



Independent observer  
of the Global Fund

## A CRITIQUE OF THE GLOBAL FUND'S CONSOLIDATED TRANSFORMATION PLAN

In a bid to survive its suddenly increased difficulties in getting adequate funding, the Global Fund Board approved an extensive and far-reaching Comprehensive Transformation Plan (CTP) at its meeting in Accra, Ghana on 20-21 November 2011. The CTP seeks to strengthen oversight, risk management and fiduciary control measures throughout the Global Fund system, especially at country level. However, tougher rules will not necessarily mean better programmes and outcomes.

Also, those who thought they had a pretty good understanding about how the Global Fund works should think again. A painful process of re-learning almost everything about the Fund lies ahead. For instance, countries will need to learn many procedures, tools, guidelines, protocols, etc.

As its name suggests, the CTP will transform the Global Fund from what it looks like today. The Fund will be more prescriptive and stricter. There will be more rules than before and they will be applied more diligently. This will be scary for Global Fund implementers in many countries, especially those who may not have the systems capable of taking on the new and stricter requirements for grant management. Nevertheless, during this period of change, we should not dwell only on what has gone wrong and how this has to be fixed; rather, we should also focus on the positive things that could emerge from the transformation that is underway.

The CTP covers 31 projects and 162 deliverables organised within the following six broad “transformation areas”: (1) governance, (2) resource mobilisation, (3) Secretariat organisation, (4) resource allocation, investment, results measurement and evaluation, (5) risk management and (6) grant management. With an 18-month timeline, the CTP is a very ambitious plan that calls for most of the major changes affecting principal recipients (PRs), sub-recipients (SRs), country coordinating mechanisms (CCMs) and local fund

agents (LFAs) to be implemented by the first half of 2012.

The CTP is currently not fully described in any one document. This may be because the plan has evolved rapidly, based not only on the High-Level Panel (HLP) recommendations adopted by the Board, but also on the Global Fund's Comprehensive Reform Plan, the Fund's new Strategy for 2012-2016, governance reforms within the Board, OIG recommendations from audits, and other sources. It's possible that this evolution hasn't yet ended.

Many of the activities in the plan could potentially have both positive and negative consequences. The key word here is "potentially." Until we see more detail on these activities and until we see how these activities will be implemented, we won't know whether the CTP initiatives will have a positive or negative effect, or a mix of the two.

For many of the 31 projects in the CTP, there is not a lot of clarity and detail concerning what will be done, which makes a thorough critique difficult. For instance, the plan's matrix lists deliverables; at times, the actual activities can be derived from these – but deliverables and activities are not the same thing. Also, many of the initiatives in the CTP are not new. It would have been very helpful if the Secretariat had indicated which parts were new.

Below is a critique of the CTP by each transformation area.

#### Strengthening governance

The CTP includes measures to enhance the engagement of implementing countries in the Global Fund's governance framework. (The HLP says that, currently, this engagement is "muted.") The CTP also includes measures to strengthen governance at the Global Fund Board level, and other activities to build the capacity of CCMs and make them more effective. However, there is little in the CTP on how governance at the CCM level will be strengthened, and there is nothing on how CCM performance will be measured or how CCMs will be held accountable.

#### Reorganizing the Global Fund Secretariat and enhancing its management and work culture

Under the CTP, the Global Fund Secretariat will be doing more work at country level. The number of fund portfolio managers (FPMs) will be increased, they will spend more time in-country, and their decision-making powers will be strengthened. This should (a) improve oversight and follow-up; (b) result in more informed (and therefore more helpful) FPMs; and (c) improve the Global Fund Secretariat's ability to make quicker and better decisions. All of these things should, in turn, result in better implementation of grants.

However, for this system to be effective, additional processes will be needed to assess the performance of FPMs and other country-oriented staff in departments such as Finance and Legal. For instance, CCMs and PRs will need channels to provide feedback on the effectiveness and conduct of FPMs. In the past, there have been some complaints about ineffective or arrogant FPMs.

## Improving resource allocation and reporting

The CTP aims to prioritise and make resource allocation more needs-based and streamlined – a necessary response, especially considering current resource constraints. The plan includes a two-stage application process that should produce stronger proposals and speed up grant negotiations – something that has been long needed. However, once again, the details matter. For example, it seems almost inevitable that the new measures will increase the already lengthy proposal development process.

The CTP includes the development of a country risk matrix, and calls for the Secretariat's country-related processes to vary according to the risk status of each country. If the Secretariat uses this risk matrix solely to determine how much oversight is required and how many safeguards are needed for individual countries, that's fine. But will it also use the matrix to determine which countries get funded, or how much funding each country can receive? The Secretariat has suggested that this will not occur; but it's not clear exactly what will happen in practice.

## Strengthening risk management

The CTP's increased focus on risk management will encourage CCMs to hold PRs and SRs more accountable than in the past. It may also initiate in-country systems that hold CCMs accountable as well. This increased focus on risk may, in turn, strengthen the Fund's system of performance-based funding by increasing the pressure on countries to perform.

However, a heightened focus on risk may also have negative consequences if some countries suffer from paralysis caused by the fear of being labelled high-risk or of being singled out by the OIG. There is also a danger that some risk-reduction measures that are primarily intended for high-risk countries will be applied to all countries, thereby increasing the administrative burden and slowing down the work in low-risk countries.

## Grant management – “getting serious about results”

In the past, the Global Fund focused a lot on outputs, like trainings or bed nets delivered. The CTP focuses more on outcomes, like how many people have adhered to treatment or how many bed nets are being used properly. This should result in more impact and more cost-effective programmes.

Another welcome shift is the focus on improved data collection and performance monitoring, as well as periodic population-based surveys. However, this heightened emphasis on performance, outcomes and measurable results, paired with tighter fiduciary controls, spells a huge workload for implementing countries – many already floundering under the strain of current requirements.

The CTP has activities that will encourage the development of country level partnerships which, in turn, may result in more engagement of local partners that are not implementers of Global Fund grants or that do not sit on CCMs; and with multi- and bi-lateral agencies such as the United Nations. However, the mechanisms to make that happen are not yet clear.

Curiously, what is contained in the CTP on procurement is a little inadequate. In addition to measures to strengthen the Voluntary Pooled Procurement (VPP) programme, it would have been desirable if the CTP had more activities to strengthen procurement, storage and distribution systems at country level; especially given that for many grants, procurement represents more than 40% of the budget.

## Conclusion

The Global Fund's work in 2012 will focus primarily on using risk management, heightened fiduciary controls and better oversight, to stop the "bad things" from happening. But the Fund needs also to emphasise the "good things" that effective implementers are achieving, and should encourage more of the same. Without some positive recognition and reinforcement of effective implementers and CCMs, the "Global Fund spark" may eventually just wither and die.

Also, as part of implementing the CTP, it seems clear that the term "country ownership" is going to be defined more narrowly than at present. That may (or may not) turn out to be a problem; we don't know yet. More frustrating however is that despite the hundreds of pages of documentation that the Global Fund has produced since the OIG revealed evidence a year ago of corruption among a few grant implementers, it is still completely unclear how widespread fraud is amongst Global Fund implementers. To what extent is this a problem? Or was a mountain made out of a mole-hill?

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