



Independent observer
of the Global Fund

Global Fund Observer

NEWSLETTER

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The current political crisis in Ukraine could compromise a number of Global Fund-supported harm reduction activities in the annexed region of Crimea. Finding a solution will require a strong partnership between NGOs, government and the Global Fund.

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Tight deadlines, a lack of local technical expertise and a funding shortfall to recruit external consultants: as the members of Côte d'Ivoire's country coordinating mechanism (CCM) are hailing the new funding model, they do so with no small trepidation and no shortage of questions still needing answers.

[6. NEWS: Bosnia and Herzegovina hope that low prevalence means low risk](#)

Bosnia and Herzegovina will from December 2015 become ineligible for Global Fund financing, presenting a risk to a number of programs that the government has said it may be incapable of finding budgetary resources for. This could have an impact on currently low sero-prevalence rates nationwide, particularly within certain vulnerable populations such as the migrant Roma who live in poverty in informal settlements around the country.

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The Office of the Inspector General recommended that the Global Fund Secretariat recover funds from Papua New Guinea that were misused by the National Department of Health (NDoH).

[8. NEWS: Gender advocates push women and girls to center of NFM concept notes](#)

Gender equality advocates within Global Fund Secretariat express confidence that women and girls will be central to country dialogue and concept note-development under NFM and encourage countries to ask for technical assistance for strategic support on how best to include them.

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ARTICLES:

1. ANALYSIS: Countries whose allocations cover only existing grants must make the money last until end 2017

Funding from the 2017–2019 allocation period won't be available before 2018

The Global Fund is telling countries whose 2014–2016 allocations consisted of only enough money to cover the costs of their existing grants that the money they are receiving has to last until the end of 2017.

The Fund is also telling all countries not to expect to receive any new funding from the 2017-2019 allocation period until the end of 2017.

Aidsplan has reviewed a number of country allocation letters sent by the Secretariat on 12 March, and held discussions with stakeholders in a number of countries about the nuances of their individual allocations. The Secretariat has released a summary table of the allocations for all countries that is limited to suggested division by disease.

During its 31st meeting in Jakarta in early March, the Global Fund Board adopted several provisions covering the transition from the rounds-based system to the new funding model (NFM). One provision states that “each disease component’s portion of the Total Allocation will typically cover a period of four years starting from 1 January 2014.”

This caused some confusion initially, because it implied that most of the \$15.77 billion in base and incentive funding for the 2014–2016 allocation period would have to be spent by the end of 2017: an apparent conflict with the flexibility in the timing of their applications that countries were counting on.

For example, if an applicant decided to apply on 1 July 2015 for a grant whose start date would be 1 January 2016, that grant would run from 1 January 2016 to 31 December 2018 (grant implementation periods normally last three years).

It now appears that this provision was primarily targeting countries that received only enough money to cover existing grants.

Ukraine is one of those countries. As [reported](#) previously in GFO, Ukraine received a total allocation of \$184.6 million: \$137.3 million for HIV and \$47.3 million for TB. The

entire allocation covers existing grants, with no additional funding.

Both the HIV and TB components are considered by the Global Fund to be “significantly over-allocated.” This means that in recent years Ukraine has received significantly more than its fair share of Global Fund money. The Fund wants to “re-balance” its grant portfolio. But rather than make too drastic a cut to what countries like Ukraine receive, the Fund provided an allocation comparable to past amounts minus about 25% – called a “graduated reduction.”

For subsequent allocation periods, the Fund is expected to impose similar reductions until countries are at the level calculated by the NFM allocation methodology.

Still, the funds are less than what countries had hoped for; in Ukraine, the \$137.3 million for HIV is less than a request made for Phase II of Round 10 grants, which would have run through December 2016.

The \$47.3 million Ukraine received for TB compares to what was left in Phase II of a Round 9 grant, which Ukraine planned to spend through 2015.

Now Ukraine must stretch those funds through 2017: a message delivered by officials from the Secretariat during a visit to Ukraine on 25--26 March. It was reinforced in a letter sent to Ukraine by Mark Edington, head of the Grant Management Division on 27 March. In the letter Edington said: “Given uncertainty about when the next Global Fund replenishment conference will take place and consequently, when and if a new allocation will be made available to countries, the CCM is strongly encouraged to ensure that the current allocation is programmed until the end of 2017.”

The Secretariat told Aidsplan that 18 components in Eastern Europe and Central Asia are considered significantly over-allocated and that another two components are considered over-allocated. Of the 20 components, four have received only enough funding to cover existing grants. Aidsplan has not been apprised of similar analysis in other regions.

Concept notes for existing funding

The Global Fund is urging all countries to submit concept notes – whether they have received funding for existing grants and new grants, or, like Ukraine, only funding for existing grants.

Ukraine's allocation letter stated that it could either continue to implement its existing grants or submit a new concept note. Sources in Ukraine said, however, that the message delivered during the Secretariat visit in late March was clear: submitting a new concept note is the only option. Subsequently, Ukraine signalled its intention to submit a concept

note by 15 June 2014 with a planned grant start date of 1 January 2016.

There was a certain opacity in the run-up to the launch of the NFM about how existing grants would be handled. It is increasingly clear, however, that the Fund prefers to see existing funds re-programmed into new concept notes but that there may be impediments – legal or otherwise – to making this a requirement. Instead, there is "strong encouragement".

Presumably, components that received only enough funding to cover existing grants are eligible for incentive funding. But that is inextricably linked to the submission of a concept note. This appears to be one more “incentive” for countries to develop new concept notes.

[This article was first posted on GFO Live on 02 April 2014.]

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2. NEWS: Southern African countries dig in to harmonize approaches to TB among mining communities

Common systems for tracking, tracing and referring top the pile of commitments from nine countries

A ministerial-level meeting took place on 25 March in South Africa, aiming to harmonize tracking, tracing, diagnosis and referrals for people affiliated with southern Africa's lucrative mining sector -- all of whom are at high risk for contracting tuberculosis.

Ministers of labour, mineral resources and finance representing Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe participated in the event alongside technical partners including the Stop TB Partnership. Sponsors included the World Bank and the Global Fund.

Also present for the day-long event were chief medical officers from nine of the largest mining companies operating in the region, representatives of labor unions as well as from civil society -- presenting a critical opportunity for a cross-sectoral approach to bringing the epidemic under control.

The meeting is the latest effort by the countries to harmonize their approach to reducing the risk of TB within the mining community. A declaration was signed in August 2012 by

the Southern Africa Development Community (SADC) but there has been little concrete action to follow the commitments.

Emerging from the meeting this time, however, was a concrete plan to develop common systems for tracking and tracing patients using standardized procedures and databases that apply the same treatment regimens and protocols for both miners and their families in order to ensure continuity of care.

"The move to have joined-up regional medical information-sharing is a critical development so that care can be given when miners return to their families," Aaron Oxley, executive director of Results UK, told Aidspace. "And the harmonization of treatment protocols, making it easy for regimens to be continued when miners move from country to country, is an excellent development. These things will both help immensely in terms of minimizing the development of MDR-TB."

Miners across sub-Saharan Africa have a greater incidence of TB than any other working population in the world; in research published by the American Journal of Public Health in 2011, it was reported that there are as many as 7,000 cases of TB reported per 100,000 miners annually in some areas: most of them in Southern Africa.

Miners are particularly vulnerable to TB because of their exposure to multiple risk factors. The migratory nature of mining can disrupt detection and care, leading to inappropriate therapy and high default rates: all of which may be precursors to the acquisition of drug-resistant TB. Regular cross-border movement means that there is essentially a route for transmission that transcends national borders, bringing infection to miners' home communities.

Other risk factors confronting miners include the repeated and prolonged exposure to silica dust in the poorly ventilated mine shafts where they spend most of their days. This can cause silicosis, which increases the risk of pulmonary TB.

Crowded dormitory-style living conditions or poor housing in informal settlements can increase transmission of the airborne disease. Finally, there is considerable risk of HIV infection due to unsafe behavior such as unprotected transactional sex.

Some larger mining companies provide excellent care for their employees and their families, but it is often not joined up with national health systems; the meeting in South Africa would encourage such linkages, as well as coordination as part of a regional response including active case finding in labor-sending communities.

Other mining companies have demolished dormitory-style housing in favor of family-style housing, which helps with infection control, but this is not being done

systematically.

South African Minister of Health Aaron Motsoaledi, chair of the Stop TB Partnership and the host of the event, said: “ In the whole region we share labor, we share communities, and we share labor-sending areas. But we haven’t had a clear program for how to work together.”

[This article was first posted on GFO Live on 02 April 2014.]

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3. COMMENTARY: Reform is possible, and necessary, in the governance of the Global Fund

by Bernard Rivers

In 2011, the Global Fund faced a crisis of confidence triggered by some negative media articles. In line with the old adage that you should never let a good crisis go to waste, the Fund’s Board sought to address a number of weaknesses, some of which had never been previously discussed.

The executive director was persuaded to resign, a temporary general manager was brought in to restructure the Secretariat and the Board conducted a comprehensive overhaul of the Fund’s business model. Finally, an experienced new executive director was recruited to implement that model.

The Board’s effective response to the crisis does not compensate, however, for its consistently inadequate performance in carrying out its routine responsibilities and obligations. Indeed, one could argue that had the Board done better before 2011, the crisis might well never have arisen.

At the Board’s meeting earlier this month in Jakarta, it was announced that a working group on governance will be established to examine the Board’s structure and working methods.

Here are some ideas regarding possible reforms. They are excerpted from a paper entitled “[Options for Reforming the Global Fund Board](#)” newly published by Aidsplan.

Board Size

The Global Fund board is very large, with 20 voting members, six non-voting members, and a non-voting chair and vice-chair. Furthermore, each board member is backed at board meetings by a delegation of up to nine members.

This size has its values, in that it permits a wide range of points of view to be expressed. But it also presents problems.

For instance, once a discussion has started, any board member who indicates a wish to speak often has to wait half an hour or more before his or her turn comes, by which time the focus of discussion may have changed. This makes it almost impossible to engage in a genuine and candid conversation.

“Boardroom bloat” means that Global Fund board meetings feel more like sessions of a *stakeholders’ governance body* (e.g. a parliament) than like sessions of a *directors’ governance body* (e.g. a corporate board).

Recommendation: The board should convert four of its non-voting members – namely WHO, UNAIDS, the World Bank, and “Partners” (Roll Back Malaria, Stop TB and UNITAID) – to observers.

Recommendation: The board should reduce the maximum number of people in each board delegation from ten to five.

The Bloc Concept

The Global Fund Board is unique among multilateral organisations in that its 20 votes are divided equally between donors and implementers. The donor bloc consists of representatives of developed-country governments, the private sector and foundations; the implementer bloc consists of representatives of developing-country governments, NGOs, and communities living with the three diseases. All these board members have equal voting rights, and no Board resolution can be passed if it does not have the support of two-thirds of each group. This “double-two-thirds majority” rule means that a resolution can be blocked by 20% - just four – of the 20 voting board members.

This voting rule was, at first, a necessary means of getting everyone to accept that rich donor governments must not be allowed to push through whatever decision they want. But that concept is now so fully accepted that a strong case can be made that the rule is no longer necessary.

Recommendation: The Board should permit a resolution to be passed by a simple two-

thirds majority of all members, rather than requiring two thirds of each bloc.

Independent Board Members

Many boards include some independent members who are selected for their expertise and experience in governance and leadership, their personal integrity and their open minds.

Recommendation: The Board should add two independent members. If the double-two-thirds majority voting system is retained, the independent members should not have a vote. But if that system is removed, they should have a vote.

A Two-Tier Governance System

Most large organisations have two levels of governance. At one level there is a *stakeholders' governance body* of members, shareholders or representatives of partner organisations.

At another level there is a much smaller *directors' governance body*, often elected by the stakeholders' governance body, that has members with substantial high-level management and governance experience.

The Global Fund is unusual in that it has combined these two roles in a single body: the existing Board.

Recommendation: The Global Fund should develop a two-tier governance body, retaining the existing Board as a *stakeholders' governance body* and convening a new executive committee (ExCom) to serve as the *directors' governance body*. The ExCom should have the authority to make certain decisions, but *only* where is mandated to do so by the full board. In other areas, the ExCom should just make recommendations to the Board.

The Three Standing Board Committees

Recommendation: Each standing Board committee should be limited to nine members (instead of far more, as at present), six of whom should be Board members or their nominees, and three of whom should be independent.

Board Member Quality

While most Global Fund Board members are good at their day jobs, some are not very good at being board members.

Recommendation: The Board should encourage the Secretariat, or some third party, to

provide, and board delegation members to attend, some comprehensive induction training.

Recommendation: The Board should encourage constituencies to nominate members with past governance experience, either on other boards or as executives who have had to report to boards.

Board and Committee Member Seniority Levels

Recommendation: The Board should encourage constituencies to nominate very senior people as board members and committee chairs, and to nominate trusted mid-level people to committees. The Board should then devote a relatively small portion of each meeting to reviewing and approving committee recommendations, and should devote most of its intellectual energy to tackling broad strategic and policy issues.

Board Member Term Limits

Some Board members attend only one or two meetings and are then never seen again. Conversely, others have attended board meetings for over a decade.

Good governance, whether it be for heads of state or for members of Global Fund Board delegations, always dictates that after a prescribed period of time, office holders should be required to hand over to others.

Recommendation: The Board should introduce a term-limits rule specifying that after someone has attended ten board meetings as Board member and/or alternate and/or Board delegation member, that person may not attend any further board or committee meetings in any capacity, even as an observer, until three more years have passed.

Board Member Accountability

Recommendation: The Board should put in place a Code of Conduct specifying that although board and committee members should serve as communication channels with their constituencies, their primary loyalty when receiving information and making board and committee decisions should be to the Global Fund and the people it serves.

Board Priorities and Evaluation

Prior to 2012, the Board only rarely held serious discussions on financial oversight, risk management, managerial quality, staff morale, Board performance, results delivered, and proactive innovation rather than response to crisis. Things since then have improved, but not sufficiently.

The best investment the Board could make in improving governance would be to

commission a forceful independent evaluation of its work and effectiveness.

Recommendation: The Board should, at the start of each two- or three-year governance cycle, agree on its objectives and key tasks for that cycle, and on what it believes would constitute good performance. The Board should then commission an independent expert on governance to conduct, towards the end of the cycle, a thorough evaluation of performance by the Board and by individual members against stated expectations. The report should be the focus of a subsequent Board session.

Conclusion

When the Fund was established 12 years ago, its governance system – particularly the full voting involvement of NGO representatives – was innovative and admired. Since then, however, there has been no evolution of the Board’s core governance system beyond the restructuring of its committees. Meanwhile, other organisations have instituted governance reforms that could serve as useful models.

If the Global Fund were to initiate a process of governance reform, the Global Fund could again become a world leader regarding governance and could, in turn, provide even better value to its stakeholders than it currently does.

Bernard Rivers (bernard.rivers@gmail.com) founded Aidspan in 2002 and ran it until September 2012. Now retired, he serves as a senior fellow at Aidspan and, until June 2014, as a visiting fellow at Cambridge University, where he did much of the research and many of the interviews on which this article is based. All opinions presented in this commentary and the working paper are his own.

[This article was first posted on GFO Live on 02 April 2014.]

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4. COMMENTARY: Strong partnership and strong will needed to avert public health crisis in Crimea

by Karen Madoyan

The political crisis currently enveloping Ukraine is complicating even the basics for many of us: gas prices are rising, along with food costs, and we are feeling insecure due to the presence of many armed groups taking to the streets. But for tens of thousands of people

we work with in the now-annexed region of Crimea, the crisis could have life or death implications.

There are an estimated 14,000 people who inject drugs living in Crimea. Through programs supported by the Global Fund and implemented by partners of the International HIV/AIDS Alliance, these people have been able to voluntarily access medical services including opioid substitution therapy (OST), and other HIV prevention services.

But now, with the blocking of highways by Russian troops that link Crimea to the mainland, supply lines have been interrupted. With dwindling stocks of methadone and buprenorphine unlikely to be replenished for some time, Russia's ban on OST in its territory is practically certain to be extended to Crimea.

The risk is most certainly real. Viktor Ivanov, head of the Russian Federal Drug Control Service (FDCS) and one of the Russian officials currently under US sanctions, has openly criticized Ukraine's support for OST and announced that his top priority in Crimea is to ban methadone therapy.

We cannot allow people to be taken hostage in this way, to be cut off from life-saving medical services because of where they live.

OST helps reduce the risk of HIV infection among drug users because it helps wean patients off illicit drugs and begin their recovery as functioning members of society. Without access to OST, there is a strong likelihood that these patients will suffer withdrawal and potentially revert to illegal drugs, which in turn puts them at much greater risk of contracting HIV through dirty needles.

Ukraine has used OST throughout its territory since 2005, providing daily treatment at facilities around the country as well as around Crimea. In public facilities in Simferopol, Sevastopol, Yalta, Eupatoria, Feodosia, Kerch and other cities there are more than 800 patients who are administered their daily dose.

UNAIDS reported in 2011 that Russia and Ukraine account for almost 90% of the HIV epidemic in Eastern Europe and Central Asia -- and that the majority of that epidemic is driven by infection among people who inject drugs.

Any interruption to harm reduction programming is a disaster for health, human rights and the HIV epidemic in the region and we urge the authorities in Crimea to step in and ensure that critical supply chains are not disrupted and lives not put at risk as a result of territorial politicking.

We may still have time. Despite the worrying statements from Ivanov and the FDCS, it

may take months before Russia assumes all legislative control of Crimea. There has yet to be any official statement banning the use of OST in Crimea. But while we may have time, it is not on our side, especially as stocks deplete. We remain committed to supporting this harm reduction program, and we know our partners are too.

National stakeholders and community representatives have asked Mark Eldon-Edington, the head of the Fund's grant management unit, to share what he learned during his recent visit to Ukraine with the Fund's leadership, and support our country to access additional funds from elsewhere so that we may continue to provide essential services across Crimea and to the displaced Crimeans seeking continued access to the life-saving services that may no longer be available at home.

We are encouraged by recent statements on 24 March by the de-facto health minister of Crimea, Piotr Mikhalchevskiy, appealing to Ukraine's new Health Minister Oleh Musiy to provide methadone and buprenorphine to ensure continuation of therapy for local patients. We are ready to stand as a guarantor for delivery. What is left is for Ukraine to demonstrate its political will and readiness to assist.

Karen Madoyan works with the International HIV/AIDS Alliance in Ukraine. The opinions in this commentary reflect his organization's position on Crimea and are theirs alone.

[This article was first posted on GFO Live on 02 April 2014.]

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5. NEWS: Hope and unease accompany inaugural training on new funding model in Côte d'Ivoire

In late February, members of Côte d'Ivoire's country coordinating mechanism (CCM) met with some 60 representatives of government, non-governmental organizations and civil society for a four-day workshop on how best to implement the Global Fund's new funding model in their country.

The workshop was held prior to the March 12 announcement of the West African nation's allocation under the NFM: \$112.9 million for HIV, \$28.5 million for TB and \$118.7 million for malaria.

Bringing all stakeholders together was of utmost importance and incredibly urgent,

according to Jean Kagubaré of Management Sciences for Health, the US-based organization that organized the meeting in the Ivorian economic capital, Abidjan.

"Grant proposals must be completed by June 2014 for the malaria program and April 2015 for the HIV program, so time is short for malaria," he told Aidspace, which was allowed to observe the meeting. "We also want to get things moving on the other programs as soon as possible."

The workshop was the first opportunity for most of the stakeholders to be inducted into the ways of working under the NFM; only the head of the national malaria program and the CCM chair had had prior exposure to the mechanics and the processes, during a December 2013 meeting organized in Kenya by the Roll Back Malaria partnership.

Workshop organizers used the four days to walk participants through the steps of the development of the NFM concept note, which is supposed to present both the country's request for funds as well as to map each stakeholder's envisioned role in implementing or monitoring activities in line with national priorities.

A lack of technical assistance

But while the CCM generally is supportive of the NFM, they are concerned that they don't quite have what is needed to ensure it is effectively implemented in the country. Critically lacking among their skillsets, they told Aidspace, was the technical expertise needed for developing a concept note that hit all the right notes and ticked all the right boxes.

"The methodology is extremely demanding," one CCM member, who works at the national AIDS commission, told Aidspace on condition of anonymity. "We don't have all the necessary skills; we need a team that is better-equipped."

Gisèle Takalea, who is the vice-chair of the national collective of civil society groups working to combat TB and other respiratory illnesses, COLTMR-CI, echoed these remarks and added, "the training was just too quick."

"There was too much new information to absorb and I really wonder if we are on the right path to succeed. There is a risk that it will be too complicated in the beginning," she continued. "We need another training, maybe with some scenarios and exercises to simulate [the concept note development process]."

A rapid, skills-building workshop is something not beyond the realm of possibility for MSH -- if there are funds available. "The CCM already has a lot of work to do, and we are able to give them limited support," said MSH's Alison Collins. "There is supposed to be a technical consultant seconded by PEPFAR from April, but the role is for overall support

to the CCM, not limited to the NFM."

Côte d'Ivoire, like the other 122 eligible countries, will be able to apply for technical assistance furnished by the Global Fund itself as part of a \$100 million special initiatives package approved by the Board during the 31st Board meeting in Jakarta in early March. Other development partners, including the 5% Initiative, which works exclusively with francophone countries on Global Fund-related activities, have also committed sums to help countries move through the NFM process.

The challenge for Côte d'Ivoire will be accessing these external resources in time for them to be as useful as they can be in the tight timeframe required by the NFM. Because as of now, there is no money available to recruit external consultants, the CCM member said.

"There's a whole host of activities we have to carry out that require a lot of financing, like the review of the national strategic plan," said Dr Gnamien Kouamé, permanent secretary for the CCM. "We need money to carry out studies, to organize meetings. And there's also a huge distribution of mosquito nets planned for this year -- how do we oversee that, and other programmatic activities, when we also have this concept note to develop? We're going to need outside help."

Despite these and other anticipated challenges related to the transition between financing mechanisms, however, there is a willingness to work within the parameters of the NFM and a degree of satisfaction that the training that has been provided thus far is sufficient.

"Under the [rounds-based approach], we had a lot of trouble because of slow disbursement mechanisms, or administrative procedures that lasted for years," said Marie Lattroh, a technical advisor to the Economy and Finance Ministry. "Now the [Fund portfolio manager] visits regularly, and she is helping us navigate the system. It remains to be seen, though, if the NFM will improve the situation."

[This article was first posted on GFO Live on 02 April 2014.]

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6. NEWS: Bosnia and Herzegovina hope that low prevalence means low risk

The eventual phasing-out of Global Fund support in the country means other sources of income for critical outreach into vulnerable communities must be

found, and soon

Bosnia and Herzegovina (BiH) will from December 2015 no longer be eligible for Global Fund financing as it is currently designated an upper middle-income country with low burden of disease. With a generalized sero-prevalence rate under 1%, and only 5% prevalence among key affected populations, this phasing-out of Fund support seems to be a reasonable and considered decision for the country, which as of 2012 had reported just 222 cases of HIV and 120 patients with AIDS.

However, according to an independent evaluation of the national HIV program conducted in late 2013, the country has not progressed enough in developing its own effective system of prevention and outreach services -- especially among groups such as injected drug users: those who are most at risk in the country currently. This has bolstered fears that without Global Fund support these services will not be taken up as part of the national budget, leading to a possible increase in the number of cases reported in-country.

The country has, however, achieved considerable success in developing a coherent, cooperative strategy that involves government, civil society and other stakeholders, according to the evaluation conducted by the AIDS Project Management Team (APMT).

This, too, has been attributed to the work conducted under the Fund's Round 9 grant to scale-up HIV prevention services for key populations, which will be closed by December 2015. The grant has helped to streamline and harmonize strategies for outreach around HIV, actively involving stakeholders from across all sectors.

Weaning these activities off of Global Fund support and finding other potential resources will be the primary focus of principal recipient (PR) UN Development Program and implementing partners over the next two years. Government, alongside civil society and other actors, is developing a transition plan for both the HIV and TB response. Despite its income status, however, the government's financial situation is bleak, which could impinge on efforts to ensure national resources are available to carry on with programming, especially programs targeting IDUs and the Roma population, the most vulnerable minority group in BiH, which lives in impoverished informal settlements that create a significant risk of TB infection.

TB and HIV activities targeting the Roma population may lose budgetary support once it becomes the government's sole responsibility, Aidspan understands from sources in BiH. The country has been hit hard by two months of popular protests that are infected with backlash against federal spending on anti-poverty programs, when most of the country has been hit hard economically.

[This article was first posted on GFO Live on 02 April 2014.]

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7. NEWS: Global Fund to recover funds misused in Papua New Guinea

The Fund has invoked its Additional Safeguard Policy (ASP) to mitigate further risks to its grants

The Global Fund will seek to recover some US\$1.3 million in misused funds following an investigation by the Office of the Inspector General into financial mismanagement by the government principal recipient, the National Department of Health.

The OIG had conducted an audit of the NDoH in November 2010 (see [GFO article](#)) which revealed the recruitment of unqualified staff, unjustified cash advances, a lack of supporting documentation for purchases and weak procurement processes.

A total US\$41.7 million was disbursed to the NDoH for three grants, one in each disease component.

At the time of the audit, the Fund invoked its Additional Safeguard Policy (ASP) to mitigate further risks to the grants. Safeguard measures include a detailed review of NDoH's procurement practices before funds are committed to further procurement, the replacement of the local fund agent and an immediate halt to any local procurement. Disbursements to NDoH beyond lifesaving and critical activities were also suspended.

Among NDoH's financial mismanagement were routine single-source procurements: a violation of the Fund's procurement rules. Lowest bids were also ignored. The OIG cited four irregular transactions for a total of nearly \$625,000 in malaria test kits and pharmaceuticals from 2005-2009 that added more than \$105,000 in costs to Global Fund grants.

The OIG investigation found that NDoH engaged in irregular procurement. Single source procurements were done contrary to the procurement rules and lowest bids were ignored. Four irregular procurement transactions involving the procurement of \$624,800 worth of malaria test kits and pharmaceuticals from Borneo Pacific Pharmaceuticals in PNG between 2005 and 2009 resulted in additional and unwarranted costs to Global Fund grants of \$105,079..

Twenty three irregular procurement transactions involving the procurement of \$309,502 worth of pharmaceuticals from City Pharmacy in PNG, between 2007 and 2008 were inflated by \$237,287.

NDoH also procured \$12,037 of office supplies and stationery for its Disease Control Branch under the guise of training materials for the Global Fund program. It also procured Rapid Syphilis Test Kits worth \$113,937 via single source procurement.

NDoH was also found wanting with its management of cash advances to department staff. There were no requirements of repayment, and those employees who had already received advances that were unpaid were able to obtain additional advances.

In 2009, \$924,844 in Global Fund grant funds was advanced to NDoH staff with \$533,447 (57.7%) in outstanding debts at the end of that year. In 2010, \$1,205,035 in Global Fund grant funds were advanced to NDoH staff and \$808,058 (67%) were outstanding at the end of that year.

NDoH withdrew as PR in April 2011, acknowledging a need to comprehensively overhaul and strengthen its procurement practices.

In the aftermath, the Fund established a framework for procurement of commodities including long-lasting impregnated nets, anti-retrovirals and other commodities to ensure more efficient delivery and better cost-savings. “Long-term contracts in the new framework will improve visibility, production, capacity planning, and competitive pricing,” the report says.

PNG should also be enrolled in the Fund's Voluntary Pooled Procurement mechanism to maintain these efficiencies and cost-savings, the OIG said. Local procurement of health products should be avoided, except in emergencies, due to excessive mark-ups.

The OIG audit report can be found [here](#).

[This article was first posted on GFO Live on 02 April 2014.]

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8. NEWS: Gender advocates push women and girls to center of NFM concept notes

Advocates at the national and community level across Global Fund-eligible implementing countries are working closely with gender experts within the Secretariat to ensure that women and girls are at the center of countries' planning and concept note development under the new funding model (NFM). This is in line with a new Gender Equality Strategy implementation plan being promoted with increased vigor by the Secretariat.

The Women4GF group held a virtual debriefing session on 25 March following the 31st Board meeting in Jakarta to assess progress towards a number of strategic commitments made by the Secretariat to the GES that was first adopted in 2008 but never fully implemented.

The importance of integrating gender equality into all Global Fund-supported programs from the outset rather than as an after-market add-on received a high-profile boost during remarks from Board chair Nafsiah Mboi during the 6-7 March meeting.

"I am convinced that the Global Fund will have more impact if transformative gender-informed work is integrated, where men, husbands, fathers, brothers are made core supporters for access to healthcare services by their women and girls," she said.

The GES seeks to:

- ensure that the Global Fund's policies, procedures and structures effectively support programs that address gender inequalities
- establish and strengthen partnerships for effective support of development and implementation of programs addressing gender inequalities and reducing women's and girls' vulnerabilities
- disseminate a robust communications and advocacy strategy to promote the GES
- provide leadership to support and advance the GES

Among the commitments made by the Secretariat's executive director, Mark Dybul, to fulfilling these objectives are the adoption of sex disaggregated grant data, better highlighting of gender-responsive programs during discussions by the Grants Approval Committee and improved training of country teams within the Secretariat on gender equality, with support from regional gender focal points and the Community, Rights and Gender Department (CRGD) where needed.

Whether gender-responsiveness can be integrated into a performance measurement framework for country coordinating mechanisms (CCMs) remains under review.

"We must work with each other as donors, technical agencies, experts and country-level partners to ensure that engagement during country dialogue processes proves valuable to the gender agenda or ensure that discourse on the gender responsiveness of National

Strategic Plans (NSPs) is informed and well intentioned” said Kate Thomson, who leads the CRGD.

“NSPs will govern what can (or can’t) get into country requests for money from the Global Fund, and stronger more focused arguments backed by evidence-informed gender analyses will make an impact into what makes it into country dialogues.”

Members of the Women4GF movement are working to be more involved in country processes. Already, HIV-positive women who were previously excluded from discussions with CCM members in Malawi have been approved to join the CCM. Gender equality advocates are also taking prominent positions in Board delegations, including the civil society and communities teams.

Other progress by the Global Fund includes ensuring that meaningful engagement of women in country dialogue is required for any country to apply for funding. UN agencies and other bilateral partners are providing technical assistance on how to better integrate gender components into grants.

The Women4GF platform is now trying to turn strategic ambitions into action, by encouraging the inclusion of a gender component into the mandatory assessment of NSPs that is required under the NFM.

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NEWS : [Global Fund Board approves \\$147.76 million in interim and renewal funding](#)

A round-up of what is likely to be one of the last rounds of interim and renewal funding approvals by the Global Fund Board as countries transition into the new

funding model (NFM).

This is issue 241 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 Editor of GFO (see contact information below).

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