



Independent observer  
of the Global Fund

## Global Fund will 'donate' \$5 million to Venezuela to provide treatment for HIV

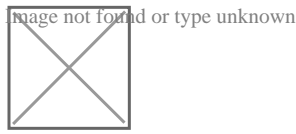
The Global Fund will donate 5.0 million U.S. dollars to finance the procurement of critical health products for Venezuela, which is in the midst of a severe economic and health crisis.

This funding is exceptional for several reasons. First, Venezuela does not meet the grant eligibility requirements for upper-middle-income countries, but the Global Fund is making an exception in this instance. Second, because it is the first time Venezuela is receiving support from the Fund, and third, because the support comes in the form of a donation rather than a grant.

The Global Fund Board approved the funding on 24 September using electronic voting. In so doing, the Board endorsed a 24-page proposal developed by the Secretariat in consultation with partners and civil society and recommended by the Strategy Committee.

“The decision is the culmination of a concerted and unyielding effort by Venezuelan and global activists to push the Global Fund to show leadership in supporting countries in crisis,” ICASO and ACCSI said in a [news release](#). ACCSI, or Acción Ciudadana contra el SIDA (Citizens Action Against AIDS) is a human rights organization in Venezuela.

In the box below, we summarize the highlights of the Board’s decision. In the balance of this article, we provide some background information; we describe the proposal endorsed by the Board, including implementation arrangements, risk considerations and sources of the funding; and we present some reaction to the decision.



## Background

Previously, Venezuela had not received any support from the Global Fund because it was deemed to be ineligible under the Fund's Eligibility Policy. (Since 1997, Venezuela has been classified as an upper-middle-income country by the World Bank every year except 2014 when it was classified as high income. Under the Eligibility Policy, high-income countries are not eligible for Global Fund support. Upper-middle-income countries are only eligible if they meet a certain threshold of disease burden.)

Venezuela has been in a severe economic crisis since about 2015 due to falling oil prices. Oil accounts for 95% of the country's export earnings. Venezuela has been hit by hyperinflation. According to [BBC News](#), in July 2018 the annual inflation rate reached 83,000%. Prices have been doubling every 26 days, on average. This has resulted in many Venezuelans struggling to afford basic items such as food and toiletries.

The economic crisis precipitated a crisis in Venezuela's public health system. [GFO reported](#) in October 2017:

"Essentials like soap and gloves have vanished from hospital floors. Life-saving medications are sometimes only available on the black market and cost half a month's wages. Food is scarce, and people are dying —dying of starvation, dying of AIDS, dying of long-eradicated diseases like diphtheria."

The Global Fund was first approached about the possibility of providing assistance to Venezuela on 6 June 2016 when the board of the Venezuelan Network of Positive People (RVG+) [wrote to the Fund](#) asking it to make an exception to its rules in order to provide urgent humanitarian aid for HIV and TB. Since then, civil society organizations (CSOs) have been relentlessly pushing for the Global Fund to provide assistance.

Although the Global Fund expressed concern about the situation in Venezuela and said that it was prepared to support a regional response, the Fund did not agree to provide direct assistance to Venezuela — until now.

In May 2018, the Board [adopted a policy](#) (the Fund refers to it as an "approach") on the provision of exceptional funding to countries in crisis that do not meet the Global Fund's eligibility criteria (see [GFO article](#)). This policy paved the way for the decision to support Venezuela financially.

Immediately after the policy on exceptional funding was adopted, the Secretariat launched an assessment of the situation in Venezuela. Meanwhile, in June 2018, the Pan American Health Organization (PAHO) and UNAIDS undertook a technical assessment of the critical gaps in programming for HIV, TB and malaria.

Also in June, PAHO and UNAIDS developed a Master Plan ( Plan Maestro para el fortalecimiento de la respuesta al VIH, la tuberculosis y la malaria en la República Bolivariana de Venezuela desde una perspectiva de salud pública ) which has been endorsed by the Venezuelan Ministry of Health, for the strengthening of the response to the three diseases. The plan covers a three-year period. To facilitate decisions by donors on potential funding, the interventions in the plan are prioritized.

## Proposal details

According to the proposal developed for the Board, the Master Plan estimates that the cost to strengthen HIV, TB and malaria programs, and to ensure continued treatment and diagnosis, for a three-year period, is \$122.0 million. Most of this cost, approximately \$100.0 million, is for HIV; just over half of the HIV costs are for ARVs. The estimated costs for TB and malaria, respectively, amount to \$5.1 million and \$16.0 million.

Editor's Note: The Master Plan has not been released publicly. All references in this article to the contents of the Master Plan are based on information contained in the proposal prepared for the Global Fund Board.

The proposal said that the Global Fund considered the needs of all three diseases in Venezuela. "However, in view of the limited funds available," it said, "and the fact that the government has made a procurement of anti-TB drugs to cover the needs until July 2019, and that there are sufficient anti-malarials for the highest-burden malaria state (Bolívar), the Strategy Committee and the Secretariat recommended that all of the limited funds available be directed to the HIV response."

The Secretariat concluded (and the Strategy Committee agreed) that the health situation in Venezuela meets the criteria for funding contained in the policy on exceptional funding.

The proposal prepared for the Board said that the funding represents "a short-term humanitarian response." The Global Fund acknowledged that the available funding is insufficient to meet more than a fraction of the total need. "More fully addressing the health needs of the Venezuelan people will require additional commitments from other donors and partners in the near term, and ultimately a resolution of the economic and political situation so that the Venezuelan government can provide for the health of its people," the Fund said.

The Board decided that of the \$5.0 million donation, \$4.9 million will be used to purchase antiretrovirals (ARVs) through the PAHO Strategic Fund; and that the remaining \$100,000 will be used to support civil society organizations (CSOs) in Venezuela to provide oversight and monitoring of the delivery of ARVs to patients.

The Strategic Fund is a regional pooled procurement mechanism for essential medicines and health commodities that procures on behalf of member states. The fund, which has been operational since 2000, currently has 33 participating countries.

The Global Fund has received no official request for assistance from the Government of Venezuela. However, in March 2017, the government officially requested help from the United Nations to regularize the supply and distribution of medicines.

According to the proposal prepared for the Board, the \$5.0 million donation will provide support for an initial 12-month period. This is consistent with the policy on exceptional funding adopted earlier this year. That policy set a ceiling of \$20.0 million for support (for all countries combined) provided during the 2017–2019 allocation period.

“The Secretariat anticipates that there will be a continuing need for funding beyond the initial 12 months and \$5.0 million,” the proposal said, “but notes that any additional funding would be conditional upon an assessment of the impact of this proposed investment and subject to additional Board approval and the availability of funds.”

The \$4.9 million will supplement other funds that organizations in Venezuela have received from other donors to procure ARVs for the existing cohort of patients. The \$4.9 million will be channeled directly to PAHO for procurement through the Strategic Fund. The Government of Venezuela has been using the Strategic Fund to procure medicines since 2010.

The \$100,000 for CSOs will be routed through UNAIDS to strengthen the capacity of CSOs to continue to advocate for people living with HIV; to monitor access to care and treatment and the delivery of ARVs at the national and sub-national levels; and to strengthen the CSOs’ coordination with the National AIDS Program.

The Global Fund will enter into a contribution agreement with UNAIDS, which has agreed not to charge any overhead or direct costs. Under the agreement, UNAIDS will support CSOs to prepare reports and analyze stock levels at distribution sites. UNAIDS will also, as needed, perform checks at central or regional warehouses to verify stock levels after the ARVs are delivered. UNAIDS will provide three quarterly reports on these activities, prepared with input from CSOs. The Global Fund expects that this support will facilitate the establishment of a mechanism for CSOs to work with the National AIDS Program on the oversight of drug delivery in Venezuela that will endure beyond the period of the \$5.0 million donation.

The proposal prepared for the Board noted that the Secretariat does not anticipate that the health situation in Venezuela will improve in the near or medium term.

#### Implementation arrangements

The proposal emphasized that the \$5.0 million is a donation and not a grant. Exceptional funding, such as that which the Global Fund has provided to Venezuela, requires implementation arrangements that are different from standard practice. For example, there will be no country coordinating mechanism or local fund agent providing oversight.

In addition, the Office of the Inspector General (OIG) will not be able to provide the usual degree of assurance, through audit or investigation work, with respect to how the funds were spent. For instance, the funding arrangements do not provide the Global Fund unrestricted right of access to books, records, personnel or sites relating to the funded activities, including as required under the OIG Charter.

PAHO has not agreed to grant the Global Fund access to its books, records, or sites, or those of its suppliers. UNAIDS has not agreed to grant the Fund access to its books and records. Nor has UNAIDS guaranteed its collaboration for accessing sites and personnel. However, UNAIDS has agreed to ensure Global Fund access to the books and records of any contracted CSOs receiving money from the Fund.

Given the exceptional circumstances of this funding, the proposal said, “the OIG does not have any objection related to the lack of access rights in this case.”

The proposal prepared for the Board stated that the Global Fund will enter into a contribution agreement with PAHO, under which PAHO will be responsible for procuring ARVs through its Strategic Fund and delivering the commodities to the port of entry. The PAHO office in Venezuela will, in coordination with the Venezuelan government, clear the ARVs through customs and facilitate the transfer and delivery of the ARVs to the central warehouse. The National AIDS Program will be responsible for ensuring delivery from the central warehouse to Venezuela’s 51 dispensary sites.

PAHO will also support the National AIDS Program and the Ministry of Health to quantify their ARV needs and develop procurement and distribution plans. To support PAHO’s ongoing efforts and collaboration with respect to the Global Fund’s donation, the Fund has agreed that PAHO may receive \$208,250 of the approved funding of \$4.9 million. At the same time, PAHO has agreed to waive its standard 13% overhead charge.

The proposal said that neither PAHO nor the Global Fund will have any legal agreement with the government of Venezuela, and that PAHO’s responsibility for the commodities extends only to delivery to the central warehouse.

### Risk considerations

The proposal pointed out that the requirement to provide a rapid and efficient response in the context of the crisis in Venezuela entails significantly higher levels of risk and lower levels of assurance. By approving the \$5.0 million donation, the Global Fund has accepted these risks. They cannot be fully mitigated under the proposed implementation arrangement, the proposal stated.

For example, accountability for the proposed investment is limited to the procurement and delivery of commodities to port, customs clearance, delivery of commodities to the central warehouse, and some downstream monitoring activities. Distribution of the ARVs to intended beneficiaries will be the responsibility of the government, which will have no formal obligation to complete the distribution.

### Sources of the funding

According to the proposal, there is no dedicated source of funds within the 2017–2019 allocation period for non-eligible countries in crisis. Therefore, the \$5.0 million will be taken from available sources of funding identified by the Audit and Finance Committee (AFC).

These available sources of funding come primarily from efficiencies achieved in the implementation of existing grants. Normally, these efficiencies are used to finance interventions on the register of unfunded quality demand (UQD). These are “above-allocation” interventions that have been deemed to be technically sound by the Technical Review Panel but for which a source of funding needs to be found. The Global Fund refers to this process as “portfolio optimization.”

In July 2018, the AFC undertook a review of available sources of funding and declared that \$144.9 million was available for portfolio optimization.

At the same time, the Secretariat undertook a thorough review and prioritization of the interventions on the UQD Register. Through the Grant Approvals Committee, the Secretariat decided to award \$127.7 million of the available \$144.9 million to fund interventions in the UQD Register that it deemed to be critical and time-sensitive.

(The total value of all interventions in the UQD register is about \$3.0 billion.)

When the Secretariat put together the proposal to donate \$5.0 million to Venezuela, it assessed the proposed donation against the unfunded needs of countries currently receiving Global Fund support as expressed by the interventions in the UQD Register.

According to the proposal, the Strategy Committee and the Secretariat weighed the trade-offs involved in investing in eligible countries versus providing support for Venezuela. They concluded that while there remain clear gaps in the portfolios of eligible countries, the most critical and urgent needs for 2018 and 2019 are able to be filled with the \$127.7 million in awarded funds.

The Strategy Committee and the Secretariat further reasoned that because the first grants emerging from the 2017–2019 allocations had only been implemented for about seven months, there will be considerable opportunities to identify additional efficiencies in the next year or two. This should allow for additional interventions in the UQD Register to be funded at later dates.

In addition, the proposal states, many countries will benefit from the newly negotiated ARV framework agreements, which will result in additional efficiencies that can be reprogrammed. (These agreements are essentially multi-year commitments by 14 pharmaceutical companies to supply large volumes of HIV medications at set prices. The [Global Fund stated](#) that the agreements signed in July 2018 will result in savings of \$324.0 million by the end of 2021.)

Consequently, the proposal stated, the Strategy Committee and the Secretariat are comfortable recommending the use of \$5.0 million from available funding for portfolio optimization to support the proposed response to the health crisis in Venezuela.

At the same time, the proposal stated that in future, weighing of support for countries in crisis against UQD needs may be more challenging.

## Reaction

Reaction to the donation from the Global Fund has been generally positive.

In the news release issued by ICASO and ACCSI, Alberto Nieves, Executive Director of ACCSI, said that “while the crisis in Venezuela continues and deepens, this support is an important display of global solidarity in time of extreme need. We are happy that our community monitoring is being taken seriously and we commit to continue to monitor the situation.”

And Javier Hourcade Bellocq, a member of the Latin American and Caribbean delegation to the Board said, “It took a long time to have the Board come to this decision and we acknowledge that this is only a small step to address the crisis in Venezuela, but it is a move that shows the leadership of the Global Fund.”

The news release also quoted Mary Ann Torres, Executive Director of ICASO, as saying, “We are grateful to see that the advocacy effort by many organizations has come to fruition with this decision that will save lives. We will continue supporting our partners in the country to ensure transparency and accountability.”

Finally, Jorge Saavedra, Executive Director of the AHF Global Public Health Institute at the University of Miami, is quoted in the news release as saying that “the role and voices of international civil society and people living with HIV inside Venezuela were instrumental to convince the Board that some countries facing extreme health crisis, irrespective of the World Bank’s assigned income classification, need exceptions.”

Amanda Glassman, from the Center for Global Development (CGD) in the U.S., told Aidspace, “We were pleased to see the Global Fund allocate modest resources to address HIV in Venezuela and the implementation arrangements seem appropriate given the circumstances. Our worry,” Glassman added, “is the ability of PAHO, government and CSOs to deliver the medicines to patients — the experience with vaccines has apparently been mixed, and it is

worrisome to see such major interruptions in service delivery.”

In addition, Glassman said that “the resurgence of malaria — particularly among indigenous groups — is also a huge issue and could be dealt with somehow.”

On 21 September 2018, Glassman co-authored a [blog](#) (with Roxanne Oroxom, also from the CGD) on the situation in Venezuela.

Tamara Taraciuk Broner, a Senior Researcher in the Americas Division of Human Rights Watch, told Aidspace that the donation by the Global Fund “is an important step to address Venezuela’s humanitarian crisis and the impact it is having on patients with infectious diseases that have been on the rise in the country.” Taraciuk added, “It is critical to continue pushing for measures that will provide aid to Venezuelans, and also to redouble the pressure on the Venezuelan government so it accepts additional aid that is desperately needed.”

Last May, Taraciuk [published an article](#) on the need for the Global Fund to take bold action with respect to the situation in Venezuela.

### Regional response

The decision by the Global Fund Board to donate \$5.0 million to Venezuela includes a call for relevant partners, donors and other stakeholders to further support a regional response to the health crisis.

According to the proposal prepared for the Board, the Global Fund’s policy on non-eligible countries in crisis has generated interest from other donors and partners. As a result, the Secretariat, together with partners in the region, is planning an initial donor roundtable to be held in early October 2018 to discuss the HIV, TB and malaria situations — and, possibly, some broader health systems issues — as well as to develop a coordinated support mechanism, and to determine ways to support the country and the region affected by the influx of people leaving Venezuela.

GFO has written extensively about the situation in Venezuela. The most recent article, from 12 May 2018, is available [here](#).

The full text of the Board decision, Document GF-B39-EDP11, will likely be posted shortly on the Global Fund website [here](#). However, if the Global Fund follows past practice, the proposal prepared for the Board, Document GF-B39-ER10, will not be posted. Although the Fund has regularly posted papers prepared for in-person Board meetings (once the meetings have been concluded), it has not been in the habit of posting Board papers related to electronic decisions.

[Read More](#)

---