



Independent observer
of the Global Fund

Global Fund Observer

NEWSLETTER

Issue 301: 30 November 2016

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The Global Fund Board recently approved \$15 million for the continuation of strategic investments in community, rights and gender over 2017-2019. The new CRG Strategic Initiative will dedicate more funds towards technical assistance, build capacity of malaria and TB communities, and deepen linkages with other Strategic Initiatives and partner programs.

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As reported in the last GFO 300, the report by the Executive Director of the Global Fund, Dr Mark Dybul, stated there has been progress made on the challenges and opportunities that lie ahead in the fight to end the three diseases. In this article, further elaboration on how the Fund intends to achieve that goal, is given.

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BY DAVID GARMAISE

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BY LARSON MOTH

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In a report to the Board, the Secretariat reported good progress in recovering amounts owing as a result of non-compliant expenditures identified by the Office of the Inspector General.

9. [NEWS: Description of qualitative adjustment process for 2017-2019 allocations](#)

BY DAVID GARMAISE

In June 2016, the Strategy Committee determined the process to be used to make qualitative adjustments to the initial allocations derived from the application of the disease burden/income level formula. This article describes the two stages of the process: epidemiological considerations and holistic adjustment. Information on the parameters used to make the adjustments will be provided in a separate article in GFO 302.

10. [Erratum: Breakdown of catalytic investments](#)

BY LARSON MOTH

We correct an error in an article on catalytic investments in GFO 300.

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1. NEWS: Countries cannot roll over unused funds to their 2017-2019 allocations

Allocation letters expected to go out in December

David Garmaise

26 November 2016

If a country has unused funds in an existing grant when the grant reaches its termination date, it cannot carry them forward into the allocations for 2017-2019. “Unused” means undisbursed or uncommitted at the Secretariat level, or cash remaining uncommitted at the implementer level.

For example, if Country X has a TB grant that is scheduled to end on 31 December 2016 (or later), and if there is \$300,000 left in the grant on that date, Country X will not be able to access these funds. Instead, the funds will go into a pool which will be used to for portfolio optimization, including to top up grants with high absorption levels and good performance.

The funds awarded through portfolio optimization can be for any component; they are not restricted to TB.

Country X may be able to obtain a costed extension of its TB grant, but the funds awarded for the extension will be deducted from Country X’s allocation for 2017-2019.

This information was contained in an [email](#) distributed by Dr Lucica Ditiu, Executive Director of the Stop TB Partnership, on 4 November 2016, and confirmed by Aidsplan in an exchange of emails with the Secretariat.

The Secretariat told Aidsplan that this is the way the allocations process is designed to work under the new funding model (NFM). When the allocations for 2014-2016 were determined, they included existing funding from grants still in progress. But the two situations are not analogous. In 2013, the Global Fund was transitioning from the rounds-based system to the NFM.

If a country has one or more grants where it is lapsing funds, this will not affect how much the country receives in its allocation for 2017-2019, at least not directly. In other words, there won’t be any penalty applied; however, when the Secretariat is determining the allocations for each country, it will look at factors such as the country’s ability to absorb funding, as part of the qualitative adjustment process (see separate [GFO article](#) in this issue).

In December, allocation letters will be sent to each country. According to the Secretariat, the letters will contain:

- information on the amount allocated to that country;
- a recommended program split (i.e. the amounts for each disease);
- information on how to access the funds;
- information on which funding request approach should be used for each component;
- expectations concerning domestic financing – with respect to both new commitments and the realization of previous commitments; and
- information on the importance of focusing on increasing return on investment.

(As explained in a previous [GFO article](#), there are three types of funding requests: full review, tailored review, and program continuation.)

The allocation letters will also encourage countries to invest in building resilient and sustainable systems for health, and will explain how the program splits provide the flexibility to do this.

For more information on the applications process for 2017-2019, see the Global Fund's [FAQ document](#).

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2. NEWS: Board approves \$15 million for continuation of strategic investments in community, rights and gender over 2017-2019

The initiative will expand access to technical assistance during the 2017-2019 grant cycle

Gemma Oberth

28 November 2016

The Global Fund will invest \$15 million over the next three years (2017-2019) to bolster community responses, human rights and gender equality in its grants. The Board has approved this funding for a Community, Rights and Gender (CRG) Strategic Initiative, building on progress made in strengthening engagement of civil society and community groups in Global Fund processes through the first CRG Special Initiative for 2014-2016 (see GFO articles [here](#) and [here](#)). The Global Fund's Special Initiatives have been rebranded as "Strategic Initiatives" for the coming grant cycle.

The anticipated impact for the CRG Strategic Initiative from 2017-2019 will be to:

- strengthen the meaningful engagement of community and civil society in Global Fund processes across all stages in the grant cycle;

- better reflect civil society and community priorities in concept notes, transition planning and related national strategies;
- provide greater emphasis on evidence-informed and rights-based programming demonstrated in Global Fund grants.;
- identify the critical technical assistance needs of community and civil society key stakeholders.
- Strengthen community and civil society’s capacity to design and deliver quality technical support.

The CRG Strategic Initiative for 2017-2019 will have the same three components as the 2014-2016 CRG Special Initiative: technical assistance (TA) programs, capacity-building of key population networks on Global Fund processes, and regional civil society and community communication and coordination platforms. It is not yet known if the same technical assistance providers, regional platform hosts and key populations networks will continue on as partners for the new CRG Strategic Initiative.

Components and levels of investment for CRG Special Initiative (2014-2016) and CRG Strategic Initiative (2017-2019)

Component of CRG Strategic Initiative	Status of investments (as of end November 2016) from the 2014-2016 CRG Special Initiative	Estimated investments over 2017-2019 for the CRG Strategic Initiative
Technical assistance (TA) programs	\$4,650,000	\$6,000,000
Capacity-building of key population networks on Global Fund processes	\$5,950,000	\$5,000,000
Regional Civil Society and Community Communication and Coordination Platforms	\$4,400,000	\$4,000,000
TOTAL	\$15 million	\$15 million

The approval of the \$15 million CRG Strategic Initiative for 2017-2019 comes on the back of the newly released formal evaluation of the 2014-2016 CRG Special Initiative.

The top-level recommendations from the 2014-2016 CRG Special Initiative evaluation report include:

- allocate funding for at least three years (2017-2019) for continuation of the CRG Special Initiative;
- expand the remit of the CRG Special Initiative to go beyond grant signing and offer TA and capacity building to communities/civil society for all stages in the Global Fund’s Funding Model;
- review the conceptual framework and implementation modalities of the CRG Special Initiative to ensure that it operates as a more connected and comprehensive model;

- strengthen the CRG Special Initiative’s efforts to mobilise and support the meaningful engagement of TB and Malaria-focused communities/civil society in Global Fund processes and the inclusion of CRG-related interventions in grants;
- strengthen the effectiveness and efficiency of the management and administration of the CRG Special Initiative by the Global Fund Secretariat (this recommendation responds to a separate finding in the report which notes acute under-staffing in the CRG Special Initiative team).
- Develop and implement an M&E framework for each core Component of the CRG Special Initiative and for the Initiative as a whole.
- Develop and implement a knowledge management and communications strategy to document, analyse and systematise the key learning from the CRG Special Initiative.

While the new CRG Strategic Initiative (2017-2019) is largely similar to the previous CRG Special Initiative (2014-2016), the Board paper on catalytic funds (GF/B36/04) suggests there may be a few noteworthy changes.

Under the new CRG Strategic Initiative, the Global Fund aims to improve access to technical assistance. As before, the technical assistance will be south-to-south as well as peer-led and will be delivered through short-term assignments. However, the Board paper suggests that CRG technical assistance will now be available throughout the grant cycle, whereas it was previously only available up until the grant signing stage. This change would respond to the recommendation in the CRG Special Initiative evaluation which calls for the remit to be expanded and for TA and capacity building to be available for all stages of the funding model.

While the previous CRG Special Initiative delivered key population capacity building to eight HIV networks through a partnership with the Robert Carr civil society Network Fund, the new CRG Strategic Initiative is broadening this component to more effectively integrate TB and malaria community networks as well. The Special Initiative piloted this expansion through a request for proposals that resulted in four malaria grantees (International Public Health Advisors, Réseau Accès aux Médicaments Essentiels, APCASO and The Kenya NGOs Alliance Against Malaria) and funds for the Global Coalition of TB Activists. This change would also address the findings of the CRG Special Initiative evaluation, which urges the renewed CRG Strategic Initiative to increase its support the meaningful engagement of TB and malaria-focused communities and civil society in Global Fund processes.

The Board paper also suggests there might be stronger links between the new CRG Strategic Initiative and other Strategic Initiatives (of which there are 14 in total-see GFO [article](#)). This link is made particularly explicit for the new Strategic Initiative to develop innovative approaches and accelerate progress on finding missing TB cases (building on the previous Special Initiative for WHO-Stop TB Partnership Agreements). The Strategic Initiative for finding missing TB cases includes a specific sub-component to provide support for CRG efforts. The CRG component will aim to tackle some of the specific barriers to TB case finding among key populations, as well as strengthen the integration of community-based TB activities into the work of existing civil society organizations.

In addition, there are potential linkages between the CRG Strategic Initiative and the new \$15 million Sustainability, Transition and Efficiency Strategic Initiative. The CRG Strategic Initiative will have a specific focus on contexts that are undergoing transition planning and where key and vulnerable population engagement remains particularly challenging. Similarly, the Sustainability, Transition and Efficiency Strategic Initiative includes support for civil society engagement in budget processes and domestic resource mobilization. This has also been piloted through the CRG Special Initiative technical assistance program, where \$500,000 was set-aside in 2016 for sustainability and transition TA in Latin America and the Caribbean, Eastern Europe and Central Asia, South Africa and the Asia Pacific region.

Kate Thomson, Head of the Community, Rights and Gender Department at the Global Fund, emphasizes the importance of the continued investments in the CRG Strategic Initiative. “In all regions of the world, more extensive dialogue and participation in Global Fund processes are leading to HIV, TB and malaria programs that are more responsive to community needs and that will ultimately have greater impact,” Thomson told Aidspace.

Given the Fund’s elevated focus on community, rights and gender in its new Strategy for 2017-2022, the CRG Strategic Initiative is an important pillar for achieving results. The CRG Strategic Initiative will contribute important gains towards the Fund’s strategic objectives to maximize impact against the three diseases, build resilient and sustainable systems for health and promote and protect human rights and gender equality.

Information in this article comes from the Board paper GF/B36/04, presented at the 36th meeting of the Global Fund Board on 16-17 November 2016 in Montreux, Switzerland. All Board documents will be made public on the Global Fund’s website.

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3. NEWS and ANALYSIS: EECA constituency: transition may threaten key populations in the region

Joint statement of constituencies for the 36th Global Fund Board outlines problems and provides general recommendations

Tina Zardiashvili

30 November 2016

Prior to the Global Fund’s recent Board Meeting, the EECA and EMR Constituencies submitted a common statement for the 36th meeting of the Global Fund Board. The statement argued that both the alarming epidemiologic situation in the EECA, along with the envisioned decrease in funding might affect the sustainability of the positive results already achieved worldwide (in the frames of MDG-6 in combating AIDS). They voiced concern that the decrease in funding may also result in less effective implementation of the new global target: to end HIV by 2030. The statement criticized the way the Fund has managed the transition process to date.

The statement

Along with the statement, the board received case studies on the EECA countries: Bulgaria, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Romania, Russia and Serbia. These country profiles provided overviews of the epidemiologic situation, schematic information about programs and service delivery, specific policy barriers and recommendations. Direct links between the statement and the case studies are not presented here however, the profiles attempted to emphasize the country-specific problems that are focused on in the general recommendations of the statement to the Fund. Initially the statement covered two regions, EECA and EMR. While writing this article, we were informed that since submitting the statement to Office of Board Affairs, that both the LAC and SEA constituencies decided to 'join' the statement.

The epidemiological situation in the EECA is usually the main point of dispute between different advocacy campaigns that are trying to debate on decreasing donor contributions, though is unlikely to be taken into consideration as the countries with middle and high income are expected to contribute in controlling their own epidemics.

Basing eligibility criteria on a country's income has been considered unfair by many experts in the region. Their argument is that epidemics are mostly concentrated among stigmatized and even criminalised communities of drug users, sex workers and men who have sex with men-MSM. This means that even if the country has a high income, but has discriminatory policies against key affected populations-KAPs, it is unlikely that the state budget will contribute finances to the services. Policy change needs more time to evolve and in the meantime, the most important goal is to sustain the services currently developed, strengthened and financially supported by the Fund. Although there are a number of Global Fund-financed regional programs advocating for policy changes and increased domestic funding, it is not possible to achieve the appropriate results as quickly as desired.

The statement read: "Transition may threaten key populations. There is uncertainty about how to ensure key population are not cut off from services through transition. Key populations programming is often heavily donor-funded and not eagerly absorbed by governments" –the risk for the key populations to stay uncovered by relevant services is very high, therefore, the services targeting KAPs without Global Fund support are facing a genuine risk of closure.

"The transitions are implemented ad hoc. There is no consensus on the best model for guiding countries through a responsible transition. A variety of frameworks and criteria has been put forward by several different sources"- this particular part of the statement is debatable, as after closing the programs in Serbia and Romania, appropriate lessons were learned, and significant efforts have been put into developing new policies on [sustainability, transition and co-financing](#).

As to the matter of a consensus on the best model for transition, it is doubtful this can be achieved, given the diversity of the countries and of the socio-economic and political contexts in the region. The Global Fund has however, supported the development of various flexible

frameworks for assessing each country's degree of readiness for transition. Countries are given the choice to select from number of available tools (read GFO articles [here](#) and [here](#)).

To address the problems related to KAPs and the transition process, the statement suggests that the transition should be based on the three main principles, such transparency, best practices and human rights. The statement does not give more concrete details about what these three principles precisely signify, and how each of these three principles should be strengthened by the programs. It can be argued that the Global Fund has already made good steps towards the aforementioned principles; for example, by supporting the [Community, Right and Gender technical assistance program](#) (read GFO article [here](#)), or financing the research projects in different EECA countries (read GFO article [here](#), [here](#) and [here](#)).

Aidspan approached the team of authors of the statement to check on any follow up action done, and to ask: Now that the Board meeting is over, are there any statements that would change, or do the statements still stand?

Ms. Ana Filipovska, from the EECA Constituency and General Secretary of CCM of Macedonia stated: “The joint delegation of EECA, EMR, LAC and SEA Constituencies had meetings with several donor constituencies, sharing concerns regarding the decreased financing for middle income countries for HIV, TB and Malaria. This was the first dialogue with donors and we are happy to have had the chance to discuss issues raised in the statement with them. Our statement still stands. We were also happy with additional amendments regarding the allocation, and that MIC are also to receive an allocation which we believe was also influenced by our joint statement. Furthermore, we would like the topics of sustainability and co-financing policy, as well as topics of responsible approach for countries in transition, to be addressed at the next Board retreat and Board meeting.”

Something new or just repetition?

Many of the issues raised in the statement have been raised earlier by different communities and different countries. In fact, a number of other letters providing more or less similar arguments has been sent to the Fund prior to the recent Board meeting (for example, from Russia, Romania, MSF, EU HIV/AIDS Civil Society Forum). Therefore, this is not the first time that advocacy messages coming out from the EECA region are being repeated. However, some feel it is unlikely the Fund is going to change its position. Perhaps the one area where the statements may have an impact is in regard to transition planning and implementation; as this is an area where Global Fund policy is still evolving.

Most recommendations listed in the statement are concerning transition. However, it seems that a number of the suggested measures have already been incorporated into the transition planning agenda: for example, developing evidence-based and realistic plans and mechanisms for sustainable transition; or supporting the enhancement of national health systems and programs and supporting policy changes. Other recommendations are mostly operational; for example, to slow down the pace of transition or to further support regional initiatives. There is also a suggestion to revise the eligibility criteria by including additional domains: such as epidemic size, resource needs, fiscal capacity and etc.

It is also worth mentioning the EECA's suggestion to pay attention to "specific countries where small funding would make a great difference" by introducing "some very focused/targeted grants (like up to 100k) and NGO rule" instead of zero allocation.

The communities in the EECA's advocacy messages

Responding to the question by Aidspan: "What do you think about different advocacy letters submitted to the Fund by various groups and organizations?" Gennady Roshchupkin, an expert representing the Eurasian Coalition on Male Health (ECOM) stated the following: "The Global Fund has been able to motivate and involve the governments and CSOs in international cooperation. If the Global Fund steps out, we need to think about new initiatives that could help the governments and CSOs to remain the primary actors of international cooperation. This is more important than money. The dialogue with the Fund mostly builds around the argument-if the GF leaves, HIV-positives will die. I am the one of those who are HIV-positive and I think that the region should not base advocacy on such arguments. The transition plans, in fact, are the list of what we would not get in future. We need plans on how to mobilise internal and external investments into the health systems of the countries to empower them."

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4. NEWS: The ED of the Global Fund reports on how the Fund intends to increase programmatic quality and efficiency

Larson Moth

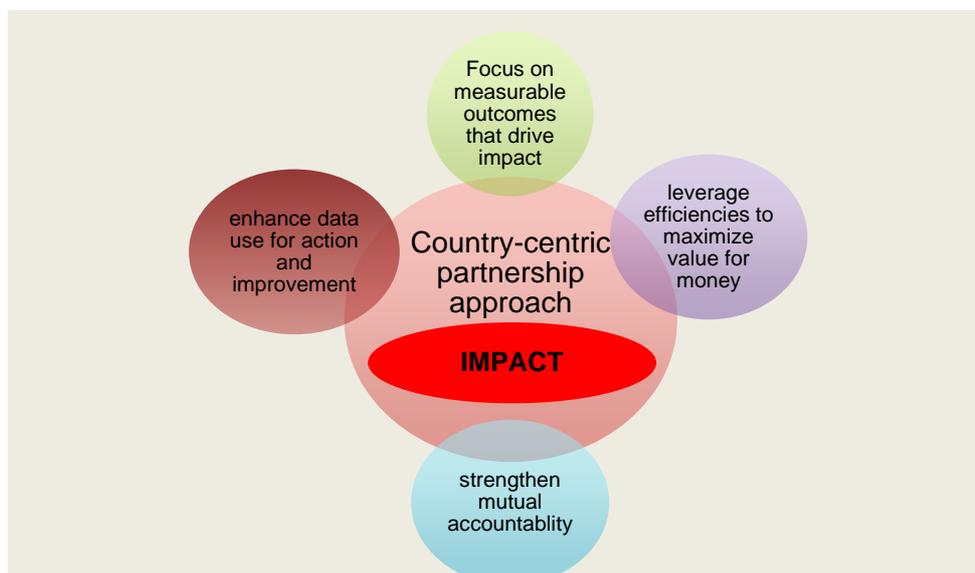
27 November 2016

In his report to the Board, Executive Director Dr Mark Dybul, highlighted that in order for the Fund to maximize impact at the country level, the Fund must explore ways to improve program quality and efficiency from design to implementation. Dr Dybul stated in the report that the approach it is taking builds upon the Program Quality and Efficiency project it developed in 2015 which aims to improve health program outcomes.

The report states that a strengthened Global Fund approach to risk management-what it terms its new Risk Assurance Policy, calls for active management of risk in a way that leverages on its partnerships and key stakeholders in a process which would result in an increased focus on programmatic risks in order to achieve greater outcomes and impact.

Dr Dybul stated his optimism that the Implementation Through Partnership initiative (ITP), previously written about in GFO issue #299 available [here](#), can foster support amongst Fund partners and enable countries to more rapidly invest in effective and efficient health programs. The report stated that the ITP will be measured and assessed by how much *impact* it achieves, this focus on impact has resulted in the initiative's name being changed from *Implementation* Through Partnership, to *Impact* Through Partnership.

The report states further that the newly named and reoriented ITP will adopt a “proactive, problem-solving approach” to achieving increased impact and that the Fund and its partners have agreed that the ITP will shift from being focused on the disbursement of funds, to being a vehicle for driving efforts forward to maximize impact through what it calls a “country-centric partnership approach.” To achieve this objective, existing partnership mechanisms will be utilized so that partners can leverage on their strengths for greater impact and increase the effectiveness of their political advocacy efforts to improve program quality and desired outcomes.



Source: Graphic adapted from Global Fund

Other ways which the ED outlined in his report which will enhance program quality and efficiency are:

- *Focusing on measurable outcomes that drive impact:* Focusing on quality assurance in each step of the results chain to maximize measurable improvements in key outcomes that drive impact.
- *Leveraging efficiencies to maximize value for money:* To achieve better results, The Fund and its partners intend to continue to improve on efficiency in the allocation of resources by investing in programs that deliver the greatest impact, taking cost and resource availability into account.
- *Strengthening mutual accountability:* To continue the maximization of impact, the Fund and its partners will work together to further strengthen mutual accountability. This is to be achieved through the development of an online platform that “brings together needs and opportunities identified, committed actions, metrics that link actions with measurable outcomes and feedback on support being provided to countries.”

Furthermore, the report by the ED sites that efforts to achieve increases in impact and efficiency, especially in regard to efforts at reaching more people with what it calls ‘tailored services’ have been successful in a number of countries:

Tanzania: The country has launched regional training in 16 regions, spanning 200 health facilities, providing training to over 1000 health workers.

Democratic Republic of Congo: Cooperation between the Global Fund and key partners in expanding an integrated package of reproductive and maternal health services in DRC aims at strengthening service delivery, utilization, quality of care and stewardship. The Fund has worked closely with UNICEF to rapidly increase the work of community health workers, who are trained to prevent and treat common childhood diseases, to 133 health zones.

Uganda: The AIDS Support Organization (TASO) has been providing different models of delivering antiretroviral therapy and TASO analyses indicate that compared to facility-based settings, the community ART delivery models resulted in improved treatment retention of people living with HIV.

Zimbabwe: Data-driven malaria programming and surveillance enabled by funding from Government of Zimbabwe, the U.S. President’s Malaria Initiative and the Global Fund has led to increase of number of pre-elimination districts from 7 to 22 during the current grant period.

Togo: In order to improve health outcomes for HIV, TB, and malaria, Togo is implementing

a program to improve the quality of integrated services in antenatal and postnatal care facilities level in the Plateaux and Savannes regions. This project will use WHO tools adapted to assess integrated care of mothers and newborns in health care facilities.

Ethiopia: Investments in community health information systems are addressing a challenge in Ethiopia's fragmented development of an electronic health management information platform.

The Executive Director's Report, Board Document GF-B36-10, should be available shortly at www.theglobalfund.org/en/board/meetings/36.

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5. NEWS: Progress made on implementing AMAs, though 17 remain long overdue

OIG and Secretariat issue separate reports to the Board

David Garmaise

24 November 2016

For the first 10 months or so of 2017, 91 agreed management actions (AMAs) were closed and 73 new ones were opened. As of 10 October 2016, there were 17 long overdue AMAs (defined as being more than 180 days late).

AMAs are actions that the Secretariat has agreed to implement following discussions with the Office of the Inspector General (OIG) about problems identified in OIG audits and investigations.

In a report on AMAs presented to the Board at its recent meeting in Montreux, Switzerland, the OIG highlighted three areas involving AMAs that it wanted to bring to the Board's attention:

1. risk management;
2. procurement and supply chain; and
3. AMAs emanating from the 2016 audit of grants to Nigeria.

Risk management

The OIG said that the creation of an organization-wide risk accountability framework is "significantly overdue." It cited one AMA from an internal audit it performed on the integration of specialists into country teams (GF-OIG-13-024) that was due to be completed on 31 December 2013. The AMA said that the Risk Department should work with the relevant divisions and departments in the Secretariat to establish an accountability framework that defines the roles, responsibilities, authorities, and accountabilities of various

stakeholders; and develop guidance on the risk appetite to facilitate considered risk-taking in grant management.

The OIG also cited a second AMA from a high-level audit of the Global Fund Assurance Model (GF-OIG-14-006) that was due on 30 June 2014. The AMA reads as follows: “The creation of the accountability framework will further clarify roles and responsibilities pertaining to risk management. The risk function is facilitating the creation of this framework as agreed last year in response to an OIG recommendation.”

Procurement and supply chain

In its report, the OIG said that there were 15 active AMAs in this area, and that the most common topics were logistics, management, and information systems (LMIS) strengthening; storage and warehousing; and quantification and forecasting. The countries affected by these AMAs were Cameroon, Cote d’Ivoire, Guinea-Bissau, Guyana, Tanzania, Uzbekistan, and Zimbabwe.

Nigeria

The OIG said that the Secretariat is on track concerning the implementation of AMAs emanating from the audit of grants to Nigeria which the OIG conducted in 2016 (see [GFO article](#)). For example, the Secretariat has already:

- assessed the internal control deficiencies identified in the audit and identified non-compliant areas that require further review;
- conducted a capacity assessment of the government principal recipients (PRs); and
- assessed its short- and long-term plans for the Nigeria portfolio to ensure the achievement of grant objectives.

The OIG identified four AMAs which are due to be completed by 31 December 2016 and which the OIG considers critical:

- based on the outcome of its capacity assessment, the Secretariat will introduce additional controls and consider alternative implementation arrangements for key processes;
- the Secretariat will develop and implement a consolidated risk and assurance plan for the Nigeria portfolio;
- the Secretariat will develop an implementation plan for Nigeria, which should, at a minimum, contain an analysis of the current situation and a clear plan with milestones and deadlines; and
- the Secretariat will address and mitigate the risk of poor oversight by a PR, the National Agency for the Control of AIDS, of its sub-recipients (SRs), and will expand the terms of reference of the LFA’s routine spot checks of SRs to include intensified validation of training-related claims and expenditures. This will include random on-site validations of a sample of SR training events and meetings as they are held, and periodic post-event validations of invoices with suppliers and participants.

Secretariat report on AMAs

The Secretariat submitted a separate report to the Board on AMAs, with a particular focus on long outstanding AMAs. The report is divided into four parts: Grant Management AMAs; Risk Management AMAs; finance, IT, sourcing and administration AMAs; and Strategic, Investment and Impact Division AMAs.

We present a few examples below. Readers seeking more information should consult the full report.

Viet Nam

The Secretariat provided an update on an AMA that emanated from a [2013 audit](#) into grants awarded to Viet Nam. The AMA called for the PR and the Viet Nam Administration of HIV/AIDS Control (VAAC) to develop an integration plan for antiretrovirals (ARVs) in order to harmonize supply management across all HIV care and treatment sites in Viet Nam regardless of funding source.

The Secretariat explained that this issue is systemic in nature and would take a longer time to resolve than originally envisaged. It said that the VAAC has set up a central procurement unit and that the central program management units of both the Global Fund-financed program and that of PEPFAR are being merged. Further, PEPFAR has officially announced that it will no longer fund opioid substitution therapy (OST) as of September 2017, and that it will stop funding ARVs by September 2018.

The Secretariat added that PEPFAR's procurement channel will be dismantled in 2017-2018 and that the central procurement unit of the Ministry of Health has started already to take over the procurement and distribution of ARVs. Within the Global Fund programs, ARVs will be procured through Wambo. Discussions are underway to allow for domestic funding to be channeled through Wambo for the procurement of ARVs.

Guinea-Bissau

The Secretariat provided an update on an AMA from a [2014 audit](#) into grants awarded to Guinea-Bissau.

The AMA called for the Secretariat to ensure that the revised approved operational policy note (OPN) on annual funding decisions and disbursements will include a performance-based funding approach that can be tailored for countries with significant data quality challenges.

The Secretariat said that a new OPN on the annual disbursement-making form (ADMF) was rolled out and revised in June 2016, and that an annual funding decision for the Guinea-Bissau TB grant was processed in July 2016. It added that Board approval of the HIV grant is expected imminently and that an annual funding decision for that grant will be processed within a couple of weeks.

Board Documents GF-B36-12 (OIG AMA Update) and GF-B36-12A (Secretariat AMA Update) should be available shortly at www.theglobalfund.org/en/board/meetings/36. Neither documents GF-OIG-13-024 nor GF-OIG-14-006 are available on the Global Fund's website. At the time these audits were completed, the Fund's Disclosure Policy did not call for report on audits of internal Secretariat processes to be made public. The policy has since been modified.

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6. NEWS: Prospective country evaluations planned for eight countries

David Garmaise

29 November 2016

The Technical Evaluation Reference Group (TERG) plans to conduct prospective country evaluations (PCEs) in eight countries in 2017. PCEs are in-depth evaluations that utilize a variety of methods to provide a detailed picture of the implementation, effectiveness, and impact of Global Fund–supported programs.

This information was contained in a paper on the TERG 2017-2022 Work Plan presented to the Board at its recent meeting in Montreux, Switzerland.

According to the TERG, PCEs will establish country platforms that will support “dynamic and continuous” monitoring and evaluation, learning, and problem solving. The objectives of the country platforms are:

- to analyze the programs that are designed to implement the Global Fund's strategic objectives;
- to provide information on a timely basis to allow countries and the Secretariat to adapt the programs;
- to assist the countries involved to strengthen their M&E systems;
- to identify challenges that impede program performance;
- to measure how the programs contribute to achieving impact; and
- to identify and disseminate best practices.

The criteria for the selection of participating countries include geographic and disease balance; gender inequality as a main driver of the epidemic; significant human rights challenges; low program performance; and the available of adequate data or good prospects for improving data collection.

In 2017, the TERG will also conduct a strategic review which will focus on following up on the recommendations of its [2015 Strategic Review](#), as well as three thematic reviews. It will also develop guidance material on improving “robust measurement of health impact.”

Over the 2017-2022 period, the TERG also plans to conduct regular program and thematic reviews and period strategic reviews (such as cumulative syntheses of evaluations). In addition, the TERG plans to provide advice on the use of logical evaluation frameworks; investments in country data systems and data collection, analysis and use; and Secretariat activities in M&E and program quality assurance.

In its report to the Board, the TERG also presented a summary of its findings from two thematic reviews it conducted recently (*National Strategic Plans as Basis for Global Fund Applications*, and *Cooperation Agreement Between the Global Fund and WHO and STB on TA*). Included among the findings were the following:

- the grant application processes remain heavy and repetitive;
- technical assistance for (a) health systems strengthening and (b) community, rights, and gender was limited; and
- the Global Fund should facilitate more partner support to countries for strengthening implementation of programs rather than applications for funding.

Board Document GF-B36-14 (TERG Multi-Year Work Plan) should be available shortly at www.theglobalfund.org/en/board/meetings/36. According to the Global Fund website, the two thematic reviews named in this article are still ongoing. Unfortunately, when they are completed, the TERG thematic reviews are usually not posted on the Fund's site.

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7. NEWS: OIG seeks to address newly emerging themes which are cause for concern this year

Larson Moth

26 November 2016

As reported in the last GF0 issue # 300, the OIG's Progress report mentioned challenges it faced in 2016. The report also mentions some other issues which have emerged in the latter part of 2016 which if not addressed, could pose problems in achieving its operational objectives and targets into 2017.

Instances of non-compliance with policies and procedures

One of these issues happens to be instances of non-compliance. A review of processes followed to procure services regarding the wambo.org platform revealed a degree of non-compliance. No evidence of deliberate wrongdoing was uncovered however, auditors found instances of non-competitive procurement, non-compliance with procurement rules, and informal management of perceived conflicts of interest.

An investigation into an instance of supplier fraud also identified non-compliance with procurement guidelines by Fund staff. Such weaknesses have called into question the extent to which, in the specific cases involved, the Global Fund had achieved core objectives of value-for-money, efficiency, transparency and accountability in the use of organizational resources.

The progress report also stated that sourcing was not the only area in which inconsistencies were found. Similar issues were identified in previous OIG audits. For example, a follow-up review of grant closure processes found a lack of routine monitoring and accountability for compliance to stated procedures which means that a significant number of grants that should be closed, remain open. That particular audit found that 65% of grants due for closure between 2013-2015 had still not been closed at the time of the audit.

Challenges remain in IT security with regard to compliance. A recent review of the OIG's IT security revealed that laptops managed by the Secretariat's IT department were vulnerable to breaches of security. Following the OIG IT audits, the Global Fund has taken measures to strengthen its IT policies, procedures and security.

Fraudulent behavior still an issue

There has also been instance of financial malfeasance as a result of non-compliance with grant agreements or an absence of policies and procedures. In Angola, the lack of a procedure to declare conflicts of interest was one of the factors that contributed to the unnoticed embezzlement of grant funds by two senior implementing officials through firms that they owned. In this instance, two grant implementers stole more than \$4 million between them, which is currently being recovered by the Global Fund.

Also, in Pakistan, senior management of a sub-recipient breached the Code of Conduct for Recipients and the Global Fund Whistle-blowing Policy and Procedures when they retaliated against a whistle-blower by ending their employment contract. The Principal Recipient, supposed to oversee sub-recipient compliance, was aware of the matter.

Decline in Secretariat reporting to the OIG

The progress report states that routine business reporting from the Secretariat to the OIG of actual or potential wrongdoing in programs has decreased by 41% year to date compared with last year. In the first eight months of 2015, the OIG received 34 referrals from the Grant Management Division compared to 20 such cases in 2016. The proportion of referrals from the Secretariat that have been converted into cases for investigation by the OIG has also gone down in 2016. 35% (seven cases) of Secretariat referrals in 2016 year to date have become investigation cases compared with 44% (13 cases) for the same period in 2015. Aidsplan has learned however, that since the report was prepared in October, Secretariat reporting has gone up and numbers are now more or less in-line with last year's.

Poor service delivery trends

2016 saw significant progress made by the Fund in achieving programmatic impact in countries such as India, Malawi and in highly challenging operating environments such as DRC. However, audit reporting has noted a trend of poor service delivery quality.

In Zimbabwe, treatment scale-up has not been accompanied by similar achievements in the quality of service delivery. A substantial increase in people on antiretroviral therapy and almost universal diagnosis of malaria cases before treatment are commendable achievements in the country, however, tests to confirm HIV positive status are still often not carried out, delays in testing infants who have potentially been exposed to HIV, patients lost to follow up, and a lack of an effective response to malaria outbreaks, remain issues.

While progress has been made in the fight against the three diseases, important components of activities funded by both the Global Fund and the United States President's Emergency Plan for AIDS Relief (PEPFAR) in Malawi, have not been implemented. This has affected the availability and quality of key services to beneficiaries.

The report states that in India, the OIG observed significant delays in the diagnosis and referral for treatment of new HIV patients including a large percentage of patients sampled that were detected and put on treatment late, indicate general ineffectiveness of detection, advocacy and awareness mechanisms.

Despite these emerging themes, the OIG found that improved coordination between partners is improving in some countries (e.g., the Democratic Republic of Congo and Zimbabwe), and progress on some of the more complex themes that have emerged, will take longer to see.

The information in this article comes from the Board paper GF/B36/11, presented at the 36th meeting of the Global Fund Board on 16-17 November 2016 in Montreux, Switzerland. This document should be available shortly at www.theglobalfund.org/en/board/meetings/36.

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8. NEWS and ANALYSIS: Outstanding recoverable balance related to OIG audits and investigations drops to \$22.6 million

David Garmaise

29 November 2016

During the first eight months of 2016, the Secretariat made good progress in recovering amounts owing as a result of non-compliant expenditures identified during audits and investigations undertaken by the Office of the Inspector General (OIG). A total of \$24.8 million was recovered, thus lowering the outstanding recoverable balance to \$22.6 million

(excluding written commitments to repay). This information is contained in a report presented to the Board at its recent meeting in Montreux, Switzerland.

The \$22.6 million recoverable balance represents 81% of the aggregate recoverable amount, up from 65% as of 31 December 2015.

The above amounts include eight new cases presented to the Recoveries Committee in the first eight months of 2016, representing a recovery amount of \$9.3 million. Two countries accounted for almost all of the \$9.3 million: Angola (\$4.2 million) and Nigeria (\$4.8 million).

Of the \$22.6 million recoverable balance, \$8.3 million relates to grants for which the UNDP is principal recipient. The expenditures that gave rise to these recoverable amounts took place at sub-recipients and one contractor rather than at the UNDP itself. Earlier this year, the Global Fund and the UNDP signed a settlement agreement which calls for all outstanding recoveries to be resolved before the end of 2016.

Since the inception of the Global Fund, \$60.7 million has been recovered and written commitments for a further \$7.6 million have been obtained.

The report also contained information on non-OIG recoverable amounts – i.e. amounts related to ineligible expenses that arise in the ordinary course of grant management.

As of 30 June 2016, the aggregate outstanding balance of non-OIG recoverable amounts decreased to \$12.6 million (vs. \$16.2 million at 31 March 2016). The amounts were distributed over 40 countries and involve 66 different PRs.

Of the \$12.6 million, three PRs account for approximately 67% of the total outstanding amount due: the UNDP (\$7.4 million), the National Malaria Elimination Program in Nigeria (\$0.7 million), and the Association for Reproductive and Family Health, also in Nigeria (\$0.4 million).

So far in 2016, there have been two more cases of the application of the so-called “2-for-1 allocation reduction” method to resolve particularly difficult cases, where all reasonable recovery approaches have failed to produce results. This method involves reducing the country’s allocation by a factor of 2:1, meaning a \$2 allocation reduction for every \$1 of the amount recoverable.

This measure of last resort was applied to two cases: Sri Lanka (\$0.69 million recoverable amount) and Kazakhstan (\$5.4 million recoverable amount). The amounts by which the allocations were reduced become available to fund other countries’ programs.

AIDSPAN COMMENT:

The recovery reports that are prepared for each Board meeting do not indicate where the countries are finding the funds to reimburse the Global Fund. From the

perspective of the Fund, one could argue that the only important thing is that the money is paid back. However, from the perspective of the country – and particularly from the perspective of the people of the country – if the money to reimburse the Global Fund is being taken from the health budget, that’s not a very satisfactory outcome, is it? We believe that this is exactly what is happening in some countries.

Board Document GF-B36-24 (Recoveries Report for the Period Ending 30 June 2016) should be available shortly at www.theglobalfund.org/en/board/meetings/36.

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9. News: Description of qualitative adjustment process for 2017-2019 allocations

Process was decided by Strategy Committee in June 2016

David Garmaise

28 November 2016

At first glance, it may appear that the qualitative adjustment process for the 2017-2019 allocations is simpler than the process used for the 2014-2016 allocations. But, in the final analysis, it is probably every bit as complicated.

The Strategy Committee approved the process for 2017-2019 at its meeting on 14-15 June 2016. This was a decision that the Strategy Committee was empowered to make on its own, without reference to the full Board. No public announcement has been made of the committee’s decision.

This is the first of two articles on the qualitative adjustment process. It describes the stages of the process. We plan to publish the second article in GFO 302 on 14 December. It will summarize the parameters used to make the qualitative adjustments.

The adjustments are made to the initial allocations derived from the application of the disease burden/income level formula. In the first stage, the adjustments account for epidemiological contexts that may be insufficiently addressed through the allocation formula. The second stage involves a single qualitative adjustment that considers potential for absorption and impact. The Strategy Committee said that this adjustment should be made “holistically” and account for “key contextual considerations and relevant supportive information.”

For the 2014-2016 allocations, there was a series of adjustments, including absorptive capacity, risk, minimum funding levels, past performance, sources of external financing and willingness to pay.

One holdover from the 2014-2016 allocations methodology is that no country will be allocated more than 7.5% of the total allocations; and no disease component will be allocated more than 10% of the total allocation for that disease.

Stage 1: Epidemiological considerations

The adjustments in Stage 1 account for two factors, as follows:

- **Populations disproportionately affected by HIV.** The number of people living with HIV in the allocation formula is known to under-represent the burden of HIV in key populations in concentrated and mixed epidemic settings.
- **Settings with low-endemicity malaria.** In a small number of countries, where the size of the population risk is small, the malaria burden indicator over-represents current programming needs.

There are particular and very significant challenges affecting the availability of data on populations disproportionately affected by TB. Therefore, following discussions with the World Health Organization and Stop TB, the Fund decided not to include an adjustment factor for these populations for 2017-2019. However, the Fund said it is committed to working closely with the TB community over the next three years to ensure better data availability for the 2020-2022 allocation period and, more critically, to inform TB programming generally.

Stage 2: Holistic adjustment

The Global Fund said that the primary adjustment factors in Stage 2 are absorption and impact, because the formula-derived allocations require further refinement to sufficiently account for a country program's ability to utilize allocation funds and to achieve impact.

The Fund is utilizing the following approach:

- All countries are being located in a matrix according to their higher or lower potential for absorption and impact (this is referred to as the “absorption-impact matrix”).
- The approximately 15% of the portfolio with the highest potential for absorption and impact will be reviewed in light of contextual considerations to see if their formula-derived allocations should be adjusted upwards. As a starting point, countries in this category would be recommended to receive an upwards adjustment of 0%-20%.
- The approximately 15% of the portfolio with the lowest potential for absorption and impact will be reviewed in light of contextual considerations to see if their formula-derived allocations should be adjusted downwards. As a starting point, countries in this category would be recommended to receive a downwards adjustment of 0%-20%.
- The approximately remaining 70% of the portfolio with relatively average potential for absorption and impact would not be adjusted, unless contextual considerations suggest otherwise.

The adjustments for the top and bottom 15% are initially made within each disease to ensure that the global disease split (50% for HIV, 32% for TB, and 18% for malaria) is maintained.

The Global Fund said that there are five key contextual considerations which may inform the adjustments made through the absorption-impact matrix (see table).

Table: Contextual considerations

Consideration	Types of data	Guiding directional influence on allocations
Risk environment	External Risk Index, a Secretariat-compiled composite of 10 authoritative published indices highlighting economic, governance, operational, and political risks	Potential increase , if more funds needed to achieve response with potential for impact in risk environment Potential decrease , if level of investment considered risky, and impact better pursued with measures beyond financial
Past impact	Incidence, mortality trends (2010-latest available) - Disaggregated by priority population, per strategy, where possible	Potential increase , if evidence of increasing epidemic and additional funds could be catalytic in reversing the trend No effect or decrease , if no evidence of increasing epidemic, or if there is evidence of increasing epidemic but current scope of investments suggest additional funds would not be catalytic in reversing the trend
Minimum shares ¹⁰	Allocations at or near minimum funding amount of \$500k per country component; Global Fund's financial share of overall response for disease; current management as multi-country grant	No effect , if funding amount assessed to be impactful, contribute towards achieving strategic objectives, and able to be efficiently managed (through differentiated and simplified grant management processes, including multi-country or multiple-disease grant) No funding , if this cannot be achieved Potential reduction , if this can be achieved, but efficiencies through streamlined management (by pooling or otherwise) imply lower funding needed to do so
(Re)introduction of funding	Recent funding history, recent eligibility, past impact	No effect , if assessment of existing or recent grant or eligibility status and status in transition to domestic financing would indicate financing of country components should be pursued No funding , if (re)introduction of GF financing would contradict domestic sustainability of response or a differentiated and simplified grant management processes
Coverage gaps	ART, DOTS, LLIN coverage gaps, with other measures if available - Disaggregated by priority population, per strategy, where possible	Potential increase , if big gap compared to regional or global benchmarks, but high domestic and low other external financing of the key service (where data available) - to help increase coverage levels; Potential increase , if small gap compared to regional or global benchmarks, but high domestic and low other external financing of the key service (where data available) - to help achieve the 'last mile' in coverage levels No effect , otherwise

Source: The Global Fund

According to the Global Fund, there is other supportive information that will be useful to frame and contextualize decision-making, but that in itself would not lead to a change in allocations. This information will be provided as background for the absorption-impact adjustment process, and may include (but not be limited to) information on data quality; the

overall percentage of global disease burden represented by the program; data on recent trends in domestic resources for health and disease programs; the current share of the program response that is funded by the Global Fund, domestic sources and other external funders; available data on minimum programming levels; past absorption rates; and contextual information arising from the Implementation Through Partnership indicators.

The process approved by the Strategy Committee also set out the parameters to calculate qualitative factors such as potential absorption and adjustments for populations disproportionately affected by HIV and settings with low-endemicity malaria. The parameters will be described in a separate article in GFO 302.

Between June and September, the Secretariat has worked with its technical partners to collect the requisite data and information needed to carry out the qualitative adjustment process. During that period, a full mockup of the qualitative adjustment process was carried out to iron out any kinks.

Now that the sources of funds available for allocation for 2017-2019 have been determined by the Board ([see GFO article](#)), the Secretariat has begun the process of running the allocation formula and making the qualitative adjustments. The allocations will be communicated to countries in December (see separate GFO article in this issue [here](#)).

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10. Erratum: Breakdown of catalytic investments

Larson Moth

30 November 2016

There were some errors in the figures regarding the breakdown by modality of the \$800 million of proposed catalytic investments in an article in GFO issue #300 ([Catalytic investments: \\$800 million for matching funds, multi-country approaches, and strategic initiatives](#)). The correct breakdown is as follows:

Matching Funds: \$344 million
Strategic Initiatives: \$184 million
Multi-County Proposals: \$272 million
Total: \$800 million

We apologize for any inconvenience the errors may have caused.

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This is issue #301 of the GLOBAL FUND OBSERVER (GFO) Newsletter. Please send all suggestions for news items, commentaries or any other feedback to the GFO Editor at <mailto:larson.moth@aidspan.org>. To subscribe to GFO, go to www.aidspan.org.

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