



Independent observer
of the Global Fund

A draft of the official report from July's Global Fund Partnership Forum is now available at the Fund's web site (www.theglobalfund.org/en/about/forum/default.asp). The Partnership Forum is mandated by the Global Fund's bylaws, but it has no legal decision-making role. As the report explains, the Forum's power instead lies in "the moral authority associated with strong recommendations that emerge from a large, diverse and representative cross-section of stakeholders." People who have comments or suggestions on the draft recommendations should submit them to partnership.forum@theglobalfund.org by August 31. These suggestions will be synthesized for review by the Partnership Forum Steering Committee of the Global Fund Board. As the Forum's recommendations are considered by various Board committees, progress will be reported at the above web address. The Forum's purpose was to discuss the effectiveness of Global Fund policies and practices and to consider how they can improve. The Forum was attended by more than 400 people from 95 countries. A majority represented entities directly involved in the Global Fund process -

Principal Recipients (PRs), Sub-Recipients, project implementers, CCM members, Board delegations, and donor agencies. The report was prepared by consultant Jeffrey O'Malley, who also served as the Forum's lead facilitator. The report identified a number of key recommendations, which often included action steps. GFO's summary of these is as follows: Round 5: Delegates called for the Global Fund to launch Round 5 at its next board meeting in November 2004 or in early 2005. A majority endorsed the notion that financing the second stage of successful existing projects should take priority over new initiatives; many called for review of the Fund's "Comprehensive Funding Policy" in order to allow new commitments beyond the level of current cash-in-hand. ACTIONS: Board committee make a recommendation regarding Round 5 before November board meeting. Board to reconsider Comprehensive Funding Policy. Resource Mobilization: The vast majority of delegates expressed concern that the Global Fund was not raising enough money. ACTIONS: Board committee to initiate short-term fundraising to allow the imminent launch of Round 5. Board to develop and make public a long-term resource strategy. Board to establish a standing agenda item to consider resource mobilization. Secretariat to ensure identification of country resource gaps. Donors to provide additional funding for Round 5, plus long-term replenishment pledges. CCMs: Reflecting dynamics at the last Board meeting, civil society participants on the whole argued for converting many of the new CCM recommendations into requirements, while representatives of South governments mostly argued for preserving them as recommendations. In particular, there was broad support for setting the following as requirements: meaningful inclusion of people living with HIV, TB, and malaria; inclusion of the NGO sector; CCM chair and vice-chair from different sectors; CCM chair and vice-chair from a different entity than the PR; strong conflict of interest standards; transparent mechanisms to facilitate input of all stakeholders into proposal development and review; more availability of technical assistance for CCMs; and clearer operational guidelines from the Fund. ACTIONS: Secretariat to

develop more rigorous, auditable standards for CCMs. Board's Governance and Partnership Committee to meet before the November board meeting to prepare a new resolution on these matters. Round System: Many participants recommended a rethinking of the Global Fund's current "round" system for proposals, its role in donor harmonization efforts, and whether its funding commitments should be more long-term. ACTIONS: Board and Technical Review Panel (TRP) to review strengths and weaknesses of the current proposal and round system, and the length of funding commitments. Roll Back Malaria, Stop TB, and other relevant partners to consider adapting UNAIDS "three ones" to initiatives in their fields. Performance: Delegates recognized the importance of strengthening monitoring and evaluation (M&E) systems, and expanding those measures to include not only disease impact, but impact on strengthening the broader health system and fulfilling Millenium Development Goals (MDGs). ACTIONS: Board to ensure that grant recipients are required to gather additional data that measures "additionality," contribution to the health system, and contribution to MDGs. Technical Support: There was broad consensus that technical support and capacity building - both for front-line implementers and for PRs and Sub-Recipients - had not received enough attention in proposal design and approval to date, and that the Secretariat should more actively promote attention to these issues in proposal design. ACTION: Global Fund committee examining technical assistance to consider opening a special funding window for technical support costs, to be sourced from a wide variety of sources, not just UN agencies. Flow of Funds: A clear majority expressed concern about the performance of Local Fund Agents (LFAs), including a lack of in-country presence, delays, and poor communication with CCMs and PRs. The value of a multi-PR model, including an NGO PR, was embraced by many participants. ACTION: The Board and Secretariat to issue clarifying guidance to LFAs and to consider significant changes to the LFA system. Communications: There was broad agreement that the Fund should make all guidelines and official documents available in all six official UN languages, and

should work to improve communication channels among the secretariat, CCMs, PRs, sub-PRs, and LFAs to overcome existing bottlenecks. ACTION: Secretariat to amend its communication plans and its guidance to CCMs, LFAs, and PRs. A separate report from the HDN Team that moderated the PartnersGF eForum identified common themes that emerged from the Partnership Forum, the earlier regional consultations, and the eForum itself. Many of its conclusions echo those in O'Malley's report, as outlined above, but the summary contained several additional points. Some highlights: Success: Efficiency and cost-effectiveness should be included in the rationale for allocating Global Fund monies. Global Fund country experiences should be promptly publicized. And the Global Fund should develop a procurement strategy that takes advantage of bulk purchasing discounts. Resources: In addition to mobilizing donations to the Global Fund, additional local resources for combating the three diseases should be identified. Resources are currently concentrated on AIDS, and should be allocated more equitably to TB and malaria efforts. CCMs: The Global Fund should provide support for CCM secretariats. The Fund should issue explicit guidelines on the selection of constituency representatives on CCMs. Capacity-Building: The Global Fund should support the establishment of Regional Capacity Institutes to provide technical support. Impact: Global Fund impact should be measured not only according to funds disbursed, strengthening of national health systems, and progress toward MDGs, but also according to actual reduction of disease and deaths, reduction in disease-related discrimination, and increase in community involvement.

The Global Fund has launched a web-based Price Reporting Mechanism. This enables recipients of Global Fund grants to provide data on the prices they have paid and the product quality and supplier performance they have received when using their grants for procurement purposes. The data on produce prices is then made publicly available so that anyone interested can compare who has paid how much for which products.

The Price Reporting Mechanism is available at

The existence of the Mechanism produces several benefits. First, it means that countries that are preparing Global Fund proposals can develop a better sense of how much to budget for product procurement. Second, it means that grant-recipients who are negotiating procurement contracts with vendors can do so from a strengthened position as a result of knowing what others have paid. Third, it means that grant recipients will be less tempted to enter into contracts on poor terms that have secret kick-back provisions (so long as they are required to report full details of their purchases). Finally, it means that all stakeholders can be better informed on how Global Fund money is being used.

At present, visitors to the web site can see prices paid by 17 countries in 128 purchases of anti-retroviral drugs costing a total of \$4.8 million. Examples of prices paid found include:

- Five countries purchasing 400mg doses of Indinavir (IDV) between August 2003 and July 2004 paid between \$0.25 and \$0.30 per dose when purchasing from two different manufacturers in India, and paid \$0.28 per dose when purchasing from one manufacturer in the United States.
- Eight countries purchasing 200mg doses of Nevirapine (NVP) between August 2003 and July 2004 paid between \$0.11 and \$0.36 per dose when purchasing from four different manufacturers in India and Cuba, and paid \$3.43 per dose when purchasing from one manufacturer in the United States.

The site warns that care must be taken to consider all factors before drawing conclusions from the price comparisons. Factors to consider include:

- Whether the country making the purchase is a least developed country. (Some such countries are able to access lower prices.)
- Whether the purchase is part of a multi-country agreement established by third parties such as the Clinton Foundation.
- Whether the purchase is from the manufacturer or from a procurement agent.
- Whether the purchase is large enough to benefit from a volume discount.
- Whether the purchase benefits from a price reduction because payment is made in advance of delivery, or suffers from a price increase because payment is made after 30 to 60 days or using a letter of credit.
- Whether the price is increased because immediate delivery is required.

The default report provided at the web site is the Purchase Price Report. This can be sorted by the various columns and can also be downloaded into a spreadsheet for further analysis. Other reports available provide Quality Related Information, Procurement Agent Information, Supplier and Delivery Information, and Financial Information. A detailed manual explains all the options.