



Independent observer  
of the Global Fund

## Turning the page on the past, Cambodia looks to NFM as a fresh start

Cambodia's country coordinating mechanism is looking to the expected 1 July signing date for grant disbursements for malaria, HIV and health system strengthening with anticipation, eager to turn the page on a financial scandal involving two of the Global Fund's biggest suppliers of bednets and ranking officials in two government institutions serving as Principal Recipients.

Disbursements to Cambodia for its \$15.9 million TB grant began in January 2015, and the country has also received part of its \$15-million allocation under the \$100-million Regional Artemisinin Resistance Initiative (RAI). But the remaining allocation to Cambodia as part of the new funding model — \$49.3 for malaria, \$71.8 million for HIV and \$8.5 for HSS under the disease split agreed by both the Fund and the CCC — is still under review.

Also for the January submission window, the CCC had endorsed a regional HIV concept note that was developed by a consortium of regional KAP networks (APTN, APN+, APNSW, ANPUD). That request is for a total of \$5 million, of which 30% will be allocated regionally and 70% for country networks.

As Aidspan understands from numerous sources in Cambodia, both within the Country Coordinating Committee (CCC) and among technical partners, the transition to the NFM has been challenging. First is due to iterations of the concept notes submitted in October 2014 (malaria) and January 2015 (HSS and HIV).

The country dialogue engages key affected populations and civil society. Participation of a wider range of stakeholders has made this time-intensive; for example, civil society groups face steep learning curves as they negotiate priorities with various operational and policy levels already familiar with funding processes.

Also, where traditionally the local fund agent (LFA) became involved only after grants were approved, it is now more engaged across all aspects of grant negotiations, particularly as an observer in the country

dialogue. In February 2015, Pricewaterhouse Coopers (PwC) replaced the Swiss Tropical and Public Health after its seven-year tenure.

Second is due in large part to a restructuring of the implementing architecture within the Cambodian government, in response to the reports of graft that were uncovered during the 2009 audit of the 13 grants implemented in the country (see article [here](#)).

That audit eventually led to an investigation that resulted in the suspension of two of the largest suppliers of bednets to the Global Fund, Sumitomo Chemical and Vestergaard Frandsen (see article [here](#)): a suspension that was lifted in 2014 (see article [here](#)) under special conditions and in addition to restitution.

This restructuring entails changes in principal recipient for two of the disease components, malaria and HIV. The transition has been met with some pushback from the now-former PRs who continue programming as before, but now under external governance with tighter control systems, and greater bureaucracy and administrative requirements.

At the national level, PRs for each disease component were the corresponding national institution: National Malaria Control (NMC) for malaria and the National Center for HIV/AIDS, Dermatology and STIs (NCHADS) for HIV.

Given the revelations of financial and procurement mismanagement, the CCC has opted to select an alternate PR. The UN Office for Project Services (UNOPS) will now administer the HIV and malaria grants, including the Cambodia component of the RAI grant in which the regional principal recipient is the Myanmar UNOPS.

This accompanies external financial oversight of the implementing institutions. UNOPS embedded officers at the NMC to provide technical assistance to program staff, to help improve financial management and control systems, to oversee procurement and supply management, and to manage relationships with sub-recipients. With NCHADS and sub-recipients, the Global Fund contracted the GFA Consulting Group since February 2013 to provide fiduciary and procurement agents.

Additionally, major suppliers are now subject to regular and independent compliance monitoring and stricter codes of conduct. An approved pooled procurement mechanism is now required for all health products. To thwart counterfeit drugs, quality control measures were strengthened for approved suppliers, and tracking and tracing tools will soon be in place.

The challenges of structural reform and heightened risk mitigation standards keep the CCC and participating actors very busy, emphasized Chiv Bunthy, the CCC chair.

The country anticipates that the new iterations will be approved by the TRP and on track for signature for a 1 July start date. Meanwhile, selection of sub-recipients has begun for the eventual malaria grant, and a call for submissions for HIV SRs was issued on 17 March. A call for submission for HSS SRs is expected in the near future.

All of the SRs will have to be able to do more with less, as Cambodia was considered over-allocated under the rounds-based approach and is seeing around a 22% decline in its envelope from the Global Fund. Nor will Cambodia be eligible for incentive funding under the NFM. This will translate into an annual disbursement from the fund across the four components to around \$16 million, compared to the rounds-based disbursements of \$20.6 million.

APTN (Asia Pacific Transgender Network); APN+ (Asia Pacific Network of People Living with HIV); APNSW (Asia Pacific Network of Sex Workers); ANPUD (Asian Network of People who Use Drugs)

