



Independent observer
of the Global Fund

Global Fund Observer

NEWSLETTER

Issue 311: 5 May 2017

GFO is an independent newsletter about the Global Fund.

[GFO Live >>](#)

[Aidspan Website >>](#)

[Contact GFO >>](#)

CONTENTS OF THIS ISSUE:

1. NEWS: [Main decisions made at Global Fund Board meeting](#)

BY DAVID GARMAISE

This article provides a summary of the main decisions made by the Global Fund Board at its 37th meeting in Kigali, Rwanda on 3-4 May 2017.

2. NEWS: [Global Fund Board appoints Aida Kurtović as Chair, and Ambassador John Simon as Vice-Chair](#)

BY DAVID GARMAISE

The minute her term as Vice-Chair ended, Aida Kurtović started working as the new Chair of the Global Fund Board. Kurtović, the outgoing Vice-Chair, was nominated by the Board's implementer block for the position of chair. John Simon was nominated by the Board's donor bloc for the position of Vice-Chair. Both were approved by the full Board.

3. NEWS: [New process launched to select Global Fund E.D.](#)

BY DAVID GARMAISE

The Global Fund Board is going to try again to select a new executive director. A nomination committee has been formed and a road map has been developed.

4. NEWS: [Five strategic themes emerge from the OIG's audits and investigations of Global Fund grants and processes in 2016](#)

BY DAVID GARMAISE

Most of the Office of the Inspector General's 2016 annual report is devoted to a discussion of five strategic themes that emerged from the work of the OIG in 2016. Service quality tops the list of thematic areas.

5. NEWS: [Global Fund's efforts to improve service quality: successes and challenges](#)

BY DAVID GARMAISE

According to the Office of the Inspector General, initiatives to improve service quality will take time to yield measurable impact at the country level. This article describes some of these initiatives as well as the challenges in implementing them effectively.

6. NEWS: [Global Fund is moving up the OIG maturity scale](#)

BY DAVID GARMAISE

In the past three years, the Global Fund has moved steadily up the Office of the Inspector General maturity scale, finishing 2016 closer to the "embedded" level than ever before. This article reports on this and other highlights from the OIG's 2016 annual report.

7. NEWS: [Despite reservations, the Global Fund Board authorizes the Secretariat to sign agreement with the World Bank](#)

BY DAVID GARMAISE

With some discomfort, the Board has authorized the Secretariat to enter into an "Administration Agreement" with the World Bank for the performance-based funding project in the Democratic Republic of Congo. Because the agreement is based on the World Bank's Single Donor Trust Fund template, the Fund's Office of the Inspector General will not be able to provide assurance regarding the funds disbursed under the project.

8. NEWS: [Global Fund is developing a comprehensive supply chain strategy](#)

BY DAVID GARMAISE

In addition to developing a new supply chain strategy, the Global Fund will conduct supply chain diagnostic studies in 12 countries and use these to develop specific plans to strengthen supply chain systems.

9. NEWS: [Update on the implementation of the Global Fund Strategy 2017-2022](#)

BY DAVID GARMAISE

A report on the implementation of the Global Fund Strategy 2017-2022 describes the progress made for each strategic objective and sub-objective. Strategy implementation reports will likely be provided to the Board on a regular basis.

10. NEWS: [Global Fund's final KPI data for 2016 show mostly good results](#)

BY MARY LLOYD

The Global Fund has delivered solid performance on 10 of the 15 key performance indicators due for reporting. The final KPI data for 2016, which were reported to the Board at its meeting in Kigali, Rwanda, also show that the Fund has not met four of its targets and is at risk of not meeting one more.

11. NEWS: [Global Fund Board calls for regional response to health crisis in Venezuela](#)

BY DAVID GARMAISE

The Global Fund Board has called for a coordinated regional response to the health crisis in Venezuela. The Board expressed continued concern “about the resurgence of malaria, shortages of critical commodities for HIV and TB, and the broader health crisis in Venezuela and its impact on the region.”

12. NEWS: [wambo.org: Global Fund PRs may place a limited number of orders using domestic financing](#)

BY DAVID GARMAISE

The Global Fund’s online marketplace, wambo.org, will be allowed to facilitate, on a pilot basis, 10 procurements by principal recipients using domestic funding. Up to now, only implementers using grant funds have been able to place purchase requisitions on the platform.

[TOP](#)

ARTICLES:

1. NEWS: Main decisions made at Global Fund Board meeting

David Garmaise

5 May 2017

On 3-4 May 2017, the Global Fund Board held its 37th meeting in Kigali, Rwanda. GFO was present, with observer status. The main decisions made at the meeting, in chronological order, were as follows. *(For precise wording of what the Board agreed, see the decision points document that is available at www.theglobalfund.org/en/board/meetings/37. Background documentation will also, in time, be posted by the Global Fund at the same location.)*

Board Chair and Vice-Chair TORs. The Board approved revised terms of reference for the Board Chair and Vice-Chair. The changes from the previous TORs were not significant. [See Decision Point 3.]

New Board Chair and Vice-Chair. The Board appointed Aida Kurtović as Chair and Ambassador John Simon as Vice-Chair, both for two-year terms. Kurtović was the outgoing

Vice-Chair. Further details are provided in a [separate article](#) in this issue. [See Decision Point 4.]

2016 Annual Financial Report. The Board approved the 2016 Annual Financial Report, which included the 2016 Consolidated Financial Statements. The statements were reviewed by KPMG SA, the Fund’s external auditor, which said it was “in a position to issue” unqualified audit opinions on the statements. Income for 2016 was \$5.194 billion, more than double income for 2015; the 2016 amount was driven by contribution agreements related to the Fifth Replenishment. Grant expenditures in 2016 were \$3.969 billion. This represents annual grant commitments made for principal recipient and pooled procurement activities, and includes \$307 million in procurement orders processed through wambo.org. Other highlights: Grant disbursements were \$3.59 billion, 8% higher than 2015. Operating expenditures were \$277 million, compared to \$298 million in 2015, a 7% decrease. For the purposes of Swiss law, the Board also approved the Global Fund’s 2016 Statutory Financial Statements. (The Global Fund is incorporated as a foundation under Swiss law.) [See Decision Points 5 and 6.]

Administration Agreement with the World Bank. The Board authorized the Secretariat to enter into an Administration Agreement with the World Bank for a performance-based funding project in the Democratic Republic of Congo. There were some special circumstances concerning this agreement. Further details are provided in a [separate article](#) in this issue. [See Decision Point 7.]

Policy on Restricted Financial Contributions. The Board approved the Amended and Restated Global Fund Policy for Restricted Financial Contributions. Revisions were made to the part of the policy dealing with Complementary Restricted Financial Contributions (CRFCs). The objective of these changes is to introduce flexibilities on the level of restriction and the treatment of unutilized portions of CRFCs in order to provide a more conducive framework for private sector resource mobilization efforts. [See Decision Point 8.]

wambo.org. The Board authorized the piloting of a limited number of transactions (10) via wambo.org by current principal recipients using domestic funding. The Board authorized the Strategy Committee to approve additional transactions, also on a pilot basis. Finally, the Board requested that the Secretariat (i) provide the Strategy Committee, by its next meeting, clearly defined draft indicators of success for the pilot; and (ii) report regularly to the Strategy Committee on the operationalization of the pilot, including any lessons learned. Further details are provided in a [separate article](#) in this issue. [See Decision Point 9.]

Membership on the 2017 Executive Director Nomination Committee (EDNC). The Board approved the appointment of nine individuals to serve as members of the EDNC. The Board formally requested the EDNC to start the 2017 recruitment process for the Fund’s next E.D. Further details are provided in a [separate article](#) in this issue. [See Decision Point 10.]

Health Situation in Venezuela. The Board called for a coordinated regional response to the health crisis in Venezuela. It said that the Global Fund would continue to engage and, if possible, support the regional response. Further details are provided in a [separate article](#) in this issue. [See Decision Point 11.]

Global Fund Quality Assurance Policy for Diagnostic Products. The Board approved revisions to the existing Global Fund Quality Assurance Policy for Diagnostic Products to reflect new World Health Organization recommendations and guidelines and the Global Fund policy on co-infection and co-morbidities that the Board adopted in 2015. The revised policy delegates authority to the Strategy Committee to make, in future, revisions related to updated guidance. [See Decision Point 12.]

Recognition of Dr Mark Dybul. The Board said that it wished to sincerely thank Mark Dybul for the exceptional leadership, vision, and passion he displayed throughout his tenure as Executive Director. The Board said: “Through his tireless, humble, far-sighted efforts to expand and maximize the impact of the Global Fund partnership, Dr Dybul has inspired all partners to go farther than many thought possible: two successful Replenishments; implementation of a new funding model; shifting operations and attitudes to embrace a strong focus on impact; strengthening partnerships to deliver our mission; supporting the Board in devising a new Strategy; and developing forward-looking initiatives to better promote sustainability and innovation.” In addition, the Board recognized Dr Dybul’s role in enhancing the relationship between the Board and the Secretariat. The Board stated: “Through strengthening this relationship, he has helped the Global Fund remain targeted on achieving its mission and focused on best serving those affected by the three diseases.” [See Decision Point 13.]

Appreciation of Outgoing Chair and Vice-Chair of the Board. The Board expressed its deep appreciation to Mr Norbert Hauser for his leadership as Chair of the Board. The Board stated: “Over his time working with the Global Fund, he has shown a high degree of personal commitment, willingness to devote his time and energy, and passion for the work of the Global Fund. During his tenure, Norbert has presided over significant and complex deliberations and decisions that will continue to shape the future of the Global Fund.” The Board bestowed on Mr Hauser the honorary title of Chair Emeritus.

The Board also expressed sincere gratitude to Aida Kurtović for her leadership as Vice-Chair of the Board. The Board stated: “She has served the Global Fund with dedication and continues to show her personal conviction for the mission of the Global Fund by focusing her efforts as the incoming Chair of the Board. During her tenure as Vice-Chair, Aida has been an active driver of relationship building and collaborations that will have a lasting impact on the Global Fund.”

Of the Board leadership team, the Board said: “Their stewardship of the Board delivered the enhanced governance structure, strengthened ties across Global Fund stakeholders, and helped to guide and direct external relations.”

[See Decision Point 14.]

[TOP](#)

2. NEWS: Global Fund Board appoints Aida Kurtović as Chair, and Ambassador John Simon as Vice-Chair

Kurtović was the outgoing Vice-Chair

David Garmaise

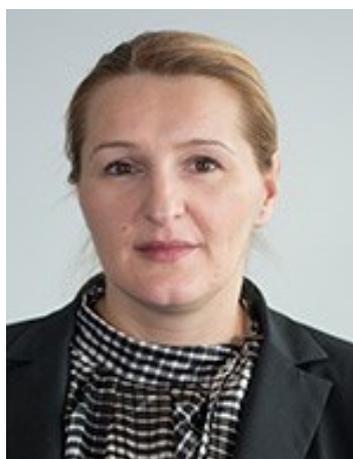
4 May 2017

At its 37th meeting on 3-4 May in Kigali, Rwanda, the Global Fund Board appointed Aida Kurtović as Chair of the Board and Ambassador John Simon as Vice-Chair of the Board, each to serve a two-year term. Their terms started when the 37th meeting adjourned.

Kurtović is the outgoing Vice-Chair of the Board. Her term as Vice-Chair, and the term of the outgoing Chair of the Board, Norbert Hauser, expired at the end of the Board's 37th meeting.

The implementer bloc nominated Kurtović for the position of chair, and the donor bloc nominated Ambassador Simon for the position of vice-chair. This is in keeping with the practice of having the positions alternate every two years between individuals who originate from, and bring the experience of, the implementer and donor blocs. The outgoing Chair, Hauser, originated from the donor bloc.

Both the implementer and donor blocs designed their own processes for coming up with a nomination.



Aida Kurtović

Aida Kurtović has worked in the Global Fund universe in several capacities. In addition to serving as Vice-Chair of the Board from May 2015 until the present, Kurtović was a Board member representing Eastern Europe and Central Asia from May 2012 to April 2014. Before that, she was a member of the EECA delegation to the Board. Kurtović has also served on Board committees. In addition, she was at one time a member of the Bosnia Country Coordinating Mechanism.

Since 2009, Kurtović has been Executive Director of Partnerships in Health, an organization in Sarajevo whose mission is assisting institutions to build capacity and achieve sustainable improvements in the quality of basic and essential health services, changing the lives of vulnerable populations.

The two candidates were asked to prepare “motivation letters” in support of their candidacies. In her motivation letter, Kurtović said that internal changes within the Fund, as well as massive shifts in its political context, underline the importance of being able to adjust to rapidly changing environments. “We cannot stop the change; we can only try to shape it, and adjust accordingly,” she said.

Kurtović said that her priorities for her term as Chair “are further strengthening of the Board, strengthening the impact and sustainability of response to three diseases, strengthening the health and community systems, while focusing on the human rights, gender and key affected populations.”

Kurtović said that she has an “uncompromising belief that by practicing a common set of values – integrity, respect, passion, collaboration and effectiveness – we can together change the course of the three diseases, strengthen health and community systems, alleviate suffering and save lives. The Global Fund investments to combat HIV, TB and malaria are investments in a better world. [This] is my aspiration.”

According to the website of [Total Impact Capital](#), where he currently works, Simon held a variety of posts in the U.S. federal government over the years, including Special Assistant to the President and Senior Director for Relief, Stabilization, and Development for the National Security Council (NSC) at the White House. During his tenure at the NSC, Simon oversaw the implementation of several ground-breaking development initiatives, including PEPFAR (the President's Emergency Plan for AIDS Relief), PMI (the President's Malaria Initiative), the Millennium Challenge Account, and the Multilateral Debt Relief Initiative.

More recently, Simon was the U.S Ambassador to the African Union, and the Executive Vice President of the Overseas Private Investment Corporation (OPIC). At OPIC, Simon led the Agency’s effort to develop a series of social development funds for Africa.

Simon is currently a founding partner of TOTAL Impact Capital, which specializes in sourcing and developing private investment opportunities that are socially and financially attractive.



John Simon

In his motivation letter, Ambassador Simon said that he intends to use his knowledge and experience to be an effective advocate for the Global Fund. He said that was particularly motivated by the opportunity “to work with the world’s leading organization combatting diseases I have spent much of my career fighting, and one that has had such a positive impact in this effort.”

“I recognize that our focus must always be on the people across the world who need our support,” Ambassador Simon said, “and to ensure that their concerns and voice receive the needed attention and consideration through the Board agenda we advance.”

According to the revised terms of reference (TORs) for the chair and vice-chair positions, which the Board adopted at its meeting on 3-4 May, the chair and the vice-chair will, between them, clearly define which responsibilities within the TORs will be carried by the Chair and which responsibilities will be delegated to the Vice-Chair.

However, the revised TORs make it clear that the Board chair takes the lead in ensuring that the Board Leadership fulfils its obligations, and that the Board chair is the spokesperson for the Global Fund in terms of resource mobilisation and other advocacy matters

Aidsplan comment:

This is a win-win situation for the Board and for the Global Fund. Ms Kurtović brings experience and continuity. Mr Simon has a high profile in the United States, which should be an asset in persuading the current U.S. administration not to cut its contribution to the Global Fund. The U.S. is by far the Fund's largest donor.

[TOP](#)

3. NEWS: New process launched to select Global Fund E.D.

Nomination Committee formed; road map developed

David Garmaise

5 May 2017

The Global Fund Board has officially launched a new executive director selection process. It was launched on the second day of the Board's 37th meeting on 3-4 May in Kigali, Rwanda.

The Board tried to select a new executive director in late 2016 and early 2017 but had to abandon the process (see [GFO article](#)).

The Board has created a 2017 Executive Director Nomination Committee (EDNC) and has appointed nine members to the committee, as follows:

Michèle Boccz, Chair
Vinand Nantulya, Vice-Chair
Ala Alwan, member
Sara Boulton, member
Joanne Carter, member
Julie Essien, member
William Steiger, member
Peter Felix, independent member
Reinhard Tittel Gronefeld, independent member

Except for the two independent members, all members of the EDNC are from Board delegations.

The goal is to select the new E.D. by the Board's November 2017 meeting (currently scheduled for 14-15 November). The new E.D. will replace Dr Mark Dybul, whose term expires at the end of May of this year. Dr Marjorie Winjroks has been appointed Interim E.D. effective 1 June. She will continue in that position until the new E.D. is selected (see [GFO article](#)).

The Global Fund has established a selection process road map. Here are some of the key milestones:

8 May – Request for proposals for executive search firm

3rd week of May – Appointment of executive search firm

7-18 June – Placement of job advertisements in several leading international publications

End August – EDNC meets to initially review applicants and candidates

First half of September – First round of EDNC interviews, to be followed by enhanced due diligence and psychometric testing for the short-listed candidates

End September – Second round EDNC interviews (final list of candidates recommended)

October Board retreat – EDNC report is provided to Board

Late October up to November Board meeting – Constituency engagement with final candidates

More information will be provided as it becomes available.

[TOP](#)

4. NEWS: Five strategic themes emerge from the OIG's audits and investigations of Global Fund grants and processes in 2016

Service quality heads the list of thematic areas

David Garmaise

4 May 2017

Five significant strategic themes emerged from the work of the Office of the Inspector General (OIG) in 2016:

1. **Service quality:** Success of scale-up dependent on leveraging partnerships
2. **Supply chain and procurement:** Getting the right health products to patients
3. **Risk management and assurance:** Challenges embedding risk mitigation into business processes
4. **Controls and culture:** Policy gaps and non-compliance can weaken impact
5. **Governance:** Important gaps remain despite recent progress

The themes are the centerpiece of the *Office of the Inspector General 2016 Annual Report*, presented to the Global Fund Board at its meeting in Kigali, Rwanda, on 3-4 May 2017. This article provides an overview of what the OIG said for each of these themes.

Service quality: Success of scale-up dependent on leveraging partnerships

“The scale-up of treatment required to ensure that the Global Fund is able to end the three epidemics puts intense pressure on the quality of services given to patients,” the OIG said. When countries scale up treatment, which they often do in response to revised guidelines from the World Health Organization (WHO) or donor expectations, this puts significantly more patients on treatment, “but unintended consequences also often include strain on health facilities, overloaded staff, and drug stock-outs.” As a result, quality of care may decrease even as the quantity of patients on treatment rises.

To address this problem, the OIG said, scale-ups need to be accompanied by commensurate improvements in the quality of services to patients.

According to the OIG, effective coordination between in-country partners is essential to improve service quality. “With no presence in country, the Global Fund model is dependent on good coordination with governments, civil society, communities affected by the diseases, technical partners, the private sector, faith-based organizations, and other funders to implement programs on the ground,” the OIG said.

In its annual report, the OIG identified several initiatives launched by the Secretariat that are helping to address quality of service issues, including the Program and Data Quality Strategy, the Data Use for Action and Improvement framework, and the Impact Through Partnership project. The OIG also described several challenges that need to be addressed, including decreased patient retention; non-compliance with national and Global Fund guidelines; inadequate treatment adherence; inadequate case management; and gaps in diagnosis.

Aidsplan provides more information on these initiatives and challenges in a [separate article](#) in this issue.

Supply chain and procurement: Getting the right health products to patients

According to the OIG, the Global Fund invests approximately 40% of its annual disbursements in health products. Effective country supply chain systems are needed to deliver health products to beneficiaries and to supply critical data back for health planning.

Most health products successfully reach their intended beneficiaries, the OIG said. “However, recurring stock-outs, expiries, unaccounted for stock, theft, diversion and quality issues can often lead to treatment disruption.”

The OIG reported that the Secretariat has taken steps to address supply chain management issues across the portfolio by creating a specific Supply Chain Department and appointing a Head of Supply Chain in August 2016. In addition, a supply chain strategy and related assurance framework are under development.

At the country level, a number of initiatives have been launched, the OIG said, including a supply chain transformation project in Nigeria. An OIG audit of the Cameroon portfolio noted that the Secretariat has significantly mitigated procurement risks through the use of centralized procurement agents and coordination of health product procurement plans with

other partners. In Côte d'Ivoire, the OIG said, procurement and supply chain systems, as well as the associated infrastructure, are comparatively well developed and effective.

However, the OIG said, while the Global Fund has implemented short-term fixes, it has failed to address long-term root causes in underlying health systems. The OIG identified four systemic root causes, as follows: (a) weak country ownership and leadership in prioritization, accountability and coordination; (b) lack of funding due to limited government commitments and competing priorities in funding requests; (c) lack of accurate and reliable data to support informed decision-making; and (d) inadequate human resources for health.

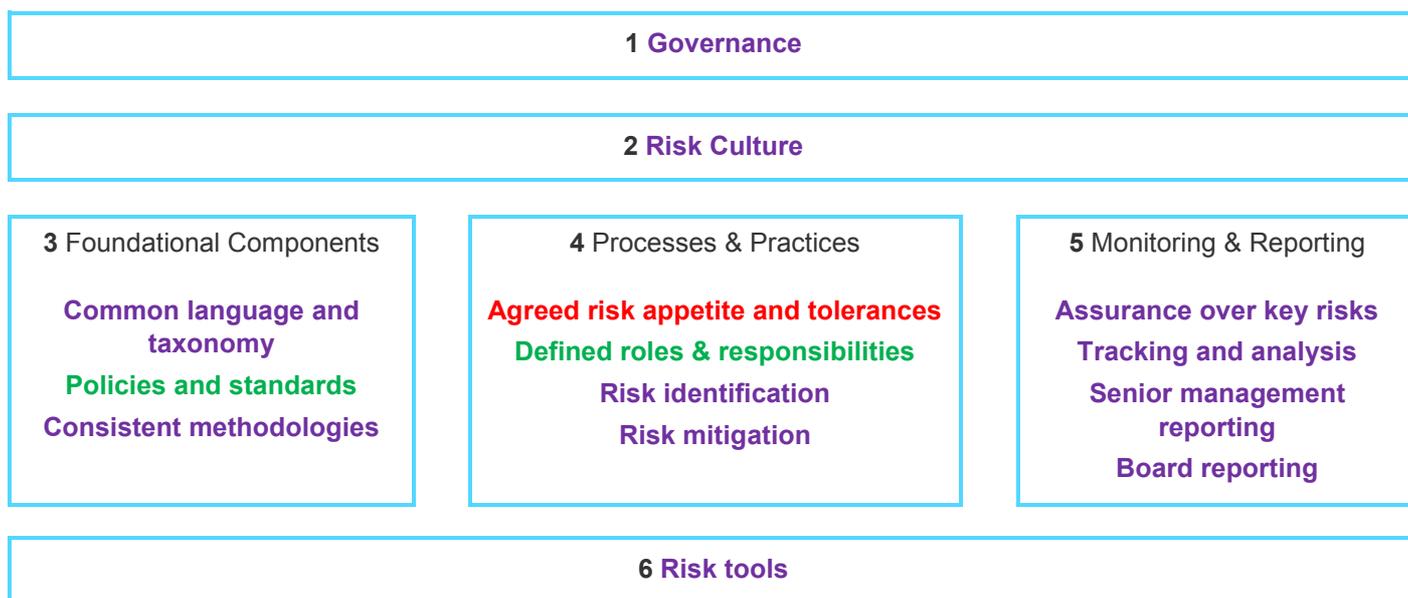
Aidsplan will provide more information on these root causes in an article in a future issue.

Risk management and assurance: Challenges embedding risk mitigation into business processes

Given the environment in which grants are managed, the OIG said, risk management at the Global Fund is complex. For example, the Fund's portfolio includes 84 of the world's 100 most corrupt countries, accounting for \$9 billion of the \$10.3 billion allocation for 2017-2019. Weak country governance is compounded by high levels of poverty: In the top 15 countries supported by the Global Fund, more than 50% of the population lives in poverty. Political instability and institutional fragility are also constraining factors, with 47 countries rated as "high risk" or "very high risk" on the Global Fund's External Risk Index.

The OIG said that the Global Fund's risk management landscape is improving considerably. Although significant gaps remain, the OIG said, distinct progress is being made across the six key areas of the risk architecture, as shown in Figure 1.

Figure 1: How the Global Fund is performing in the six key components of the risk management architecture



Key: **Mostly in place**
Good progress but improvements required
Initial stages

Source: Office of the Inspector General 2016 Annual Report

Aidsplan will provide more information on how the Global Fund is performing in the key components of the risk architecture in an article in a future issue.

Controls and culture: Policy gaps and non-compliance can weaken impact

Because the Global Fund does not implement programs directly in country, the OIG said, its operational effectiveness and efficiency depend on how well it oversees and monitors operations at a central level. “As the organization aspires to significantly improve the maturity level of its internal controls and risk management processes, a key pre-requisite will be its ability to not only design and implement sound business policies, procedures and processes but also to instil a culture where they are executed in a consistent and sustainable manner.”

Without such operational discipline, the OIG said, “there is a significant risk that the Global Fund’s business processes may operate in an ad hoc manner and fail to achieve their intended objectives.”

The OIG said that enhanced fiscal controls have contributed significantly to a decrease in large cases of fraud that it sees in the course of its work. Measures such as the Additional Safeguard Policy and the introduction of fiscal agents in high risk environments have allowed the Secretariat to implement grants in a “risk-measured way” despite in-country challenges, it said.

The OIG said that its audits in 2016 have identified effective financial controls in a number of countries including Malawi, DRC, Côte d'Ivoire and Zimbabwe, often thanks to the introduction of a fiscal agent. As a result, OIG auditors have been able to concentrate on other programmatic risks such as the quality of service delivered or supply chain management.

The OIG said that an initial risk assessment of a planned audit in the Philippines demonstrated that strong internal financial management controls were in place at all three principal recipients, leading to low residual risks of fraud, corruption, theft or diversion of non-financial assets. Programmatic and supply chain risks were also assessed as low. As a result, the OIG said, it opted to cancel a full-scale country audit and to perform a targeted advisory assignment instead.

Although much progress has been made, the OIG said that its work in 2016 highlighted the need for compliance with processes and procedures to be formalized at both the Secretariat and the country level. “Weak processes that may have been an acceptable culture 15 years ago when the focus was on a quick operational response to an emergency health situation, are no longer consistent with the level of maturity expected of a multi-billion dollar 21st century partnership organization,” the OIG stated. “Stronger compliance mechanisms are necessary to ensure business activities are conducted consistently with approved organizational rules and procedures.”

The OIG said that systematic compliance monitoring and related mechanisms to hold staff accountable are key to embedding a learning culture which avoids recurrence of past mistakes. In particular, the OIG said, the Secretariat needs to develop an accountability framework to clarify who has the authority to make decisions, of what type, when to escalate or consult, and how to document and report on the decisions. The OIG pointed out that the need for an accountability framework was identified as far back as 2013.

The OIG said that country investigations in 2016 found a strong correlation between the absence of non-compliance with policies and the opportunity for wrongdoing. “Whether the main theme of the investigation was local procurement, financial management and accounting, product supply chain, bed net distribution, conflicts of interest, [or] deliberate fraud, most of the wrongdoing could be attributed – at some stage – to policy failures or contraventions,” the OIG said.

Governance: Important gaps remain despite recent progress

“Governance at the Global Fund is improving,” the OIG said, citing as examples the creation of a standing committee specifically focused on governance matters (the Ethics and Governance Committee); induction programs for new members; significant improvements in the tracking of Board decisions; and the implementation of a formal performance assessment framework.

Nevertheless, the OIG said, little progress has been made in revising the Board’s composition and structure. Issues that have persisted since 2002, and that continue to be raised in interviews with Board members, include: the continued relevance of having separate donor

and implementer blocs; the advantages and disadvantages of a voting mechanism that requires a two-thirds majority from each bloc for taking decisions; whether the current size of the Board achieves the right balance between inclusivity and effectiveness; and the challenges of evaluating the extent to which the current Board structure and composition are optimal in light of the increasing pressure to expand the donor base.

The OIG said that the loss of institutional memory due to a high turnover rate in Board delegations is a concern. In the 18-month period between the 33rd Board meeting in April 2015 and the 36th meeting in November 2016, two-thirds of Board members and alternates have changed. At the committee level, there has been a turnover of nearly 75% (27 out of 36 members) from the old committees to the current ones.

The OIG said that the constituency management guidelines, currently under revision, need to build in an explicit strategy for maintaining institutional memory. “This will require balancing a level of turnover to bring fresh perspectives to the Board whilst carefully staggering changes to ensure an appropriate level of continuity and institutional knowledge.”

Concerning the Management Executive Committee, the OIG said, in a recent survey, 77% of Board members, both past and present, expressed concern about “the breadth and depth of succession cover” for the top management team.

The Office of the Inspector General 2016 Annual Report, Document GF-B37-12, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

5. NEWS: Global Fund’s efforts to improve service quality: successes and challenges

Initiatives to boost service quality will take time to yield measurable impact at the country level, OIG says

David Garmaise

4 May 2017

Service quality was one of the five strategic thematic areas that emerged from the work of the Office of the Inspector General (OIG) in 2016, as described in the OIG’s 2016 annual report. Another [article](#) in this issue provides a short summary of each theme. In this article, we provide more details on what the OIG said about service quality.

The OIG noted that a number of initiatives within the Global Fund Secretariat were successfully promoting service quality.

The introduction of a Program and Data Quality Strategy and new principles-based operational policy guidance is expected to help country teams in the Secretariat develop a more robust approach to assessing program and data quality risks. (See Operating Policy

Note on Program and Data Quality in the Fund’s [Operational Policy Manual](#); added on 13 July 2016.)

In 2016, the Secretariat also developed a framework related to “Data Use for Action and Improvement.” The framework is designed to evaluate different sources of data to improve value for money and quality of service delivery. In addition, [health facility assessments](#) are currently being piloted in a number of countries to provide better quality assurance over program and data risks.

The Secretariat’s Implementation Through Partnership (ITP) project has resulted in increasing technical cooperation between partners to ensure better quality of services. The ITP has helped transform the engagement with partners from just a general dialogue on collaboration to a more focused discussion on specific implementation challenges at the country level. It has enabled partners to have better visibility into each other’s priorities and focus areas. Finally, the ITP has helped improve accountability, with specific responsibilities assigned to different partners for carrying out distinct action items. (See [GFO article](#).)

However, the OIG said, initiatives to improve service quality will take time to yield measurable impact at the country level. “In the meantime, as countries scale-up their coverage, the quality of services delivered is strained,” the OIG said. “Symptoms of this include decreased patient retention, non-compliance with Global Fund and national guidelines, and gaps in diagnosis.”

Decreased patient retention

Several country audits in 2016 revealed that while the number of patients on treatment has increased, retaining them has become increasingly difficult. For example, the OIG said, in Zimbabwe, India and Mozambique, significant proportions of patients who have started antiretroviral treatment for HIV drop out or are lost after 12 months. For all three diseases, it said, low treatment adherence presents significant risks that massive investments in drugs and treatment may not yield the expected results in terms of disease prevalence. Low treatment adherence could also be a contributing factor to drug resistance.

“Service quality depends on sustainable health systems solutions, rather than quick fixes... It requires a significant shift in how the Global Fund measures performance.”

Non-compliance with national and Global Fund guidelines

The OIG cited examples of non-compliance from three audits conducted in 2016. In Malawi, a low proportion of HIV-exposed infants and children were being tested in recommended timeframes. In India, there were multiple non-compliance problems in standards for TB care. The auditors also highlighted gaps in implementing a working pharmacovigilance system; testing delays; and a lack of preventive treatment for patients living with HIV who test negative for TB. In the DRC, contrary to both national and WHO guidelines, only 4% of patients received HIV testing and counselling in the two hospitals sampled by the OIG.

Gaps in diagnosis

In its Zimbabwe audit, the OIG noted that the effectiveness of the country's diagnostic services was affected by the limited availability of machines. For example, equipment for screening TB in children was not available in over 50% of facilities visited. In Mozambique, the OIG said, although the number of diagnoses for the three diseases increased during the audit period, 34% of providers using microscopes and 20% using rapid diagnostic tests made inaccurate malaria diagnoses. In Malawi, 60% of patients treated for malaria at health facilities had not been tested, and suspected malaria cases were reported and treated through the country's integrated community case management program without a confirmed diagnosis.

Root causes

The OIG believes that the root causes of these symptoms stem from systemic challenges at the country level related to constraints in funding and in human resources.

In its concept notes submitted for the 2014-2016 allocation period, the OIG said, the DRC estimated that only 16% of the funds needed are available for HIV, 44% for TB, and 57% for malaria. The OIG's Zimbabwe audit found that inadequate funding limited the scale-up of efforts to find active TB cases. In Mozambique, the OIG noted, existing Global Fund grants do not include funding for the supervision of laboratories that diagnose the three diseases.

“As countries scale up their coverage, the quality of services is strained... Symptoms of this include decreased patient retention, non-compliance with guidelines, and gaps in diagnosis.”

With respect to human resources, the OIG noted that the [World Health Statistics 2016 report](#), published by the World Health Organization (WHO), estimated that there was a global deficit of approximately 17.4 million health workers in 2013, with the worst affected areas being countries where the majority of Global Fund investments are made. The OIG said that its work in 2016 confirmed that a lack of trained staff contributed to service quality issues. For example, in Mozambique, as many as 65% of technical positions in the TB and HIV programs are vacant. In Zimbabwe, only 56% of the positions for primary counsellors for HIV had been filled at the time of the audit. The Zimbabwe audit also highlighted that only 16% of health workers had been trained on updated rapid HIV testing protocols.

“Service quality depends on sustainable health system solutions, rather than quick fixes,” the OIG said. “Service quality requires a significant shift in how the Global Fund measures performance.” In the current performance-based funding model, the OIG explained, the evaluation of program performance is mostly focused on output and coverage indicators. There are fewer program quality indicators in the current performance frameworks.

The reasons for this imbalance are varied. Coverage data is generally easier to define, collect and analyze than quality indicators which are typically far more complex, the OIG stated. The time horizon is also a factor as, in many cases, quality improvements can be meaningfully and reliably evaluated only over a relatively longer performance period. In the

case of the Global Fund, the OIG said, there is also an added complexity as the organization is generally seen as a funding institution whose mandate needs to be carefully managed so as to not overlap with technical agencies that have the remit to set normative guidance and establish quality standards.

“Whilst all these reasons are valid,” the OIG said, “a key fact remains that long term sustainability of the programs supported by the Global Fund is contingent on robust quality of care without which achievements to date can easily be reversed in the future. Given the nature of the issues and some of the challenges highlighted, leveraging partnerships is essential to ensure longer-term value for money from Global Fund investments.”

The ITP initiative has clearly moved the cursor, the OIG said, although it is unclear the extent to which partners are accountable for the delivery of the assigned action items. In addition, the OIG said, the initiative has perhaps overly focused on activities without a clear articulation of the desired impact. “To the Secretariat’s credit,” the OIG said, “the mid-course rebranding of the initiative from ‘Implementation Through Partnership’ to ‘Impact Through Partnership’ implicitly acknowledged this.” The other initiatives mentioned above are evidence that the Secretariat has plans to address many service quality issues, the OIG said. “If implemented successfully, the plans will nevertheless take time to produce results at the portfolio level.”

The Office of the Inspector General 2016 Annual Report, Document GF-B37-12, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

6. NEWS: Global Fund is moving up the OIG maturity scale

The OIG’s annual report covers 2016 accomplishments and plans for 2017

David Garmaise

4 May 2017

Although most of the OIG’s 2016 annual report was devoted to a discussion of five strategic themes (see separate GFO articles in this issue [here](#) and [here](#), the report covered several other topics. This article provides highlights.

Organizational maturity

The OIG said that in the past three years, the Global Fund has moved steadily up the OIG maturity scale, finishing 2016 closer to the “embedded” level than ever before. This means that internal controls, governance and risk management processes are being defined and progressively embedded in everyday management practice. However, the OIG said, there are still gaps in the active management of these processes and they are not consistently performed and reliably monitored. As a result, the OIG opinion is that the Global Fund overall maturity level is still between “initiated” and “embedded” (see Figure 1).

Figure 1: Where the Global Fund is positioned on the organizational maturity rating



Source: Office of the Inspector General 2016 Annual Report

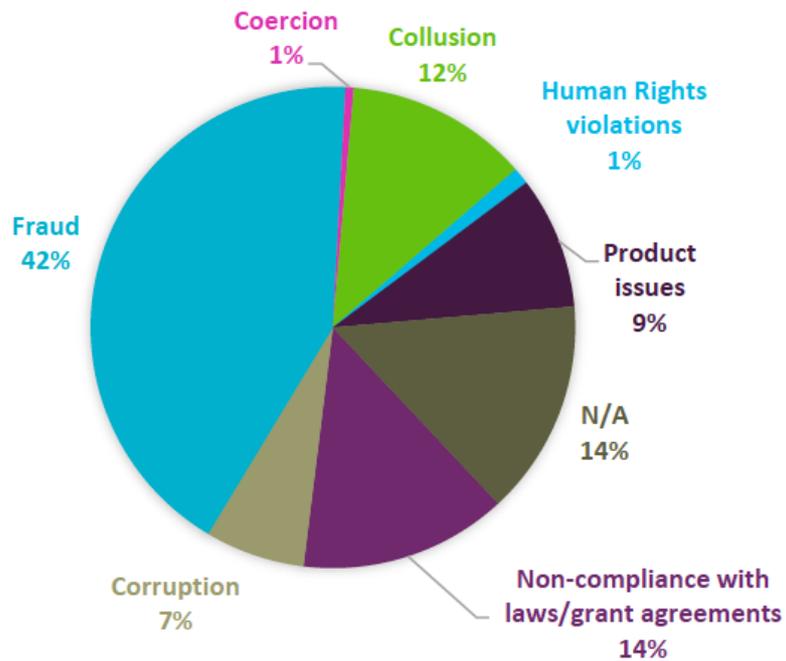
Accomplishments in 2016

In 2016, the OIG completed 19 audits and advisories, and closed 59 investigations. It published 26 reports.

Between 2014 and 2016, the average cycle time for audits decreased from 33 weeks to 26 weeks; and the time for investigations decreased from 86 weeks to 51 weeks.

The OIG's investigation unit received 180 allegations of wrongdoing in 2016, compared to 157 in 2014. See Figure 2 for a breakdown of the allegations received in 2016.

Figure 2: Breakdown of the 180 allegations received in 2016 per category of wrongdoing

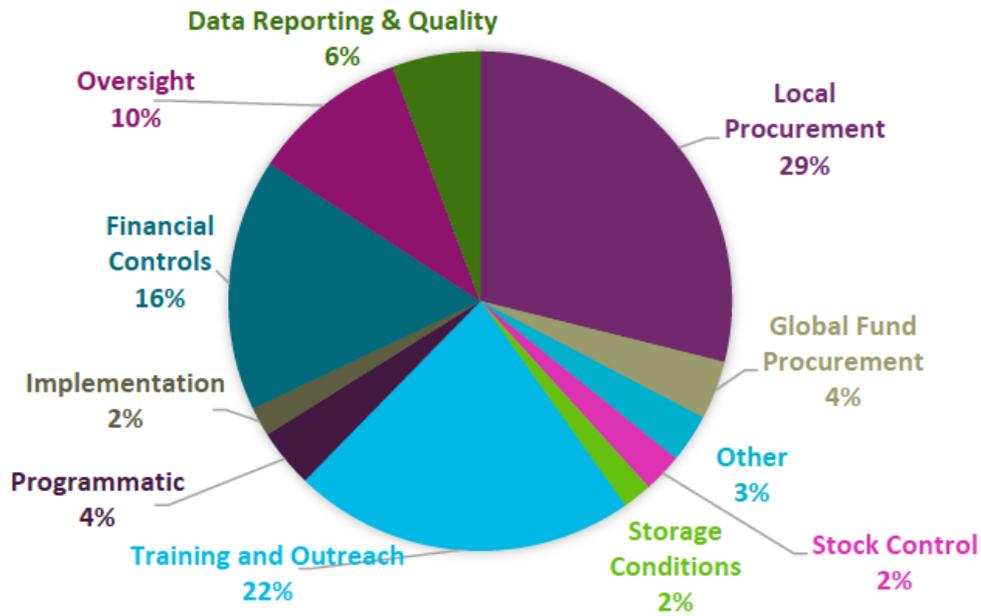


Source: Office of the Inspector General 2016 Annual Report

The OIG has adopted an approach that analyses and classifies its investigation findings. Of the 159 investigation findings in 2016, the largest categories were local procurement, training and outreach, and financial controls. See Figure 3.

The most recent satisfaction survey for the OIG, conducted in 2016 among members of the Board and of the Finance and Audit Committee, reflects an overall satisfaction rate of 98%.

Figure 3: Breakdown of 2016 investigation findings



Source: Office of the Inspector General 2016 Annual Report

The OIG said that based on the feedback and lessons learned from the Phase I of the *I Speak Out Now!* campaign, it is “repositioning” the campaign and emphasizing the role of the Secretariat as a key player and the OIG as an advisor, using the spin-off slogan *We Speak Together!* This repositioning, together with new materials for both the Secretariat and implementers, will form the basis for Phase II of the initiative as the OIG moves from campaign mode to a sustain mode. The main thrust of Phase I was a pilot in three countries: Ukraine, Côte d’Ivoire and Malawi. Phase II is expected to be much broader.

Figure 4: Re-branding of the *I speak Out Now!* campaign



Collaboration with UNDP

The OIG said that collaboration with the UNDP’s Office of Audit and Investigations has been steadily improving since the revision of a memorandum of understanding between the Global Fund and UNDP in late 2015. The OIG said that in 2016 it supported the Secretariat’s efforts to revise the contractual framework through which UNDP acts as an implementer of Global Fund grants. The main impetus for this revision, the OIG said, was the satisfactory

resolution of issues raised through past OIG audit and investigation reports. As a result of this revision, access rights for the Global Fund as a whole, including the OIG, have been clarified without compromising the U.N.'s internal rules that require a single audit to assure all of the institution's activities. The revision establishes a constructive benchmark to develop accountable and transparent relationships with other U.N.-system bodies, the OIG stated.

Plans for 2017

In 2017, the OIG plans to complete 25 audits and advisory engagements, and to close 62 investigations. The audit plan will cover:

- 10 country audits – South Africa, Ethiopia, Zambia, Bangladesh, Cambodia, Ukraine, Haiti, Mali, Burkina Faso and Guinea;
- two joint in-country follow-up audits and investigations – Nigeria and Tanzania;
- seven cross-cutting internal reviews on the following topics: data quality, grant monitoring, in-country assurance, wambo.org, contract management, use of consultants, and IT;
- two internal audit follow-up reviews, one on grant-making and one on sourcing processes; and
- four advisory engagements.

Agreed management actions

In a separate paper prepared for the Board meeting, the OIG provided a progress report on agreed management actions (AMAs) from country audits and internal reviews.

In 2017, 26 AMAs were implemented (i.e. closed), while 19 new ones have been added. At the end of March 2017, there were 82 open AMAs, of which 45 were overdue. (See Figures 5 and 6.)

Figure 5: Open AMAs

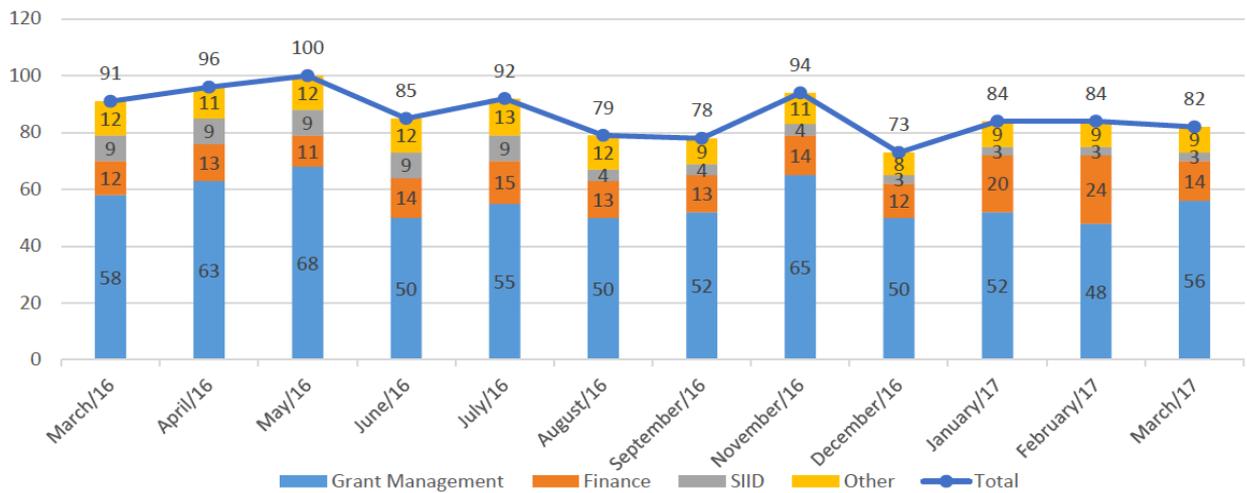
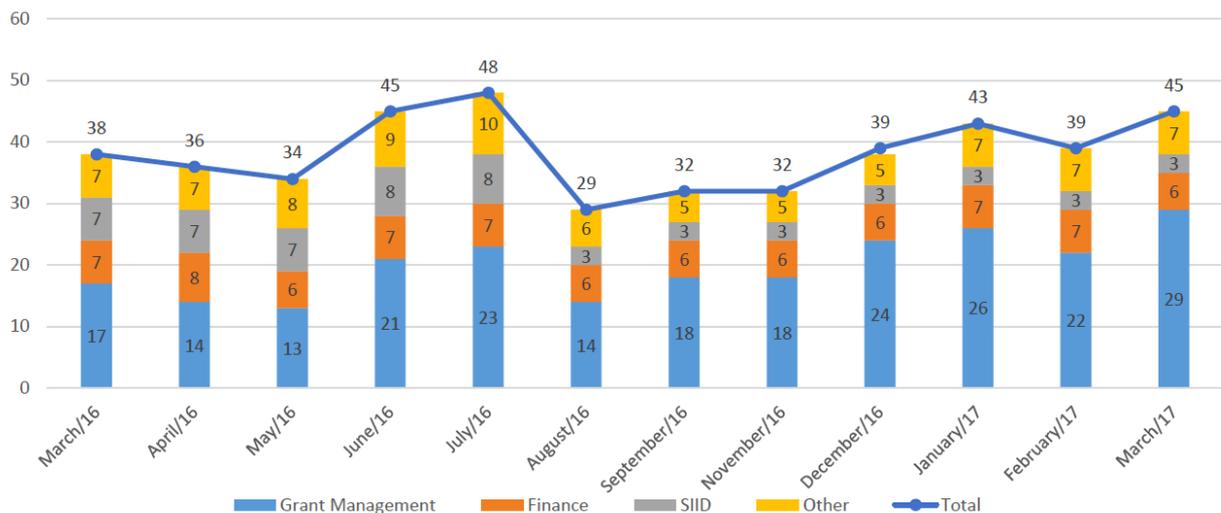


Figure 6: Overdue AMAs



Source: Progress Report on Agreed Management Actions

As of 31 March 2017, 15 long overdue AMAs remain open. (“Long overdue” is defined as more than 180 days late.) The paper contains a table that lists all 15 long overdue AMAs, showing, for each AMA, the source (e.g. a specific country audit), the due date and who in the Secretariat “owns” the AMA.

The paper also provides examples of AMAs for each of the five strategic themes identified in the OIG’s 2016 annual report.

The Office of the Inspector General 2016 Annual Report, Document GF-B37-12, and the Progress Update on Agreed Management Actions, Document GF-B37-13, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

7. NEWS: Despite reservations, the Global Fund Board authorizes the Secretariat to sign agreement with the World Bank

Agreement covers the performance-based funding project in the DRC

David Garmaise

4 May 2017

The Board has authorized the Secretariat to enter into an “Administration Agreement” with the World Bank for the performance-based funding (PBF) project in the Democratic Republic of Congo (DRC). At first glance, this may not seem particularly newsworthy. But there are some unusual circumstances surrounding this agreement.

(The Board decided in 2015 to invest up to \$20 million in a World Bank–led PBF project in the DRC – see [GFO article](#). The Administration Agreement with the World Bank paves the way for the Global Fund to make a \$10.5 million investment to be used to co-finance PBF payments.)

In authorizing the Secretariat to proceed, the Board acknowledged that because the agreement is based on the World Bank’s Single Donor Trust Fund template, it does not give the Fund right of access to the project’s books, records, personnel or sites, all of which are required under the OIG’s charter. The Board further acknowledged that the OIG will not be able to provide assurance on the funds disbursed under the agreement, whether through audit or investigation work.

It is obvious from the decision and from the paper that was submitted to the Board at its meeting in Kigali, Rwanda on 3-4 May, that the Board is taking this step somewhat reluctantly. Basically, the Board is saying that the Administration Agreement is not ideal, but it is the only way the Fund can make a \$10.5 million PBF investment before a current Global Fund grant to the DRC ends in December 2017. The paper states: “In the time remaining for this current funding cycle, signing the Administration Agreement is the best option for the Global Fund to invest in PBF in DRC in terms of simplicity and speed of implementation.”

The Board was concerned that this could set a precedent for future investments of this kind. So, it did two things. First, the Board simply declared “that this decision does not set a precedent for future investments with development partners or for existing relationships with such partners.” Second, the Board requested “that the Secretariat develop a framework to guide future considerations of such investments.”

According to the paper submitted to the Board, the alternative to signing the Administration Agreement with the World Bank would be for the Fund to explore other approaches to finance the PBF project. “These other approaches would be at least partially parallel to the PBF Project and given the significant time needed to design and implement, would risk the loss of the approximately \$10 million from the current funding cycle being used in DRC,” the paper said. “The PBF Project and the Administration Agreement represents a significant step forward in the collective harmonization of donor investments, and coordination with country

stakeholders. This is an important achievement in the context of the challenging operating environment in DRC.”

According to the paper submitted to the Board, the primary focus of the PBF project is improving the utilization and quality of maternal, newborn and child health (MNCH) service delivery – though an innovative financing and decentralized approach to performance measurement in targeted health directorates at the provincial level. The PBF Project will address major health system challenges by improving governance, and by strengthening health administration directorates and health policy capacities.

Among other things, the project will focus on financial accessibility to health services; availability of quality and affordable medicines; community engagement; and improvement of data availability.

“PBF is a potential game changer in DRC for how government (central and local) and partners, work together to deliver improved public health outcomes,” the paper said.

The paper stated that with respect to the PBF payments specifically, the World Bank has been the sole financier until recently when USAID signed an Administration Agreement with the bank to fund PBF activities in Haut Lomami and Loualaba Provinces. USAID is providing \$8 million over two years.

The paper also stated that “in the Provinces of Equateur and Bandundu, no additional donor at this stage other than the Global Fund would be funding PBF payments.” A spokesperson for the Secretariat told Aidspace that the PBF payments are only part of the operational partnership the Fund has with the World Bank, GAVI and UNICEF for the provinces of Equateur and Bandundu.

The spokesperson added that the project experienced several delays and did not really get off the ground until the summer of 2016. The first PBF payments only started at the beginning of 2017.

The paper, entitled “Global Fund financing agreement with the World Bank,” Document GF-B37-03, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

8. NEWS: Global Fund is developing a comprehensive supply chain strategy

David Garmaise

4 May 2017

The Global Fund is developing a comprehensive supply chain strategy that will define a scope of responsibility, oversight, and necessary initiatives to address supply chain challenges. In addition, the Fund will conduct supply chain diagnostic studies in 12 countries and use these to develop specific plans to strengthen supply chain systems. Finally, the Fund

will work with government and private sector partners to implement supply chain transformation projects.

This information is contained in a [message](#) from Executive Director Mark Dybul which was posted on the Fund’s website on 28 April.

“Procurement and supply chain represent a continuum,” Dybul said. “The work of procuring drugs and medical supplies in a timely way is only the first step in getting them through a supply chain, so that they can actually reach the people who need them, at clinics and in villages that often present obstacles in the ‘last mile’.”

Dybul said that the Fund could not address many supply chain issues until it had first worked hard on procurement, the primary building block toward delivery of any products. Since the Global Fund began investing heavily in procurement four years ago, Dybul said, an expanded pooled procurement mechanism (PPM) has saved more than \$650 million. On Time and In Full (OTIF) deliveries for the PPM increased from 36% in 2013 to 80% in 2016. The PPM now covers 60% of procurement supported by the Global Fund.

“But OTIF is measured at a central warehouse level, and the ‘last mile’ can be significantly more challenging,” Dybul said.

Dybul said that both procurement and supply chain processes have been identified as requiring additional action by the Fund’s own internal risk assessments, by other global health actors, as well as in audits of programs in several countries by the Office of the Inspector General (OIG.) The OIG Audit Report on Global Fund In-Country Supply Chain Processes, released on 28 April 2017, further validates the need. (GFO will report on this OIG audit in a future issue.)

In 2016, the Secretariat created a new Supply Chain Department within the Grant Management Division, and appointed senior managers with significant private sector experience.

[TOP](#)



9. NEWS: Update on the implementation of the Global Fund Strategy 2017-2022

Report describes progress for each strategic objective and sub-objective

David Garmaise

4 May 2017

A report prepared for the Board meeting on 3-4 May in Kigali, Rwanda, provided an update on the implementation of the objectives and sub-objectives from the Global Fund’s 2017-2022 Strategy. For each sub-objective, the report described the progress achieved to date, as well as key challenges and risks, and future plans.

In addition, the report identified the key performance indicator (KPI) tied to each sub-objective. The template used for the report includes space for the latest KPI data, but no such data was provided for this report. Full reporting on the 2017-2022 KPI Framework won’t be available until early 2018.

It appears that these Strategy implementation reports will be provided to the Board on a regular basis. This is something new; no regular progress reports were prepared for the previous Strategy (for 2012-2016).

The report is in the form of a slide deck, so there are lots of bullets and very few complete sentences. Nevertheless, there is a lot of information packed into the report’s 28 pages. For space reasons, we have to be selective concerning what we can report in this article. We have chosen to provide examples of progress made under the first three of the four strategic objectives – maximize impact against the diseases; build resilient and sustainable systems for health; and promote and protect human rights and gender equality. (The fourth strategic objective is mobilize increased resources.). The information is provided in the form of tables.

Table 1: Strategic objective 1– Maximize impact against HIV, TB and malaria

| |
|---|
| <p>Sub-objective 1a: Scale-up evidence-based interventions with a focus on the highest burden countries with the lowest economic capacity and on key and vulnerable populations disproportionately affected by the three diseases.</p> |
| <p>Progress:</p> <ul style="list-style-type: none"> • A Partner Support Platform is being developed to mobilize the technical, financial and political strength of the Impact Through Partnership (ITP) initiative to respond to issues that are on a critical path to maximizing impact at country level and that are not being addressed through existing grant and partner resources. • Allocative efficiency models are being applied in the following high-impact countries: Bangladesh, Cambodia, Indonesia, Myanmar, Pakistan, Philippines, Thailand and Vietnam (for HIV); Philippines and Zimbabwe (for TB); and Philippines, DRC, Tanzania and Zimbabwe (for malaria). |
| <p>Sub-objective 1c: Support grant implementation success based on impact, effectiveness, risk analysis and value-for-money.</p> |
| <p>Progress:</p> <ul style="list-style-type: none"> • To measure program quality, baseline information has been collected in Tanzania. Efforts to measure efficiency are in the design stage in Kenya, Ghana, Uganda, Senegal, Togo, Sierra Leone and Niger. Country dialogues |

on program quality and efficiency are underway in Mozambique, Tanzania, Zambia, Zimbabwe, Malawi, Côte d'Ivoire and DRC.

- Risk and assurance orientation sessions for country teams are ongoing. A review of the Bangladesh operational risk committee has been completed. Content for a new integrated risk tool merging the Capacity Assessment Tool (CAT) and the Qualitative Risk Assessment Tool (QUART) is almost complete.

Sub-objective 1e: Support sustainable responses for epidemic control and successful transitions.

Progress:

- Progress on transition readiness assessments (TRAs):
 - Latin American and the Caribbean:** TRAs completed in Jamaica; planned or in progress in Paraguay (HIV/TB), Panama (HIV/TB) and Cuba (HIV). Additional TRAs planned for 2017.
 - Eastern Europe and Central Asia:** TRAs completed in Belarus, Bulgaria, Georgia, Ukraine and Moldova. Albania, Bulgaria and Romania conducted a Eurasian Harm Reduction Network case study for harm reduction programs. TRAs in progress in Armenia, Kyrgyzstan, Kosovo and Uzbekistan. Additional TRAs planned for 2017.
 - Middle East and North Africa:** TRA completed in Morocco in coordination with UNAIDS.
 - Southeast Asia:** A malaria elimination pilot in Sri Lanka was planned for the first quarter of 2017. A malaria elimination pilot is underway in Philippines.
- Efforts are ongoing to coordinate with partners (including, among others, UNAIDS, USAID and the World Bank) to leverage resources and existing analyses of transition readiness and sustainability; and to minimize duplication.
- Health financing strategies and sustainability initiatives have been completed in Kenya, Tanzania, Benin, Togo and Ethiopia; and are ongoing in Ghana, Ukraine, Tanzania, South Africa, Bangladesh, Togo, Côte d'Ivoire, Sénégal, Cameroon, Uganda, Liberia, Malawi and Ethiopia.
- Regarding National Health Accounts: 53 high impact and core countries have been trained on System of Health Accounts (6% of the countries have completed three consecutive years of health and disease accounts estimations; 11% at least two consecutive years; and 19% one year).
- Provision of technical assistance (TA) to countries to enable them to produce estimates of pharmaceutical data in order to improve health and disease expenditure estimates is ongoing in Ghana, Uganda and Zambia. A conceptual framework for establishing a health financing consortium by 2019 has been developed.

Table 2: Strategic objective 2 – Build resilient and sustainable systems for health

| |
|---|
| Sub-objective 2a: Strengthen community responses and systems. |
| Progress: <ul style="list-style-type: none">• Within the Community Rights and Gender (CRG) Technical Assistance Strategic Initiative, requests for TA have been received and are being screened for eligibility. The goal is to provide targeted TA to 10 countries.• The London School of Economics has produced a paper which spells out three options for a program of operational research on community-based monitoring and feedback. |
| Sub-objective 2b: Support reproductive women’s, children’s and adolescent health and platforms for integrated service delivery. |
| Progress: <ul style="list-style-type: none">• The Liverpool School of Tropical Medicine has been commissioned to lead three-year studies on program quality improvement of integrated antenatal care (ANC) and postnatal care (PNC) in at least six countries. A log frame and activity plan have been developed; core training manuals to improve availability, content and quality of integrated ANC and PNC have been developed; a multi-country consensus-building workshop was organized to draft standards of care for integrated ANC and PNC; and inception visits were held in Togo and Niger to finalize an MOU and baseline assessment parameters, and to ensure partner alignment.• A RMNCAH (reproductive, maternal, newborn, child and adolescent health) technical briefing note has been prepared and disseminated to CCMs. The note provides updated guidance on how the Global Fund can strategically invest in RMNCAH activities and integrated service delivery in order to improve the effectiveness and efficiency of services provided. |
| Sub-objective 2c: Strengthen global and in-country procurement and supply chain systems. |
| Progress: <ul style="list-style-type: none">• The Global Fund is developing a Supply Chain Strategy and Implementation Plan, and will conduct supply chain diagnostic studies in 12 countries (see separate article in this issue). |

Sub-objective 2d: Leverage critical investments in human resources for health (HRH).

Progress:

- Work is ongoing on a project to allocate Matching Funds for human resources for health (HRH) and service delivery to seven countries: Afghanistan, Benin, Ethiopia, Guinea, Liberia, Sierra Leone and Zambia. [Technical guidance](#) has been developed and disseminated. Discussions concerning technical support in five of the countries have been held with the World Health Organization. Sierra Leone has already applied for the matching funds in Window 1 of the 2017-2019 funding cycle.
- An [HRH Technical Briefing Note](#) has been developed and disseminated to CCMs.

Sub-objective 2e: Strengthen data systems for health and countries' capacities for analysis and use.

Progress:

- 20 Health Facility Assessments (HFAs) and Data Quality (DQ) reviews have been launched in high impact and core countries. Five of the reviews are nearing completion.
- An initial draft of a differentiated measurement framework to better address progress in achieving Strategic Objectives 2 and 3 has been completed.

Sub-objective 2g: Strengthen financial management and oversight.

Progress:

- As part of the IHP+ (International Health Partnership) program on harmonizing financial management systems to promote efficiency, aid effectiveness, and transparency, progress has been achieved in three priority countries: Sierra Leone, Liberia and Sudan. In Sierra Leone, an integrated health program administration unit was established. In Liberia and Sudan, joint financial management assessments (with partners) were conducted and related action plans are being finalized with the respective ministries of health.
- Financial management capacity assessments were completed for PRs in 11 countries: Zambia, Uganda, Indonesia, Namibia, Malawi, Tanzania, South Sudan, Kenya, Pakistan, Madagascar and Togo.

Cross-cutting initiatives for Strategic Objective 2

Progress:

- An RSSH Dashboard, an Excel-based tool that contains country-level data from partners and grant data, was launched in November 2016 to support country dialogues. The goal of the dashboard is to facilitate analysis of health systems and to better understand the main issues and challenges faced. So far, country teams have made 46 requests for RSSH analysis and the information has been used for country dialogues in 16 countries.

Table 3: Strategic objective 3 – Promote and protect human rights and gender equality

| |
|---|
| <p>Sub-objective 3a: Scale-up programs to support women and girls, including programs to advance sexual and reproductive health, and rights.</p> |
| <p>Progress:</p> <ul style="list-style-type: none"> • Thirteen focus countries have been selected for AGYW (adolescent girls and young women) scale-up. Under the CRG Strategic Initiative, TA requests to increase quality of programming and performance frameworks have been received from about half of the countries. |
| <p>Sub-objective 3c: Introduce and scale-up programs that remove human rights barriers to accessing HIV, TB and malaria services.</p> |
| <p>Progress:</p> <ul style="list-style-type: none"> • Standardized tools have been developed to conduct human rights baseline studies in 20 countries. Desk reviews for eight countries (Ghana, Benin, Mozambique, Kyrgyzstan, Ukraine, Indonesia, Sénégal and Cameroon) were scheduled to be submitted by mid-March. Four country missions are planned for the second quarter of 2017. |
| <p>Sub-objective 3e: Support meaningful engagement of Key and Vulnerable Populations and networks in Global Fund–related processes.</p> |
| <p>Progress:</p> <ul style="list-style-type: none"> • The Community Action Leadership Collaborative (CALC) has been engaged to provide support on the use of HIV key population implementation tools in program design and planning. In-country TORs were developed for the sex worker and MSM implementation tools. A global meeting on implementation tools was held. • The Global Coalition of TB Activists and some malaria consortiums were engaged to provide support to, and strengthen networking and mobilization of, TB- and malaria-affected communities to enable their meaningful engagement in country dialogues. Work plans were developed and regional consultations held on modules for analyzing malaria-related gender and human rights barriers. A regional meeting on malaria was held and support was provided for country dialogues in the Greater Mekong region. |
| <p>Cross-cutting initiatives for Strategic Objective 3</p> |
| <p>Progress:</p> <ul style="list-style-type: none"> • Stakeholders met in late 2016 to discuss strategy for the AGYW Meaningful Engagement Fund, part of the CRG Strategic Initiative. A roadmap for AGYW engagement in 13 countries in Eastern and Southern Africa is being finalized. An independent review on, and recommendations for, meaningful community engagement during grant-making and grant implementation have been finalized. |

Strategy Implementation Reporting, Document GF-B37-19, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

10. NEWS: Global Fund's final KPI data for 2016 show mostly good results

*Ten targets were achieved or surpassed; four were not met;
and one looks unlikely to be reached*

Mary Lloyd

4 May 2017

The end-2016 data on the Global Fund's corporate key performance indicators (KPIs) show good results for most of the KPIs, including two where the Fund showed particularly strong performance. The targets for 10 of the 15 KPIs were achieved or surpassed. The targets for four KPIs were not met, and it appears the Fund will not achieve parts of the target for a fifth KPI.

The end-2016 results were presented to the Board at its meeting on 3-4 May in Kigali, Rwanda. These results are for the "old" KPIs that were developed over the last few years. The Global Fund has a new KPI framework for 2017-2022 and a new set of targets (see [GFO article](#)) which are being used to measure performance from the start of this year. Full reporting on the new KPIs starts in early 2018. While the Fund winds up the old set of indicators, we may see progress against both sets of indicators being reported to the Board during the rest of this year.

The 10 KPIs whose targets were achieved or surpassed were as follows:

- KPI 1 – Performance against strategic goals
- KPI 3 – Performance against strategic service delivery targets
- KPI 4 – Efficiency of Global Fund investment decisions
- KPI 6 – Alignment with national reporting systems
- KPI 9 – Effective operational risk management
- KPI 10 – Value for money
- KPI 11 – Grant expenses forecast
- KPI 13 – Resource mobilization
- KPI 14 – Domestic financing for AIDS, TB and malaria
- KPI 15 – Efficiency of grant management operations

The Global Fund has demonstrated particularly strong results for the "infections averted" part of KPI 1, which measures the estimated number of lives saved and infections averted over five years from 2012 to 2016. The Fund was aiming to see 140 million new infections averted by the end of 2016, but by the end of 2015, the number had already hit 146 million.

The other target for KPI 1 was 10 million lives saved by 2016. By the end of 2015, 8.5 million lives had been saved, and projections show the target will be met.

The other indicator where higher than expected results were achieved was KPI 10, which gauges savings made by leveraging the Global Fund's purchasing power. The target was a 7% reduction in spending on commodities. Instead, the Fund achieved a 14.4% reduction, which saved the organization \$149 million.

Target partially achieved

The data needed to calculate performance against target for KPI 2 (quality and coverage of services) are only available once a year. No new information has been provided since mid-2016 (see GFO article).

This target has seven components. The Fund is expected to miss the target for two of the components: antiretroviral coverage of HIV-positive TB patients, and of pregnant HIV-positive women. The Board was told that the underperformance in these areas is being examined with the Fund's partners.

Targets not met

The four KPIs whose targets were not met were as follows:

- KPI 5 – Health system strengthening
- KPI 7 – Access to funding
- KPI 12 – Human rights protection
- KPI 16 – Quality of management and leadership

KPI 5

The Board had already been warned that the Fund was unlikely to meet the target for KPI 5, which is based on a score that rates service ability and readiness. The goal was for 60% of countries surveyed to show at least a five percentage point improvement. Only four countries were able to provide the repeat score needed to calculate an improvement, and only two of them met the target.

The Board has been told that all four countries for which results were available did show improvement in service availability and readiness. Results from five more countries are being finalized. One of these will deliver the repeat score needed to calculate the KPI.

KPI 7

It was clear late last year that the Fund was also unlikely to meet the target for KPI 7, even though the target had been revised downwards a year earlier.

KPI 7 monitors progress towards the organization's 2012-2016 strategic goal of evolving its funding model to provide predictable funding opportunities, by measuring the time from concept note submission to first disbursement. The target was for 75% of grants submitted in 2015-2016 to take 10 months or less. The result for 2016 was that only 54% of grants were processed in under 10 months.

The Board was told that the Secretariat has not been able to accelerate the grant-making and Board-approval-to-grant-signing stages of the process because it does not have enough control over them. The Board was also told the grant-signing-to-disbursement stage is under direct Secretariat control, yet performance has not improved. The Fund expects that the Accelerated Integration Management (AIM) project, which is intended to streamline grant

management, will help to speed up this stage by making the Annual Decision-Making Form clearer and by simplifying the workflow.

KPI 12

This KPI has been proven to be an ineffective measure, because no complaints made against the Global Fund qualified, and so the organization was not able to demonstrate improvement. The intention was to have all human rights complaints made against programs the Fund supports identified through risk management tools, and resolved through Secretariat procedures. However, for the past two years, no qualifying complaints have arisen.

The Office of the Inspector General received 108 allegations of wrongdoing in 2016. Of those, 18 had a human rights component, but none met the Fund’s human rights “five minimum standards” criteria, which would warrant an OIG intervention.

The Fund has completely revised how it measures human rights protection in its new set of KPIs.

KPI 16

This KPI uses the Towers Watson Manager Quality scale. The 2016 target was 80% of items in the manager quality survey receiving a favorable response. The result came in at 78%, which is unchanged from last year.

The End 2016 Corporate Key Performance Indicator Results, Document GF-B37-26, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

11. NEWS: Global Fund Board calls for regional response to health crisis in Venezuela

David Garmaise

5 May 2017

The Global Fund Board has called for a coordinated regional response to the health crisis in Venezuela – one that addresses the impact on the region, incorporating relevant partners and donors.

At its 37th meeting on 3-4 May in Kigali, Rwanda, the Board expressed continued concern “about the resurgence of malaria, shortages of critical commodities for HIV and TB, and the broader health crisis in Venezuela and its impact on the region.” The Board also expressed appreciation for the engagement of communities, civil society groups, the Pan-American Health Organization (PAHO), UNAIDS, the World Health Organization (WHO) and others, and for their efforts to raise awareness and explore solutions for this situation.

The situation on the ground in Venezuela has been deteriorating for some time. A report in [The Guardian](#) dated 19 October 2016, paints a picture of a public health system in collapse.

“These problems all converge in the nation’s hospitals,” the newspaper said, “where doctors report rising levels of mortality thanks to a dire shortage of medical supplies, shutdowns of operating theatres, staff declines and violent crime, including gunshots during surgery and mugging in corridors.”

The Guardian said that the Venezuelan Health Observatory, a research centre at the Central University of Venezuela in Caracas, estimated that fewer than 10% of operating theatres, emergency rooms and intensive care units are fully operational. The Observatory said that 76% of hospitals suffer from scarcity of medicines, 81% have a lack of surgical materials and 70% complain of intermittent water supply.

More recently, on 7 April 2017, [Fox News](#) reported that 85% of drugs usually readily available to Venezuelans are no longer available. Last year, the news outlet said, 11,000 Venezuelan babies died within their first year of life. In just one year, the infant mortality rate went from 14.8 deaths per 1,000 live births in 2015 to 19.6 in 2016. The head of vascular surgery at the Children’s Hospital JM de los Rios in Caracas said that the center has not performed any heart surgery in six years for lack of funding from the central government.

“In a rare cry for help,” Fox News said, “last week President Nicolas Maduro asked for the United Nations’ support to alleviate medicine scarcity.”

In August 2016, the [New York Times](#) reported that there has been a resurgence of malaria. After Venezuela had eradicated malaria in its most populated areas – it was certified by the World Health Organization as being malaria free – “the country’s economic turmoil has brought malaria back,” the newspaper said, “sweeping the disease out of the remote jungle areas where it quietly persisted and spreading it around the nation at levels not seen in Venezuela for 75 years.”

GFO has reported on the situation in Venezuela in two articles, [here](#) and [here](#).

The Board said that it had discussed the situation at length. It noted that Venezuela is currently not eligible for Global Fund financing. However, the Board said that in the context of a regional response, the Fund “will continue to engage and, if possible, support the regional response.”

In addition, the Board directed its Strategy Committee and the Secretariat to discuss exceptional circumstances in non-eligible countries as part of the ongoing reviews of the Global Fund’s Eligibility Policy.

[TOP](#)

12. NEWS: wambo.org: Global Fund PRs may place a limited number of orders using domestic financing

David Garmaise

4 May 2017

The Global Fund Board has agreed to allow wambo.org to facilitate, on a pilot basis, 10 procurements by principal recipients (PRs) using domestic funding. Each procurement can be for multiple products.

As described in a [GFO article](#), wambo.org is an online marketplace where implementers of Global Fund grants can check prices and place purchase requisitions for medicines, other health products and non-health commodities. wambo.org is currently open to all implementing partners now using the Global Fund's pooled procurement mechanism (PPM).

The decision by the Board, taken at its meeting on 3-4 May in Kigali, Rwanda, allows PRs currently facilitating procurements on wambo.org with money from an existing Global Fund grant to facilitate procurements using money from domestic sources (i.e. outside the grant) instead – but only on a pilot basis and for a limited number of transactions.

Compared to orders placed with Global Fund grant funding, those placed with domestic funding will typically carry a higher risk for the supplier or procurement agent. To mitigate potential risk, the PRs will have to make an upfront payment before the order is acknowledged as actionable by the supplier or procurement agent.

(Some questions have been raised concerning whether in some cases domestic laws might not have to be changed to permit pre-payment. Domestic procurements are usually strongly regulated by governments; these regulations may require payment after delivery.)

According to the paper prepared for the Board meeting in Kigali, Rwanda on 3-4 May, over a dozen PRs (it could be as many as 20) have manifested strong interest to use the platform with domestic funding. Interest has been expressed, in particular, by government PRs in various regions. The list of countries includes some that are transitioning, some that are approaching transition and some that are still in the low-income category but are nevertheless actively planning for future transition.

Use of wambo.org on a limited basis using domestic financing will respond to some of these countries' requests and will provide some lessons learned that the Global Fund can use to plan future expansion of the platform.

The paper said that this opportunity to use wambo.org to facilitate procurements with domestic funding is in line with the Global Fund's Amended and Restated Market Shaping Strategy, which requires the Global Fund to extend the results of its market shaping efforts to countries approaching transition. In practice, certain PRs can already leverage Global Fund negotiated pricing while purchasing commodities with their own funding. This initiative will complement these efforts at an operational level by providing a platform that can enable a more systematic approach to extending access to the prices achieved through the PPM.

The Board decision authorizing the pilot also requested that the Secretariat (i) provide the Strategy Committee with clearly defined draft indicators of success for the pilot; and (ii) report regularly on progress to the Strategy Committee. Progress will be assessed through three lens: (a) savings realized on product prices; (b) efficiency of the process; and (c) PR satisfaction with wambo.org.

The wambo.org project is currently in Phase 1. Phase 2, if approved by the Global Fund Board at a later date, could see wambo.org expand its benefits outside of the Global Fund to include members of the broader global public health community. However, the paper says, before proceeding to any Phase 2, there will be extensive consultations and analysis at committee level, and with the Board.

Currently, the Secretariat does not expect Phase 2 preparations and consultations to be launched before 2018. Once started, the preparations and consultations would likely require at least 12-18 months.

Update on wambo.org

The paper stated that “with over 70 PR organizations having access to the platform and over \$400 million worth of transactions channeled, [wambo.org] is well on track to completely transitioning the order placement operations of the PPM by June 2017.” Work on utilizing the platform’s potential to accelerate the scale-up of innovative products is progressing, led jointly by the Global Fund and UNITAID, which is co-funding the wambo.org project. A dialogue with the Global Drug Facility towards a potential future launch of TB products is ongoing.

Using wambo.org, order lead time – i.e. the number of days from initial requisition to order confirmation – has averaged 36 days (25 business days), a 16% reduction from the time needed to complete the corresponding steps without using wambo.org. The Secretariat expects to improve order lead times as it gains more experience with the platform. The target for 2017 is 21-26 days.

Currently, artemisinin combination therapies, antiretrovirals, long-lasting insecticide-treated bed nets, condoms and lubricants, rapid diagnostic tests for HIV and malaria, and viral load test bundles are available for purchase on wambo.org. General medications, including those for treating opportunistic infections, those used for opioid substitution therapy, and hepatitis C drugs, are expected to be available for purchase on the platform soon, along with select non-health products.

As at 30 March 2017, the end of the first year of operations of wambo.org, 74 PR organizations from 53 countries have enrolled with wambo.org and activated access to the system. Of these, 40 have already placed orders. Confirmed purchase orders through wambo.org have reached \$348.4 million. In addition, requisitions currently being processed equal approximately \$78.5 million, bringing the total of what the Fund calls “transaction throughput” to \$426.9 million. Thus, results have far exceeded the first year throughput target of \$250 million.

During a survey conducted in November 2016, PR users of wambo.org reported a 100% satisfaction rate with their overall experience.

The paper prepared for the Board meeting contains a detailed explanation of how wambo.org works.

The wambo.org Progress Update and Steps for Advancement, Document GF-B37-07, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

[TOP](#)

This is issue #311 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.

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."

Click [here](#) to unsubscribe. GFO archives are available at www.aidspan.org/page/back-issues.

Copyright (c) 2017 Aidspan. All rights reserved.

[TOP](#)