



Independent observer  
of the Global Fund

## CHINA CHANGES COURSE ON USING NGOS AS GRANT IMPLEMENTERS

Over the last few months, innovative plans by the China CCM to use an NGO as Principal Recipient for a Round 6 HIV/AIDS Global Fund grant, and to use small grass-roots NGOs for much of the implementation work, have been almost entirely reversed.

The changes have arisen because there are few if any NGOs in China with sufficient experience to serve as Principal Recipient (PR), and because officials in the China government and in large pro-government NGOs have little experience working with a growing network of independent-thinking grass-roots NGOs. The Round 6 proposal was acceptable in principle to most of them; but the reality of implementing it appears to have been more than some of them could handle.

In fact, in countries receiving Global Fund grants, it is relatively common for NGOs to be sidelined when it comes to true leadership in the design and implementation of programmes. “What is happening in China is only an egregious example of what happens in other places across the globe,” commented Gregg Gonsalves, of the AIDS and Rights Alliance for Southern Africa.

The Round 6 initiative, had it taken place as planned, would have been the third impressive HIV/AIDS-related development in China over the past four years.

The first was when the government of China shifted its attitude on HIV/AIDS from almost complete denial to a willingness to openly recognize and confront the issues surrounding the epidemic.

The second was when the government accepted that grass-roots NGOs could elect someone to represent them on the CCM, alongside representatives of “GONGOs” (government-organized NGOs) and “mass

organizations” – both of which can be technically referred to as “NGOs” but neither of which is likely to meaningfully oppose government positions. This was impressive: grass-roots NGOs are growing in number in China, but they find it almost impossible to become officially registered as NGOs, as a result of which they find themselves excluded from most activities involving partnership with government.

The third potential development – the one that has now been largely reversed – came when the government-dominated CCM submitted to the Global Fund a \$14-million Round 6 proposal entitled “Mobilizing Civil Society to Scale Up HIV/AIDS Control Efforts in China.” The proposal stated, “As a project wholly owned by NGOs, it is planned to have roles of both Principal Recipient and Sub-Recipients taken up by NGOs.” The proposal was developed by the CCM’s large, diverse, and relatively independent AIDS Working Group (AWG), which has more than 80 members ranging from unregistered grass-roots NGOs to government officials.

All previous Global Fund grants to China had been largely government-led top-down affairs using as their Principal Recipient (PR) the “Chinese Centre for Disease Control and Prevention of the Government of the People’s Republic of China” (China CDC). A number of CCM members felt that drawing upon the rapidly-developing NGO sector for the Round 6 proposal made good sense, and might improve the chances of the proposal being accepted.

At first, things went well. Despite the very tight schedule, the writing of the Round 6 HIV proposal was a consultative and participatory process. The AIDS Working Group came up with a plan to involve as many NGOs as possible (including both legally registered and unregistered NGOs, GONGOs and academic institutions) on condition that they “filled the gaps” in existing services, reached populations not reached by government programs, and otherwise supplemented existing efforts. The AWG invited NGOs around the country to submit suggestions regarding their potential role in a Round 6 grant, and drew up criteria for choosing among these.

In the end, 84 submissions were received from NGOs, GONGOs and academic institutions, of which 53 were approved by an outside “Review Team” and grouped according to the populations targeted by the project proposals (e.g. MSM, IDU, PLWHA etc). The 16-member “Writing Team” then distilled key activities from the submissions received.

The writing team had less than a month to create a single proposal from all the approved NGO submissions, during which time the team sent several drafts for comment from the AWG and civil society groups. According to one member of the writing team, activities and provinces were chosen in a systematic way based on the scale of the epidemic in each proposed activity area and the gaps in existing government and NGO programming there.

As for the selection of the PR, this was done according to a public bidding process based on criteria developed by the AWG. Only a small number of organizations applied, and their applications were reviewed by a team established by the CCM. The China HIV/AIDS Association – an NGO that is closely linked to the government and is led by a former government official – was finally selected and approved by the CCM without a great deal of debate.

Developments thus far had gone relatively smoothly. But then there was a major roadblock – the selection of the Sub-Recipients (SRs). The Global Fund strongly suggests that any proposal identify the implementing bodies (in this case the SRs), but the Writing Team had neither the time nor the authority to do so. “It was apparent from the very first meeting that there would be fierce resistance if the team had tried to identify the SRs,” said Odilon Couzin, the coordinator of the writing team, “because this would have amounted to ‘deciding who gets the cash’.”

To avoid this conflict, it was agreed the AWG would be involved in drafting the SR selection procedure

and that the initial SRs would be chosen from the list of 53 groups whose submissions made up the “raw material” of the proposal. A list of criteria for SRs to meet was approved and included as an annex in the final proposal – these mainly concentrated on implementation capacity and the ability to support development of grass-roots NGOs as implementing partners.

However, once the proposal was approved by the Global Fund, it became clear that sub-recipient selection was going to be a tough and even contentious process. Radically different versions of the “SR Selection Process” were passed around, with NGOs challenging the PR’s proposed process as an attempt to exclude the very civil society groups that the proposal was supposed to mobilize. They cited examples, such as a requirement that SRs must be legally registered tax-free bodies – an almost impossible feat in China for any organization without strong government ties. Eventually, a second compromise “SR selection procedure” that avoided some of the more contentious points was agreed upon, sent to the full China CCM for review, and approved.

Despite this, it soon emerged that the chosen PR, the China HIV/AIDS Association, was determined to install its own provincial branch associations as SRs in each of the 15 programme provinces. According to local NGOs, the Association dominated consultation meetings at which grass-roots NGOs were deemed not “suitable” to be SRs. This surprised many participants, as the original proposal clearly stated that “Initial sub-recipients will be chosen from the pool of 56 [actually, 53] NGO submissions received and approved by the Review Team.” Although almost none of the provincial HIV/AIDS associations were named in the original submissions, and although they are technically independent of the national HIV/AIDS Association, the national Association claimed that they were all implicitly part of its own submission to serve not just as PR but also as SR, and thus they were eligible to be chosen as SRs.

Then, at the height of these tensions, the Global Fund informed the CCM that the LFA had determined that the China HIV/AIDS Association had “significant weaknesses” which meant that it could not, in its current form, serve as PR. In a follow-up opinion, the Global Fund’s portfolio manager for China recommended that the PR should be the China CDC – the very organization that had served as PR for all previous Global Fund grants to China, and that is categorized by the Global Fund as being a governmental entity. The CCM then agreed that the China CDC would act as PR during the first two years of the programme, with the China AIDS Association acting as the “main SR.”

“It was an odd decision to make China CDC be the PR,” said Jia Ping, who served until recently as the CCM member representing grass-roots NGOs. “This grant is supposed to be an NGO-led grant to fill gaps which China CDC had left in its government-led grants. And China CDC has no capacity to mobilize civil society. On the other hand, no other organization seems to be qualified.”

Forging ahead with SR selection, the newly-assigned PR held numerous “consultation” meetings with various sectors, mostly government and GONGO. What became clear to the civil society participants who went to these meetings, however, was that they were being shut out of the process: “They have changed the SR criteria every time to make the China AIDS Association the only agent that can be the SR,” wrote a staff member from one NGO. “Many of us NGOs feel frustrated that we are being fooled with. We spent so much time, efforts, meetings, and finally it’s still their game.” One by one, NGOs stopped bothering to go to these meetings, as they suspected they were invited merely to maintain the veneer of civil society participation.

Some NGOs report that during this process, they were privately pressured to withdraw their applications to serve as SRs. (None was willing to be named for this article, for fear that this might harm their ability to continue their work on HIV/AIDS.) Eventually, it became clear that grass-roots NGOs were only welcome to become “SSRs”, sub-sub-recipients. In previous rounds, SSRs had received very small amounts of funding and found themselves at the mercy of the SRs.

“My fear is that independent NGOs will have little or no say in the final implementation,” said Couzin, the writing team coordinator. “If this happens, Round 6 could become more of an NGO ‘control’ mechanism than the NGO ‘mobilization’ programme that we originally designed.”

When the final SRs were selected by the PR, at least ten of the fifteen were local branches of the China AIDS Association, and two were GONGOs. None of the selected SRs were grass-roots or community-based NGOs or organizations representing people living with HIV/AIDS (PLWHA).

“The selection of SRs was supposed to be based on their financial and management capacity,” said Jia Ping. “The provincial branches of the China HIV/AIDS Association that ended up being chosen mostly don’t appear to meet the agreed criteria. The results were obviously pre-determined.”

Added Dr. Wan Yanhai, the widely-known leader of Aizhixing, a Chinese grass-roots NGO, “These provincial branches, which are run by retired government people, are hungry for the Global Fund money. They have never received as much money as the Round 6 grant could bring. It will be difficult for them to share it.”

This choice of SRs by the PR appears to be in direct conflict with strong statements in the proposal that “this proposal represents a fundamental shift towards the strong and meaningful participation of civil society” in the implementation process, and that “the project plans to mobilize NGOs, in particular MSM groups, PLWHA groups or networks, to be responsible for the bulk of implementation.” It also conflicted with the observation of the Fund’s Technical Review Panel (TRP), when recommending the proposal to the board, that the goal of this proposal was “empowering NGOs in a bottom-up process that will truly build their capacities”, and that one of the strengths of the proposal was that sub-recipients would be “a cross section of Community Based organizations, Government-operated NGOs, international NGOs and faith based organizations.”

This removal of community-based organizations and PLWHA groups from the list of SRs was not the only problem. At a heated July meeting of the AWG, participants complained that in the workplan that was about to be submitted by the PR to the Fund for approval, activities and budgets had been changed significantly from what was specified in the original proposal. In particular, many of the truly NGO-led activities had been reduced or eliminated. For instance, the indicator “Number of national ARV treatment sites with NGO-led counselling available” had been removed, and budgets assigned for NGO-led activities such as providing treatment counselling and peer education had been cut to 20-25% of their original values. Yet the budget line for staffing the “provincial project offices” – a line which didn’t even exist in the original proposal – was over \$500,000 in Year 1.

The Global Fund Secretariat has not yet approved the workplan or signed a grant agreement for this grant. The Secretariat has the right to say, if it wishes, that too many changes have been made from the original proposal, and the workplan must either be fixed or sent to the TRP for re-evaluation. “If the workplan is not changed to include meaningful sharing of power with grass-roots NGOs and international NGOs, I don’t think the Fund should sign the grant agreement,” said Wan Yanhai.

The decision will no doubt be complex and political, not least because the Fund’s next board meeting will, by chance, be taking place in China in November. Asked for comment, a Fund spokesman said, “The Global Fund is currently working with the CCM and the PR to ensure that the civil society components of the proposal are fully reflected in the grant agreement and will be implemented”.

The relationship in China between three distinct groups – an all-powerful government, NGOs that are close to the government, and grass-roots NGOs – has never been an easy one. The decision by the China government to be serious about fighting HIV/AIDS and to work closely with the Global Fund was a

bold one. It meant, on the one hand, that the government would be forced to work with civil society, in ways that would inevitably lead at times to tensions, and on the other hand, that an externally-moderated framework was now available in which the various parties could get more used to dealing with each other.

But the experience with the Round 6 HIV/AIDS grant suggests that it will be hard for advocates to mobilize – or for the government to permit – a strong civil society response to HIV/AIDS in China. While some more open-minded government officials may agree in principle that there should be cooperation with free-thinking grass roots NGOs, this approach continues to be regarded as threatening by government and pro-government functionaries from the highest to the lowest. If the Round 6 grant is to proceed in China, compromises may need to be made by all the players, and civil society mobilization will most likely not proceed at the pace envisioned in the original proposal. The complicating factor that the Fund has to consider is that insofar as the money is permitted to go to the provincial HIV/AIDS Associations, the Global Fund money that was supposed to unleash the implementation capacity of grass-roots AIDS NGOs will instead partially unleash the capabilities of what one observer described as “government-sponsored ‘minders’ ” of these same NGOs.

[Note: China CDC, the China HIV/AIDS Association, and the China Ministry of Health were approached by GFO several days ago, but chose not to submit comments regarding the issues raised in this article.]

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