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DESPITE RESERVATIONS, THE GLOBAL FUND BOARD AUTHORIZES THE SECRETARIAT TO SIGN AGREEMENT WITH THE WORLD BANK

The Board has authorized the Secretariat to enter into an “Administration Agreement” with the World Bank for the performance-based funding (PBF) project in the Democratic Republic of Congo (DRC). At first glance, this may not seem particularly newsworthy. But there are some unusual circumstances surrounding this agreement.

(The Board decided in 2015 to invest up to \$20 million in a World Bank–led PBF project in the DRC – see [GFO article](#). The Administration Agreement with the World Bank paves the way for the Global Fund to make a \$10.5 million investment to be used to co-finance PBF payments.)

In authorizing the Secretariat to proceed, the Board acknowledged that because the agreement is based on the World Bank’s Single Donor Trust Fund template, it does not give the Fund right of access to the project’s books, records, personnel or sites, all of which are required under the OIG’s charter. The Board further acknowledged that the OIG will not be able to provide assurance on the funds disbursed under the agreement, whether through audit or investigation work.

It is obvious from the decision and from the paper that was submitted to the Board at its meeting in Kigali, Rwanda on 3-4 May, that the Board is taking this step somewhat reluctantly. Basically, the Board is saying that the Administration Agreement is not ideal, but it is the only way the Fund can make a \$10.5 million PBF investment before a current Global Fund grant to the DRC ends in December 2017. The paper states: “In the time remaining for this current funding cycle, signing the Administration Agreement is the best option for the Global Fund to invest in PBF in DRC in terms of simplicity and speed of

implementation.”

The Board was concerned that this could set a precedent for future investments of this kind. So, it did two things. First, the Board simply declared “that this decision does not set a precedent for future investments with development partners or for existing relationships with such partners.” Second, the Board requested “that the Secretariat develop a framework to guide future considerations of such investments.”

According to the paper submitted to the Board, the alternative to signing the Administration Agreement with the World Bank would be for the Fund to explore other approaches to finance the PBF project. “These other approaches would be at least partially parallel to the PBF Project and given the significant time needed to design and implement, would risk the loss of the approximately \$10 million from the current funding cycle being used in DRC,” the paper said. “The PBF Project and the Administration Agreement represents a significant step forward in the collective harmonization of donor investments, and coordination with country stakeholders. This is an important achievement in the context of the challenging operating environment in DRC.”

According to the paper submitted to the Board, the primary focus of the PBF project is improving the utilization and quality of maternal, newborn and child health (MNCH) service delivery – though an innovative financing and decentralized approach to performance measurement in targeted health directorates at the provincial level. The PBF Project will address major health system challenges by improving governance, and by strengthening health administration directorates and health policy capacities.

Among other things, the project will focus on financial accessibility to health services; availability of quality and affordable medicines; community engagement; and improvement of data availability.

“PBF is a potential game changer in DRC for how government (central and local) and partners, work together to deliver improved public health outcomes,” the paper said.

The paper stated that with respect to the PBF payments specifically, the World Bank has been the sole financier until recently when USAID signed an Administration Agreement with the bank to fund PBF activities in Haut Lomami and Loualaba Provinces. USAID is providing \$8 million over two years.

The paper also stated that “in the Provinces of Equateur and Bandundu, no additional donor at this stage other than the Global Fund would be funding PBF payments.” A spokesperson for the Secretariat told Aidspace that the PBF payments are only part of the operational partnership the Fund has with the World Bank, GAVI and UNICEF for the provinces of Equateur and Bandundu.

The spokesperson added that the project experienced several delays and did not really get off the ground until the summer of 2016. The first PBF payments only started at the beginning of 2017.

The paper, entitled “Global Fund financing agreement with the World Bank,” Document GF-B37-03, should be available shortly at www.theglobalfund.org/en/board/meetings/37.

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