecast to be available for the first two years of Round 4 grants, with more expected by the time grants are approved. The amounts required for the first two years of Rounds 1, 2 and 3 were \$613 m., \$884 m. and \$623 m. respectively.

Applications will only be accepted by the Fund if they come from a valid CCM, or if they come from some other acceptable organization or group under restrictive circumstances spelled out in the early pages of the Proposal Form and the Guidelines for Proposals, as available at www.theglobalfund.org/en/apply/call.

When the Global Fund Secretariat receives each proposal, it reviews whether the proposal is eligible – i.e. it has been completed properly, and the organization or group submitting the proposal is qualified to do so. If the proposal is eligible it is passed to the TRP, after translation (if necessary) into English.

The TRP is an independent group of 26 experts (see www.theglobalfund.org/en/about/technical). When they review the proposals, they do so in their personal capacities – they do not share the information with or accept any instructions from their employers or their national governments.

By the end of their two-week meeting, if they operate as in previous Rounds, the TRP will have divided all the proposals into four groups

- Recommended (Category 1): Proposals recommended by the TRP for approval, for which the TRP seeks no clarifications or only minor ones.
- Recommended (Category 2): Proposals recommended by the TRP for approval subject to the applicant satisfactorily responding to a number of requests by the TRP for clarification.
- Not Recommended (Category 3): Proposals not recommended by the TRP in their present form, but regarding which applicants are encouraged to submit improved applications in future Rounds.
- Not Recommended (Category 4): Proposals not recommended by the TRP for funding, and regarding which the TRP provides no encouragement that applicants should re-apply in future Rounds.

In allocating each proposal to one of the above Categories, the TRP takes into consideration only technical factors, such as whether the project described in the proposal is technically sound, whether it is one that the specified organization(s) are capable of implementing, whether it represents good use of the money, etc. But the TRP is required to ignore the question of whether it believes the Global Fund has enough money to pay for all the proposals that it is recommending.

The table below shows that in previous Rounds, 37% of eligible proposals were recommended by the TRP for approval.

Recommendation Rates in Rounds 1, 2 and 3

	Number of eligible proposals	%
Round 1: Submitted	204	
Of which, Recommended for approval	58	28%
Round 2: Submitted	229	
Of which, Recommended for approval	98	43%
Round 3: Submitted	180	
Of which, Recommended for approval	71	39%
Rounds 1 + 2 + 3: Submitted	613	
Of which, Recommended for approval	227	37%

In Round 1, 2 and 3, the Board established the impressive precedent of approving all Category 1 and 2 proposals without going through them on a proposal-by-proposal basis. Clearly, there were some Category 1 or 2 proposals that some board members did not like, or that came from countries with governments that some board members did not like. But the Board de-politicized the process – and thus avoided potentially endless arguing – by following the advice of the TRP.

In Rounds 1 and 2, this process was rendered easier by the fact that the Fund had plenty of "start-up" funds available. However, in Round 3 there was only just enough money available, as is likely to be the case in Round 4. In Rounds 5 and 6 it is far from certain that there will be enough money available to pay for all Category 1 and 2 proposals. If and when that situation arises, the Board will have to establish ground rules on how to proceed.

Each approved proposal is approved for its first two years. The Secretariat then enters into a lengthy and complex process of: (a) ensuring that the applicant answers, to the satisfaction of the TRP, any questions that the TRP asked regarding the proposal; (b) assessing the ability of the proposed Principal Recipient(s) to perform the role that the proposal assigns to it/them; and (c) negotiating grant agreement(s) with the Principal Recipient(s). It is only after this multi-month process that the first cash disbursement is sent. Thus, although proposals have to be submitted by April 5, it is unlikely that funding will be sent and the project started much before the end of 2004.

Funding for Years 3-5 of approved proposals will be approved – or not – during the second year of project implementation. Funding the renewal of already-started projects will depend on performance in implementing the first two years of the grant, and will take precedence over funding new projects. Round 4 will be the last Round in which new projects will not have to compete for funding with already-started projects.

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5. "Aidspan Guide to Applying to the Global Fund" Due Out Shortly

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The "Aidspan Guide to Applying to the Global Fund" will be released by March 7. It will be accessible at www.aidspan.org/guides, where the "Aidspan Guide to Obtaining Global Fund-Related Technical Assistance" is already available.

The Guide to applying to the Fund is not intended to be a "cheat sheet." The objective is to de-mystify the process and to provide a clearer feeling of what is expected. It is based on the premise that there is no single "correct" way of completing the proposal form. It encourages the applicant to clearly describe their plan to tackle HIV, TB or malaria, and to make a convincing case (if true) that the plan is viable, is capable of delivering the anticipated results, and is something that the applicant is committed to and capable of implementing.

The first half of the Guide contains an analysis of the most common strengths and weaknesses of proposals submitted to the Global Fund in Round 3. The information here is based on comments

made by the Technical Review Panel (TRP). The second half consists of a step-by-step guide to filling out the proposal form.

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6. COMMENTARY: Six Challenges Faced by Round 4 Applicants

by Bernard Rivers

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Potential applicants to the Global Fund for Round 4 grants face six significant challenges that could have been prevented. First, the application form is too long and complex. Second, a few of its instructions and questions are ambiguous. Third, the new online application form is unusable for many applicants. Fourth, insufficient technical assistance, particularly by WHO, has been made available to applicants. Fifth, the potential role of the private sector has not been clearly explained. And sixth, little guidance has been provided on how countries can "bundle" multiple "mini-applications" into one consolidated application.

Some of the challenges discussed below could have been avoided if the Secretariat had handled things differently. But within certain areas, the challenges are the result of decisions – or non-decisions – by the Board.

Challenge 1: Application form too long and complex

The Round 4 Proposal Form is 36 pages long, plus informational appendices. It's true that no single applicant has to complete all parts of the form, and that the Round 3 form was of a comparable length. But still, both the length and the complexity are daunting. It is considerably harder to fill in the form than it would be to complete a fairly sophisticated tax return, even in cases where the data is available, which often it will not be. As in the past, parts of the form give the impression that it was designed by a committee of technocrats, each of whom was more anxious to ensure that the questions closest to his or her heart were included than that life for the applicant was made bearable.

Recommendation: For Round 5 and later, external experts should be found who can propose a simpler form. Plenty of time should be made available for this, because there will no doubt be a need for exchanges of views between the experts, the Secretariat, and the relevant board committee.

Challenge 2: Application form questions sometimes ambiguous

A few of the questions and requirements in the application form are ambiguous. One example: It's not clear what are the consequences if not all CCM members sign the proposal. The Guidelines for Proposals says "Proposals should be endorsed [i.e. signed] by the full CCM membership;" but the Form itself says "CCM members who have not been involved should not sign the proposal." Another example: In cases where a National CCM has agreed in writing to the formation of a Sub-National CCM, it's not clear whether the National CCM also has to agree in writing with the content of the actual proposal submitted by that Sub-National CCM. Third example: It's not clear what question 4.3.14.3 means ("Indicate the major barriers to scaling up the interventions that have been identified as proven and effective have not previously been scaled up.")

The Fund's web site says that queries about the application process should be sent to proposals@theglobalfund.org, though this is not mentioned in the Form or Guidelines. The Secretariat has informed GFO that it has received and responded to over 120 queries.

Recommendation A: The Secretariat should provide, via both web and email, a regularly-updated document that contains any new information contained in answers it has sent to queries from individual applicants, in order to ensure that all applicants are treated equitably.

Recommendation B: In future rounds, all CCM members should be required to sign the proposal, but each person signing should indicate either that they endorse the proposal, or that they do not, with reasons why not. (This would enable the Fund to distinguish between major and minor reasons for not endorsing the proposal.)

Challenge 3: Online application form unusable for many applicants

Thus far, the Secretariat has only provided two methods whereby applicants can fill in the Round 4 proposal form. One of these is to download a read-only PDF form; the other is to complete the application online.

(The Guidelines for Proposals published by the Fund on 10 January 2004 says "Proposal forms can also be downloaded from the Global Fund website and submitted electronically." From the time that that statement was made until when this issue of GFO went to press seven weeks later, that statement has been incorrect.)

The PDF form is useless when it becomes time to complete the application, because it is not editable. Its only value is as something that can be printed out so that applicants can read all of the application form.

And the only situation in which the online application form is of value is when the person filling in the form has a very fast "broadband" Internet connection. But a significant proportion of the applicants do not have access to such a connection.

GFO tested how long it takes to go from the logon screen to the first screen of the online application form when using a non-broadband telephone dial-up link during off-peak weekend times in Johannesburg, South Africa (which has excellent phone services). In those tests that succeeded, the average time taken between clicking "Enter" on the logon screen and seeing the screen that follows was seven minutes (not seconds). In other tests, the attempt failed with a timeout message. Times taken to go from one screen to another within the application form were comparable. Things will certainly be worse on weekdays and in cities with less good phone service than Johannesburg.

This means that the online application form is unusable for a significant percentage of applicants.

The Secretariat informed GFO weeks ago that it was preparing another option, which is a CD-ROM containing the complete application form that applicants can install on their computers. This is certainly a far better option than the two discussed above. But nothing was stated about this option at the Fund's web site. And the CD-ROM has only just been completed, seven weeks after the launch of Round 4. It is apparently being sent to local WHO and UNAIDS offices, and is available upon request to proposals@theglobalfund.org, as GFO goes to press.

Another problem is that neither of the two options now available, nor (it is believed) the new CD-ROM option, permits team-writing, in which one writer completes one part of the application and other writers simultaneously complete other parts. Yet team-writing is conducted by the majority of applicants, and is reflective of the whole partnership approach that the Fund advocates.

Recommendation: The Secretariat should urgently write to all CCMs and all known other applicants providing a very simple fourth option – namely, the application form as a conventional editable Word file. This was the only option provided in Round 3, but it is not currently available in Round 4. It permits several copies of the file to be made by a proposal-writing team. Each writer can type into the Word file, on a standalone PC, his or her answers to different questions. Then one editor can take all the files that the different writers have worked on, and create, through cut-and-paste, a single Word file containing Question 1 as answered by Writer A, Question 2 as answered by Writer B, etc. Certainly, this approach provides plenty of potential for mistakes to be made, and the formatting often needs some fixing. But it worked in Round 3. And many proposal-writing teams will far prefer it to the options currently provided by the Secretariat.

[Note: GFO sent a draft of this article to the Secretariat for comment. The Secretariat responded that an editable Word version of the application form, as recommended above, is now available. It can be obtained upon request to proposals@theglobalfund.org. Hopefully it will soon be available for download from the Fund's web site.]

Challenge 4: Insufficient technical assistance available for applicants

Applicants to the Global Fund have always had difficulties finding appropriate technical assistance (TA). (Note: In January, Aidspan, publisher of GFO, released the "*Aidspan Guide to Obtaining Global Fund-Related Technical Assistance*" – see www.aidspan.org/guides – with half a page of information on each of 160 providers of TA.)

But TA is of particular importance in Round 4, given the WHO's "3 by 5" goal of having 3 million people on treatment with antiretroviral drugs by the end of 2005. The Global Fund is the single most important means whereby funding can be made available for providing such treatment.

WHO had originally planned to provide many additional experts who could travel to or be based in applicant countries and provide TA to help in the preparation of treatment-related proposals for Round 4. But WHO has had considerable difficulties raising the additional funds it needs internally to provide this TA.

Recommendation: Donors should urgently find ways of providing additional support to WHO to make it easier, in turn, for WHO to provide this TA.

Challenge 5: Confusion regarding role of private sector in applications to the Global Fund

When the Secretariat launched Round 4 on 10 January 2004, it included a misleading statement about the private sector in its press release. It suggested that private sector companies can apply direct to the Global Fund for grants.

The Fund meant instead to encourage private sector companies to help, as members of CCMs or as allies of CCMs, in preparing "co-investment" proposals from the CCM to the Fund. These would be proposals in which the private sector, the Global Fund, and sometimes the government or NGOs will jointly fund the cost of programs designed to benefit communities in which the companies are based.

Some companies have already made commitments to provide ARV treatment to their employees. But these companies are caught in a bind. They know that to treat their employees but not the employees' family members and other members of the community in which the companies are based is both ethically and practically dubious. Yet to treat all of them is financially prohibitive.

The co-investment concept involves achieving cooperation between three parties. One or more companies operating within an affected community provide their physical infrastructure, their trained staff, their expertise with certain forms of management, and their money. The Global Fund provides additional money. And the government and/or relevant NGOs provide additional facilities such as clinics and/or staff. A program is then designed, and described in a Round 4 proposal from the CCM to the Fund, whereby employees, family members and community members can all benefit from services provided and financed collectively by these three parties.

Recommendation: The Secretariat should urgently communicate to known and potential applicants a clear description of how co-investment could be implemented in a Global Fund grant.

Challenge 6: Uncertainty how to bundle mini-applications

In some countries, the CCM commissions a technical working group to design and write an entire proposal to the Fund. Such teams (or the people they report to) are frequently dominated by government and bilateral/multilateral members, with zero or minimal involvement by NGOs. In some other countries, however, an interesting experiment is being conducted in which the CCM advertises for organizations of various kinds to submit their "mini-proposals" to the CCM. The CCM rejects some, accepts others, and then attempts to bundle the accepted ones into one or more consolidated applications that it then submits to the Fund. (See, for instance, the items regarding Kenya and South Africa elsewhere in this issue.)

The problems with this approach are as follows. First, organizations submitting the mini-applications to the CCM are given very little time and very little support, and are usually expected to use part or all of the enormously complex Global Fund application form. Second, insufficient time is available for the

CCM to choose which mini-applications to support and to consolidate. Third, occasionally a CCM "hijacks" the ideas or even the text in some of the mini-proposals, and makes use of them in a way that will not benefit the applicants. Finally, there is a real danger that consolidated applications sent to the Fund in this way will then get rejected because they are composed of multiple elements that are not really compatible, even if the individual components were good.

Recommendation: The Secretariat should release as soon as possible some guidelines regarding Round 5, even if the timing of Round 5 is not yet known. First, it should provide a simple mini-application form that it suggests (but does not require) that CCMs use when they invite organizations to submit mini-applications to the CCM, and it should provide suggested guidelines for the use by applicants of these mini-application forms. Second, it should provide suggestions (but not requirements) as to how the CCM could set criteria for acceptance/rejection of these mini-applications, and for how the CCM could then bundle accepted mini-applications into one Round 5 application. Third, when the Fund later designs the Round 5 application form, it should ensure that that form is consistent with (but inevitably more complex and complete than) the mini-application forms already sent out.

[Bernard Rivers (rivers@aidspan.org) is Executive Director of Aidspan and Editor of its GFO.]

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7. NEWS: Global Fund Has New Board Members, With Implications for Chair Position

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One of the Global Fund's new board members, representing and chosen by the governments of Eastern and Southern Africa, is Dr. Manto Tshabalala-Msimang, South Africa's Minister of Health. Dr. Tshabalala-Msimang has been widely criticized within South Africa for some of her positions on HIV/AIDS.

At its March board meeting, the Fund has to choose a new Vice Chair, who must come from a developing country or from the NGO sector. And a year later, the Fund has to choose a new Chair from the same group of delegations, to succeed Tommy Thompson of the US, who came from the donor group. Dr. Tshabalala-Msimang will have served as a Board Member or Alternate longer than most other Board Members eligible for these positions.

The board consists of seven voting members representing developing countries, seven representing developed countries, one representing developing country NGOs, one representing developed country NGOs, one representing foundations, and one representing the private sector. In addition, there are five non-voting board members, including one representing communities living with the three diseases. Each of the fourteen governmental board members represents a group of countries. Each two years, that group of governments chooses which person from which country will represent that group on the board.

Board members chosen by the NGO and "communities" delegations are as follows:

"Developing Country NGOs" board member: Rita Arauz Molina, President of Nimehuatzin Foundation, a community-based NGO in Nicaragua dedicated to HIV/AIDS prevention. Background includes grassroots frontline and international experience, with professional experience in psychology and public health. Email: nimehuatzin@cable.net.ni

"Developing Country NGOs" alternate (i.e. deputy) board member: Razia Essack-Kauaria, Secretary General of the Namibia Red Cross Society; professional background in business administration and non-profit management; activist experience regarding HIV treatment. Email: secgen@redcross.org.na

"Developed Country NGOs" board member: Helene Rossert (continuing a two-year period of office started one year ago), Director General, AIDES, France. Email: hrossert@aides.org

"Developed Country NGOs" alternate board member: Jairo Pedraza, Director of International Programs at Cicitelli Associates Inc. (CAI), New York, a non-profit educational organization established to improve healthcare delivery to the global communities. Email: BabaluAye@aol.com

"Communities Living with the Diseases" board member: Anandi Yuvaraj, Program Officer at India HIV/AIDS Alliance, responsible for implementing community and home-based care programs in Tamil Nadu State. Founded a network of people living with HIV/AIDS to deal with local policy makers and leaders. Email: ayuvvaraj@allianceindia.org

"Communities Living with the Diseases" alternate board member: Rodrigo Pascal (continuing a two-year period of office started one year ago), Executive Coordinator, Vivo Positivo REDLA+, Chile. Email: rpascal@vivopositivo.org

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8. NEWS: Forceful Pro-Fund Speech by Stephen Lewis

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The following is an excerpt from the keynote lecture by Stephen Lewis, UN Special Envoy for HIV/AIDS in Africa, at the 11th Conference on Retroviruses and Opportunistic Infections, February 8, 2004 in San Francisco:

It's time for the world to embrace the [Global] Fund, without all the carping to which it has been – often mindlessly – subject. No one pretends the Fund is perfect, including its own Secretariat. But it is emerging as one of the most inspired multilateral financial instruments that the world has latterly fashioned. And I, for one, am nonplussed by the refusal to fund the Fund at levels which would save and prolong millions of lives. There's something nuts about holding out a begging bowl for an organization dedicated to confronting and subduing the AIDS pandemic. I am reminded of the 1980s, when members of the international community were reduced to groveling on behalf of financing the United Nations, in order for the world body to function in the interests of humankind. Where would we be without it today – you'll note that there seem to be countries who suddenly need it – if its capacity for intervention had been eroded by the Scrooges of the planet?

The Global Fund is largely past the inevitable hiccups associated with launching a new and complex international mechanism. It has sophisticated and useful processes in place. The innovations of the so-called CCM – the country coordinating mechanism – and the Technical Review Panels are working pretty effectively at country level and at the centre. The Board, with its unique representative nature, is functioning well, and the Fund is now disbursing money rather more quickly than certain other international financial institutions that have been around forever.

This isn't some blanket apologia. I myself have occasionally been critical of the Global Fund and have raised with them some of the frustrations felt by recipient countries. But let's keep perspective here. In barely more than two years, we have an entirely new international construct up and running, admirably serving the interests for which it was intended, and getting money to the grass-roots of AIDS-plagued countries where it is so desperately needed. That's one of the most admirable things about the Fund: because the proposals come from the bottom, the money can get to the bottom.

The Fund was the brain-child of the Secretary-General of the United Nations. It was an excellent cerebral birth. It can become the kind of international coordinating body which we must have to defeat the three communicable diseases that constitute its mandate. I have nothing but regard for the work of the Clinton Foundation in the four countries where it is most in evidence: Tanzania, Rwanda, Mozambique and South Africa. And I'm delighted by the prospect of President Bush's enterprise bringing hefty resources into twelve of the countries of Africa. But what of the countries that are left out of those initiatives? What of Swaziland and Lesotho and Zimbabwe and Malawi, whose collective prevalence rates range from fifteen to nearly forty per cent? It's the Global Fund that stands ready to be called upon. With 3 by 5, the presence of a coherent and rational funding body, for all regions of the world, is surely vital.

It's been a heavy blow, then, to see how inadequately-funded the Global Fund has been. In fact, I think I should stop pulling my words: in my respectful submission the Global Fund has been abysmally resourced. You might think that the industrial nations would compensate for a decade of financial abstinence by embracing the Global Fund as the obvious vehicle for resource-constrained countries. But that hasn't been the case. At this moment in time, the Fund is several hundred million dollars short for this year, and almost three billion short for next. Nor are the omens auspicious. The administration of the United States has asked for only \$200 million for the Fund for 2005, some \$350

million less than 2004, and a billion short of what many active observers feel would be an equitable contribution. The rule of thumb, based on gross world product, is one-third from the United States, one-third from Europe and one-third from everyone else – everyone else comprising vast powers like Japan to sweetly diminutive states like Canada. In 2005, the Fund will need a minimum of \$3.6 billion – hence \$1.2 billion from the United States. This is not higher calculus: the arithmetic is clear. And let me add a footnote: of the \$3.6 billion required for 2005, \$1.6 billion represents money needed to extend existing programmes – that is, those that were approved in years one and two. If that money is not forthcoming, the programmes cannot be extended, and people who have been put on treatment with that money will have their regimen severed, posing serious mortal risk.

On the other hand, it must be said that no country, my own included [Canada], is paying an adequate share based on any reasonable formula. And that, quite simply, is shocking. Worse, it deters developing countries from asking for what they truly need because they don't believe they can get it. People are dying at a rate of three million a year, and we have the capacity to keep them alive, and we can't summon sufficient resources. Overall, some \$4.7 billion was spent in the global response to AIDS in 2003. UNAIDS says a minimum of \$10.5 billion is required by 2005, and \$15.5 billion by 2007. Where will the dollars come from?

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

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