



Independent observer
of the Global Fund

Global Fund Observer

NEWSLETTER

Issue 284: 6 April 2016

GFO is an independent newsletter about the Global Fund.

[GFO Live >>](#)

[Aidspan Website >>](#)

[Contact GFO >>](#)

CONTENTS OF THIS ISSUE:

1. [ANALYSIS: The Global Fund has been backing away from efforts to promote generic competition](#)

Although The Global has historically supported efforts to promote generic competition, recent events demonstrate that it has been retreating from this position.

2. [NEWS: In Uganda, a bill regulating NGOs threatens programs targeting key populations](#)

In Uganda, a bill seeking to regulate NGOs was signed at the end of January. Activists say some provisions of the bill threaten Global Fund-supported activities for key populations. Some civil society organizations plan to challenge the bill in court.

3. [NEWS: Recommendations for transitioning countries made available](#)

A paper released jointly by APMGlobal Health and Aidspan contains recommendations for countries transitioning from Global Fund support.

4. [NEWS: Process for planning the 2017-2022 Strategy has been significantly enhanced, OIG finds](#)

The process put in place to plan the 2017-2022 Strategy is a significant improvement over processes used for past strategies, the Office of the Inspector General says in an audit recently concluded. However, it says, there is room for improvement on the timing and extent of data analysis to inform strategic choices. As well, there are significant issues concerning the processes for implementing and monitoring the 2012-2016 Strategy.

5. [NEWS: Processes related to the implementation of the 2012-2016 Strategy are ineffective: OIG](#)

The processes and controls for the implementation of the current Strategy are ineffective, the Office of the Inspector General says, although actions are being taken to improve them.

6. [NEWS: OIG identifies significant issues with monitoring The Global Fund's current strategy](#)

According to the Office of the Inspector General, the Secretariat has not yet established an effective mechanism to monitor The Global Fund's performance against its Strategy. The OIG recently completed an audit on the Fund's strategic planning processes. The OIG said that the current key performance indicator framework is ineffective and does not make timely corrective action possible.

7. [NEWS: Kenya takes steps to reduce the risk of treatment disruptions](#)

Kenya has introduced several measures to reduce the risk of treatment disruptions. This is in response to serious shortages of TB drugs experienced in 2014, and risks that have been identified of additional shortages that could affect drugs for all three diseases.

8. [NEWS: An update on The Global Fund's six special initiatives](#)

This article contains a progress report on the Fund's special initiatives, which are part of the new funding model.

9. [NEWS: Board approves another \\$630 million in country and regional grants](#)

In March 2016, the Global Fund Board approved \$625 million in funding for 21 grants emanating from concept notes submitted by 11 countries. One regional grant was awarded \$5 million.

ARTICLES:

1. ANALYSIS: The Global Fund has been backing away from efforts to promote generic competition

Nathalie Abejro

5 April 2016

With progressively stricter patent protections, the costs for new treatments continue to rise. It is a global problem that affects countries across income levels, but it is particularly challenging for poor and transitioning economies.

Until recently, The Global Fund has advocated for the affordability, availability, and financing of medicines and other health commodities, taking the time-tested position of

promoting generic competition as the most effective means for bringing down the price of medicines.

According to The Global Fund's 2012 Guide to Policies on Procurement and Supply Management of Health Products, the Fund has long supported efforts to "address barriers and practices that prevent access to affordable medicines by promoting generic competition in order to help reduce costs," including "the use of TRIPS flexibilities [see below] to ensure the lowest possible prices for quality medical products, and allows for grant monies to be used for securing the necessary expertise."

But lately the Fund has increasingly taken a very conservative approach or even remained silent when its political weight could have been used to promote the pro-generic policies that many countries rely on to ensure access to quality medicines.

As a result, The Global Fund's strategy regarding intellectual property (IP) has come under growing scrutiny from rights advocates and health and development partners, including Médecins Sans Frontières (MSF), UNITAID, and Health GAP. They have called on the Global Fund to use its influence to promote the use of generic competition, and to supplement those efforts by leveraging its purchasing power to lower the price of medicines.

This campaign to protect affordable access to medicines is intensifying as the Trans-Pacific Partnership (TPP) – a landmark agreement that will create the world's largest free trade zone and affect 40% of the world's economy – undergoes the final legislative processes for ratification.

Free trade pacts

Besides increasing costs as a direct result of stricter patent protections, trade pacts have generally favored IP rights holders to the disadvantage of competition and consumers. But the TPP goes further than previous pacts in that it threatens future access to affordable medicines. The TPP creates additional forms of monopoly protections – i.e. over and above minimum protections that already been agreed globally.

For example, the TPP expands provisions for monopoly drug patents and grants additional enforcement powers to foreign pharmaceutical corporations to directly challenge domestic public health policies. Activists argue that these longer, broader, and stronger patent protections will result in higher drug costs and longer times to bring generic drugs to market, thus pricing vital drugs out of the reach of millions of people. If ratified, they say, unprecedented monopolies on medicines will undermine the flexibilities negotiated under TRIPS that safeguard a country's access to affordable drugs.

TRIPS (Trade-Related Aspects of Intellectual Property Rights) is one of the annexes to the agreement establishing the World Trade Organization (WTO), the international body overseeing the global trading system, in 1994. For member countries of the WTO, TRIPS introduced protections for IP rights.

In response to concerns raised about the damaging impact of IP regimes on public health and development, particularly for developing nations, the DOHA declaration was issued by the

WTO in 2001. DOHA stated that IP provisions in trade agreements should not infringe on the human rights obligations of governments. It affirmed the right of WTO members to make full use of TRIPS flexibilities (e.g. compulsory licensing, parallel importing, voluntary licensing, exceptions, and exemptions) to protect public health and ensure access to medicines for the poorest.

Fund is uniquely positioned

Procurements of health commodities constitute 40-50% of The Global Fund's annual grant disbursements, making the Fund uniquely positioned to influence the price of key medicines – particularly given the Fund's expressed desire to maximize value for money. But instead, the Fund appears to be backing away from public health-friendly, pro-competition policies that it has actively promoted in the past.

An immediate case in point is its silence during global IP debates, and specifically during recent negotiations in which least developed countries (LDCs) requested an extension from the WTO in implementing stricter IP rules. In the end, the WTO granted their request, although it limited the extension to 2033 with the possibility of additional extensions.

Another example is the Market Shaping Strategy which The Global Fund Board recently adopted. The policy attempts to expand the Fund's role in shaping market dynamics to increase access to health products (see [GFO article](#)). Critics charged that an initial draft of the strategy circulated by the Secretariat for comment was too weak on IP barriers and generic competition issues. Members of the NGO and communities delegations of the Board provided hundreds of pages of input to the Secretariat to try to strengthen the language. But the revised text presented to the Board still fell short even though some last-minute lobbying at the Board meeting where the strategy was adopted resulted in some improvements to the language.

Although The Global Fund professes to support efforts to address IP barriers to affordable medicines, it has failed to develop strategies for overcoming IP barriers in implementing countries. Moreover, according to activists, the Fund has taken the position that such matters are outside the scope of its Market Shaping Strategy.

Many actors are involved in the fight for more affordable medicines, including development initiatives such as UNITAID and the Medicines Patent Pool, which provide substantial investments to ensure affordable access to medicines. MSF contends that the existing tools and levers to overcome IP barriers can be significantly leveraged with the Global Fund's market and political power – if only that power were forthcoming.

Another issue raised by MSF is the Global Fund's approach to centralizing key activities, such as bulk procurement and the e-marketplace. Strategies that centralize these activities seek to drive innovation and reduce costs, among other benefits, but they also build near-monopsony power for The Global Fund, potentially at the expense of building country capacity to address IP barriers in order to protect their public health interests. (In economics, a monopsony is a market structure in which only one buyer interacts with many would-be sellers of a particular product.) MSF says that negotiations to lower the price of

medicines lack transparency and oversight mechanisms, reducing country ownership in the process.

Brook Baker of Health GAP adds that “even if the Global Fund is promoting pooled procurement, it could provide countries with better information on patent status and help them amend their laws and use TRIPS flexibilities to access affordable more affordable generics.” He said that the Fund could also be doing more to strengthen procurement and supply system capacity in low-middle-income countries.

“Grant funds can be used to support IP/TRIPS-related work, so countries can put activities related to this in their proposals,” Baker said. “But the availability of Global Fund support for this IP work is not explicit. There should be clarity on this for recipient countries, both in advocacy and in TA. This is a particular concern for countries transitioning from Global Fund support, where the Fund should leave behind a set of policies and practices for effective procurement that will have an impact not just for commodities related to HIV, TB, and malaria.”

Explore all avenues

“All avenues for securing affordable access to medicines should be explored,” asserts Rohit Malpani, Director of Policy & Analysis with MSF. “The Global Fund, through its sheer weight, can employ a variety of means to enable recipient and graduating countries to protect their public health priorities. That means explicit support for the use, or threat of use, of TRIPS flexibilities in addition to leveraging its procurement options.”

“Further,” he adds, “The Global Fund should encourage wide review of these procurement options to inform its support to specific countries. It should conduct and publish clear analyses on the impact of free trade agreements or other trade policies on generic competition for health commodities.”

Another recommendations put forth by MSF and Health GAP is that The Global Fund should hire an in-house IP specialist as part of its market analysis work. In addition, they said, the Fund should align with, and build on, the work of UNITAID and the Medicines Patent Pool on overcoming IP barriers by, for example, negotiating voluntary licenses for key commodities and expanding access to generics to low- and middle-income countries.

There is another problem, according to Brook Baker. “Commercial interests wield substantial influence on Global Fund procurement and pricing strategies,” he said. “It’s the elephant in the room.” The U.S. is the Global Fund’s largest donor, and it has an enormous pharmaceutical lobby that backed the TPP and its pro-industry IP provisions. The Global Fund’s second largest donor is the U.K., also with its own powerful pharmaceutical industry pushing for longer monopolies on brand-name drugs, making it harder for generic companies to enter the market.

[TOP](#)

2. NEWS: In Uganda, a bill regulating NGOs threatens programs targeting key populations

Some CSOs plan to challenge the bill in court

Stéphanie Braquehais

5 April 2016

At the end of January, Ugandan president Yoweri Museveni signed a bill that seeks to regulate NGOs. According to activists, some of its provisions could threaten Global Fund–supported programs targeting key populations.

“The Bill has many vague provisions whose interpretation could be prejudicial to organisations such as those working on the rights of marginalized groups,” Sylvia Nakasi, policy and advocacy officer for Uganda Network of AIDS Service Organisations, told GFO.

According to clause 31(4) of the bill, the NGO board (appointed by the government) has the power to revoke or not to issue the permit of organizations whose “objectives are in contravention of the law of the country.” Thus, NGOs working with criminalized groups (such as sex workers and men who have sex with men) are not likely to be registered.

In Uganda, homosexuality is outlawed and punishable by imprisonment. In 2014, the government passed a bill that compelled citizens to report suspected homosexual activities to the police. However, the bill was annulled by the Constitutional Court a few months later.

Clause 40 of the latest bill lists the obligations of the NGOs. It says, for example, that the organizations “should not engage in any act which are prejudicial to the security and laws of Uganda” and “the interests and the dignity of the people of Uganda.”

“The term ‘security’ is not defined,” Nakasi said. “Given recent propaganda that portrays NGOs as foreign agents,” she added, “working on sexual minorities issues or the rights of terrorism suspects can easily be regarded as affecting the security of Uganda.”

Neither is “interests and the dignity of the people of Uganda” clearly defined. “Many Ugandans still feel that issues of sexual minorities are an imposition of Western values on Ugandans, and that they are part of an agenda or conspiracy to strip Uganda and Ugandans of any semblance of identity regarding religion, culture and morals and its sovereignty,” Nakasi said.

Kikonyogo Kivumbi, a key populations’ representative on the CCM and LGBTI activist, worries about the impact the bill will have on already hard-to-reach populations. “We fear that the bill would cause LGBTI and sex workers organisations to close down and their leaders to be jailed.”

When asked about the bill, The Global Fund was very cautious. “We are monitoring the situation closely and are in touch with partners about the potential impact of the bill. That’s all we can say at this time”, says Dumitru Laticevschi, the Uganda fund portfolio manager.

In a press release dated 26 February, the Human Rights Awareness and Promotion Forum recommended that the entity responsible for enforcing the law, the Ministry of Internal Affairs, “come up with regulations that clearly define the vague terms used in the Act” and “delay the coming into force of the Act.” The Forum added that “if the regulations do not resolve the vagueness, then CSOs should challenge the identified provisions in the Constitutional Court.”

[TOP](#)

3. NEWS: Recommendations for transitioning countries made available

APMGlobal Health and Aidsplan release a paper on transition

David Garmaise

31 March 2016

APMGlobal Health and Aidsplan have jointly released recommendations for countries transitioning from Global Fund support. The recommendations are contained in a paper entitled *Transitions from donor funding to domestic reliance for HIV responses*.

APMGlobal Health is a social enterprise that works to improve the reach, quality and impact of HIV sexual and reproductive health and harm reduction programmes among marginalized populations.

The paper was written Dave Burrows, Gemma Oberth, Danielle Parsons, and Lou McCallum, and development of the paper was supported by UNAIDS. The authors suggest that transitions need to be based on three sets of principles: (1) transparency and predictability; (2) good practice; and (3) human rights. The paper is structured along these lines.

The section on transparency and predictability describes the need for systematic transition criteria, publicly available transition schedules, and coordinated donor decisions.

In the section on good practice, the paper explains the need for adequate time, high-level country commitment, country ownership of the process, and built-in monitoring and evaluation.

The section on human rights discusses how transitions can protect and promote human rights by maintaining and expanding access to essential HIV services for key populations. This is done through creating funding mechanisms for NGOs and increasing the capacity of NGOs; obtaining high-level political commitment to providing the services; improving the in-country capacity for advocacy; and ensuring funding for policy, security, and criminal justice reform.

“There is an increasing need for transitions that are predictable, effective and protect and promote the human rights of key populations,” said lead author Dave Burrows. “We are already seeing too many countries where exit from donor funding or even a substantial reduction has led to reduced or eliminated services for some key populations.”

Transitions from donor funding to domestic reliance for HIV responses can be downloaded in PDF format from the APMGlobal Health website [here](#) and in Word and PDF format from the Aidspace website [here](#) (look under “Recent Reports”).

[TOP](#)

4. NEWS: Process for planning the 2017-2022 Strategy has been significantly enhanced, OIG finds

However, the OIG audit identifies problems regarding the timing and extent of data analysis

David Garmaise

5 April 2016

According to the Office of the Inspector General, significant enhancements have been made by The Global Fund to improve the process put in place for planning its 2017-2022 Strategy. However, the OIG said, there is room for improvement on the timing and extent of data analysis to inform strategic choices. As well, there are significant issues concerning the processes for implementing and monitoring the 2012-2016 Strategy.

The OIG added that the Secretariat has a number of plans underway which, if finalized and fully embedded at all levels in the organization, will address the issues and risks it has identified.

This information is contained in a [report](#) on an audit conducted by the OIG. The report was released on 8 March.

In the audit, the OIG sought to answer three questions:

1. Does The Global Fund have effective processes to plan and develop its 2017-2022 Strategy?
2. Are the Global Fund processes to implement the 2012-2016 strategy effective?
3. Are the Global Fund processes to monitor the progress and results of its 2012-2016 Strategy effective?

The balance of this article deals with the planning processes for the 2017-2022 Strategy. See separate articles on the implementation of the 2012-2016 Strategy ([here](#)) and the monitoring of the 2012-2016 Strategy ([here](#)).

The audit found that the planning process for the 2017-2022 Strategy is a significant improvement from the 2012-2016 exercise and was supported by extensive internal and external consultations to inform the strategic framework. Three partnership forums were held with over 330 key stakeholder groups from over 130 countries. The OIG called the process “all-inclusive” and noted that there have been transparent with multiple communications on

the external and internal Global Fund websites, and with members of the Board and the Strategy Investment and Impact Committee.

However, the OIG found that there were some weaknesses in the data analysis processes supporting the overall development of the strategy, “which creates a potential risk that the trade-offs and strategic choices being made as part the strategy development may not be informed by sufficient data.”

Apparently, the OIG and the Secretariat had a difference of opinion on this point. The OIG said that most of the consultations on the development of the strategy occurred before detailed analytical work was completed that would provide relevant data on current needs and existing gaps. This is the kind of data that was included in the [Global Fund Investment Case](#) which was not released until December 2015.

According to the OIG, the Secretariat’s view is that an assessment of the external and domestic financing landscape and the Global Fund’s role in financing the fight against the three diseases was presented at each recent Board meeting and every partnership forum; and that while the Investment Case is an analytical and communications document that provides a strong case for replenishing the Global Fund, it is not an essential document for the *development* of the strategy.

The OIG believes, however, than the analytic work that went into the development of the Investment Case should be an important input into both the development and implementation of the Strategy. “A clear understanding of both the current status as well as the remaining needs and gaps, based on objective data and robust evidence-based analysis, is necessary to enhance the quality of the internal and external dialogue on strategic choices,” the OIG said.

According to the OIG, seven of the 11 SIIC members it interviewed for the audit said that the level of data supporting the development of the strategic framework was insufficient – particularly with respect to the nature and extent of gender gaps or data related to health and community systems.

The OIG was critical of the fact that the current strategy planning process does not include an internal organizational analysis. The OIG said that this analysis is critical for the organization to understand its strengths, weaknesses, opportunities, and threats.

The OIG noted that the Secretariat is in the process of defining success and key deliverables for each of the strategic objectives and actions supporting the 2017-2022 strategic framework. The intention is to describe how the objectives will be achieved. In parallel, the OIG said, The Global Fund has started to work on defining the key performance indicators relevant to the strategic framework, to ensure that objectives adopted are achievable and measurable.

However, the OIG cautioned, until these analyses are completed and related action plans implemented, there is a risk that improvements made in the strategy planning phase may be offset in the subsequent implementation phase due to gaps in clear linkages among the

strategic goals, targets, objectives, and actions; and gaps in effective monitoring of performance.

According to the OIG, the Secretariat believes that the current strategy planning process was the most rigorous and inclusive in Global Fund history, and that there are no major or significant gaps or weaknesses in the process that require remediation. “Hence, the Secretariat elects to implement no management corrective action,” the OIG said.

[TOP](#)

5. NEWS: Processes related to the implementation of the 2012-2016 Strategy are ineffective: OIG

However, actions are being taken to address the problem

David Garmaise

5 April 2016

The processes and controls for the implementation of the 2012-2016 strategy are currently ineffective, the Office of the Inspector General says, although actions are being taken to improve them. This information is contained in a [report](#) on an audit conducted by the OIG. The report was released on 8 March.

In the audit, the OIG sought to answer three questions:

1. Does The Global Fund have effective processes to plan and develop its 2017-2022 Strategy?
2. Are the Global Fund processes to implement the 2012-2016 strategy effective?
3. Are the Global Fund processes to monitor the progress and results of its 2012-2016 Strategy effective?

The balance of this article deals with the processes for implementing the 2012-2016 Strategy. See separate articles on the monitoring of the 2012-2016 Strategy ([here](#)), and the planning of the 2017-2022 Strategy ([here](#)).

Recent programmatic reviews suggest that The Global Fund is making good progress on key strategic priorities, the OIG said, citing the rollout of the new funding model as a prime example. Nevertheless, the audit found, ownership and accountability for strategy implementation are “generally ambiguous” and strategic priorities are not always supported by strong implementation plans at the operational level. There are multiple ad-hoc initiatives, the OIG found, that are not sufficiently linked to an overall strategy.

The OIG said that escalation mechanisms and accountability structures are at best implicit, and often undefined. For example, it said, the Management Executive Committee, the highest governance body within the Secretariat, does not have explicit terms of reference and, as a result, it is often unclear what level of oversight is required of it. The audit found that there is no formal tracking of decisions taken and action items discussed at the MEC, and that this has led to an inconsistent approach to how issues are escalated within the Fund.

As a result, the OIG said, significant issues of strategic importance to the organization may sometimes not be escalated at the right level on a timely basis. Examples include the challenges and delays in implementation of the Global Fund's risk and assurance framework, the improvement of the Global Fund's grant-making platform and the development of a differentiated approach to grant implementation, all important enablers of the current strategy implementation.

The OIG noted that since January 2016, the MEC has started tracking decisions and action items discussed at meetings.

The OIG said that The Global Fund has implemented its 2012-2016 strategy in an unplanned and inconsistent manner without adequate short-term implementation plans. Although the Secretariat made multiple efforts to develop implementation plans with annual objectives (in 2012, 2013, 2014, and 2015), none of these plans were adequate or successfully rolled out.

The absence of time-bound strategy implementation plans has led to the creation of multiple ad-hoc initiatives, the OIG said. This has negatively impacted the overall effectiveness of the organization – the total number of initiatives is uncertain; they tend to accumulate over time; and they often remain incomplete. A significant proportion of the initiatives are trailing behind schedule despite being labelled as corporate priorities, the OIG found. A number of them – including including Risk and Assurance; the Data and Analytics Platform; the Supply Chain Management Strategy; Country Data Systems; Enhancing Value for Money; and Financial Sustainability – were launched in 2013 and 2014 without clear time-bound deliverables.

The OIG found that single-department or single-division initiatives were generally well governed, and that problems tended to arise in the organization-wide and transformational initiatives – the one that required many departments to work together. The most common problems were as follows:

- **Vision.** There was a lack of clear understanding of what the initiative or project was trying to achieve.
- **Accountability.** Many of the initiatives lacked adequate executive sponsorship to provide clear project direction and set measurable targets. Many of the issues impacting key deliverables were left for operational-level staff to figure out. They were not appropriately escalated and corrective measures were not put in place.
- **Project management:** There was an absence of adequate project management actions, including a lack of detailed project plans setting out clear deliverables and timelines; clear communication to stakeholders; and regular and accurate reporting.

The OIG said that the Secretariat acknowledges the problems and is taking steps to address them. For example, it has created a project management office to ensure that the various initiatives are prioritized to support achievement of the Fund's strategy; have clear and time-bound deliverables; and are managed appropriately to ensure successful delivery. The OIG said that there have been improvements in terms of both the frequency and quality of

discussions on strategy implementation at the Board and committee level, but that there is nevertheless a need for a more structured follow-up on key implementation issues identified.

In response to the audit findings, the Secretariat has agreed that:

- short-term implementation plans will be developed to support the 2017-2022 strategy, which will include consideration of core business activities and change initiatives;
- short-term implementation plans will be cascaded throughout the Secretariat in individuals' annual performance appraisals, using objectives which are specific, measurable, achievable, and realistic, and have clear targets for evaluating performance and holding people accountable for the delivery of the organization's strategy; and
- oversight of project and initiatives will be put in place to ensure strategically important objectives are met as planned.

[TOP](#)

6. NEWS: OIG identifies significant issues with monitoring The Global Fund's current strategy

KPI framework termed "ineffective"

Mary Lloyd

5 April 2016

The Secretariat has not yet established an effective mechanism to routinely monitor and assess The Global Fund's performance against strategy. The current key performance indicator framework is ineffective and does not enable full understanding of the challenges posed by the Fund's 2012-2016 strategy. Nor does it make timely corrective action possible.

These are some of the key findings of an audit on The Global Fund's strategic planning processes conducted by the Office of the Inspector General. A [report](#) on the audit was released on 8 March.

In the audit, the OIG sought to answer three questions:

1. Does The Global Fund have effective processes to plan and develop its 2017-2022 Strategy?
2. Are the Global Fund processes to implement the 2012-2016 strategy effective?
3. Are the Global Fund processes to monitor the progress and results of its 2012-2016 Strategy effective?

The balance of this article deals with the monitoring of the 2012-2016 Strategy. See separate articles on the planning processes for the 2017-2022 Strategy ([here](#)), and on the implementation of the 2012-2016 Strategy ([here](#)).

When the 2012-2016 strategy was implemented, the OIG said, The Global Fund did not have the right tools to gauge whether the organization was achieving its aims. Even when a set of KPIs was adopted halfway through the process, it said, monitoring of key initiatives, corporate priorities, and operational performance remained “weak and inconsistent.”

The OIG found that reports prepared by the Board, the Strategy Investment and Impact Committee, and the Secretariat since the start of the current Strategy focused primarily on the progress of disbursements and the roll-out of the new funding model. There was little in the reports on results, such as what impact the Fund was having in the countries it supports, or what was being achieved through activities related to human rights, health systems, and community systems strengthening.

The OIG said that the Board and the Financial and Operational Performance Committee performed significant oversight of The Fund’s operating expenses, which represents about \$300 million annually, about 9% of total expenditures. But monitoring the other 91% – i.e. the funds tied to grant implementation – was “limited, inconsistent and not systematic [enough] to effectively evaluate the Fund’s performance against Strategy.”

The audit found that in the first two-and-a-half years of the 2012-2016 strategy, none of the documents from the nine Board meetings held during that time show any indication that the performance of The Global Fund was being monitored. Of the 189 Board documents reviewed by the OIG, only one measured the Fund’s performance against its strategic objectives, and just eight included country and epidemiological data.

The KPIs were intended to be the main tool for monitoring the Strategy, but the OIG said the KPIs were poorly designed. The OIG noted that the Board did not get around to approving the KPI framework until November 2014, halfway through the 2012-2016 strategy. In addition, the OIG said, the Fund acknowledges that there are shortcomings in some of the KPIs, including significant gaps in reporting achievement against targets, and significant limitations concerning available data. In this respect, the OIG specifically mentioned the KPIs on health systems strengthening and human rights.

The OIG said that it recognizes the complexities around measuring the impact of the The Global Fund’s activities, and the time needed to be able to measure impact effectively.

However, the OIG said that the KPI framework is just one tool, and that it needs to be supported by adequate and effective processes to regularly evaluate the Fund’s performance at the Board, committee, and Secretariat level. “The organization needs to devote sufficient time to strategy monitoring,” the OIG said. “An equal, if not larger, weight should be applied to understanding the key drivers to progress and discussions around root causes and course correction for the challenges experienced.”

The OIG audit found that although there have been successes in the implementation of The Global Fund’s 2012-2016 strategy, “the absence of effective monitoring processes ... has led to a number of key areas supporting the achievement of strategy trailing behind without a timely and clear approach to course correction.” As a result, the OIG said, it was not until

after June 2015 (three-and-a-half years into the strategy) that the Fund developed actions plans to address these shortcomings.

In its report, the OIG said that the Secretariat has made improvements with respect to monitoring the Fund’s performance. In response to the audit findings, the Secretariat said that the Fund will develop and implement procedures for monitoring its Strategy on a regular basis. This will include a clear delineation between strategic monitoring performed at the Board and SIIC levels, and operational monitoring performed at the Secretariat level. All monitoring and oversight of organizational performance will be formalized and followed up with relevant actions for the Board, SIIC and Secretariat.

The Global Fund is currently defining a new set of KPIs for the upcoming 2017-2022 Strategy.

***Editor’s note:** (1) This is not the first time that doubts have been expressed about the value of The Global Fund’s KPIs. In an [article](#) in November 2015, GFO reported on a study commissioned by the Technical Evaluation Reference Group which questioned the value of the KPIs for monitoring Secretariat performance. The authors pointed out that the value of KPIs lies in understanding changes in an indicator, which requires considerable understanding of the context. “When corporate KPIs are intended for use by the Board as much as by management, as in the Global Fund,” they said, “problems arise when Board members lack the same level of contextual understanding.” The article also described concerns raised by others. (2) On 29 March 2016, the OIG released a [report](#) on a separate audit that it conducted on the Fund’s KPIs. The findings of this audit are similar to the KPI-related findings in the audit that is the subject of this article.*

[TOP](#)

7. NEWS: Kenya takes steps to reduce the risk of treatment disruptions

Serious shortages of TB drugs occurred in 2014

Risks of additional shortages identified

Ann Ithibu

5 April 2016

In response to shortages of TB drugs experienced in 2014, and to risks that have been identified of additional shortages for drugs used for all three diseases, Kenya has put in place various measures to reduce the risk of treatment disruptions.

In early 2014, Kenya experienced an acute shortage of TB drugs, specifically streptomycin and paediatric TB drugs, due to the failure of the counties to purchase TB drugs. This happened at a time when the central government was devolving major functions to Kenya’s 47 county governments – including the responsibility for health care – following the adoption of the new constitution in 2010. Counties took up the responsibility for planning and budgeting for their own health services. In an audit [report](#) released in July 2015, the Office of

the Inspector General stated that the central government allocated money to the counties without providing timely guidance or capacity building in procurement or drug forecasting (see [GFO article](#)).

Though the number of stock-outs has gone down since 2014, John Kabuchi, procurement manager at Kenya Medical Supplies Authority, told GFO that some counties remain more at risk of developing stock-outs than others. KEMSA is the government agency whose mandate is to procure, warehouse and distribute drugs and medical supplies for certain public health programs. Kabuchi explained that political will and staff's knowledge of basic inventory management techniques and data collection are two factors that may influence the frequency of stock-outs in the counties. In addition, conflict areas are more at risk of experiencing stock-outs because it is difficult to deliver commodities to such areas and carry out capacity building exercises.

Samuel Muia, oversight officer for Kenya's country coordinating mechanism (KCM), added that environmental changes sometimes influence the frequency of stock-outs. For example, heavy rains in the western part of the country led to an upsurge of malaria last year. This, in turn, resulted in increased consumption of anti-malarials and stock-outs at the facility level.

The remedial measures implemented by Kenya are as follows:

1. KCM Oversight Committee
2. Oversight field visits
3. Elimination of parallel drug supply systems
4. Implementation of (a) the Logistics Management Information Systems (b) the Pull system
5. Monthly commodity security meetings

Each of the measures is summarized below.

KCM Oversight Committee. In 2014, the KCM established an oversight committee to strengthen its oversight function. Among the responsibilities of the committee is ensuring transparent and effective procurement and supply chain management. One of the tools the committee uses is the CCM dashboard.

The dashboard is a visual, strategic summary of key information drawn from existing data sources for all Global Fund grant principal recipients (both government and NGO). It includes stock level indicators where current stock is measured against safety stock. Safety stock (also referred to as "buffer stock") is the minimum stock level central stores and facilities should have at any one time to protect against stock-outs. In Kenya, safety stock for TB drugs, for example, is a 6-month supply, while for HIV drugs it is three months.

If the oversight committee spots a problem, or what it believes could be a potential problem, it will make recommendations to the full CCM concerning what actions could be taken.

Oversight field visits. Since its inception in 2014, the KCM oversight committee has embarked on field visits to witness how grants are being implemented. The field visits are usually conducted twice a year, but additional visits can be arranged if there is a perceived

need. In May 2015, the oversight committee carried out a field visit to 16 health facilities in Homabay and Vihiga counties. These visits revealed stock outs of anti-malarials in a number of health facilities in both counties (see [report](#)).

Elimination of parallel drug supply. Over the years, various donors have utilized different procurement mechanisms for ARVs. These have now been integrated into one pipeline under KEMSA. This has helped avoid duplication and wastage.

Implementation of the computerised Logistics Management Information System (LMIS) and the Pull system. The LMIS is a system of records and reports used to aggregate, analyse, validate, and display data from all levels of the logistics system. These data are then used to make decisions and manage the supply chain.

KEMSA developed a web-based system which includes a self-service customer portal installed in all county health facilities. Through the portal, health facilities are able to submit consumption data as well as place drug orders. The portal has eliminated the long manual ordering process which could take weeks or months. In addition, it has reduced the amount of paperwork submitted by the facilities and significantly increased the quality of data. It has also led to improved quantification and planning of the national needs.

Although the more efficient web-based LMIS has been in existence for a number of years, not all health facilities have adopted it. Efforts are being made to ensure complete uptake of the web-based LMIS at the facility level. Kabuchi revealed that KEMSA has now been rolled out the web-based LMIS to all the 47 counties. In addition, KEMSA has carried out capacity building initiatives in more than 3,000 health facilities, half the number of all the 6000 health facilities served by KEMSA.

Increased uptake of the LMIS has contributed to the implementation of the Pull system. Through the LMIS, facilities have been given an opportunity to submit consumption data and “pull” for drugs they require in the quantities they need. The Pull system is replacing the Push system where KEMSA would deliver predetermined quantities and varieties of medical commodities to health facilities on a quarterly basis. The Push system was deemed to be wasteful because often commodities were sent to facilities that did not really need them.

Monthly commodity security meetings. Meetings at various levels have been set up to monitor and analyze national stock status. These meetings include the demand analysis team meeting, commodity security meetings, program inter-agency coordinating committees (ICCs) meetings and joint ICC meetings. According to Kabuchi, the demand analysis team meets monthly to monitor what drugs have come in and what has been used, and to project future drug needs. Through these meetings, potential stock-outs can be recognized and corrective action initiated early.

Challenges

Despite these measures, challenges remain. According to Muia, needs assessment and commodity quantification at the facility level are fraught with challenges. There is poor data collection and under-reporting of disease cases and consumption at the facility level which often leads to under-estimation of the burden of disease. This makes it hard to make accurate forecasts of needs. “Counties should ensure comprehensive capturing of data as this has a direct impact on commodity quantification” said Muia who further proposed training to build the capacity of staff in the facilities in these areas.

Inefficiencies are still experienced at the county level. For example, where one facility in a county is overstocked in a particular drug while another facility in the same county is experiencing stock-outs of the same drug, there are no systems in place to enable redistribution from one facility to another.

[TOP](#)

8. NEWS: An update on The Global Fund’s six special initiatives

Gemma Oberth

5 April 2016

The Secretariat has provided an update on Special Initiatives to the Strategy, Investment and Impact Committee and the Financial and Operational Performance Committee. The update has not been made public, but Aidsplan has received permission to report on its contents.

In the last issue of GFO, Aidsplan reported overall spending updates for the six special initiatives (see Table 1 of [GFO article](#)). This article provides more details on progress to date.

Emergency Fund

The Emergency Fund is set up to ensure continuity of essential HIV, TB, and malaria services which are at risk of interruption in situations such as conflicts, natural disasters, or other disease outbreaks. The \$11.6 million committed to date for this special initiative has been granted to five countries: Liberia (\$1.62 million), Sierra Leone (\$1.63 million), Syria (\$3.32 million), Nepal (\$2.13 million), and Ukraine (\$2.97 million).

The emergency funds for Liberia and Sierra Leone are for malaria prevention in the context of the Ebola crisis. In Liberia, the funds are dedicated to procuring 448,084 long-lasting insecticide treated nets to close the gap in the national campaign after the Ebola crisis altered the distribution strategy. In Sierra Leone, the support is for the country’s mass drug administration campaign, which aims to treat more than 2.3 million people in select chiefdoms with antimalarial drugs, regardless of their disease status. The objective of the drug campaign is to reduce Ebola transmission among malaria patients, which can happen if malaria fever is mistaken for early symptoms of Ebola and patients are quarantined together.

In Syria and Ukraine, the emergency funds are for HIV and TB service maintenance in the context of political instability. In Syria, support is provided for TB prevention among refugee populations, while in Ukraine funds are used for HIV service provision in areas affected by military conflict.

Lastly, the Emergency funds in Nepal are for responding to HIV in the aftermath of the April 2015 earthquake.

There are 15 pre-qualified implementers for the Emergency Fund. These are: the International Organization for Migration, Save the Children, the World Food Programme, UNICEF, World Vision, GIZ, the International Rescue Committee, UNDP, UNOPS, Plan International, Catholic Relief Services, the International Federation of Red Cross and Red Crescent Societies, Population Services International, the International Medical Corps, and the United Nations High Commissioner for Refugees.

Community, rights and gender

In addition to this article, GFO has published two previous progress updates on the CRG special initiative (in [March](#) and [September](#) 2015). Linking these three updates, Figure 1 below shows a timeline of progress for the provision of short-term technical assistance.

Figure 1: Progress over time on short-term TA provision through CRG Special Initiative



The Global Fund Secretariat has recently indicated that every TA assignment funded through the CRG special initiative has had a key populations focus. Many have also had scopes of work touching on human rights, community responses, youth, and gender.

Funds committed for the six regional platforms, another arm of the CRG special initiative, have now reached the total expected allocation of \$4 million. Most platforms are in the implementation phase, using [websites](#) and [social media](#), and producing [survey reports](#), all aiming to improve communication and coordination with other Global Fund TA initiatives.

Investments in the eight Robert Carr Network Fund grantees are now at a total of \$5 million, up from \$2.6 million as of September 2015.

A consultant has been engaged by the Global Fund to carry out a review of the CRG special initiative.

PR capacity building

This special initiative is designed to support first-time principal recipients that do not have the resources to pre-finance grant-making and start-up activities. Upon grant signing, The Global Fund is then to be reimbursed by the PR. Two pre-financing applications have been approved so far for regional programs in Africa: \$446,000 for the SARCM grant and \$84,446 for the ANECCA grant (see [GFO article](#) for summaries of these two grants).

Value for money and sustainability

The value for money and sustainability special initiative aims to bolster the Global Fund's strategic objectives to invest resources strategically, measure investments and outcomes, mobilize domestic financing, and sustain progress. The \$5.5 million committed to date has largely gone towards resource tracking and allocation support. Specific examples include:

- South African expenditure analysis;
- Asian network of national health accounts;
- consecutive rounds of health accounts and disease expenditure in 38 countries; and
- prioritization for national disease programs in 25 countries.

WHO-Stop TB partnership agreements

This special initiative was initially intended solely to support the development of concept notes, but the the scope has since been expanded to include technical support during grant-making.

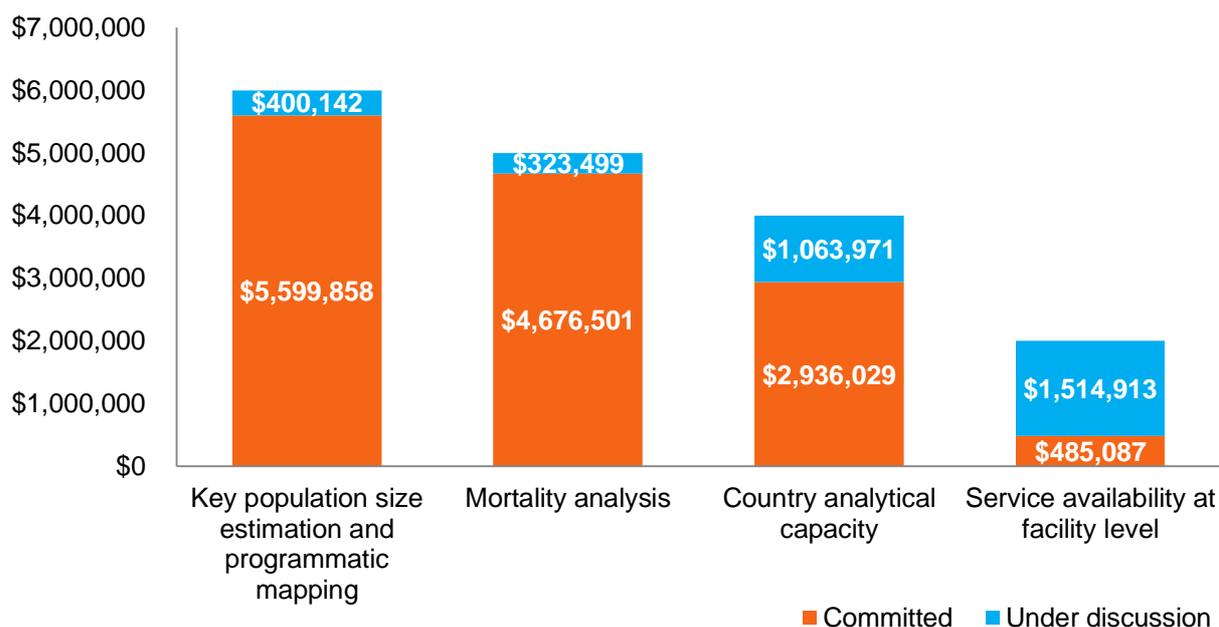
The WHO has provided concept note development and grant-making support for a total of 423 requests across 97 countries. These investments have been for HIV, TB, malaria, and health systems components. The WHO has spent \$18.2 million, and committed the remaining \$6.5 million, for a total investment of \$24.7 million. Stop TB has provided support for the development of 71 concept notes with TB components, and supported country dialogue and community engagement around these submissions in 30 countries. For this, \$3 million has been spent to date, with an additional \$1.3 million remaining to be committed.

One of the community engagements supported by Stop TB through this special initiative was for ex-mineworkers, widows and other TB key populations to engage with the [TB in Mines regional program](#) in Southern Africa. Vama Jele, Executive Secretary of the Swaziland Migrant Mineworkers Association, said this support enabled his organizations' members to express their priorities for the regional grant. "This is to understand what matter most to miners and their families," he said.

Country data systems

The majority of the \$13.8 million committed to date under this special initiative has been dedicated to key population size estimation and programmatic mapping, followed closely by mortality analyses (Figure 2).

Figure 2: Areas of investment for the country data systems special initiative (\$US)



Future of special initiatives

It is not yet clear if the Fund’s special initiatives will be renewed during the next allocation period. Many of the investments described above were for short-term assistance leading up to implementation, much of which have now been completed (given that 90% of the anticipated concept notes for the 2014-2016 allocation period are either in grant-making stage or have already resulted in Board-approved grants – see [GFO article](#)). However, other components supported by the special initiatives are more long-term in nature. These include the sustainability of the regional platforms and support for countries to conduct iterative rounds of health accounts annual expenditure tracking. Ongoing investment for these will depend on Board decisions later this year.

[TOP](#)

9. NEWS: Board approves another \$630 million in country and regional grants

South Africa (TB/HIV) and Tanzania (malaria) receive the highest awards

David Garmaise

5 April 2016

In March 2016, the Global Fund Board approved \$625 million in funding for 21 grants emanating from concept notes submitted by 11 countries. Of the \$625 million, \$300 million represented new money; the balance was existing funding that had been approved prior to the new funding model but was nevertheless included in the NFM allocations to countries. The Board was acting on recommendations from the Grant Approvals Committee and the Technical Review Panel.

In addition, the Fund placed interventions worth \$58 million in the registry of unfunded quality demand. See the table for details. The Board also approved \$5 million for a regional grant to the Organization of Eastern Caribbean States.

Table: Funding for country grants approved by the Global Fund, March 2016 (\$ million)

Country (component)	Grant name	Principal recipient	Approved funding			Added to UQD register
			Existing	New	Total	
Cameroon (HIV)	CMR-H-MOH	Ministry of Health	0.0 m	11.5 m	11.5 m	12.3 m
The Gambia (malaria)	GMB-M-MOH	Ministry of Health	1.0 m	11.9 m	12.9 m	1.5 m
	GMB-M-CRS	Catholic Relief Services	4.4 m	0.0 m	4.4 m	
Guinea-Bissau (TB)	GNB-T-MINSAP	Ministry of Public Health	2.8 m	0.9 m	3.7 m	NIL
Guyana (TB)	GUY-T-MOH	Ministry of Health	1.1 m	0.0 m	1.1 m	NIL
Haiti (TB)	HTI-C-PSI	Pop. Serv. Intl.	46.7 m	14.5 m	61.2	NIL
Indonesia (HSS)	IND-S-MOH	Ministry of Health	8.0 m	0.0 m	8.0 m	NIL
Madagascar (TB)	MDG-T-ONN	Office of Nat. Nutrition	1.1 m	6.1 m	7.2 m	NIL
Pakistan (HIV)	PAK-H-NZT	Nai Zindagi	4.8 m	5.3 m	10.1 m	0.7 m
	PAK-H-NACP	Nat. AIDS Control Prog.	3.0 m	6.2 m	9.2 m	
South Africa (TB/HIV)	ZAF-C-AFSA	AIDS Foundation S.A.	0.0 m	16.4 m	16.4 m	22.3 m
	ZAF-C-SCI	Soul City Institute	1.6 m	15.3 m	16.9 m	
	ZAF-C-KHETH	KHETH'Impilo	0.0 m	20.2 m	20.2 m	
	ZAF-C-KZN	KwaZulu Natal Prov. Tr.	0.0 m	31.7 m	31.7 m	
	ZAF-C-NACOSA	NACOSA	15.1 m	29.9 m	45.0 m	
	ZAF-C-NDOH	Nat. Dept. of Health	59.6 m	69.7 m	129.3 m	
	ZAF-C-RTC	Right to Care	14.7 m	21.9 m	36.6 m	
ZAF-C-WCDOH	Western Cape DOH	15.1 m	3.3 m	18.4 m		
Tanzania (malaria)	TZA-M-MOF	Ministry of Finance	131.8 m	30.6 m	162.4 m	20.9 m
Uzbekistan (malaria)	n/a	Rep. C. of State Sanit. Epi. Surv.	0.2 m	0.2 m	0.4 m	NIL
Uzbekistan (TB)	UZB-T-RDC	Republican DOTS Center	14.0 m	4.0 m	18.0 m	NIL
TOTALS			325.0 m	299.6 m	624.6 m	77.7 m

The grants to Cameroon and Guinea-Bissau were in euros which were converted to dollars at the rate of 1.1105.

The largest awards went to South Africa (\$314.5 million for HIV) and Tanzania (\$162.4 million for malaria).

We will provide additional information on these awards in a future GFO article.

Information for this article comes from the March 2016 report of the Secretariat's Grant Approvals Committee to the Board (GF-B34-ER12-EDP16-17). This document is not available on the Fund's website.

This is issue #284 of the GLOBAL FUND OBSERVER (GFO) Newsletter. Please send all suggestions for news items, commentaries or any other feedback to the GFO Editor at david.garmaise@aidspan.org. To subscribe to GFO, go to www.aidspan.org.

GFO Newsletter is a free and independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org).

Aidspan (www.aidspan.org) is a Kenya-based international NGO that serves as an independent watchdog of the Global Fund, aiming to benefit all countries wishing to obtain and make effective use of Global Fund resources. Aidspan finances its work through grants from foundations and bilateral donors. Aidspan does not accept Global Fund money, perform paid consulting work, or charge for any of its products. The Board and staff of the Fund have no influence on, and bear no responsibility for, the content of GFO or of any other Aidspan publication.

GFO Newsletter is now available in English and French. Some articles are also available in [Russian](#).

GFO Editor: David Garmaise (david.garmaise@aidspan.org).

Reproduction of articles in the Newsletter is permitted if the following is stated: "Reproduced from the [Global Fund Observer Newsletter](#), a service of Aidspan."

Are you a newcomer to Global Fund issues? See Aidspan's "A Beginner's Guide to the Global Fund – 3rd Edition" at www.aidspan.org/node/934.

Click [here](#) to unsubscribe.

GFO archives are available at www.aidspan.org/page/back-issues.

Copyright (c) 2016 Aidspan. All rights reserved.