



Independent observer
of the Global Fund

SALARY INCENTIVES STILL PAID BY THE GLOBAL FUND, DESPITE EFFORTS TO REMOVE THEM

The payment of extra money to top up the salaries of workers implementing Global Fund grants was disallowed by the Fund two years ago, except in exceptional circumstances, but in some countries the organization is finding it hard to work out a way to keep the staff they need without paying these incentives.

Salary incentives have been paid to people implementing grants since as far back as 2003. These payments were typically made to government employees in health ministries because they were doing work that was in addition to their regular duties. The top-ups were designed to acknowledge and reward the extra work, and to ensure quality staff were retained.

After paying these salary incentives for several years, however, the Fund realized they were problematic and contrary to its efforts to build sustainable programs and to promote country ownership of programs and increased domestic financing of health systems. The Fund believed that the salary incentives were creating the type of dependency the organisation was trying to move away from.

This was certainly the case in the Democratic Republic of Congo (DRC), where the Fund has been using salary top-ups for many years, but is now finding it hard to unwind the practice.

One of the problems the Global Fund found in the DRC was that these payments had introduced discrepancies among staff with respect to remuneration. With various organisations or programmes making their own decisions about how much to pay to whom, people doing similar work were sometimes receiving significantly different wages.

As Nicolas Farcy, the fund portfolio manager for the DRC, explained, the top-up paid to someone working

on a malaria programme could be different from that given to a person doing similar work on the HIV program. If these workers compared their earnings, it could create problems, he said.

Another problem in the DRC was that sometimes multiple donors were each paying top-ups to the same people. In one case, a driver was receiving three top-ups from three donors, meaning he was earning more than the head of the unit.

After identifying the issues created by top-up payments, the Global Fund decided to wind down the practice of including salary incentives in grant budgets. To achieve this, the Fund said that these payments either should be abandoned immediately, or a plan to phase them out should be devised by applicants and approved by the Grant Approvals Committee and the Board.

The Secretariat pointed out that at no point did it require that these incentives be put in place and noted that does not pay them to its own staff.

Policy change

The decision to remove salary incentives was set out in The Global Fund Guidelines for Grant Budgeting and Annual Financial Reporting, released in August 2014, and available [here](#) (look under “Global Fund Policy”). In this document, the Fund noted “an urgent need for rationalization of salary incentives,” and stipulated that top-ups could only be funded by grants in “extremely exceptional circumstances.”

According to the policy, top-ups would only be permitted if clear justification were given as to how the payments meet the objectives of the grant.

The policy acknowledges that moving away from paying these incentives could prove difficult, and may not be immediately possible. Where it is not feasible to develop transitional plans to bring the incentives to an end, the policy states that the top-ups should be directly linked to grant performance.

The Global Fund said that it is leading the way among donors in winding back the practice of paying salary incentives and that a number of countries have successfully removed them. However, the Secretariat was not able to tell Aidspace how many countries have ended the practice because, it said, the policy was still being implemented. It expects to be able to gauge its success rate in two to three years.

The Secretariat said the countries where it has had success with removing the practices are generally lower-middle and middle-income countries. In these countries, it was done gradually so that the local government could adapt their own salary scales and compensate agents for the loss of the extra payments. Vietnam phased out top-ups in 2014. Indonesia did likewise, with no top-ups having been paid since June 2016.

In other places, it has not been that easy, however. Countries where top-ups are still used are those with extremely high poverty rates and where government workers receive low salaries – for example in sub-Saharan countries such as the DRC.

Long saga

“The story of top-up salaries has been a long saga,” said Farcy, who noted that a solution in the DRC has been elusive. He said that the Global Fund and other donor organisations knew that paying salary incentives was a problem, but removing them also turned out to be problematic, because many of the people they were paying were receiving such low wages from the government. “It is just unrealistic to ask so many people to work for nothing,” he said.

According to Farcy, the staff at the DRC Ministry of Health to whom the Global Fund and other donors

were paying an incentive were receiving extremely low salaries. This made removing top-up payments risky: Farcy was sure that if the Fund stopped paying incentives, the people they were depending on would stop working on programs financed by the Fund, or would withhold their deliverables. “How is it possible for me, receiving a good salary, to say those people should work in those difficult conditions without receiving any money? That is also not reality, in my opinion,” he said.

In the DRC, the Global Fund has now been working for some time with the government and other donors to resolve the issue of salary incentives, but it is making slow progress. Salary top-ups will continue to be paid for the rest of this year, with the local fund agent gathering information about how much is being paid by which organisations, and to whom.

The Fund has worked with donors to agree on salary ceilings for positions at various levels within the public service and they are hoping to find a more coordinated way of paying workers. “At least the donors can claim – which was not the case for the last years – that we are harmonized,” said Farcy. “That’s new and is a good improvement.”

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