



Independent observer
of the Global Fund

AT A UK PARLIAMENTARY HEARING ON THE GLOBAL FUND, AIDSPAN PROVIDES A RECIPE FOR CHANGE

The Global Fund cannot afford to have a second year like 2011, and might be permanently damaged if it did.

This is the central theme of a written submission made by Aidspan, publisher of GFO, to an evidence session on the Global Fund organised by the International Development Committee of the UK House of Commons on 17 April 2012. The purpose of the session was to discuss the current funding situation at the Global Fund and reforms recently undertaken by the Fund; the UK's role in influencing other donors; and related matters.

Aidspan's submission was written by Bernard Rivers, the organisation's Executive Director. Mr Rivers appeared in person at the session and provided oral testimony. The Committee also heard from Gabriel Jaramillo, General Manager of the Global Fund; Richard Manning, Chair of the Fund's Mid-Term Replenishment Review (scheduled for later in 2012); Andrew Mitchell, UK Secretary of State for International Development; and representatives of three UK NGOs.

In its submission, Aidspan described six areas where changes are required at the Global Fund. They are as follows:

1. The Global Fund must install first-class management.
2. The Global Fund must become less bureaucratic.

3. The Global Fund must explain itself more clearly.
4. The Global Fund must determine whether its grants are more susceptible to fraud than are those of other international donors.
5. The Board of the Global Fund must be made leaner and more effective.
6. The Global Fund must re-examine certain aspects of its transparency policy.

Aidspan said that a number of poor staffing decisions by former Executive Director Michel Kazatchkine had led to serious reductions in staff morale and effectiveness.

In its submission, Aidspan said that the Global Fund needs to shift from being a “cashier demanding receipts” to being “an investor demanding results.” It said that the cashier/receipt mentality, triggered primarily by the work of the Office of the Inspector General (OIG), has led to excessive bureaucracy and minimal trust. “What should be verified is the number of people with improved health, not the number of people attending workshops.”

Aidspan said that the Global Fund has done a terrible job of explaining itself to the world. Aidspan cited several examples, including the fact that when the Global Fund had to cancel Round 11, the Fund’s press release did not mention the words “cancel” or “Round 11.”

Aidspan said that the Global Fund has still not taken steps to determine how extensive fraud is across the entire Global Fund grant portfolio. “The question is not is there fraud?; it is how persistent is fraud? And how does the Fund’s fraud problem compare with that of other multilateral and bilateral funding agencies?”

In its submission, Aidspan said that the Global Fund needs “a smaller board made up only of members who are competitively chosen, who spend some years in the role, who fully prepare for and attend all board and relevant committee meetings, who become accustomed to working with each other, and who each accept personal accountability for the results.”

Aidspan said that the Global Fund’s current approach to transparency, admirable though it is, contributed to the furore in the media over findings of corruption in a few grant implementers. The Board must be able “to devise a policy that permits the Fund to better manage the repercussions of transparency without sacrificing the underlying principle.”

Aidspan also expressed concern about two possible future directions that the Global Fund appears to be seriously contemplating – a system whereby each grant is expected to demonstrate measurable impact, rapid results, high value for money and low risk; and an “allocative” model, in which the Global Fund determines in advance a maximum amount of money to give to each country, based on the burden of disease in that country and the amount of funding available from other sources. Aidspan said that both scenarios would cause the Global Fund to change dramatically, reducing its investments in areas like health systems strengthening because the payback is either too indirect or too slow (or both); and departing from its traditional “bottom-up” approach based on the needs of each country.

In conclusion, Aidspan said, there is a real chance that the difficulties of the past year will end up being seen as “the darkness before the dawn” – provided the Global Fund is willing to make difficult decisions. Aidspan said that the Fund could take inspiration from the GAVI Alliance. GAVI went through a major management overhaul in mid-2010, which included the departure of its CEO and the appointment of a new one six months later. Then GAVI announced that it had suspended grants to four countries because of suspected fraud. Yet, six months later, donors committed 15% more funding than GAVI had asked for. “It can happen.”

Aidspan’s submission to the committee is available [here](#). A video of the oral evidence session is available [here](#).

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