



Independent observer
of the Global Fund

A DEBATE REGARDING DONOR INFLUENCE OVER THE GLOBAL FUND

Yesterday, two supporters of the Global Fund, old friends with differing perspectives, participated in a debate about some recent developments.

Moderator: What did you think of the recent comments about the Global Fund by the Swedish Minister for International Development Cooperation?

Ms. X: I was pleased, of course, because the minister said that the Global Fund is doing a better job of handling risk, which means that her government will now commit to financing the Fund during 2011-2013.

Mr. Y: Sure, the decision was good. But the tone of the minister's letter really annoyed me. One minute she praised the Global Fund, and the next minute she said, "I am concerned over the Secretariat's capacity to manage and prioritise the necessary change processes. My view is that the Global Fund's business model is in need of additional fundamental changes." This sounded like a strict headmistress saying to a student, "OK, I'm letting you go this time, but from now on you'd better behave – or else!"

Ms. X: You're being too sensitive. If a donor gives money, the donor has a right to say whether it likes how the money is being handled. There's nothing inappropriate or unethical in a donor saying, or at least implying, that its contributions will end if the Fund can't prove that the money is used effectively.

Mr. Y: Maybe so. But I think some of the donors are doing more than that: I think they're attempting to get the Global Fund to change course. They don't have the courage to do it openly, so they're doing it

covertly. For instance, when the AP story came out in January with its completely unsubstantiated headline, “Fraud Plagues Global Health Fund,” the donors didn’t defend the Fund. Instead, they quietly lobbied for the High Level Panel to be set up, and they permitted the Panel – or maybe pushed for it – to have members and support staff that almost entirely saw things from a donor perspective. The imbalance in the support staff was particularly blatant: All ten of them were from donor countries, and the person who coordinated most of the Panel’s work had been the U.S. government member of the Global Fund Board from 2006 to 2008. So guess what? We ended up with recommendations that will make the Fund look much more like other aid agencies.

Ms. X: Hang on! The setting up of the Panel, and the composition of the Panel, were both approved by the Global Fund Board. And the Board’s voting procedures are such that no resolution can be passed unless it is supported by two-thirds of both blocs, donor and implementer.

Mr. Y: Yes, but let’s get real. The board members representing implementer countries are frantically over-worked carrying out their “day jobs” as Ministers of Health and the like, and they don’t have the support staff that board members from donor countries have. And there’s also a broader issue: What Sweden is saying openly, and what I suspect other donors are saying privately, is a clear violation of the spirit of the Global Fund. Remember why the Global Fund was set up in the first place: donors didn’t want to give new money to the World Bank or the U.N. system because those systems were too bureaucratic and not sufficiently concerned with actually saving lives. The Global Fund is supposed to be about doing things in a new and more effective way, based on partnership. Donors should either commit to this – and until early this year, I thought they had – or they should withdraw. What kind of a partnership is it if you say, “You are my partner, as long as you do what I want”?

Ms. X: This is realpolitik. He who pays the piper calls the tune. You’re being naively idealistic if you assume that donors will behave in any other way.

Mr. Y: What’s wrong with being idealistic? I’ve been a supporter of the Global Fund for ten years precisely because it is an idealistic yet effective institution that seeks a governance model that is radically different from that of most multilateral institutions. For me, much of the High Level Panel’s report had the smell of a donor-driven attempt to shrink the future ambitions of the Fund (thereby reducing pressure on the donors to give more money) and to make the Fund more of a traditional top-down funding agency – after which, people can always say, “Who needs the Global Fund? We can use existing bilateral and multilateral agencies for this.” I can’t prove all of this – but I can tell you that my nose is twitching!

Ms. X: No, no, now you’re being melodramatic! You’re seeing conspiracies under every bed. The Global Fund is relatively young. It made some mistakes, and now it’s trying to develop a “version 2.0” that can be more effective, that’s all.

Mr. Y: You haven’t convinced me. I agree that the Global Fund isn’t perfect, and I agree that a number of the recommendations of the High-Level Panel were valid. But I feel there’s some hypocrisy here. Why is the Global Fund being subjected to a far higher level of scrutiny than are other funders such as the World Bank, PEPFAR, DFID and the Gates Foundation? Representatives of these institutions are all members of the Global Fund Board. And there they are, sitting in Global Fund Board meetings, saying in effect, “These incidents of fraud by grant implementers are shocking. Implementers must now focus primarily on compliance rather than impact. But please don’t ask me whether my institution has similar problems; that’s confidential.”

Ms. X: Listen, I agree with you – there is some hypocrisy here. But that doesn’t invalidate some of the points made by the donors. And these points are being made by others, also. Look at Mali – every one of its eight Global Fund grants, managed by three PRs, involved some serious misuse of grant funds. How can donors be expected to justify to their taxpayers giving increasing amounts of money to the Fund when

such things happen? Please spare me your liberal rhetoric. Don't talk about "partnership" and "weak systems" here. Fraud involves bad things being done by bad people, with no consideration of the impact that this will have on the people whom the grants are supposed to benefit. The Global Fund is a terrific institution, not least because, unlike other funders, it shines the spotlight on cases where its grant implementers misuse funds. To do so was its own admirable choice. But having done so, it has to show the taxpayers in donor countries that the problems are being addressed. Only then can we expect the donors to increase their pledges – as I hope they will.

Mr. Y: OK; but the point you're missing here is...

Moderator: Sorry, we've run out of time!

Bernard Rivers (rivers@aidspan.org) is Executive Director of Aidspan and Editor of GFO. Ms. X and Mr. Y are imaginary people, but the issues are real enough. We encourage you to join the debate. Send your opinions to debate@aidspan.org.

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