



Independent observer  
of the Global Fund

## SHARP DROP IN RATE OF CONVERTING DONOR PLEDGES TO CONTRIBUTIONS, KAZATCHKINE SAYS

E.D. Report to the Board covers a wide range of topics

The rate of conversion of donor pledges to contributions has been falling for some time. Between 2001 and 2008, the conversion rate was over 100%, with some donors actually paying more than the amount pledged. The rate fell to 87% in 2009 and to 79% in 2010.

This information was contained in the Report of the Executive Director presented to the Global Fund Board at its meeting in Accra. The E.D., Michel Kazatchkine, said that “these results highlight the pressing need for the Global Fund to review its existing replenishment mechanism as part of the transformation process.”

In his report, Kazatchkine said that by the end of October 2011, about \$1.9 billion has been disbursed, against a 2011 target of \$3.1 billion. The Global Fund projects that disbursements at year end will total \$2.8 million. Kazatchkine said that “the lower than anticipated disbursement figure is in large part attributable to the increased attention being paid to fiduciary issues.” For example, Kazatchkine said, in six countries that have accounted for around 40% of the gap between forecast and actual disbursements in 2011, reasons for delays included concerns raised by the Global Fund’s Office of the Inspector General (OIG) that had not been addressed and the need to extend LFA verification periods.

Kazatchkine reported that the grant portfolio continues to perform strongly, with nearly 80% of grants rated B1 (adequate) or higher at the time of last disbursement. A slightly higher proportion of grants has received B2 (inadequate) or C (unacceptable) ratings in 2011 (compared to 2010) because of increased focus on fiduciary matters.

Kazatchkine said that “as the Fund transforms, one of its most difficult challenges will be to strike an appropriate balance between ensuring sound fiduciary oversight and moving funds to where they are needed in a timely manner without placing an undue administrative burden on implementing countries.”

Kazatchkine said that by early November, 36 of 113 Round 10 grants have been signed, of which 70% are single-stream-of-funding (SSF) agreements.

Kazatchkine said that he and John Parsons, the Inspector General, have developed a joint protocol, setting out the principles that will govern the Secretariat-OIG relationship and the working methods they will follow.

According to the E.D. report, the Global Fund will now play a far more active role in managing grants to ensure that programmes are implemented successfully. This means that the Fund will focus strongly on risk management across the portfolio, work to mobilize partners more effectively around implementation challenges and ensure that value for money is optimised at all stages of the grant cycle.

Kazatchkine said that the Secretariat has completed the development of an operational risk management matrix that enables categorisation of countries according to four factors: risk, burden of disease, volume (the measure of Global Fund resources in a country) and workload. Kazatchkine said that use of the country team approach (CTA) in the Global Fund Secretariat now covers 33 countries, representing 60% of the portfolio under management (up from 13 countries and coverage of 35% a year ago). He added that staff have been assigned to senior positions for the 15 countries assessed as highest risk.

Other information contained in the E.D.’s report included the following:

- By the end of October 2011, the Global Fund had disbursed a cumulative \$14.7 billion through more than 900 grants in 150 countries, of which around 500 grants were active.
- Of the 77 grants approved for Phase 2 in 2011, 59% received a “GO” and 36% a “Conditional GO,” The number of Conditional GOs is significantly lower than in 2010. This year, four grants have received a “No GO,” compared to just two in the preceding two years.
- An evaluation report has been issued on the Fund’s gender equality and SOGI strategies and is available on the Global Fund website. [When we went to press, we were not able to find the evaluation report on the website.]
- New TORs and operational guidelines have been developed for the Executive Management Team.
- 13 countries have participated in the initiative of the Global Fund, UNAIDS and UNICEF to re-programme more than \$80 million for the scale-up of prevention of mother-to-child transmission programmes.
- 79% of recommended Round 10 proposals included private sector co-investments.

The Report of the Executive Director should be available shortly at [www.theglobalfund.org/en/board/meetings/twentyfifth](http://www.theglobalfund.org/en/board/meetings/twentyfifth). See GF/B25/2.

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