

GLOBAL FUND OBSERVER (GFO) NEWSLETTER, a service of Aidspan.

Issue 26 – Monday 21 June 2004. (For formatted web, Word and PDF versions of this and other issues, see www.aidspace.org/gfo/archives/newsletter)

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NEWS: Global Fund Board Meets Next Week
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The Global Fund will hold one of its three yearly board meetings next week in Geneva from June 28-30.

Some significant items to be discussed include the following:

- The board will decide which Round 4 proposals to approve from the 175 or so that the Technical Review Panel (TRP) considered. In Rounds 2 and 3, the board approved exactly those proposals that were recommended by the TRP. Given that sufficient funding appears to be available, it appears likely that the board will act in the same way for Round 4. (As soon as the results are known and can be made public – which will be on June 30 or possibly the day before – GFO will put out a special issue with information on the decisions regarding all the proposals.)

- The board will discuss whether to grant a vote to the board member who represents the communities living with HIV/AIDS, TB and malaria. At present, eighteen board members have a vote and five board members (including "Communities") are able to participate fully in the discussion but do not have a vote. The other non-voting members are UNAIDS, WHO, the World Bank, and a representative of Switzerland.
- The board will decide whether its past rather limited "requirements" and "recommendations" regarding CCM structure and operations will be made stronger.
- The board will discuss whether, and on what basis, to permit "in kind donations" to the Fund.

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COMMENTARY: Holding True to Annan's Vision
by Bernard Rivers

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Three years ago this week, the world's governments endorsed the UNGASS Declaration. This called for a vastly increased global commitment to the struggle against HIV/AIDS, and endorsed the setting up of the Global Fund as a key financing tool. Kofi Annan, Secretary General of the United Nations, said, "We have to bring about a quantum leap in the scale of resources available." Expanding on that last July, he said, "To mount an effective global response to HIV/AIDS alone, the total spending needs to rise to \$10 billion a year by 2005. The Global Fund is there to channel a significant share of that amount."

But without any explicit discussion or decision, the Fund's board appears ready to take the Fund towards a very different future – one in which it is just another funding agency, with low operating levels that are determined by donor decisions rather than recipient needs.

More specifically, unless the board gets serious about resource mobilization at its meeting next week, and also resolves at the following board meeting to change some of its ground rules, the launch of the next round of grants is likely to have to be deferred from late this year to 2007.

Christoph Benn, the Fund's Director of External Relations, confirms this. "Unless our major donors make renewed and increased commitments," he told GFO today, "it is hard to see how any new round could be financed in 2005 or 2006."

The Global Fund board meets three times a year. At every second board meeting thus far – that is, every eight months – the Fund has approved one round of grants and has set a date, two or three months later, at which the subsequent round will be launched.

If the board follows precedent, it will agree at next week's meeting to launch Round 5 in about September, approve Round 5 grants at its April 2005 board meeting, launch Round 6 in about May 2005, and approve Round 6 grants at its November 2005 board meeting.

But there is no evidence that any preparation has been carried out for a September launch of Round 5.

Moreover, launching Rounds 5 and 6 on time means that both rounds will come up for board approval during 2005. Under the board's "Comprehensive Funding Policy," those grants can only be approved in 2005 if the Fund believes that by the end of 2005 there will be sufficient money in the bank (or promissory notes received) to cover them. And based on current donor promises, that appears very unlikely, because this schedule would require the Fund to raise, during 2005, about \$1.3 billion for renewal of grants that have come to the end of their first two years, plus \$1 billion each to launch Rounds 5 and 6, for a total of \$3.3 billion.

That amount of money – \$3.3 billion in 2005 – is what the Fund's Executive Director Richard Feachem is calling for. But the amount promised thus far by donors for 2005 is under \$0.9 billion. Indeed, it looks unlikely that in 2005 the Fund will raise any more than the \$1.5 billion it is expected to raise in 2004, because no bold new commitments were made for next year at this year's G8 summit in the way they were made for 2004 by President Chirac and others at last year's summit.

And if the Fund only manages to raise \$1.5 billion in 2005, it will need virtually all that money to pay for three-year renewals of some of the grants originally approved in Rounds 1, 2 and 3 that will be coming to the end of their first two years next year. (The Fund rightly says that paying for grant renewals must take precedence over paying for new grants.) Thus, in this scenario, the Fund will have little money left for any new grants in 2005.

And the chances of launching a new round in 2006 are even more slim, because the Fund will need a further \$2.5 billion that year to pay for renewals of more Round 1-3 grants and of some Round 4 grants.

Thus, the future towards which the Fund is currently heading does not consist of approving two new rounds in 2005 and one in 2006; it consists of approving no new rounds until 2007. This will be the case even if donors contribute in future years at the \$1.5 billion per year level that they are contributing at this year.

This crisis is not just the result of insufficient donations; it is also the result of overly simplistic requirements in the Comprehensive Funding Policy that the board established last year. As that policy currently stands, if donors pledge that they will give \$X to the Fund in 2005, \$Y in 2006, and \$Z in 2007, the Fund only takes into consideration the \$X pledged for 2005 when it calculates how much it can afford to spend on Year 1 and Year 2 of new grants it approves during 2005. In other words, the Fund says that it will only approve grants in 2005 up to the dollar value it is confident it will receive by the end of 2005. Pledges for the following two years are ignored. But the actual expenditure on those grants will not start until late 2005 or early 2006, and will last for two years. In a related point, the board requires that the Fund hold in the bank, and then draw down from, the entire cost of the first two years of a grant. The Fund estimates that this cash mountain will build up in time to \$5 billion. Fundraising will be increasingly difficult if the Fund has to say to donors, "We have billions in the bank, but we desperately need more money."

The board's Resource Mobilization and Communications Committee has not risen to the challenge. During its first year or so of life it was almost totally dysfunctional – it met rarely, it went without a chair for months, it included hardly any donor members, and it developed no resource mobilization strategy. Recently, under its fourth chair, it has done somewhat better; but it has completely avoided the central challenge of identifying how much money is needed next year and recommending how to raise it.

It is time for immediate and forceful leadership by the board to shift the Fund back onto the right path.

First, the donors should honestly state at the upcoming board meeting whether they are prepared to give at the necessary levels. If they are not – if they are only prepared to finance the cost of renewing existing grants but not of launching any new rounds – they should make this clear, so that potential grant applicants, and the NGOs that until now have advocated so strongly for the Fund, can know how things stand. (Note: The latest Equitable Contributions Framework analysis spells out exactly how much each donor needs to pledge if the Fund's stated needs for 2005 are to be met. See www.aidspace.org/gfo/docs/gfo61.pdf.)

Second, board members that represent recipient countries should speak up on behalf of the untold numbers of people who are going to die if the Fund continues on its current path.

Third, Kofi Annan, who in addition to heading the United Nations is also Patron of the Global Fund, should make clear his views at next week's Global Fund board meeting, either in person or through Peter Piot or J.W. Lee, board members who head UNAIDS and WHO.

Fourth, the board should dissolve its Resource Mobilization and Communications Committee and take on for itself the crucial responsibility of assessing the gap between need and supply, and of deciding what to do about it. This must not be delegated to – and then ignored by – a subcommittee.

Fifth, the board should pass a resolution calling for donors to give at the necessary levels, and should spell out what that means for each country, and what the consequences will be if it is not done.

Sixth, a task force of external experts should be established to work intensively prior to the November board meeting. The task force should flesh out creative yet responsible ways to permit new rounds to be launched without requiring that they be backed by a multi-billion-dollar cash mountain. This will require changes to the board-mandated Comprehensive Funding Policy. In particular, donors' pledges for 2006 and 2007, not just for 2005, should be taken into account when deciding what grants to approve in 2005. The Fund should require each donor to write a promissory note confirming that on a pre-specified quarter-by-quarter basis over the years 2005-7, money will be sent from the donor to the Global Fund, arriving at the Fund only shortly before the Fund needs to send it on to grant recipients. This would not only allow the Fund to approve more grants; it would have the added advantage that the Fund will not end up sitting on a massive cash mountain, parts of which will sit idle for up to three years.

Seventh, at the November board meeting, after receiving a report from the task force of external experts, the board should modify its Comprehensive Funding Policy as needed.

Finally, at the November board meeting, having changed its Funding Policy and hopefully obtained major new pledges for 2005, the board should agree to launch a delayed but extra large round in early 2005, with grants to be approved at the July 2005 board meeting.

What the Global Fund board does next week and in November will determine whether the Fund moves toward the vision set out by Kofi Annan or, conversely, turns into a modest-sized agency preoccupied over the next two years with no more than raising money to complete grants that have already been started.

[Bernard Rivers (rivers@aidspan.org) is Executive Director of Aidspan and Editor of its GFO. He will attend the Global Fund board meeting next week with non-speaking observer status.]

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NEWS: Global Fund Partnership Forum Preview
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With the Global Fund now more than two years old, the Fund's leadership is taking steps to get feedback from a full range of stakeholders on its structure, process, and progress through a mechanism called the Partnership Forum.

The Partnership Forum is the fourth of the governing and advisory bodies mandated by the Global Fund bylaws; the other three bodies – the board, the secretariat, and the technical review panel – have been up and running for some time. The Partnership Forum finally debuted in March with an on-line forum, PartnersGF. Since then, the Fund has organized a series of regional Partnership Forum meetings that will culminate in a large face-to-face meeting that will take place in Bangkok on July 7 and 8.

The invitation-only meeting, according to Kate Thomson, the Fund's Civil Society Relations Manager, is designed to go beyond the "usual suspects" from existing board delegations, to tap people with direct country experience, especially those involved at the field level with implementation; people who are involved in CCMs or people who've wanted to get involved but haven't been able to; as well as other representatives of civil society (such as labor unions, the private sector, and researchers); and government officials. The invitation list, designed to achieve geographical and sectoral diversity, was created through discussions with Global Fund portfolio managers, as well as partners such as Roll Back Malaria; groups such as GNP+ and ICASO also sent out calls for individuals to nominate themselves. "We're at a stage where the Fund has been working for two years," Thomson says, "and we now have clear indications of what's working and what's not, why it isn't, and how it can work better." She describes the event as a "working meeting," focused not on presentations but on theme-based working groups with rapporteurs. She says the goal is to come up with "clear recommendations" that will go to the Board for consideration.

The four themes up for discussion are CCMs (including questions of inclusivity, democracy, whether they're playing a role in monitoring and evaluation, and how well relationships with Principal Recipients are functioning); the Fund's role as a financial mechanism (including questions of transparency, oversight, promptness and reliability, whether PRs have been selected wisely, and how

the performance-based disbursement model is working); partnerships (including private sector partnerships, partnerships with people living with the diseases, and the role of partners in providing technical assistance and supporting resource mobilization); and, the big question, whether the Fund is actually reducing HIV, TB, and malaria infections, illness, and death (including whether the funds are reaching those most at risk, whether they're being used equitably, and what are the obstacles to having more impact on the diseases). Jeff O'Malley, the former executive director of the International HIV/AIDS Alliance, will serve as the lead facilitator.

Thomson says she expects to hear "divergent views" between government and civil society and anticipates a critical debate about how the Fund's structure is working on the ground, including how well CCMs are functioning, and how relationships between CCMs and PRs and Local Fund Agents have played out on the ground.

GFO will be present at the Partnership Forum, and will report immediately afterwards on what takes place.

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ANALYSIS: Ten Top Problems Faced by CCMs
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CCMs have been the topic of an extensive report from GNP+, of a study by the London School of Hygiene and Tropical Medicine, and of several case studies commissioned by the Global Fund. They will be a major theme at the Fund's Partnership Forum in Bangkok. And they will be discussed in detail at the upcoming Global Fund board meeting.

The following list describes ten problems that often arise with CCMs, according to a review of the literature by Aidsplan, publisher of GFO. The list does not capture all problems; it does not fully describe each one; and it certainly does not claim that these problems always happen. But most CCMs face some version of several of the problems listed. We list them as a contribution to the ongoing debate.

1. Often, the CCM's role and operating methods are not clearly defined, and are not clearly understood by CCM members and outsiders.
2. Often, the CCM is dominated by government members. Civil society and people living with the diseases are under-represented and have little influence.
3. Often, CCM members who are supposed to represent NGOs were not chosen by the NGO sector and do not properly represent them.
4. Often, CCM members were not involved in choosing the CCM Chair or in selecting the Principal Recipient.
5. Often, the CCM Chair also serves as Principal Recipient and thus has a conflict of interest.
6. Often, there is no genuine involvement by CCM members in the CCM decision-making process. Decisions are made in advance by the CCM Chair and a few others.
7. Often, CCM members are asked to sign a proposal to the Global Fund even though they had no input into its preparation and little prior knowledge of its content.
8. Often, the CCM does not have access to sufficient money, practical resources or expertise to operate effectively.
9. Often, CCM officers do not share information within and outside the CCM.
10. Often, CCM members do not know whether the project funded through the Global Fund grant is being effectively implemented.

This list of problems will be discussed in the satellite session *"The Global Fund: How CCMs can be More Effective"* that will take place at 18:00 on July 14 at the Bangkok International AIDS Conference. Speakers from several countries will describe how their CCM has dealt with these challenges.

These problems will also feature in *"The Aidspan Guide to Building and Running an Effective CCM,"* scheduled to be released in the third quarter of this year, accompanied by suggestions for overcoming the problems.

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NEWS: Short Items
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- As reported in the last issue of GFO, no Round 4 NGO proposals developed independently by NGOs but not endorsed by their national CCM were forwarded by the Secretariat to the Technical Review Panel for evaluation. However, GFO has now learned that one of those independent NGO proposals – one dealing with HIV/AIDS that was developed jointly by ActionAid Nepal, the Family Planning Association of Nepal, and the Nepal Harm Reduction Council – was endorsed by Nepal's CCM at the last minute, after the CCM was contacted by the Fund secretariat and encouraged to sign on. That CCM-endorsed proposal, bundled with TB and malaria components written by the CCM, was reviewed by the TRP and now awaits a decision at next week's meeting of the full board. The Fund's Brad Herbert called it a "very positive" development that the CCM was willing to endorse a proposal written by NGOs. The next issue of GFO will report whether the Nepal proposal is approved by the board at next week's meeting.
- GFO welcomes Esther Kaplan as its part-time Deputy Editor. Esther is a freelance journalist with many years of professional experience covering AIDS. Her first book, *"With God on Their Side"*, which examines the role of the American religious right on AIDS policy and other issues, will be published by The New Press in the fall.
- Bernard Rivers, Executive Director of Aidspan and Editor of Aidspan's Global Fund Observer, has been granted observer status at next week's Global Fund board meeting. This will mean he can cover the meeting without having to hide behind the potted plants. GFO accepts the same rules regarding confidentiality as are accepted by board members, which means essentially that developments can be reported after the board meeting is over.
- *"The Aidspan Guide to Obtaining Global Fund-Related Technical Assistance"* was released in January and *"The Aidspan Guide to Applying to the Global Fund"* was released in March. (See www.aidspan.org/guides.) Each has had over 1,000 complete downloads from the Aidspan web site. Aidspan would like to hear from readers who did – or did not – find these useful, and/or who have suggestions for improvement. Your notes to rivers@aidspan.org will be much appreciated.
- GFO's Bernard Rivers and Esther Kaplan will be in Bangkok to attend the Partnership Forum on July 7-8 and the International AIDS Conference on July 11-16. They hope to host an informal meeting with GFO readers during the AIDS conference, primarily to seek opinions on how GFO could be improved. Date and location are yet to be determined. If you would like to attend this meeting, please send an email to rivers@aidspan.org.

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NEWS: Bangkok International AIDS Conference Preview
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The events at the International AIDS Conference that specifically deal with the Global Fund are as follows:

MONDAY, JULY 12

- 10:30 to 12:00 – Oral Session EO1 – Room J – "Policy, implementation, and impact of funding the AIDS program" (Lessons on implementing Global Fund and other large-scale

HIV/AIDS programs from Benin, Ethiopia, Mozambique, Tanzania, Uganda, Zambia, and Latin America, including policy, budgets, technical support, donor mechanisms, and effects on the health system.)

- 10:30 to 12:00 – Oral Session Db01 – Room C – "Funding the response to HIV/AIDS: Why are donors not working together?" (Questions of donor agendas and countries' absorptive capacities, with Richard Feachem of the Global Fund, Randall Tobias of PEPFAR, and others.)
- 10:30 to 12:00 – Skills Building SB110 – CV Room 10 – "Opening the Door to the Global Fund" (Learn how to apply to the Global Fund and what happens after funding is approved. Organized by the Global Fund.)
- 12:00 to 14:00 – Poster Session MoPeE4026 – Hall 3, Track E – "Civil Society, PLHAs, and government in concert – a model towards successful proposal application to the Global Fund and its implementation."
- 12:00 to 14:00 – Poster Session MoPeE4057 – Hall 3, Track E – "Tokenism or Effective Partners? Strengthening PLHIV involvement: Principles and practices in the Global Fund."
- 16:00 to 17:30 – Oral Session Sy 05 – Room C – "Coordination of Effective AIDS Response at Country Level" (Setting priorities, engaging donor support, private sector partnerships, with Richard Feachem of the Global Fund and others.)
- 18:00 to 20:00 – Global Fund Satellite – Room C – "The Global Fund: A Model for Financing?" (Evidence that absorptive capacity exists and can be expanded, featuring the Global Fund's Christoph Benn and in-country partners.)

TUESDAY, JULY 13

- 12:00 to 14:00 – Poster Session TuPeE5313 – Hall 3, Track E – "The Global Fund: A Financial Breakthrough, or Just Another Bureaucracy?" (Bernard Rivers of GFO)
- 12:00 to 14:00 – Poster Session TuPeE5330 – Hall 3, Track E – "Maintaining Benefits of Global Fund Programs at the Patient's Level: The urgent need for new generic antiretrovirals in Thailand."
- 12:00 to 14:00 – Poster Session TuPeE5331 – Hall 3, Track E – "Meeting the Challenge? Unraveling the Global Fund: A comprehensive review of the first three funding rounds."
- 12:00 to 14:00 – Poster Session TuPeE5335 – Hall 3, Track E – "Preventing HIV/AIDS and Increasing Care and Support for Injection Drug Users in Thailand: A user-run project supported by the Global Fund."
- 12:00 to 14:00 – Poster Session TuPeE5503 – Hall 3, Track E – "Campaigning for the Global Fund in Donor Countries: Lessons learned from ActionAid's European campaign."
- 16:00 to 17:30 – Skills Building SB 221 – CV Room 8 – "How Can NGOs and CBOs Access Funding from the Global Fund?" (In French) (How to obtain funding as direct applicants who bypass CCMs, as partners in a CCM application, or as sub-recipients. Organized by ICASO, GNP+, International HIV/AIDS Alliance and Aidspan.)

WEDNESDAY, JULY 14

- 18:00 to 20:00 – CCM Satellite – Room D – "The Global Fund: How CCMs Can Be More Effective" (Speakers from CCMs, NGOs, PLWHAs, governments and donors in Kenya, Malaysia, Bolivia, Zambia, Cambodia, Germany, USA. Organized by Aidspan, ICASO, GNP+, International HIV/AIDS Alliance and GTZ BACKUP Initiative. See article "Analysis: Ten Top Problems Faced by CCMs" in this issue of GFO.)

THURSDAY, JULY 15

- 10:30 to 12:00 – Skills Building SB 407 – CV Room 7 – "How Can NGOs and CBOs Access Funding from the Global Fund?" (In English) (How to obtain funding as direct applicants who bypass CCMs, as partners in a CCM application, or as sub-recipients. Speakers from Chile, Caribbean, Ukraine, Philippines. Organized by ICASO, GNP+, International HIV/AIDS Alliance and Aidspace.)

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

The GFO NEWSLETTER is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org). The GFO Newsletter is emailed to about 5,000 subscribers once to twice a month.

Aidspace and the Global Fund have no formal connection, and Aidspace accepts no grants or fees from the Global Fund. The Global Fund bears no responsibility for the content of GFO or of any other Aidspace publication.

GFO has an Editorial Advisory Board comprising ICASO, GNP+ and the Eastern African National Networks of AIDS Service Organisations (the three organizations designated as Communications Focal Points within the Global Fund's NGO board delegations), and the International HIV/AIDS Alliance. GFO is currently provided in English only. It is hoped later to provide it in additional languages.

GFO is a free service of Aidspace (www.aidspace.org), based in New York, USA. Aidspace is a nonprofit organization that promotes increased support for, and effectiveness of, the Global Fund.

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