



Independent observer  
of the Global Fund

## High Level Panel Expresses Strong Opinions On Many Global Fund Issues

The High Level Panel wrote a report that is full of strong, clear and blunt opinions. Some detailed excerpts are provided in Articles 3, 4 and 5 below. Some highlights from those excerpts are provided here:

- Significant areas of the Global Fund's practices require improvement, but the Panel has not identified a problem that cannot be fixed.
- The Global Fund is a vital part of what makes health care function in many countries – its failure would bring tragic, cataclysmic consequences.
- The Global Fund is now more mature, and its culture must shift from emergency response to sustainability and heightened fiduciary responsibility.
- The Panel believes [that] economic distress among donor nations and [other factors] imperil the sustainability of the Global Fund more than the organization has acknowledged.
- CCMs in some countries asked for and received more money than they could deploy efficiently, which distorted health budgets and created incentives for recipient Governments to shift their own national resources away from the three diseases.
- Austerity among the donors makes the Global Fund more vulnerable now than at any time in its history. The halcyon days of ever-increasing budgets for global health are over.
- The Global Fund's Board will have substantially less to devote to new grants in Round 11 than the estimate of \$1.5 billion published in May 2011. The Panel finds this situation a cause for deep concern.
- [The Global Fund must] change or wither.
- An insufficiently rigorous scrutiny of budgets in proposals allows for padding, easily exploited post-approval.
- The challenge is not to avoid risks, but how to develop appropriate mitigation strategies to identify,

assess and manage them.

- While “country ownership” is a founding principle highlighted in the Framework Document, there does not appear to be a shared perception about what the term means in practice.
- All too often, CCMs only pay lip service to inclusive decision-making, and do not exercise genuine or meaningful oversight of grants in action.
- The Panel has found a number of senior Government officials who seem to regard the programs underwritten by the Global Fund as someone else’s responsibility. The conveniently faceless “Global Fund” takes the blame for every setback – stock-outs, delays, red tape – when local actors might actually be at fault.
- The Global Fund needs to exercise greater oversight of how PRs choose and handle their SRs.
- The procurement, storage and distribution of pharmaceuticals represent significant vulnerabilities.
- The procurement and management of pharmaceuticals and medical products poses larger risks to the Global Fund’s finances, operations and reputation than any other activity in its business model.
- The manipulation of tendering and bidding for contracts to furnish drugs, bed nets and supplies, whether for political or economic reasons, is a font of corruption.
- Stock-outs at the facility level are sometimes artificial, as drugs remain at the Central Medical Stores but do not get out to the right patients at the right time.
- The Global Fund has sometimes suffered from a blind spot on theft.
- While the Panel might not have advised the Global Fund to accept the provisions of the agreement with UNDP eight years ago, it does not recommend re-negotiating the arrangement now.
- The Panel met with CCMs that range from highly functional to moribund.
- [With CCMs], the Global Fund has made ordinary and expected what was unthinkable in dozens of nations ten years ago.
- Like democracy itself, the CCM can be an inelegant and imperfect instrument.
- CCMs in large countries tend to put forward enormous proposals, which, if approved, can crowd out smaller, but perhaps needier, applicants.
- In many places, the decision-making over what goes into a Global Fund application is closed, and Governments and insiders on the CCMs tend to dominate and “divide up the pie”.
- Successful applicants all perceive the budget ceiling the Board gives them as an entitlement, not the starting point for reductions, as is the reality.
- The Government-based implementing constituencies [on the Global Fund Board have] little institutional memory and a muted presence.
- The Board should reconsider the eligibility of large, quickly-growing and powerful economies, such as the People’s Republic of China, India, Brazil, Russia and Mexico.
- The current ratio between priority grant-related [Secretariat staff] and [Staff involved in] other activities need a radical shift [from the current 50:50]: first to 60:40, and then to 70:30, at least.
- Fund Portfolio Managers (FPMs) currently have no delegated financial powers, so they must refer upwards every adjustment with a financial implication, sometimes through several layers of management, with consequent delays to business.
- Because of frequent turnover and the lack of written manuals and standard operating procedures, local LFA personnel and CCM members have [sometimes] served as the de facto trainers of the Global Fund’s staff.
- The FPMs are drowning in data, much of it of questionable value.
- The Panel is concerned by an erosion of confidence in the EMT throughout the Global Fund. The responsibility for leading and shaping the EMT to take up its proper role rests squarely with the Executive Director and Deputy Executive Director.
- LFAs are now moving beyond just being the “eyes and ears” of the Secretariat, to acting more and more like the “nose,” as they must sniff out fraud risks and actual fraud.
- The LFAs spend most of their time in completing templates and answering questions that are not materially relevant.
- Quote: “For many sub-recipients, the LFA is like God: We believe in Him, we know He exists, but we have never touched Him.” – A CCM Chair

- From the beginning, the senior management at the Secretariat did not favor the creation of the OIG, and lobbied Members of the Board against the idea.
- Some friction between an OIG and management is natural, and probably unavoidable and healthy; but the degree to which the relationships have deteriorated at the Global Fund is a cause for concern.
- Many of the [OIG] audits have taken between nine months and one year, from initial preparation through field work to drafting and release. The Panel considers this too long.
- The Panel was surprised by the negative reaction, in country after country, to the way the OIG's teams who visited those places conducted themselves in the course of audits and investigations.

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