



Independent observer  
of the Global Fund

## Feachem testifies about CCMs

On 7 May 2003, Richard Feachem, Executive Director of the Fund, testified in WashingtonDC before the US House Appropriations Committee's Subcommittee on Foreign Operations. Much of what he said came in the form of unscripted answers to questions from the Chair, Representative Jim Kolbe. Following are some excerpts from what Dr. Feachem said.

On CCMs:

Today, 50% of the members of the [Fund's many] Country Coordinating Mechanisms [CCMs] are from outside government. They are from one or the other form of civil society. It may be NGO's, it may be the private sector, it may be faith-based organizations... 65% of all the individual CCMs have a faith-based organization, or more than one faith-based organization, represented around the table. In Burundi, remarkably, 20% of the CCM members are from faith-based organizations. In Haiti, a journalist sits on the CCM....

We're working with our board to find various ways to incentivize the laggard CCMs and to push them in the right direction, but in my view, the glass is half full on CCMs, not half empty...

My view of CCMs today, and the evidence that we get from our many interactions with CCMs, is that we have a spectrum, from CCMs that are working really very well to CCMs that are working very badly indeed. I think we're moving in the right direction, and they are strengthening. And they're strengthening because they're learning to do their work, there is tremendous in-country pressure on them to move in the direction that we wish them to move in, so the movement is always in the right direction. But there is a lot more to be done.

You asked what are the specific things that are wrong with CCMs when they are not good. I would

mention three. There are doubtless others. One is government capture. That's clearly a problem with some CCMs. [Second,] often associated with that is infrequent meetings which are untransparent. They're not announced, their discussions are not open to scrutiny, no minutes are published, etc. So, a non-transparent process. [Third,] there are probably a few CCMs that have hardly ever met, where it's more of a paper exercise than a real meeting of people to debate national policies and priorities...

I would like to go further and set minimum standards for CCMs. The Board at the moment is not comfortable with that, but it's my personal preference and that's well known. So that we say, unless your CCM meets a required minimum standard, we will simply reject your application. It won't even go to the TRP. Now that's a step too far for the Board consensus right now. We shall have to see in the future...

So in various ways, I think we must keep a light shining on CCMs and make it clear when we think they are not living up to the expectation that we have in them...

Today the situation is that we do have a very small number of minimum requirements. So the proposals must come from a CCM, we must be told what the membership of that CCM is, and those proposals must be signed both by the chairman of the CCM, whoever that happens to be, and also by a civil society representative on the CCM. So we do have requirements that encourage the kind of inclusiveness and transparency in CCMs that we seek...

[You ask], if a proposal comes from a CCM which meets those very minimal minimum standards and passes the TRP and comes to the Board, but nonetheless we know from other information that it's far from an ideal CCM, is there any consequence at the moment to that knowledge? No, at the moment, there isn't. I think it's the kind of domain of getting firmer with CCM expectation that the Board will continue to explore. But at the moment, there is no direct consequence to that...

[We incentivize the country to improve its CCM] through a variety of means. As far as the Secretariat is concerned, through clearly advertising what our expectation is. A step beyond that would be making those expectations a requirement, and as I explained a moment ago, the Board is not yet comfortable with that step. But at the country level, the fact that we publicize what we expect gives tremendous ammunition to the private sector, and the faith-based organizations and the NGO's. Because they, then, go to the CCM and say, not 'you should reform because we say so.' They say, 'you should reform because here are the guidelines published by the Global Fund, and they say so.'...

On drug pricing:

Last October the Board of the Global Fund, with the support of the United States delegation and other board consistencies, passed what I think is very far-sighted policy on drug procurement... it's very interesting to me how the same parties who are failing to agree currently in the World Trade Organization agreed last October in the context of the Global Fund. And we have drug procurement policies which jump over the current arguments which are bedeviling the Doha, post-Doha discussions at the WTO. I think those are good policies, and they represent a fair and transparent way of purchasing drugs of assured quality at the lowest price through international competitive tendering...

On KwaZulu Natal:

The South Africa case was interesting, because ... KwaZulu Natal applied, not through the CCM because at the time it applied there wasn't a functioning CCM. And we then had a year of sometimes difficult negotiation to get to the point we are now at, which is that the South African CCM has now approved the KwaZulu Natal proposal and we're about to sign the grant agreement. And that proposal does contain substantial antiretroviral therapy...

### On the choice of Principal Recipient:

After a Board approval, there can be, and there have been in several cases, some very tough negotiations leading to the Global Fund saying No [to a proposed Principal Recipient]. Let me give you an example of that. If proposal A is accepted by the Board, the Global Fund then goes to the country, talks to the CCM, and says now, who is the Principal Recipient? Who is the legal entity with whom we will sign the legally binding grant agreement, and to whom the check will go? And there have been several cases where the CCM has said 'is the organization. This is our appointed body to receive the money and do the work.' And we have done, as we do in all cases, an assessment of that principal recipient and in some cases, we have said, no, that is not a trustworthy or adequate Principal Recipient and we will not agree with you, the CCM, that they should be the holders of these funds and responsible for this work. And then it's up to the CCM to make another proposal [regarding the PR], which again, we have to assess. And if we find it wanting, we will clearly say so...

### On LFAs:

The LFA is contracted by the Global Fund in Geneva... The LFA works for us, not for the recipient, and is contracted by us to be our eyes and ears in the country...

### On overhead costs:

I would say that today, the total cost of doing business is about 5% of our commitment on a year-on-year basis. And that 5% is roughly made up of 2% Geneva Secretariat, 2% LFA contracts which are in-country, and 1% with the World Bank as our trustee and the World Health Organization as our main administrator. Through time, as economies of scale are increasingly realized and our rate of commitment and disbursement rises, I would expect that 5% figure to fall.

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