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of the Global Fund

## Former General Manager Reflects on His Time with the Fund

Gabriel Jaramillo, who was a member of the High-Level Panel and who served as the Global Fund's General Manager from February 2012 to January 2013, has provided the Board with some reflections on his time working with the Fund.

Mr Jaramillo touched on four main topics: the Consolidated Transformation Plan; the reorganisation of the Secretariat; deficiencies in financial and management information systems; and governance. This article reports on what Mr Jaramillo said on the first three topics; we cover what Mr Jaramillo said about governance in a separate article.

### Consolidated Transformation Plan

Mr Jaramillo said that he and the Management Executive Committee (MEC) “wrestled” with the Global Fund's Consolidated Transformation Plan (CTP) during his time as General Manager because some points in the CTP “are unclear or mean different things to different people.” Other parts of the CTP were unrealistic or difficult to measure, Mr Jaramillo said; still other parts were made obsolete by changes in the Global Fund's business model.

Nevertheless, Mr Jaramillo said that by the time he left the Global Fund at the end of January 2013, 88% the CTP activities had been completed, and the remaining action items assigned to the Secretariat were in process. “Most of the unfinished portion of the CTP has to do with the Board itself,” Mr Jaramillo said.

### Reorganisation of the Secretariat

Mr Jaramillo said that, in his opinion, the transformation has produced a more disciplined and effective Secretariat, which has improved its business practices and upgraded its performance.

In 2012, Mr Jaramillo said, the disbursements to implementers increased by 26% compared to 2011. In addition, he said, the Secretariat achieved a 63% reduction in the number of “stuck grants” since September 2012. Finally, he said, 50% of the grants that were performing poorly at the beginning of 2012 improved to a B1 rating or better by the end of the year.

Mr Jaramillo said that he is convinced that concentrating staff in the Grant Management Division on 20 “High-Impact” countries was the right call, but that he worries “that we might not have devoted enough resources to provide the proper management to grants in the other 130 places the Global Fund invests.”

Mr Jaramillo said that the Secretariat is still grappling with serious challenges, including “imperfect information systems, the implementation of the new business model, some over-worked staff, a headcount limit imposed by the Board, and the Board’s mandate to keep the portfolio global.”

The Secretariat has not yet differentiated its grant-oversight systems by risk as much as it should, Mr Jaramillo said.

“For the new business model to succeed, including the new funding model, Mr Jaramillo said, “something has to give, and I think the answer lies in reducing bureaucratic burden and increasing efficiency on a number of fronts.”

Mr Jaramillo said that the Global Fund should pay for any future staffing growth at the Secretariat internally, “by drilling down on areas with lower productivity or that are susceptible to further automation or outsourcing.”

Mr Jaramillo said that the Secretariat devotes the lion’s share of its expenses to people and travel. Yet, Mr Jaramillo said, “driving efficiency is not about traveling less, but traveling more.” Efficiency is about redeploying staff into high-value-added areas, and reinventing how the Secretariat performs its tasks, such as restructuring the relationship with local fund agents, Mr Jaramillo said.

Mr Jaramillo said that in terms of unfinished business, the Human Resources Division has the biggest challenge. “Creating a serious meritocracy that promotes a collaborative style to deliver high productivity is a herculean task that will require work, week in and week out, over the coming years.”

Mr Jaramillo noted that an internal Engagement Survey conducted by the Secretariat revealed that a majority of staff members do not believe enough promotions at the Global Fund are made on merit.

#### Problems with financial and management information systems

Mr Jaramillo said that the High-Level Panel and the Secretariat underestimated the deficiencies in financial management, specifically in accounting, cash management and financial reporting.

For example, he said, “management information systems were a multitude of unrelated applications, mostly gigantic Excel spreadsheets maintained by different departments.” Mr Jaramillo cited a Management Letter issued in 2012 by Ernst & Young, the Global Fund’s external auditors, which said, “In 2011, audit and grant data [were] not reliable and accurate, and missing controls over grant accounting [led] to important delays and errors in the financial statement[s] preparation.”

“Incomplete or non-existent data fed rumor, misunderstanding and a lack of accountability,” Mr Jaramillo said. “Even today, too many disparate data-collection tools are still in use.”

Mr Jaramillo said that he is confident that the Finance Step-Up project – which covers procurement, treasury, accounting and grant-forecasting – is addressing the identified weaknesses effectively. He added that the two backbone systems in development – the Core Financial System and the Better Grants System – can produce the efficient and securely controlled environment necessary for a financial institution like the Global Fund. “The Board should continue to support the Finance Division as it goes about making the required upgrades and reforms to install the infrastructure for sound and responsible financial management that should have been put in place in 2002,” Mr Jaramillo said.

“Integrated grant-management and financial backbone systems will permit the Global Fund to assess grant performance, return on investment, and spending by recipients and the Secretariat, all at once.” Mr Jaramillo said. “The database should cover the whole financial cycle of the Global Fund, from the receipt of contributions from donors to disbursements to expenditures to closures and recoveries.”

The Secretariat should commit to producing standardised, quarterly reports on what the Global Fund has done with the money it has raised, Mr Jaramillo said. “As a matter of policy, information sent to one donor or stakeholder in response to an inquiry should be published for all to see.”

Information for this article comes from “Report and Recommendations by the Outgoing General Manager,” Board Document GF-B29-05. This document should be available shortly on the Global Fund website at [www.theglobalfund.org/en/board/meetings/twenty ninth](http://www.theglobalfund.org/en/board/meetings/twenty ninth). See also the [GFO article](#) on what Mr Jaramillo said about needed reforms in governance.

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