



Independent observer  
of the Global Fund

# A Beginner's Guide to the Global Fund – 3<sup>rd</sup> Edition

## Eight-Page Summary

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The purpose of “A Beginner’s Guide to the Global Fund” is to provide a broad introduction to the Global Fund for people who have little or no prior experience of the Fund. The Beginner’s Guide comes in three versions: (1) the full guide; (2) **a condensed, eight-page summary (this document)**; and (3) an even more condensed two-page summary. All three versions are available at [www.aidspan.org/guides](http://www.aidspan.org/guides). The full guide contains extensive links to pages on the Global Fund website and other websites for readers looking for in-depth information.

**Note:** This guide has been written by Aidspan, a non-governmental organisation (NGO) that is independent of the Global Fund. The Global Fund bears no responsibility for the content of this guide. Permission is granted to reproduce or quote from this guide provided the source is acknowledged.

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## What Is the Global Fund?

The Global Fund to Fight AIDS, Tuberculosis and Malaria is a multi-billion-dollar international financing mechanism intended to help advance the fight against these three diseases by substantially increasing the availability of funding and by directing money to areas of greatest need. The Global Fund operates as a partnership among governments, civil society,<sup>1</sup> the private sector (including businesses and foundations) and development agencies.

The Global Fund provides money to finance a wide range of activities related to the prevention of the three diseases, and to the care, treatment and support of people infected with, or affected by, the diseases. This includes operational research to improve service delivery; however, the Global Fund does not support basic science and clinical research aimed at testing or demonstrating the safety and efficacy of drugs and vaccines. The Global Fund also supports a wide array of activities designed to strengthen the health care delivery system; however, the Fund does not support large-scale capital investments, such as building hospitals.

As of mid-August 2012, the Global Fund had disbursed a cumulative total of \$17.1 billion, through 1,050 grants in 150 countries and territories. The Global Fund estimates that by December 2012, programmes supported by the Global Fund had resulted in 4.2 million people receiving antiretroviral treatment for HIV; 9.7 million people receiving effective TB treatment; and 310 million insecticide-treated bed nets being distributed to protect families from malaria.

The Global Fund further estimates that by December 2012, about 250 million people had been reached with HIV counselling and testing; 1.7 million women had received treatment for prevention of mother-to-child transmission of HIV; 4.2 billion condoms had been distributed; and 30 million services had been provided to most-at-risk populations. As indicated above, these accomplishments are attributable to programmes that the Global Fund supported. This does not mean that the Global Fund alone can take credit for this; many of these programmes were also supported by national governments and other donors.

The Global Fund operates as a financing instrument, not an implementing entity. Two additional core principles of the Global Fund are (1) the Fund is country-driven (i.e., it is the applicant country, not the Fund, that proposes what will be done, and the Fund then decides whether to finance those activities); and (2) the Fund is performance-based (i.e., disbursements are conditional on the recipient organisation being able to demonstrate that adequate progress towards previously-agreed targets has been made).

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<sup>1</sup> "Civil society" includes NGOs, faith-based organisations (FBOs), academia, people living with the diseases and other affected populations.

## Structure of the Global Fund

At the global level, the main structures of the Global Fund are as follows:

**Global Fund Board.** The Board is responsible for the overall governance of the organisation, including the approval of grants. The Board includes representatives of donor country governments, developing (or “implementing”) country governments, NGOs, the private sector and people living with the diseases.

**Global Fund Secretariat.** The Secretariat, located in Geneva, Switzerland, is responsible for the day-to-day operations of the Global Fund. The responsibilities of the Secretariat include managing the proposal applications process; managing grants; raising money from the public and private sectors; providing financial, legal and administrative support; and reporting information on the Global Fund's activities to the Board and the public.

**Technical Review Panel (TRP).** The TRP is an independent panel of international experts on HIV/AIDS, TB and malaria, and on health and development. It reviews eligible grant proposals for technical merit, and recommends to the Global Fund Board which proposals should be funded.

**Technical Evaluation Reference Group (TERG).** The TERG is an advisory body providing independent assessment and advice to the Global Fund Board on issues related to monitoring and evaluation.

**Office of the Inspector General (OIG).** The OIG, which operates independently of the Global Fund Secretariat, provides the Board with independent and objective oversight to ensure that the Secretariat and recipients of Global Fund grants comply with Fund policies and procedures. More specifically, the OIG seeks to prevent and detect fraud, waste, abuse, malfeasance and mismanagement.

The Global Fund does not maintain country offices and, therefore, has no formal presence in individual countries. Nevertheless, the following structures operate in each implementing country and form part of what is known as “the Global Fund in-country architecture”:

**Country Coordinating Mechanisms (CCMs).** CCMs are responsible for developing and submitting proposals to the Global Fund; for nominating one or more entities to serve as principal recipients (PRs); and for overseeing each PR's progress in implementing programmes. Each CCM is made up of representatives from both the public and private sectors, including government, multilateral or bilateral development agencies, civil society organisations (CSOs), academic institutions, private businesses and people living with the diseases. (See also the section on CCMs below.)

**PRs and SRs.** PRs are responsible for implementing grants emanating from proposals that have been approved by the Global Fund. PRs can be governmental, non-governmental or

private-sector entities.<sup>2</sup> SRs are responsible for implementing portions of a grant, and report directly to the PR. SRs are usually local or national entities, and can be from the government, civil society or private sectors.

**Local Fund Agents (LFAs).** LFAs are hired by the Global Fund to evaluate the financial management and administrative capacity of the nominated PR(s), and to verify and report on grant performance.

## Partnerships

The Global Fund itself operates as a partnership among governments, civil society, the private sector and affected communities. In addition, the Global Fund relies on a wide range of partners to carry out key activities necessary for its functioning and success. For example:

**Development Partners.** The Global Fund often relies on bilateral aid agencies and international organisations, such as the World Health Organization (WHO), UNAIDS, the World Bank and the United Nations Development Programme (UNDP) to provide technical expertise to the Global Fund Secretariat, CCMs, and PRs and other implementers.

**Civil Society.** Civil society has an effective voice on the Global Fund Board and is represented on CCMs. Civil society organisations sometimes also serve as PRs and SRs, helping to implement programmes funded through Global Fund grants. Finally, civil society plays an important watchdog role, monitoring the activities of the Global Fund and its grant recipients, and advocating for improvements in the way the Fund operates.<sup>3</sup>

**Private Sector.** Through partnerships with corporations, the Global Fund has received important contributions in terms of both money and in-kind donations. Some PRs and SRs are private sector entities.

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<sup>2</sup> Until a few years ago, there was often only one PR selected to implement the activities in a given proposal, usually a government ministry. More recently, as recommended by the Global Fund, there are often two PRs, one from the government sector and one from another sector.

<sup>3</sup> Aidspan is a prime example of a civil society organisation playing a watchdog role.

## Finances

### Money raised

The Global Fund raises the bulk of its funds from governments of donor countries, most of which represent the richer economies of Europe, North America and Asia. Other sources of funding include donations from the corporate sector and public and private foundations.

Table 1 shows how much money had been contributed to the Global Fund (i.e., money sent to the Fund) as of December 2012.

**Table 1: Amounts Contributed to Date**

Source	Amount (\$ billion)
Donor countries	23.9
Other	1.3
TOTAL	25.2

Table 2 shows how much money had been pledged to the Global Fund as of December 2012. Pledges include not only amounts already contributed, but also money for future years promised in writing. Many of the pledges extend to the year 2013; some extend to 2016 and beyond.

**Table 2: Amounts Pledged to Date**

Source	Amount (\$ billion)
Donor countries	28.9
Other	1.7
TOTAL	30.6

Most of the Global Fund's money is raised through what the Fund calls a "voluntary replenishment mechanism." Under this process, the Fund organises periodic meetings with the major donor countries. At these meetings, the Fund provides a progress report on its performance, and the donor countries are encouraged to announce their pledges for the coming years.

In 2010, the Global Fund estimated that for 2011–2013, it would need to raise at least \$13 billion and perhaps as much as \$20 billion (the Fund looked at several scenarios). The amount ultimately pledged at the voluntary replenishment meeting that year was \$11.7 billion, below even the minimum of the Fund's range.

## Money committed and spent

As of December 2012, the Global Fund had signed grant agreements committing it to spend \$17.8 billion. Programmes in sub-Saharan Africa represent about 55% of commitments. As of mid-August 2012, the Fund had actually spent (i.e., disbursed) \$17.1 billion.

## The Global Fund's Application Process

The following entities can submit applications to the Global Fund: country coordinating mechanisms (CCMs), sub-national country coordinating mechanisms (Sub-CCMs), regional coordinating mechanisms (RCMs), regional organisations (ROs) and non-country coordinating mechanisms (Non-CCMs). (The last are usually CSOs.) The vast majority of proposals to the Global Fund emanate from CCMs.

## New funding model

During the first ten years of the Global Fund's existence, most proposals were submitted under the rounds-based channel. Under this mechanism, the Global Fund periodically issued a call for proposals, and each call constituted a round of funding. Since the first round in 2002, generally there was one new round of funding a year.

In 2011, the Global Fund issued a call for proposals for Round 11, but then had to cancel the call because it realised it would not have enough money to fund most of the proposals likely to be recommended by the TRP. Round 11 was replaced with a more limited Transitional Funding Mechanism (TFM), designed to finance what the Global Fund called "essential services" in countries that would experience a gap in services due to the cancellation of Round 11.

In 2012, the Fund decided to introduce a new funding model to replace the rounds-based system. Many elements of the new model have already been designed; however, some elements are still under discussion. The new model is being implemented gradually during 2013, and is expected to be fully implemented by the beginning of 2014.

The new funding model will include a system to allocate available funding to bands of countries, and eventually to individual countries. There will be two streams of funding, a "regular" stream and an incentive stream. The latter is designed to encourage bold proposals with a potential for high impact.

The new funding model will be more flexible than the previous system and will involve greater dialogue between the Global Fund and applicants on concept notes submitted by the applicants. As under the old system, the TRP will review the technical merit of proposals and the Global Fund Board will make final decisions.

## Country Coordinating Mechanisms

As mentioned above, most proposals to the Global Fund are submitted by CCMs, a key part of the Global Fund structure in each implementing country. If the CCM is operating as it should, the many different sectors represented on the CCM collaborate closely to develop proposals and to carry out other responsibilities.

CCMs are independent entities; they are not formally part of the Global Fund. Nevertheless, the Global Fund has developed guidance on how CCMs should be structured and how they should function. Some of this guidance is in the form of requirements – i.e., conditions that the CCM has to meet before the Global Fund will accept proposals from the CCM. Other guidance is in the form of recommendations.

Most CCMs have between 15 and 30 members. Ideally, regularly scheduled meetings are held several times a year. Additional meetings can be called when the need arises, such as when a proposal is being prepared. Each CCM has a chair and a vice-chair, selected by the members of the CCM.

The CCM should function as a committee, with full and equal participation by all sectors, and with decisions being taken either by consensus or by voting (or a combination of the two). This is not always the case in practice, however: On many CCMs, governments (and sometimes development partners) dominate.

Most CCMs have a secretariat – sometimes just one person, but usually more – to handle administrative functions (such as organising meetings, preparing minutes and distributing documents).

## Grant Implementation Process

*This section of the guide has been kept fairly general because the a number of changes have recently been made to grant implementation policies and procedures, and more changes are expected.*

Once a grant agreement is signed, and perhaps even before, the Global Fund Secretariat will have assigned a fund portfolio manager (FPM) and a local fund agent (LFA). The FPM is a Global Fund employee who becomes the main Secretariat contact person for the PR. The LFA is responsible for conducting an assessment of each PR nominated by the applicant in its proposal. The main objective of the assessment is to determine if the proposed PR's existing systems and capacities correspond with the Global Fund's minimum requirements to successfully implement a programme and manage grant funds.

Once a PR is confirmed, negotiations begin on the grant agreement (legal contract) that the PR will sign with the Global Fund. It is important to understand that although original

proposals are submitted by CCMs (or another applicant), grant agreements are signed with PRs.

The grant agreement includes (among other things): a description of the programme that will be implemented; a summary of the budget; a list of the key performance indicators and targets; and special terms and conditions. The special terms and conditions can include special arrangements that have been put in place for the implementation of the grant, or conditions that the PR has to fulfil either before any funding is disbursed to the PR, or during implementation.

Once the grant agreement is signed, the Global Fund provides the PR with the first instalment of the grant.

During implementation of a grant, the PR is required to provide the Global Fund, via the LFA, with regular progress updates and requests for disbursements to cover the next reporting period. After reviewing each progress update, the Global Fund Secretariat assigns a performance rating to the grant, and then decides how much money it will disburse.

Under the Global Fund's performance-based approach, grants are reviewed periodically to assess progress. Whether funding will be provided for the next implementation period, and just how much funding might be provided, depend on the outcome of the reviews.

The Global Fund's system of performance evaluation is primarily based on an assessment of results against targets for an agreed set of indicators. It also takes into account how well the grant is managed. Typically, the indicators include output indicators (e.g. number of people receiving services), impact indicators (e.g. decreased morbidity and mortality) and outcome indicators (e.g. changed behaviour). Outcome and impact data are becoming increasingly more important in performance reviews.

## Reporting on Progress

The Global Fund periodically issues reports on how the Fund is doing. These include annual reports, global progress reports and regional reports. In 2009, the Global Fund completed a major evaluation of its performance.

### ***Want to know more?***

Consult the full version of *A Beginner's Guide to the Global Fund – 3<sup>rd</sup> Edition*, available at [www.aidspace.org/guides](http://www.aidspace.org/guides).