

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspace to over 10,000 subscribers.

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**2. NEWS: Three Contenders Under Final Consideration for Executive Director Position**

The search for a new Executive Director of the Global Fund has been narrowed down to a final three – David Nabarro, Michel Kazatchkine, and Alex Coutinho. The board will interview the candidates on Wednesday (February 7), and will then make a final decision on Thursday or Friday.

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**4. NEWS: Round Table Meeting Discusses Global Fund-Related Technical Support Issues**

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**5. SURVEY: Perspectives from Implementing Countries on Technical Support Issues**

People in four countries in Asia and Africa provide candid opinions on issues regarding the provision of technical support to Global Fund grant implementers.

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**1. NEWS: Newspaper Alleges Inappropriate Expenditure by Global Fund Executive Director**

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The *Boston Globe* today published an article alleging that Richard Feachem, Executive Director of the Global Fund, “has made extensive use of a little-known private bank account, spending hundreds of thousands of dollars on limousines, expensive meals, boat cruises, and other expenses.”

The article added that “Feachem also frequently dipped into the office’s petty cash, once spending \$225.86 to rent a suit for a wedding involving the Dutch royal family – and then double-billed the organization for the suit.” The article based most of its claims on an unpublished report by the Fund’s Inspector General, Ibrahim Zeekeh, who it said resigned with effect from last week for health reasons.

The article, written by John Donnelly, an award-winning writer on HIV/AIDS, quoted Allan Rosenfield, dean of Columbia University's Mailman School of Public Health, as saying that Feachem's spending was inexcusable. "The board has allowed this to happen," he said. "They should be held accountable as well."

The Global Fund's management team responded vigorously today, saying that the article was "fundamentally inaccurate" and contained "a number of untrue or misleading statements". The Fund added that "no use [of the bank account in question] has been excessive, unreasonable or unnecessary"; that the Inspector General's report which the *Globe* drew upon was "of extraordinarily poor quality"; and that the Fund's board has always had oversight over use of the bank account.

Asked by GFO to comment on the Fund's responses to his article, Donnelly replied "I think the story's accuracy stands for itself."

Feachem, a British citizen who last month was granted a knighthood by Queen Elizabeth II, will serve as the Fund's Executive Director (ED) until his contract ends on March 31.

The main charges made in the *Boston Globe* article, and responses by the Fund's management, are as follows.

- *Boston Globe*: Feachem drew upon a "little-known" bank account that the Fund maintains with Credit Suisse, using it "as a private fund for business expenses, bypassing the normal channels for reimbursement through WHO."

Global Fund response: The account is neither little-known nor private. It is operated under the oversight of a board committee. All board members receive reports on its use. No use has been excessive, unreasonable or unnecessary. Use by the Executive Director did not amount to "hundreds of thousands of dollars".

- *Boston Globe*: In August 2006, the Fund's Inspector General completed a 40-page internal report examining how the Credit Suisse account had been used. (Many of the points in the *Globe* article are based on this report; other points are based on other Global Fund documentation.) The Inspector General's report said that Feachem's spending habits created "potential risks," including loss of donor confidence because of "inadequate internal controls over funds," and that "senior management failed to convey and reinforce the need for careful and prudent use of donor funds."

GF response: The Inspector General's report was "of extraordinarily poor quality in terms of accuracy, context, and fairness."

- *Boston Globe*: The full Global Fund board was not given copies of the Inspector General's report.

GF response: A board committee reviewed the report, and recommended that it be kept confidential from other board members until a management response had been received. The full board will discuss the report and the management response, together with an independent review of the Inspector General's work, at a meeting on Friday February 9. The Vice Chair of the board said that not making the report public was necessary to protect the Global Fund and its employees.

- *Boston Globe*: A separate report, by WHO, also unpublished, found that use of the Credit Suisse account involved "abnormal" payments that WHO probably would not have approved. These included lump-sum payments by the Fund of \$5,000 each to seven managers at the Fund that were described as back pay.

GF response: No response was produced by the Fund in writing to this point. But in an interview with GFO, a Fund spokesman stated that all payments from the Credit Suisse account are in some sense "abnormal" in that they are not part of the normal WHO procedure and are not controlled by WHO, which has oversight over most Global Fund administrative expenditure. Certain GF staff were given

promotions on the understanding that their salary increases would be delayed but that once the formalities had been completed they would receive back pay for the intervening period. WHO had the right to provide such back pay, but was not required to. WHO decided not to do so. To help make up for this, the Fund provided lump sum payments of \$5,000 from the Credit Suisse account. The board was informed of this and did not object.

- *Boston Globe*: Feachem has earned roughly \$320,000 a year (including a housing subsidy) without having to pay income tax, whereas Peter Piot, head of UNAIDS, earns \$230,000, and Mark Dybul, head of PEPFAR, earns roughly \$145,000 and, unlike the other two, has to pay income tax. Feachem paid close attention to the terms of his compensation, and his first contract with the Global Fund took months to negotiate.

GF response: The remuneration of the Executive Director, as agreed by the Board, is the standard package for the grade of UN Under-Secretary General, with the addition of a Board-approved rent allowance in respect of which a deduction is made from salary. (In a clarification provided telephonically to GFO, the Fund said that although there is a standard salary rate for people employed at the USG level, the people in question sometimes succeed in negotiating a higher rate, which is what happened with Dr. Feachem.)

- *Boston Globe*: Feachem spent \$225 to rent a suit for a wedding involving the Dutch royal family, and then double-billed the Global Fund for the suit.

GF response: The double-billing was a mistake that was rectified as soon as it was discovered. The formal suit was needed for a royal wedding at which the Fund was the nominated recipient of guests' donations. The ED very rarely seeks expense reimbursement through petty cash.

- *Boston Globe*: Feachem spent between \$91 and \$930 a day for limousines in London, Paris, Rome, Washington, and San Francisco, averaging \$376 a day. "I'm familiar with cost of limousines in New York City, but this is beyond the pale," said Willem Landman, chief executive officer of Ethics Institute of South Africa, a nonprofit group.

GF response: The average cost was actually \$341 a day, which is a fairly standard rate in Europe. Unlike the Fund's ED, people of his rank in UN agencies have permanent access to car and chauffeur, including when they visit other cities.

- *Boston Globe*: Senior staff (not necessarily the ED) charged \$8,780 for a boat cruise on Lake Geneva in Switzerland; \$8,436 for a dinner in Davos, Switzerland, for 63 people; \$5,150 for a meal and drinks for 74 staff members at a retreat at Montreux, Switzerland; and \$115 for champagne at a retreat.

GF response: The "boat cruises" referred to in the *Globe's* opening paragraph relate to a single event, an end-of-year Global Fund staff party for 110 people which was held on a boat restaurant in Geneva. The "dinner in Davos" was for a reception to publicize the Global Fund to a group of international decision makers at the World Economic Forum in Davos. The purchase of champagne was authorized by a senior manager, not the ED, and was to congratulate that manager's team for meeting a major milestone.

- *Boston Globe*: Feachem spent \$1,695 for a dinner for 12 people at the US Senate dining room in Washington.

GF response: The dinner cost \$69 per person, plus some overtime charges. The WHO limit is \$75.

- *Boston Globe*: Feachem typically spent \$50 to \$100 per person on his meal expenses.

GF response: The meal costs were for business meetings and were very rarely at the upper end of the range specified. The UN guideline for business hospitality allows for dinner costs of \$75 in Washington and \$73 in Geneva.

The *Boston Globe* article is available at [www.boston.com/news/nation/articles/2007/02/05/disease\\_fighting\\_funds\\_expenses\\_hit](http://www.boston.com/news/nation/articles/2007/02/05/disease_fighting_funds_expenses_hit). Some responses by the Fund's management are contained in the article. More detailed responses by the Fund are available at [www.theglobalfund.org/en](http://www.theglobalfund.org/en) and at [www.theglobalfund.org/en/media\\_center/press/an\\_070205.asp](http://www.theglobalfund.org/en/media_center/press/an_070205.asp).

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**2. NEWS: Three Contenders Under Final Consideration for Executive Director Position**

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The Global Fund board's Nomination Committee has narrowed the list of candidates to be the next Executive Director down to a final three – David Nabarro, Michel Kazatchkine, and Alex Coutinho. The full board will interview the candidates on Wednesday (February 7), and will then make a final decision on Thursday or Friday. The search follows last year's announcement by the current Executive Director, Richard Feachem, that he would not ask to have his contract renewed.

Late last year the board failed to find a candidate who met its strict requirement of at least seven out of ten votes in favour from the "donor group" and at least seven out of ten votes in favour from the "recipient group". Michel Kazatchkine was one of the two final contenders at that time; the other final contender was Michel Sidibe, from Mali, who did not offer himself for consideration during this second selection process.

Dr. Nabarro, born in the UK, is in charge of the UN's response to bird flu. Prior to that he served at WHO in various positions, including head of the Roll Back Malaria Program and Executive Director in the office of the then Director-General.

Dr. Kazatchkine, born in France, is France's AIDS Ambassador. Previous positions include Director of France's National Agency for AIDS Research (ANRS), Vice-Chair of the Global Fund board, and Chair of the Fund's Technical Review Panel (TRP).

Dr. Coutinho, born in Uganda, is head of The Aids Support Organization (TASO) of Uganda, which is the largest AIDS care organization in Africa, with 1,000 full-time staff. Earlier, he served as Vice Chair of the Fund's TRP.

The full board will choose one of these three candidates at a special closed board meeting on Thursday and Friday to be attended by board members and alternates but not by other delegation members or observers.

*Note: The next issue of GFO, to be sent out in the course of next weekend, February 10-11, will report who has been chosen as Executive Director. Two weeks ago, GFO requested the three candidates to submit personal statements, saying that it would publish them last week if all three agreed. However, one of the three candidates declined to participate, despite a personal opinion from the chair of the Nomination Committee that the process would not constitute a violation of Board rules prohibiting lobbying.*

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**3. NEWS: Aidsplan Releases Three Documents to Help Applicants Considering Applying for Round 7**

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With the Call for Proposals for Round 7 due in less than one month's time, Aidsplan has published three documents providing guidance for applicants considering applying in this round. The three documents are:

1. "Deciding Whether to Apply for a Round 7 Global Fund Grant."
2. "Deciding Whether to Submit a Non-CCM Proposal for the Global Fund's Round 7."
3. "Deciding Whether to Submit a Regional Proposal for the Global Fund's Round 7."

All three documents are available at [www.aidspace.org/guides](http://www.aidspace.org/guides).

The text of each document has been extracted from a forthcoming guide entitled "*The Aidspace Guide to Round 7 Applications to the Global Fund*," which will be released shortly after 1 March 2007, the expected date for the release of the Call for Proposals.

Already available on the same web page is "*An Analysis of the Strengths and Weaknesses of Proposals Submitted to the Global Fund in Rounds 3-6 – Based on Comments of the Technical Review Panel*," which is another excerpt from the forthcoming Round 7 guide.

When "*The Aidspace Guide to Round 7 Applications to the Global Fund*" is released, it will contain, in addition to the above-mentioned extracts, a step-by-step guide to filling out the Round 7 Proposal Form.

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#### **4. NEWS: Round Table Meeting Discusses Global Fund-Related Technical Support Issues**

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Twenty global health leaders, implementers and advocates met in mid-January in England for a two-day "Round Table" of informal discussion on two closely related topics: first, how to ensure that implementers of Global Fund grants can have access to adequate and appropriate technical support; and second, what changes this might require in inter-agency collaboration between the Global Fund, UNAIDS, WHO, World Bank, DFID, PEPFAR, the Gates Foundation and others. The meeting was sponsored by a steering committee that was entirely independent of those agencies; it was organized by Aidspace, publisher of GFO; and it was funded and hosted by a retired philanthropist and his wife.

The Round Table was treated as an opportunity for participants to take institutional hats off and think more broadly about how global agencies and stakeholders can work together most productively in support of Global Fund grants.

Participants spoke in their personal capacities, and "Chatham House Rules" applied – participants were free to reveal who was present and what broad ideas were discussed, but not to reveal the details of what was said or who said it. There was no attempt to agree on recommendations; the idea instead was to hear and respond to candid assessments of problems and creative ideas for dealing with them, and then to go home and discuss possible new approaches within and between specific agencies.

The conversation focussed on three broad problem areas: First, that technical support needs are usually identified and met too late in the Global Fund grant cycle. Second, that the technical support that is provided often does not meet grantee needs; in particular, it usually does not build local capacity. And third, that Global Fund partners need to collaborate more effectively regarding technical support provision.

The following participants attended: *Global Fund*: Nosa Orobato, GF Director of Operations; and Bernhard Schwartlander, GF Performance Evaluation and Policy Director. *UN entities*: Peter Piot, UNAIDS Executive Director; Kevin De Cock, WHO Dept of HIV/AIDS Director; and Debrework Zewdie, World Bank Global HIV/AIDS Program Director. *Bilateral agencies*: Mark Dybul, US Global AIDS Coordinator (head of PEPFAR); Carole Presern, Counsellor, United Kingdom Mission in Geneva (representing DFID); and Sigrun Mogedal, Norway AIDS Ambassador. *Foundations*: Todd Summers, Gates Foundation; and Kasia Malinowska-Sempruch, Open Society Institute. *Providers of technical support*: Fared Abdulla, International HIV/AIDS Alliance Director of Technical Support; and Carrie Hessler Radelet, John Snow International Director of DC operations. *South governments*: Caroline

Kayonga, Permanent Secretary at the Ministry of Health and CCM Chair, Rwanda; Dr Suwit, Thailand MOH Senior Advisor and former Vice Chair of GF board; and Paulo Teixeira, former head of Brazil's national AIDS programme. *Civil society*: Alex Coutinho, The AIDS Support Organization of Uganda (TASO) Executive Director; Lillian Mworeko, International Community of Women Living with HIV/AIDS, East Africa Regional Coordinator; Asia Russell, Incoming GF board member and Director of International Policy, Health GAP; and Richard Burzynski, ICASO Executive Director. *Secretariat*: Bernard Rivers, Aidspace Executive Director, serving as meeting facilitator; and Chris Collins, Aidspace Round Table Coordinator.

Within the next two months, Aidspace will publish a white paper on technical support issues that draws upon the various input papers that were provided to the Round Table participants. A summary of one of those input papers is provided in the next article.

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### **5. SURVEY: Perspectives from Implementing Countries on Technical Support Issues**

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Two months ago, Aidspace's Executive Director visited four countries in Asia and Africa to discuss technical support issues with people who are involved in or supporting Global Fund grant implementation. People were asked to speak candidly and privately, so that their views could be used for a document containing various anonymous "perspectives from implementing countries" that would be provided to participants at last month's Round Table meeting on technical support (see previous article).

This article contains a summary of the resulting document, which is made up of different (and sometimes conflicting) points made by various individuals in the course of the above discussions.

1. The term "technical support" (TS) is used at different times to cover different activities. These include: providing policy or technical advice in a difficult or new area; providing management advice or support; providing coordination advice or support; and providing capacity building, which in turn is used to mean training new staff, and/or providing additional training to existing staff.
2. Effective progress with GF grants (and with other such initiatives) requires all four legs of the following table to be strong in-country: Leg 1: Technical/management skills and capacity. Leg 2: Effective coordination among the many players. Leg 3: Political leadership/support. Leg 4: Absence of endemic corruption. If any one of those four legs is weak, the table runs the risk of collapsing. TS can sometimes address weaknesses in Leg 1, and can occasionally address weaknesses in Leg 2, but it cannot deal with weaknesses in Leg 3 or 4.
3. You can't use TS to solve an unsolvable problem. For instance, when there is a government Principal Recipient (PR), and substantial portions of the grant are supposed to be passed by the PR to Sub-Recipients (SRs) outside government, yet the government is not firmly convinced of the need for SRs outside government, there will inevitably be major problems or delays or blockages, and no amount of TS will resolve the issue.
4. For each GF grant, there can be a need for TS in five areas: Area 1: Develop the proposal. Area 2: Go from the approved proposal to an implementable workplan. Area 3: Get the CCM / PR / SR players to agree on how to work together. Area 4: Deal with purely technical/programmatic issues like how to scale up testing, how to do procurement, etc. Area 5: Meet the GF's accountability requirements (re M&E etc.). These areas require very different types of TS. Governments have been perfectly willing to seek TS in Area 1. But once the grant has been approved, governments have often felt that the money is "theirs", and have been reluctant to seek TS in the other four areas, and have been unwilling to take actions which could lead to a reduction in their control over the money.

5. The proposal submitted to the GF often doesn't have an accurate self-assessment of TS needs. By the time the need has become clear, and the money found, and the consultant found, it's often too late.
6. In many countries, GF grants would work much more effectively if much of the PR's work was outsourced to a Project Management Unit (PMU), probably in the private sector, that was given a Service Level Agreement (SLA) which specified deliverables and targets – e.g. that disbursement requests must be submitted to the GF, and approved, by a specified date. The PMU would be allowed, when it met its service level targets, to charge a management fee that was a small percentage of the grant. In this context, the PMU would be much more likely to request TS when it was needed, because the PMU would see that receiving appropriate TS could enhance its chance of earning its full management fee. Sophisticated corporations have no qualms asking for help from consultants. Why can't PRs be the same?
7. All too often, TS providers provide the TS that they can provide, rather than the TS that is actually needed and/or wanted. And almost everyone ends up happy: The TS provider earns money; the funder of the TS looks good; people can assure the GF that there is forward movement; and anyone who dislikes the recommendations can ignore them. Of course, if this means that the recommendations are ignored by the CCM or PRs or SRs or whoever needs to take action, what you have is lots of appearance of movement but no real movement. Which means that the one party that does NOT end up happy is the people who need to receive services as a result of the GF grant.
8. The main problems with TS have been: Too much ad hoc consulting; too much supplier-induced consulting; international consultants who come in with wrong credentials and/or inadequate briefing; recipients not knowing what the consultant is doing or why the consultant is there; international consultants working with the wrong kinds of people in-country; and international consultants who lack skills in communicating with their local counterparts.
9. Recipients of TS have a responsibility to lead the consultant and to provide feedback when the consultant's work is not good enough. But this rarely happens. Indeed, fifty percent of the reports of international consultants aren't even read – let alone acted on – by some recipients, which makes those reports a complete waste.
10. Part of the new mantra is that TS should be "demand-led" rather than "supply-led". The reason it shouldn't be supply-led is that the "supply" party doesn't fully understand, and certainly doesn't control, the situation at the "demand" end. But the problem with demand-led TS is that the "you don't know what it is that you don't know" – meaning, the party at the demand end doesn't necessarily know what are the skills that he/she lacks and that could be provided by the party at the supply end.
11. There is a need for "proactive coordination". That is, some party (usually, an international person based in-country) should: (a) Get domestic parties to articulate what the demand for TS actually consists of. (b) Ensure that TS is provided in a way that meets that demand. (c) Persuade domestic parties to implement what is recommended by the TS provider. The momentum will dissipate if there isn't someone playing that role.
12. When a bilateral or multilateral donor gives a grant to a country, and then that donor also provides or finances TS (whether or not the TS is related to the grant), the recipient is very hesitant to reject or criticize the TS, for fear that this will also threaten future grants from that donor. And that creates a mentality of mute acceptance regarding donor-provided/funded TS.
13. When the grant implementer is weak and/or unclear, it's very hard to know how to provide appropriate TS. The grant implementer won't ask for it, and the TS provider/funder can't really know what is needed; and even if they think they do, the chances of it being accepted are not great.



[www.aidspace.org/gfo](http://www.aidspace.org/gfo)

For information on all approved proposals submitted to the Global Fund, see  
[www.aidspace.org/globalfund/grants](http://www.aidspace.org/globalfund/grants)

People interested in writing articles for GFO are invited to email the editor, above.

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