



Independent observer  
of the Global Fund

# Global Fund Observer

NEWSLETTER

Issue 279: 27 January 2016

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## ARTICLES:

### 1. ANALYSIS: Sustainability lessons from transitions in Costa Rica, Fiji, Romania, and Bulgaria

Gemma Oberth

26 January 2016

In anticipation of The Global Fund’s new strategy (2017-2022), many are calling for clarity on how the Fund will ensure the sustainability of its investments. This is particularly relevant as the Fund transitions out of many upper-middle-income countries. When Aidspace approached the Secretariat with questions concerning the Fund’s role in transition planning, the Secretariat responded that it is waiting for directions from the new Strategy currently under development and expected to be approved by the Board at the end of April. Nevertheless, in the absence of a transitions policy, the Secretariat has told several countries that they should not anticipate future funding after the 2014-2016 allocation period, and that they should plan accordingly.

To date, discussions about Global Fund transitions have predominantly centred on HIV grants in Eastern Europe, with a heavy focus on harm reduction. Aidspace has [previously reported](#) on this. But HIV grants in the EECA region are not the only ones that are

transitioning. Aidspace has previously reported on the transition in [China](#). Open Society Foundations (OSF) has documented transitions in [Mexico, Jamaica, and Thailand](#).

How many other countries are going through this process? How are transitions for TB and malaria grants being managed? With little transparency around which countries are transitioning when, it is difficult to monitor the sustainability of programs and to avoid potential service disruptions.

Through its research on The Global Fund's willingness-to-pay policy (see [GFO article](#)), Aidspace became aware that the following countries and disease components are currently going through transitions: Costa Rica (HIV), Fiji (TB), Romania (TB) and Bulgaria (TB). This means that these countries are implementing NFM grants with the knowledge that there will be no future funding from the Global Fund. These are being referred to as "transition grants." Each country is employing different sustainability strategies to help mitigate the anticipated impact once the Global Fund departs.

### **Costa Rica (HIV)**

Costa Rica's NFM HIV grant was the first time the Global Fund had invested in the country since Round 3 (2003). "There was an assumption here that this would be the first and last time Costa Rica would get money," a key informant told Aidspace. This had a significant impact on what the country planned to do with the grant. Key informants suggested that "this is not a standard prevention grant doing outreach. It's a much more catalytic grant trying to figure out how you better link civil society organizations that are working on these issues [HIV prevention] to funding."

To this end, portions of the grant are going towards strengthening the Social Projection Board (JPS), a government funding mechanism which ensures local NGOs are able to access public money to deliver HIV services. The transition grant is also working to ensure that there are specific provisions in the JPS for funding NGOs that do prevention work with transgender women and men who have sex with men. "It's about how you use small and final allocations from the Global Fund in a smart way," said another key informant.

### **Fiji (TB)**

In two years' time, Fiji will no longer have Global Fund resources to support its TB program. Knowing that it is transitioning, the country is heavily prioritizing shifting human resources (HR) within the Ministry of Health that are funded by the Global Fund over to government budget lines. According to key informants at the Global Fund Secretariat, this decision to focus on HR sustainability during the transition emanated from local partners, "but naturally we have been discussing sustainability and saying they should shift the HR costs to the country."

Partners in country note that their transition grant is about strengthening health systems. "We are exploring how best to allocate the government funding after the Global Fund leaves, looking at different models to allocations." Fiji is also exploring innovative ways to leverage additional funding using its transition grant. Country contacts told Aidspace that part of the

2017 budget might be used to leverage additional money from other lenders and sources to sustain the TB program once the Global Fund leaves.

### **Romania (TB)**

Romania has already been through a transition for its Global Fund HIV program, with poor results. A specific HIV outbreak among drug users (around 2011) has been [directly linked](#) to the significant decline in harm reduction services following the Global Fund transition out of the country. Now, Romania is managing a transition for the country's TB grant. Key informants said that based on experience from the country's HIV transition, the "guiding principle was really to make sure the gains made from Global Fund investment could be sustained after transition." In order to safeguard sustainability, the National Strategic Plan (NSP) for the Control of Tuberculosis in Romania (2015-2020) has a clear co-financing agreement to guide the transition. "It's all in the strategic plan, which is essentially a transition plan," said one key informant. The Global Fund Secretariat told Aidsplan that "we made it a requirement for them to make this transition plan before the grant."

### **Bulgaria (TB)**

Similar to Romania, Bulgaria is making use of its upcoming five-year NSP to integrate a transition plan for its last Global Fund TB grant. "It was common knowledge that it would be the last grant," said one key informant. By 2018, the country must be able to take over elements of the TB response that The Global Fund is currently supporting, including second line drugs, lab reagents for MDR-TB and contact tracing nurses. Along with a transition plan in the NSP, Bulgaria is also reforming its TB care approach to make the entire system more sustainable. The reforms involve a shift in service delivery from facility level to community level to make the TB response more affordable. "They want to move away from the Soviet model towards a cheaper home-based model," said one key informant. "Most of the TB patients are from Roma communities who do not want to be in hospitals anyway."

### **Conclusion**

The sustainability initiatives in these four countries could provide valuable lessons to others countries currently facing, or soon to face, transition. Establishing government funding mechanisms for NGOs (Costa Rica), leveraging investments to secure loans (Fiji), integrating transition planning into NSPs (Romania and Bulgaria), and reforming service delivery models (Bulgaria), are all good ways to ensure greater sustainability following Global Fund transitions.

*The interview data in this article was collected in November 2015 as part of Aidsplan's research on counterpart financing and willingness-to-pay, funded by the Open Society Foundations (OSF). The full report is available [here](#).*

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## **2. NEWS: Aidspan releases report on willingness to pay commitments in 13 countries**

*Monitoring the implementation of the commitments will be challenging*

### **The WTP policy was effective at leveraging additional commitments from governments**

David Garmaise

25 January 2016

Aidspan has published a report on how The Global Fund's willingness-to-pay (WTP) policy is being operationalized at country level. The report is based on an analysis of case studies which Aidspan conducted in 13 countries, plus information provided by The Global Fund Secretariat. The report, entitled *The "Fair Share" of Shared Responsibility*, is available [here](#).

The aim of the study is to increase transparency around the application of The Global Fund's WTP policy (now called "additional counterpart financing"), since very little is known about it. Under the WTP policy, 15% of a country's allocation can only be unlocked if it commits to increasing domestic funding beyond what is already required under the Fund's counterpart financing policy. Countries must also specify how this domestic funding will be spent.

The study and the preparation of the report were funded by Open Society Foundations. The study was conducted for Aidspan by Gemma Oberth, an independent consultant and a correspondent for GFO.

The 13 countries included in the study are Belize, Botswana, Bulgaria, Costa Rica, Fiji, Iran, Jamaica, Mauritius, Romania, South Africa, Suriname, Thailand, and Ukraine. All are upper-middle-income countries, except for Ukraine, which is an upper lower-middle-income country. Mainly UMI countries were selected because one of the objectives of the study is to gain a better understanding of how the WTP policy is linked with sustainability and transition.

The report provides quantitative and qualitative data for each case study, detailing how much money countries committed under the WTP policy, and what they committed to spend that money on. The report also describes how these commitments were obtained, including who participated in the process and challenges that were encountered. Finally, the report describes how the WTP policy has contributed to spending on key populations, and how it impacted transition processes in some UMI countries.

The study found that in the countries sampled, the WTP policy was effective at leveraging additional funding from government. All but one country in the study not only met the WTP requirements, but also exceeded those requirements by a significant margin. South Africa, which was required to commit \$140 million under the WTP policy actually committed just over \$1 billion. Iran, which was required to commit \$6.1 million, committed \$77.4 million, 1275% higher than what was required. Only one country, Suriname, committed less than its minimum WTP requirement. See Table 1 for information on the commitments of all 13 countries.

**Table 1: Actual WTP as a proportion of minimum WTP requirement (\$ million)**

Country	Minimum WTP requirement	Actual WTP commitment	WTP commitment as proportion of minimum WTP requirement
Iran	6.1 m	77.4 m	1275%
Thailand	32.7 m	309.5 m	946%
Botswana	8.6 m	68.0 m	789%
Costa Rica	1.5 m	11.2 m	762%
South Africa	139.5 m	1,000 m	748%
Bulgaria	3.1 m	14.5 m	468%
Ukraine	27.7 m	124.1 m	448%
Romania	3.8 m	12.2 m	317%
Belize	1.4 m	3.9 m	289%
Mauritius	1.5 m	4.4 m	286%
Fiji	1.6 m	4.3 m	265%
Jamaica	5.7 m	13.6 m	237%
Suriname	2.3 m	1.5 m	65%

In all, the 13 countries sampled committed \$1.88 billion more for 2015-2017 than they did in 2012-2014. It remains to be seen, however, whether these commitments will translate into actual expenditures.

The 13 countries indicated in what general areas they would invest their WTP funds (see Table 2). Botswana has prioritized ART for all sex workers living with HIV. Iran will invest in training programs in prisons. Bulgaria aims to fund health system reform.

**Table 2: Overview of common WTP investment areas, by country**

Country	WTP investment area				
	Treatment	Procurement	Testing/ Screening	Human resources	Key populations
Belize	✓	✓			
Botswana	✓		✓	✓	✓
Bulgaria	✓	✓	✓		✓
Costa Rica					✓
Fiji				✓	
Iran		✓		✓	✓
Jamaica	✓		✓	✓	
Mauritius	✓				✓
Romania	✓	✓	✓		✓
South Africa	✓				
Suriname	✓			✓	✓
Thailand			✓		✓
Ukraine	✓		✓		✓

Of particular interest is the \$1.5 million of Costa Rica’s \$11.2 million WTP commitment which will go to the Social Projection Board (JPS), a government funding mechanism which ensures local HIV NGOs are able to access public money. This is something that civil society in Costa Rica fought for. Globally, civil society advocates have called on The Global Fund to support the development of strong national mechanisms to fund civil society in countries that have not yet transitioned, as a way of ensuring that programs for key populations are sustainable.

Table 2 shows that nine countries indicated that they would invest at least some of the WTP monies into programs for key populations. Table 3 provides a breakdown by key population targeted in these nine countries.

**Table 3: Key populations targeted in WTP commitments, by country**

Country	Key population							
	Sex Workers	MSM	Trans-gender	PWID	Youth	Migrants	Prisoners	Homeless
Botswana	✓				✓			
Bulgaria							✓	
Costa Rica		✓	✓					
Iran				✓			✓	
Mauritius				✓				
Romania							✓	✓
Suriname						✓		
Thailand	✓	✓	✓	✓		✓		
Ukraine				✓			✓	

### How will the commitments be monitored?

The Global Fund intends to create an online database of counterpart financing and WTP commitments. If this database is public, it would make the WTP more transparent and could help in-country stakeholders and watchdogs (like Aidspace) monitor the commitments.

The report says that monitoring the commitments will be challenging:

“It is very difficult to track whether or not countries actually fulfil their side of deal. As one Global Fund staffer said: ‘The overall financing for health picture is unclear – budget amounts go up and down with no meaningful trend. However, a larger problem is that budgets are very rarely matched by disbursements – what is budgeted for at the beginning of the year seems to have very little bearing on the amount of funding actually received by a ministry or disease program.’ ”

Another reason why monitoring may be difficult is that many WTP commitments are not very detailed or specific. Globally, among countries that have signed grant agreements under the NFM, only a few agreements contain specific conditions related to their WTP commitments.

The report says that there should be appropriate investment in watchdog activities, especially as key informants from several countries in the sample expressed uncertainty about their country's ability to deliver the promised funding in practice.

The grants for four of the countries in the study – Costa Rica, Bulgaria, Romania, and Thailand – were labelled “transition grants” because they are on their last cycle of funding from The Global Fund. As Table 3 illustrates, all four countries are prioritizing key populations in its WTP commitments. (See separate [GFO article](#) on this topic.)

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### **3. NEWS: Reaction to The Global Fund's Fifth Replenishment target somewhat muted**

*AIDS Healthcare Foundation has been the loudest voice*

Anna Maalsen

23 January 2016

Reaction to the size of The Global Fund's 5th Replenishment target has been somewhat muted so far, despite the fact that at \$13 billion, it is \$2 billion lower than the target for the last replenishment, and despite the global push to ending the epidemics by 2030 as set out in the [Sustainable Development Goals](#).

While much of the media has been positive in support of The Global Fund's replenishment campaign and investing in the Fund, reactions to the replenishment target have been few and far between.

One entity that has spoken out, however, is the AIDS Healthcare Foundation (AHF), the largest global AIDS organisation. The AHF has [strongly denounced](#) the Fund's fundraising target, with Terri Ford, Chief of Global Advocacy and Policy stating that “setting a low goal sends the wrong message to the donors.” The AHF also raised concerns over what it views as a disconnect between the target and The Global Fund's *Strategy 2012-2016: Investing for Impact*, which lists attracting additional funding sources as an explicit strategic objective. “There's no place for such a dire sense of defeatism,” said Loretta Wong, the AHF Senior Director of Global Advocacy and Policy.

In order to garner some more insight and reactions to The Global Fund's replenishment target, GFO canvassed a number of the board constituencies for opinions.

A representative of the Developing Country NGO delegation to The Global Fund Board said that it strongly supports the spirit of the statement by AHF. He said that the delegation considers the target to be “underwhelming,” but reflective of the expected financial operational environment in the next three years. “However,” he said, “it also whispers loudly to the men, women and children affected by the three diseases, saying: ‘Please lower your expectation of us!’ ”

The Developing Country NGO constituency has been vocal in advocating for alternative strategies to broaden the resource pool by soliciting donations to the the Fund from, for example, the G20 countries. But the delegation feels that continued high-level advocacy is required to make this happen and that other constituencies have to be involved. “We owe more to the people we serve,” the representative said. “We owe them ambition. We owe it to them to be more innovative and strategic.”

### **Other reactions**

Although UNAIDS has not commented to date on the size of the fundraising target, its executive director, Michel Sidibé was [strongly supportive](#) of The Global Fund’s call for governments, the private sector and other organisations to contribute to the raising the \$13 billion. “We have to invest additional resources today... otherwise the deadly trio will claim millions more lives, as well as costing us more in the long run” he said.

In the Latin America and Caribbean Region, Jaevion Nelson, Director of J-FLAG (The Jamaica Forum for Lesbians, All-Sexuals and Gays) and member of the Global Fund Advocates Network (GFAN), said he is particularly concerned about the limited involvement of civil society stakeholders in the replenishment efforts. Where there is involvement, he said, “there is seemingly a myopic strategy of engagement of same. There is still no clearly thought-out strategy to include and involve individuals from countries outside of sub-Saharan Africa.”

Mr Nelson also expressed concern about the replenishment efforts being led and developed from the Global North, and about the fact that governments from beneficiary countries are not heavily involved “despite there being champions and spokespersons and service users from these countries.”

Women4Global Fund (W4GF) released a statement calling for donors to “[Fully Fund the Global Fund](#)” and stating that the time is now to “bring together the movement for women’s, children’s, and adolescents’ health and the movement for universal health coverage.”

Of the donor countries, the U.K. has been a staunch supporter of the Global Fund since its inception. The U.K. has contributed up to one billion pounds (\$ 1.4 b) over the 2014-2016 period, making it the third largest contributor among donor countries. The next replenishment cycle comes at a time when the government is reviewing its core contributions through its Multilateral Aid Review. In light of this, the UK House of Commons [debated](#) on 12 January, the value of the U.K.’s international aid contribution and the importance of investing in The Global Fund.

The Parliamentary under-secretary of state for international development, Nick Hurd, reassured members that a successful replenishment of the Fund was important both to him personally and to the Government.

The debate underscored the need for continued investment in the Fund, but the need to also focus on the effectiveness of the Fund. The debate also highlighted the issue of middle-income countries that directly affects the U.K.’s development agenda. One member said that

“if international bodies such as the Global Fund concentrate on other, lower-income countries, there is an imbalance in the resourcing and the focus is wrong.”

### **More reactions to come?**

More reactions are expected in February, after the Global Fund Advocates Network (GFAN) hosts a 5th replenishment meeting on 26-28 January 2016 in Amsterdam. The meeting will include participants from the communities delegation and the two NGO delegations to the Board. The meeting will act as a forum for advocates to plan and discuss strategy and activities for the replenishment. Key objectives of this meeting include identifying targets and audiences for advocacy efforts, and determining what the messaging should be, building on the investment case prepared by The Global Fund (see [GFO article](#)).

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## **4. NEWS: Special efforts made to maintain HIV Services in Crimea**

*The Global Fund is working closely with the Ukraine PRs  
and with local NGOs in Crimea*

### **The Fund is the only international donor operating in the annexed territory**

Tinatin Zardiashvili

26 January 2016

Political changes in the Crimea region which took place from February 2014 – i.e., the annexation of Crimea by the Russian Federation – have significantly altered The Global Fund programs in the region.

The programs had been implemented by two principal recipients, the Alliance for Public Health (previously known as Alliance Ukraine) and the All-Ukrainian Network of People Living with HIV. The local implementing partners, six NGOs and the AIDS Centre moved under the Russian jurisdiction and the border with Ukraine was closed.

The closing of the border has stopped delivery of the prevention materials and medicines previously provided from Kiev and financed by the Fund. PRs were no longer officially allowed to provide money to their local partners in Crimea and to deliver materials and medicines. The change of the health system, different ARV treatment schemes, changed patients registration rules for HIV-positive persons, changed procurement mechanisms, and a completely different policy environment – all of these things significantly affected beneficiaries of the Global Fund–supported HIV program.

According to Victor Isakov, Head of Grant Management for the Alliance for Public Health, the first half of 2015 was the hardest period for the local partner NGOs and the beneficiaries of the programs. However, then The Global Fund started to develop new flexible financing schemes that allowed the programs to be sustained in the annexed territory.

Developing the flexible systems required close and intensive cooperation among the PRs, the NGOs and The Global Fund. The Fund provides financing directly to the local NGOs. All materials and medicines are purchased locally. PRs are performing program monitoring and data collection and analysing; and are providing technical support, including planning, which is often ad-hoc and needs-based, as the current situation does not allow for long-term planning. NGOs are working closely with local medical institutions, including the AIDS centres (i.e. clinics).

According to Irina Potapova, Director of the NGO “Youth Center of Female Initiatives” in Sevastopol, Crimea, the most valuable outcome of the Global Fund’s approach is that continuous operations at local level are maintained.

Sub-contractors of the Alliance in Crimea are providing services to injection drug users, commercial sex workers, and men who have sex with men. The services being provided are mainly counseling and outreach work to reduce the risk of HIV/STI/TB transmission; distribution of HIV/STI prevention materials, condoms, and lubricants; rapid testing for HIV, STIs, hepatitis C, and hepatitis B; referral to health care and other facilities; and ensuring active TB case finding in risk groups. According to Alliance data, in 2015 three NGOs delivered prevention services to 11,104 IDUs, 2,689 CSW and 1,513 MSM.

“We try to stay away from the politics and to focus on the needs of our beneficiaries,” said Ms Potapova. “Therefore, our ultimate goal is to ensure proper case detection, diagnostics, provide prevention services, and follow up new patients until they are registered and linked with relevant medical institution for the treatment.”

In addition, up to 4,000 PLWH are receiving care and support services from the implementing partners of the All-Ukrainian Network of PLWH. According to Katerina Pandeli, the Grant Management Unit Officer for the Network, the biggest challenge for the HIV patients is the changed registration system in the Russian Federation, which requires that patients provide a completely different set of the documents compared to what the requirements were in Ukraine.

“The challenges with new requirements are significantly influencing adherence to the treatment, and so the number of default cases is increasing,” Ms Pandeli said. “Therefore, we do our best in supporting PLWH to collect the set of the required papers. Some patients prefer to receive treatment on Ukraine territory, which is allowed by Ukrainian government.”

All of these changes led to treatment disruptions. A survey conducted by the Network among 1,984 patients found that 52.2% of patients had their treatment interrupted for one reason or another.

“To save the lives of HIV-positive people in Crimea is our number one priority today,” Dmytro Sherembey, Head of the Coordination Council at the Network, told GFO. “The aim and, at the same time, the responsibility of our organization is to ensure high quality

treatment for all beneficiaries. We continue running the program as it is only available support for PLWH in the region.”

Unfortunately, one program – opioid substitution therapy – had to be stopped in Crimea because the Russian Federation bans this form of the therapy. Since May 2014, the 806 patients receiving OST had to choose among four possible options: (a) stop using drugs; (b) enroll in Russian rehabilitation centres; (3) move to Ukraine and continue OST; or (d) start using “street drugs.”

According to unofficial information provided by the Alliance for Public Health, 50 people stopped taking drugs; 25 people went to Russia for rehabilitation; 60 people moved to Ukraine; and 30 people have died. (The numbers are approximate.) It is assumed that the rest of the 806 patients (about 640 people) started taking street drugs again.

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## **5. NEWS: New tender for bednets produces projected savings of \$93 million over two years**

*About one-fifth of the nets will be manufactured in Africa*

David Garmaise

21 January 2016

As a result of a new tender for insecticide-treated mosquito nets, The Global Fund projects that it will achieve savings of \$93 million over the next two years. The Global Fund expects to make \$350 million in mosquito net purchases in that time period through its pooled procurement mechanism.

The tender resulted in the selection of 10 suppliers. By signing an agreement with these suppliers, the Fund has achieved a 38% reduction in the cost of the nets compared to the previous tender in late 2013.

This information was contained in a [news release](#) issued by the Fund.

The agreement includes volume commitments from The Global Fund and performance contracts from the suppliers. According to the news release, the agreement creates a level of certainty for suppliers, allowing them greater visibility and planning time to manufacture and deliver nets. The \$93 million in projected savings is equivalent to about 40 million additional nets.

Christopher Game, Chief Procurement Officer at The Global Fund, said: “We worked closely with partners to strike the balance between achieving cost savings, promoting sustainable supply, and recognizing manufacturer investment in the development of new products to fight malaria.”

The agreement is geared to purchase nets from multiple suppliers, reducing risk and encouraging local production, which reduces transport costs. About one-fifth of the nets to be procured will be manufactured in Africa. For the first time, the nets will be color-coded, allowing their durability to be tested at six-month intervals. The data collected from this research creates the possibility for future product innovation, the Fund said.

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## **6. NEWS: The OIG has created an e-learning platform to help identify fraud and corruption**

*The Secretariat and principal recipients are the target audiences*

Stephanie Braquehais

25 January 2016

Through its campaign “I Speak Out Now!”, the Office of the Inspector General encourages people to speak out against fraud and abuses committed in the context of Global Fund–supported programs. To help future whistleblowers identify the different kinds of wrongdoing, on 9 December (International Anti-Corruption Day), the OIG launched an [online platform](#) with six e-lessons.

“The e-learning platform is the main tool of the first phase of the campaign,” says Thomas Fitzsimons, communications specialist at the OIG.

The Speak Out campaign includes additional activities in three pilot countries: Ukraine, Cote d’Ivoire and Malawi (see [GFO article](#)).

“The e-learning platform is designed to empower staff and grant implementers by giving them the means to recognize the early signs of fraud and corruption so that they know what to report, and when and how to report it to the OIG,” Mr Fitzsimmons said. “The aim is to enable The Global Fund to intervene earlier to prevent small-scale irregularities from escalating into big, expensive cases of corruption.”

A recent survey conducted by the OIG showed that 30% of Secretariat staff wanted to know more about how to report wrongdoing and 15% of respondents said they had thought about reporting information to the OIG but didn’t. The main target of the platform is the Secretariat and principal recipients in-country.

Six thematic areas are explored on the platform: coercion, collusion, corruption, fraud, human rights violations and procurement issues. For each of them, users are invited to choose one of the three definitions presented to test their level of knowledge. Next, the impacts of wrongdoing on Global Fund programs and on the country are listed. One of the impacts mentioned is that collusion between suppliers “reduces fair competition and drives up the prices of medicine and health products.” Another is that corruption (defined as the “abuse of

power for private gains,”) “adds significant costs to the price of doing business and steals resources that could be used to build the capacities of countries.”

For each type of wrongdoing, a list of red flags is provided. For example, if a large contract is awarded to an unknown supplier, or if a supplier has the same address or phone number as a project staff, or if new equipment doesn’t work or breaks down easily – these are all things that should attract attention because they can indicate that a fraud was committed.

The platform presents several cases studies drawn from OIG archives. “The cases are relatively typical of areas of weakness that the Secretariat and implementers should look out for if they want to improve the impact of the grants,” Mr Fitzsimons says. The cases include malaria drugs sold to the black market which leads to stockouts; faulty condoms by a supplier who lied about their origin; and people who inject drugs and sex workers in detention who are denied access to TB and HIV treatment because of stigmatization.

In a [video](#) posted on YouTube entitled “Why should you speak now?”, the OIG says that to report a wrongdoing is safe and that the identity of the whistleblower is kept confidential. People can report by phone or email, by using a secure online form, or by visiting the OIG office in Geneva.

During a second phase of the campaign, in the three pilot countries, the OIG will undertake activities to reach people who do not have access to Internet. “For example, in Côte d’Ivoire, we will be discouraging people from buying drugs off the street, using radio and billboards as the primary media,” Mr Fitzsimons says.

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## 7. NEWS: Fund explores next generation financing models

*The Global Fund is co-chairing a working group with the CGD*

**No commitments have so far been made**

David Garmaise

21 January 2016

The Global Fund is cautiously exploring the idea of introducing one or more next generation financing models. These are models where the basis for payments to implementers is changed from expenses (the way the Fund currently operates) to outputs, outcomes, or impact.

The Global Fund co-chairs a working group on the [Next Generation Financing Models in Global Health](#) along with the Center for Global Development. In late 2015, the working group issued a 68-page [final report](#) which Rachel Silverman from the CGD characterized in a [blog posting](#) as “a practical guide to the design and roll-out of Next Generation grants.” Ms Silverman was one of three authors of the report, the others being Mead Over and Sebastian

Bauhoff, also from the CGD.

The report discussed the limitations of The Global Fund's current systems of incentivizing performance; explained contexts where a move to next generation grants could improve impact or provide other benefits for the Fund; described the technical elements and design choices required to make next generation grants happen; and illustrated how the next generation designs could work for the Fund, using four hypothetical country case studies.

Examples of next generation financing models include fixed price models, such as "cash on delivery" and "verified service delivery" and modified mechanisms such as the "fixed price/cost reimbursement" and "shared surplus."

The final report addressed the "how" of next generation financing models –i.e. the steps needed for The Global Fund to change the basis of payment of its grants from expenses to outputs, outcomes, or impact.

The report said that

"a move toward next generation financing models includes real risks. Yet those risks must be understood compared with the very real risks of maintaining the status quo: the risk of not achieving maximum impact, the risk of not having full visibility on whether Global Fund monies ultimately reach their intended beneficiaries, and the risk that ultimate goals will never be attained if The Global Fund and the recipients of its funds do not fully align around shared objectives."

The report mentioned that The Global Fund has explored new financing models – including pilots in Rwanda, the Solomon Islands and Mesoamerica. These have involved the use of small payments disbursed against evidence of progress in lieu of full grant amounts to performance targets; enhanced independent verification of data; and a focus on outcomes rather than inputs. The report said that the piloting process has led to greater clarity about the potential stumbling blocks for next generation grant designs.

"Country teams are at times unprepared and under-resourced to take on the demands of next generation financing grant design, with few technical resources within the Secretariat that can be called on to help," the report said. "Getting the right people and expertise in place – and equipping country teams to call on that expertise when needed— will be a prerequisite for scaling next generation grant designs."

The report said that a move towards next generation financing models requires a paradigm shift in grant administration.

Although the application of next generation grant designs is currently limited to a handful of pilots, the report said, The Global Fund is using this experience to determine the extent to which they can be used to address portfolio, disease, or grant challenges. "Expansion of the use of next generation grant designs, should it happen, would be part of a broader move toward differentiation based on strategic considerations and grant and country

characteristics.” The report added that to this end, The Global Fund is currently developing a payment for results framework.

The report recommended that next generation grants be included as a priority in the new Strategy (which will be presented to the Board in April). It said that changes would have to be made to the allocation methodology, the counterpart financing policy, key performance indicators and other policies and initiatives to allow for the introduction of next generation grants.

The report included a disclaimer which said that while all members of the working group had had the opportunity to review the report, “working group members, including staff of The Global Fund, do not necessarily endorse all components of this report, nor do the contents of this report constitute a policy commitment by The Global Fund or any other party. Views expressed herein can be attributed to the authors alone.”

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## **8. NEWS: Report shows that among development partners The Global Fund is rated highly by recipient countries**

*The Fund communicates more than once a month with its counterparts in-country*

Stéphanie Braquehais

21 January 2016

The Global Fund is near the top of the list of development partners (i.e. donors) in terms of influence, frequency of communication and usefulness of advice in recipient countries according to a [report](#) published by AidData in October 2015.

The study involved a survey of 6,750 development policymakers and practitioners in 126 low- and middle-income countries. They rated the performance of their donors as well as the influence of the donors on implementation of reforms and agenda-setting, the usefulness of the donors’ advice, and the frequency the donors’ interaction with their counterparts in-country.

AidData is an innovation and research lab which aims at making development financial data more accessible in order to to increase the transparency and the efficiency of aid. In the report, which is entitled *Listening to leaders: Which development partners do they prefer and why?*, the authors sought to answer three key questions:

- How do decision-makers in low- and middle-income countries assess the relative performance of the development partners who seek to inform and support their reform efforts?
- To what extent is the performance of development partners enhanced or constrained by the characteristics of the countries they seek to influence and assist?
- Are there certain attributes of development partner institutions that may make them

more influential and useful from the perspective of public sector decision-makers who are seeking to prioritize and implement reforms?

According to the report, The Global Fund was the donor that communicated most frequently with host government counterparts (more than once a month compared to less than once a month for the European Union and the U.S., for example, and compared to less than two or three times a year for Turkey, Canada, and Iran). The Global Fund is followed very closely by United Nations Program for Development (UNDP) and the GAVI Alliance.

The Global Fund is viewed as the 3rd best in terms of the usefulness of its advice. This factor is closely related to (1) alignment with the national priorities; (2) the identification of practical solutions to policy problems; and (3) the fact that the donor helps officials to more fully appreciate policy problems.

The study found that The Global Fund is the 7th most influential donor in setting the reform agenda; and the 4th best in implementing reforms (after Ireland, the GAVI Alliance and the International Monetary Fund).

According to the report, multilateral agencies with a thematic focus are seen as the most useful in reform implementation; and countries are more likely to be receptive to future advice at earlier stages of the policy-making process from donors they deem to have been helpful. Another interesting result of the study: The more the donor is aligned with national priorities, the more its influence grows in the country.

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