

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

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1. NEWS: Study Links Global Fund Grant Performance to Possible Contributory Factors

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Global Fund grants where the Principal Recipient (PR) is not a government entity are somewhat more likely to perform well, according to a recent statistical analysis published in The Lancet.

Authors Steve Radelet and Bilal Siddiqi of the Center for Global Development reviewed the performance ratings (A, B1, B2 or C) that the Fund gave to 140 grants as part of the Fund's Phase 2 renewal process. The authors then performed a detailed analysis of statistical correlations between these performance ratings and a variety of possible contributory factors.

They found that projects funded by Global Fund grants are more likely to achieve good performance ratings if:

1. The grant's PR is not a government entity
2. The grant is relatively small

3. The grant focuses on HIV/AIDS or TB rather than malaria
4. The original proposal received a strong ("Category 1") rating from the TRP
5. The LFA is a company other than KPMG
6. The country has a relatively high number of doctors per head, and/or relatively high measles immunisation rates
7. The country has relatively few health-sector donors
8. The country has relatively high disease-prevalence rates
9. The country is relatively poor
10. The country has relatively small government budget deficits
11. The country has, or once had, a socialist government

None of these factors was dominant, and there is no reason why a grant should not do well even if the grant, and the country in which it is based, has none of the above "success factors".

The authors do not suggest that the Fund use their findings to help it decide which proposals to approve. Instead, the authors suggest that the Fund use the findings to help assess the risks that approved grants face, and to guide allocation of management resources for oversight and risk management.

The study's findings can be summarised as follows. [Comments in square brackets are by GFO, not the study authors.]

Success factor 1: PR is not a government entity

Grants in which the PR is from civil society, private sector, or a UN agency were 17% more likely to receive an "A" performance rating than grants for which the PR is from government. The authors note that this is probably because government agencies often have problems with bureaucracy and capacity. [This in turn helps validate the board's recent decision that countries should be encouraged to assign non-government PRs to operate alongside government ones.]

Success factor 2: Grant is relatively small

Performance ratings tended to rise as grant size (measured on a per head basis) decreased, possibly because smaller grants are less likely to have capacity constraints.

Success factor 3: Grant focuses on HIV/AIDS or TB rather than malaria

HIV/AIDS and TB grants were 13% more likely to get an "A" performance rating than malaria grants. This might be partly because of the switch to artemisinin combination therapy (ACT) for drug-resistant malaria that started in 2004, which slowed implementation and added to costs. If so, performance on malaria grants might improve once ACT is fully introduced.

Success factor 4: Original proposal received a strong rating from the TRP

Grants based on proposals that were graded "Category 1" by the TRP were 18% more likely to receive an "A" performance rating than grants that were graded "Category 2". The most obvious explanation for this is that the TRP is reasonably effective at identifying projects that have good chances of success. But it is also possible that Global Fund staff were partially influenced by the original TRP grades when they assigned grant performance ratings.

Success factor 5: LFA is a company other than KPMG

25% of the grants for which the Local Fund Agent was a company other than KPMG received an "A" performance rating; but only 12% of those for which KPMG was the LFA received this rating. [Two conflicting forces are at work here. On the one hand, the LFA is supposed to advise the Fund about the strengths and weaknesses of the work done by the PR. When the LFA does this effectively and early, the chances should improve that problems will be fixed and the grant will do well. On the other hand, the LFA also provides the Fund with data at the time that grant performance ratings are assigned. If the LFA "hides the bad news" from the Fund, or doesn't even see it, this too might

improve the chances of the grant being given a good performance rating, even if it doesn't deserve one. Either way, as the authors point out, there is a need for greater consistency between LFAs.]

Success factor 6: Country has a relatively high number of doctors per head, and/or relatively high measles immunisation rates

Grants had significantly higher performance ratings in countries having more doctors per head and/or higher measles immunisation rates. This suggests, not surprisingly, that the strength of underlying health systems is a factor, and underscores the importance of not only aiming for short-term disease-specific targets, but also building strong health systems. It also suggests the need for greater Global Fund and CCM oversight in countries with weaker health systems and capacity.

Success factor 7: Country has relatively few health-sector donors

Grants tended to have higher performance ratings in countries where there were relatively few health-sector donors – that is, where Global Fund grants formed a larger proportion of health-related donor funding. This could be because management demands on recipients are much greater when there are multiple donors, and/or because recipients are less motivated to perform well when they have many funding alternatives. This might provide an incentive for the Fund to focus more of its efforts in countries where there are fewer donors, consistent with its role of filling funding gaps.

Success factor 8: Country has relatively high disease-prevalence rates

Grant performance ratings were slightly higher in countries with higher prevalence rates for the disease (HIV, TB, malaria) on which the grant focused. This might be because there is a greater commitment to fight the diseases in high-prevalence countries; or because it is easier to achieve measurable progress in such countries; or because more realistic targets are set in such countries.

Success factor 9: Country is relatively poor

Grant performance ratings tended to be somewhat higher in poorer countries, after adjusting for having a less well-developed health infrastructure. This result, which is the opposite of what one might expect, is hard to interpret; there are various possible explanations. But at least it drives home that there is no reason to expect that low-income countries will necessarily perform poorly.

Success factor 10: Country has relatively small government budget deficits

Grant performance ratings tended to be somewhat higher in countries with smaller government budget deficits. One possible explanation is that a larger deficit could indicate generally weaker government economic and financial management.

Success factor 11: Country has, or once had, a socialist government

Grant performance ratings tended to be somewhat higher in countries that at some point in the last twenty years have been socialist. This might be because countries formerly in the Soviet bloc have stronger health systems and implementation capacity, even after accounting for the higher number of physicians and immunisation rates dealt with in factor 6 above.

Non-factors

After taking account of the factors discussed above, the study found no significant links between grant performance ratings and other grant or country characteristics such as programme complexity (measured by the number of “service delivery areas”), quality of CCM operations (as measured by a survey), whether the country is a “fragile state”, whether the country is suffering from internal conflict, certain measures of corruption and political stability, certain measures of civil liberties and political rights, certain measures of “red tape” (such as the number of days required to start a business), adult literacy rates, or girls’ primary school completion rates. Although grants in certain continents or sub-continents, or in certain geographical settings such as being landlocked or in the tropics, had higher or lower average performance ratings than grants elsewhere, this was entirely explained, at a statistical level, by the non-geographic factors discussed in points 1 through 11 above.

The study, entitled "Global Fund grant programmes: an analysis of evaluation scores" (The Lancet, Vol 369, pp 1807-13) is accessible at www.cgdev.org/doc/LancetGlobalFundEvaluation.pdf.

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2. NEWS: G8 Leaders Support the Fund and Call for Greater Attention to Needs of Women and Girls

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Leaders of the Group of Eight (G8) industrialized nations, in a communique issued on 8 June, pledged to work with other donors to finance the Global Fund and to provide long-term predictable funding based on "ambitious but realistic demand-driven targets." They made a particular call for the Fund to have a "gender-sensitive response" and to ensure that "greater attention and appropriate resources are allocated [to] the needs of women and girls."

The G8 agreed to provide more than \$60 billion through the Fund, PEPFAR, and other channels to fight HIV/AIDS. British Prime Minister Tony Blair said, "It's a deal between Africa and the developed world, and just as we have recommitted ourselves to substantial increases in support and help, so Africa has recommitted itself to its responsibilities as part of a partnership – proper governance against corruption, proper democracy and so on."

However, the \$60 billion to fight HIV/AIDS was not a firm pledge, and the communique stated only that the money would be given "over the coming years." Bono, HIV/AIDS advocate and lead singer of U2, said, "\$60 billion sounds great, but that's not earmarked for Africa, it's a global figure and there's no timeline. Even if their laudable commitment to put 5 million people on lifesaving drugs had a due date of 2010 – which it doesn't – it would only be half their stated ambition of 2005. We are looking for accountable language and accountable numbers: we didn't get them today."

The G8 communique's wording regarding the Global Fund was as follows:

"We recognize that the level of demand to the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) will increase substantially in the future as has been projected by the GFATM Board. In this regard, noting the conclusions of the April meeting of the GFATM Board, which estimated an additional demand approximately of US\$ 6 billion by 2010 which might possibly reach US\$ 8 billion, G8 members pledge to work with other donors to replenish the GFATM and to provide long-term predictable funding based on ambitious, but realistic demand-driven targets...

"Recognizing the growing feminization of the AIDS epidemic, the G8 in cooperation with partner governments support a gender-sensitive response by the GFATM, with the goal of ensuring that greater attention and appropriate resources are allocated by the Fund to HIV/AIDS prevention, treatment, and care that addresses the needs of women and girls. Coverage of prevention of mother to child transmission programs (PMTCT) currently stands at only 11%. In the overall context of scaling up towards the goal of universal access and strengthening of health systems we will contribute substantially with other donors to work towards the goal of providing universal coverage of PMTCT programs by 2010. The cost to reach this target, as estimated by UNICEF, is US\$ 1.5 billion. The G8 together with other donors will work towards meeting the needed resources for paediatric treatments in the context of universal access, at a cost of US\$ 1.8 billion till 2010, estimated by UNICEF. We will also scale up efforts to reduce the gaps, in the area of maternal and child health care and voluntary family planning, an estimated US\$ 1.5 billion."

Dr. Michel Kazatchkine, Executive Director of the Fund, responded with a statement saying, "This is a strong G8 agreement that makes it possible to defeat the pandemics of AIDS, TB and malaria. The endorsement by the G8 leaders of \$6 to 8 billion per year for the Global Fund, a three-fold increase from the current level as part of their recommitment to universal access to treatment, is very good news."

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3. NEWS: GAO Report Finds Problems Regarding Performance and Assessment of LFAs

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Local Fund Agents (LFAs) perform work of very variable quality, yet the Fund provides little guidance regarding what it expects of them, according to a report released last month by the US Government Accountability Office (GAO).

In its fourth report on the Global Fund since 2002, the GAO examined three particular aspects of the Fund's work. First, it reviewed how effectively the Fund oversees the performance of LFAs. Second, it reviewed the Fund's progress in implementing an early warning system. Third, it reviewed the documentation used by the Fund to support its performance-based funding decisions. The Global Fund accepted the report's findings and recommendations.

The most important section of the report dealt with LFAs. Because all of the Fund's staff are based in Geneva, the Fund pays companies that have offices in recipient countries to monitor grant progress. A total of six companies play this "Local Fund Agent" role, with one being chosen in each country. The companies are PricewaterhouseCoopers (PWC), KPMG, Emerging Markets Group, Crown Agents, the Swiss Tropical Institute, and the United Nations Office for Project Services (UNOPS).

PWC and KPMG, the two main LFAs, use different approaches. One uses a decentralized approach in which the majority of the work occurs in-country, and the other uses a centralized approach in which the country teams perform the oversight tasks, but all their reports are vetted by a central team before reaching the Global Fund.

According to the GAO report, numerous people have complained about the quality of grant monitoring and reporting provided to the Fund by LFAs. In the worst cases, this has led to two or three LFA country team subcontracts being terminated each year.

The report says that Global Fund staff cited multiple instances in which LFAs demonstrated lack of capacity. In a recent internal survey among Global Fund staff who deal with LFAs, about half of the staff felt that LFAs with whom they had worked did not provide adequate expertise on health and program issues, and about three-quarters felt that within LFA firms there are substantial differences in service quality across countries. UNAIDS officials added that they have serious doubts about the capacity of LFAs to monitor program progress, specifically noting that LFAs have little understanding of how to weigh and balance various performance targets that are not of equal importance.

Compounding this problem, the Fund has no systematic approach for assessing the quality of LFA services or for identifying when greater oversight of LFAs by the Global Fund is required. Instead, in contrast to the strict monitoring and evaluation that the Fund requires of grant recipients, the Fund assesses LFA performance only informally and irregularly, and it does not systematically document its findings.

In addition to complaints being raised regarding LFA performance, complaints have also been raised by LFAs about the Fund. For instance, as of March 2007, the Global Fund had not provided its fund portfolio managers with any specific training or written guidance defining acceptable LFA performance or reports. As a result, LFAs have found that while one portfolio manager at the Fund might expect them to focus on, say, financial performance by the PR, another portfolio manager might expect them to focus on programmatic performance by Sub-Recipients. As a result, LFAs have found it difficult to establish best practices for their country teams.

The report recommended that the Fund establish standardized expectations for LFA performance, and systematically assess LFA performance. (In a separate development, contracts for current LFAs are coming to an end, and the Fund is inviting current LFAs and new companies to bid on new LFA contracts. See www.theglobalfund.org/en/business%5Fopportunities/lfa.)

The second area covered in the GAO report dealt with the Fund's progress in implementing a "risk assessment model" to assess which types of grant are in most danger of under-performing, and an "early warning system" to use such a model to highlight specific grants that need particular attention.

The Fund tried this in 2005, but without success. The partially-developed 2005 risk model dealt primarily with quantitative data, both at the grant level (grant size, grant performance, etc.) and at the country level (development indicators, corruption indicators, etc.). The model was supposed to generate reports that indicated potential problems, so that portfolio managers could then evaluate the reports in the light of contextual information. However, the framework was not implemented because it relied too heavily on quantitative indicators and did not adequately account for contextual factors, leading to risk ratings that were too inaccurate to be useful. For example, in a test of the model, a particular grant was rated as low risk based on the host country's development and corruption indicators, yet the grant ultimately failed and was not renewed for Phase 2.

The report quotes an un-named senior manager from one of the two main LFAs, saying in effect that if the Fund had been successful in assessing grants as high, medium, or low risk, LFAs could have adjusted the amount of oversight they provided to different grants, concentrating most on where there was potential misuse of grant money or limited recipient capacity.

The report says that the Fund is now putting in place the first components of its Early Alert and Response System (EARS), which it is hoped will succeed where the 2005 system failed.

The third section of the GAO report reviewed the documentation used by the Fund to support its performance-based funding decisions.

In its 2005 report, the GAO complained that the Fund's files provided little explanation of how it made decisions to approve particular grant disbursements or grant renewals, even when grant recipients said they had not met their targets or when data provided by recipients was of poor quality or incomplete.

In its 2007 review, the GAO found that this problem has been adequately dealt with.

The GAO report, entitled "Global Health: Global Fund to Fight AIDS, TB and Malaria Has Improved Its Documentation of Funding Decisions but Needs Standardized Oversight Expectations and Assessments" is accessible at www.gao.gov/cgi-bin/getrpt?GAO-07-627.

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4. NEWS: Global Fund Releases Report on Participation of Civil Society

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Civil society (CS) has played a key role in the design and development of the Global Fund, and in the response to AIDS, TB and malaria, but some challenges remain if the contribution of CS is to be maximised. This is the main message of a new report released by the Global Fund, "An Evolving Partnership: The Global Fund and Civil Society in the Fight Against AIDS, Tuberculosis and Malaria."

The purpose of the report is to recognise and document the contribution of CS, and to encourage civil society organisations (CSOs) to continue to be involved in the fight against the three diseases. The target audiences for the report include governments seeking to understand how better to work with CSOs, development partners and, of course, CS itself.

The 49-page report describes the participation of CS in four main areas: advocacy and resource mobilisation; the Board and governance of the Fund; CCMs; and the implementation of Global Fund grants. The report also describes how the Global Fund Secretariat works with CS. The report summarizes the history of CS involvement in the response to pandemics, and describes the comparative advantages of CS. The report says that throughout the development and evolution of the Global Fund, CS has encouraged governments to commit more resources; that CS representatives have played a valuable role on the Fund's Board, on CCMs and in programme implementation; and that CS has proven effective in targeting and delivering services to hard-to-reach communities.

The report includes a number of case studies illustrating the participation and contribution of civil society. Among other things, these case studies describe:

- how CSOs in Latin America created *El Observatorio Latino* to act as a watchdog over Global Fund projects in the region, to identify technical support needs for CSOs involved in implementing Fund grants, and to ensure strong representation of CS throughout Fund processes;
- how the "communities living with the diseases" delegation on the Global Fund Board functions;
- how CSOs and the Global Fund collaborated on the Debt2Health initiative;
- the selection process for representatives from the NGO sector on the Pakistan CCM;
- the expanded role of CSOs on the restructured Ghana CCM;
- the critical role that CSOs in Peru played in delivering treatment to hard-to-reach populations;
- the role of the Eastern African National Networks of AIDS Service Organisations (EANNASO) in providing support to CS Global Fund Board members and in disseminating information about the Global Fund;
- the role that the All Ukrainian Network of People Living with HIV/AIDS played in implementing care, treatment and support initiatives that were part of a Round 6 grant;
- how Zambia used multiple PRs for an HIV grant to spread the workload among governments, NGOs and faith-based organisations; and
- the role played by this newsletter, Global Fund Observer (GFO).

The report identifies the following challenges to improving the contribution of CS:

- overcoming a lack of "critical mass" of CS advocates for malaria (the success rate of malaria proposals lags far behind the success rate of AIDS and TB proposals);
- building the capacities of CS in those countries where this sector is still under-developed;
- improving access to information on the Global Fund by CS stakeholders; and
- ensuring that CS representatives are accountable to their constituencies, especially in countries with a large and vibrant CS sector and a range of communities affected by the diseases.

The report is available at www.theglobalfund.org/en/partners/ngo.

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5. NEWS: New Manual Released on How FBOs Can Engage with the Global Fund

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Three organisations have jointly launched a new manual on how faith-based organisations (FBOs) in developing countries can interact with the Global Fund. "Engaging With The Global Fund To Fight AIDS, Tuberculosis and Malaria – A Primer for Faith-Based Organizations" was produced by Friends of the Global Fight Against AIDS, Tuberculosis and Malaria; World Vision; and Christian Connections for International Health.

The manual says that although FBOs have historically played a central role in the provision of healthcare in the developing world, including 40 percent of all health services in Africa, FBOs do not know enough about the Global Fund and have a hard time engaging with Fund structures. The authors say that the manual was designed to serve as a "preliminary guide" for FBOs – and other community-based organizations (CBOs) – to learn about the Global Fund's history, structure and policies; and to increase FBOs' level of understanding of, and participation in, the Global Fund grant process.

The manual contains three chapters. Chapter One provides a general overview of the Global Fund, including its history, founding principles and operating structures. Chapter Two suggests different ways to interact with the Global Fund, including engaging with members of the Global Fund Board, serving as a member of a CCM, and serving as a Principal Recipient (PR) or Sub-Recipient (SR). Chapter Three focuses on the programme design and proposal development process, and includes recommendations for how to generate a successful proposal.

The manual contains some useful case studies (the manual refers to them as “success stories”) of FBOs participating in Global Fund processes in various capacities. The case studies describe the experience of four FBOs who have served as PRs, SRs and implementing agencies for Global Fund grants. It also describes the experience of an international FBO, World Vision, which serves as PR and SR in a number of countries and which also has representatives on several CCMs.

In addition, the manual contains some helpful guidance on how to navigate the Global Fund website.

The report will be particularly useful to FBOs because of the important role FBOs play in Global Fund processes – for example, FBOs constitute one of the distinct sectors that the Global Fund recommends be represented on CCMs. Many parts of the manual will also be of interest to NGOs – particularly the section on how to engage with the Fund, and the case studies.

"FBOs provide tremendous rural health and orphan care and support in many parts of the developing world," said Dr. Michel Kazatchkine, Executive Director of the Global Fund, in a foreword to the report. "Recognizing the unique advantages of FBOs, the Global Fund encourages increased participation by FBOs, both as recipients and as members of CCMs."

The report is available on the Friends of the Global Fight website at www.theglobalfight.org/FBO.htm.

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END OF NEWSLETTER
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This is an issue of the GLOBAL FUND OBSERVER (GFO) Newsletter.

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