



Independent observer  
of the Global Fund

## GLOBAL FUND BOARD NEEDS TO EXPLAIN HOW TRANSFORMATION WILL PRODUCE BETTER RESULTS, OUTGOING EXECUTIVE DIRECTOR SAYS

“Zero tolerance for fraud should not become zero tolerance for risk or error”

“If the Global Fund is to continue making a major contribution to achieving global health goals in the coming years,” former Global Fund Executive Director Michel Kazatchkine says, “it will be important for the Board to clearly communicate how the current focus on ‘transformation’ at the Fund will lead to better results and increased impact. Failure to do so could jeopardize the confidence of implementing countries in the Fund as an institution that has their interests primarily in mind.”

Dr Kazatchkine made these comments in an open letter published on 16 March 2012, his last day as Executive Director. The open letter is available on Dr Kazatchkine’s website [here](#).

A large part of Dr Kazatchkine’s letter is devoted to listing the accomplishment of the Global Fund during his five years as chief executive. But Dr Kazatchkine also discussed some of the challenges facing the Fund.

Dr Kazatchkine urged Global Fund leaders not to abandon the ambitious approach “that has brought us to where we are today.” The agenda for change at the Global Fund, Dr Kazatchkine stated, needs to find the right balance between the notions of austerity, efficiency and risk management, which are prevalent today,

and the core principles “that have distinguished the Fund from other funding bodies and that have been so instrumental in its decade of success.”

Dr Kazatchkine added that the new risk management approach should enhance confidence in the Global Fund rather than simply adding another layer of compliance requirements for implementers. Reflecting on the crisis in 2011, he said: “Fraud at any level is, of course, unacceptable and the Fund has an appropriate zero tolerance of fraud policy. But great care must be exercised to prevent zero tolerance of fraud from becoming zero tolerance for risk and zero tolerance of error.”

Dr Kazatchkine said that the Global Fund’s efforts in building partnership have had mixed results. While there have been successes in engaging multiple stakeholders, he said, the very senior level political leadership level from both implementing and donor countries “has decreased markedly” from the early years of the Fund, and implementing countries have often remained “relatively too passive” on the Board.

“Partnerships require work, time, attention and regular communication,” Dr Kazatchkine said. “They involve finding consensus among different points of view. Sometimes they are frustrating.”

Dr Kazatchkine said that the leadership of the Global Fund needs to carefully assess and strike a balance between competing tensions that are inherent to the Fund’s model. These include the tension between a Fund that decides “from the top down” what should be funded in countries and the Global Fund’s core principle of country ownership; and the tension between the need to strengthen national procurement systems and the need for parallel systems to ensure that commodities are delivered in a timely and efficient manner.

Despite the media and political furore that surrounded misappropriation of Global Fund resources last year, Dr Kazatchkine said, the reality is that the Global Fund has a strong track record of appropriately targeting and efficiently managing its resources that should provide a sound basis for continued donor confidence and support. “My hope is that the Fund will emerge from this period of change,” Dr Kazatchkine said, “having retained and strengthened its unique qualities of inclusive governance, dynamic partnership, unparalleled transparency, commitment to be truly global and firm commitment to country ownership.”

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