



Independent observer  
of the Global Fund

## Excerpts From the High Level Panel's Introductory Overview on "The Global Fund in the New Economic Reality"

### Noble Purpose and Positive Results

The Global Fund to Fight AIDS, Tuberculosis and Malaria is the largest and most important of what some observers have called "The New Multilaterals"...

The work we have done, especially during our field visits, has reinforced for us a belief and appreciation of the noble purpose of the Global Fund, and of the importance of ensuring its success... Significant areas of the Global Fund's practices require improvement, but the Panel has not identified a problem that cannot be fixed... The goal of the oversight mechanisms of the Fund should be to encourage, reward and provide incentives for implementers at country level to design, adopt and operate their programs more effectively.

### The Failure of the Global Fund Would be a Global Health Catastrophe

Quote: "Ten years ago, we were facing an enemy we didn't know well, in an emergency, and it's natural we created redundancies. What we need now is not an emergency response, but a sustainable response for a generation." – Member of the Global Fund Board

Ministries of Health are moving away from an exclusive, physician-centric approach, to now building partnerships with civil society and at the community level. Governments are changing the way they deliver health care, and in many places are more accountable for the quality of those services, because of the focus in Global Fund grants on concrete results. The Global Fund is a vital part of what makes health care

function in many countries – its failure would bring tragic, cataclysmic consequences...

Faced with the choice, at its inception, to manage itself as a private-sector entity or as a multilateral organization, the Global Fund found a space between the World Health Organization (WHO) and other multilaterals. A deep attachment to “The Global Fund Model” exists within the organization and among stakeholders, but recent events and the realities of operating in intrinsically risky environments have prompted some soul-searching about whether and how the model can survive in the current climate...

### From Emergency to Sustainability

The Global Fund is now more mature, and its culture must shift from emergency response to sustainability and heightened fiduciary responsibility...

The Panel believes a combination of economic distress among donor nations and the OIG reports that prompted the creation of this review imperil the sustainability of the Global Fund more than the organization has acknowledged. A new economic reality, new technologies, and new epidemiological patterns compel the Fund to adjust, and it must reform itself to remain relevant. Three large trends will force the Fund to change: austerity, accountability and innovation...

Austerity: An unprecedented outpouring of resources allowed the Global Fund and other initiatives to launch a rapid series of measures, including the mass expansion of anti-retroviral therapy and bed-net coverage, on a scale earlier dismissed as nearly impossible. Yet, 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.

The economic crisis that is still gripping the major industrial economies has brought that era to a close. 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 can no longer count on appealing to key political figures in large donor countries to increase their nations’ contributions as a matter of pride or in the name of “solidarity”...

Of necessity, the Global Fund is entering an era of consolidation, not expansion... The Panel has seen a high degree of vulnerability, and accelerating deterioration, in the Global Fund’s financial outlook for the next three years. As a result, based on current estimates from the Secretariat, 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 Board should re-evaluate Round Eleven, and take serious measures, immediately, to account for the new financial reality...

Maintaining the confidence of the donors is one of the most important tasks of the Global Fund’s leadership...

Accountability: Imprecise or erroneous data numbers...will have a further, negative effect on the Global Fund’s ability to reassure donors...

The Global Fund must compete much more openly for the attention of donors by demonstrating it is

investing for impact and safeguarding its resources... Strengthened civil-society organizations in recipient countries are much more active than before. Patients and beneficiaries around the world have a much greater knowledge of what they should be getting from assistance programs, and a much greater capacity to make their views known when they believe they are being short-changed...

The Global Fund's Board, donors and recipients must recognize a mutual culpability, born of noble intent... The Global Fund had inadequate accountability mechanisms... – a situation that is no longer acceptable today... The Global Fund's Board and Secretariat have begun to address these weaknesses, but they need to deploy resources to do so in a more-sophisticated way, and...to focus on setting clear expectations and rules for recipients that reflect the need for more-stringent tracking of finances and performance...

Phase-Two continuation of grants for the last three Rounds, which are coming due now and over the next year, total \$2.3 billion. These Phase-Two decisions, which are dependent on performance, pose a huge exposure for the Fund, and deserve careful scrutiny.

Innovation: New diagnostic tools for malaria and tuberculosis could eliminate much of the mistaken identification of patients' illnesses and the consequent waste of resources as programs pay to treat people for diseases they do not have... Evidence that suggests a tremendous preventative effect in treating all HIV-positive people with anti-retroviral therapies early in the course of their disease portends a re-thinking of AIDS strategies overall.... The widespread availability of mobile phones makes possible the reporting of data from far-flung sites, in real time, which raises the stakes and expectations for confirming measurable results...

### Change or Wither

Quote: "Maybe the money was too free and easy before; now that the austerity is coming, maybe people will have to work together better." – CCM Member

Events of the last two years have shown the limitations of the Global Fund's approach to its portfolio... An insufficiently rigorous scrutiny of budgets in proposals allows for padding, easily exploited post-approval...

"Holding on to the Global Fund Model" means being prepared to make significant changes... A one-size-fits-all approach to approving and managing grants is no longer appropriate nor effective. The Global Fund must be much more assertive about where and how its money is deployed; it should take a more global look at the disease burden and better determine who needs the money most...

Unlike banks or other financial institutions, the Global Fund cannot avoid risks by simply denying funding;

lives are at risk, and the very purpose of the organization is to save them... The challenge for the institution then is not to avoid risks, but how to develop appropriate mitigation strategies to identify, assess and manage them. ...The Global Fund experience has shown that responsible actors in recipient countries, even very poor ones, can manage money effectively by employing good governance and management...

In the end, the Global Fund itself cannot be the guarantor of accountable results; the recipient countries, especially their Governments, must be. The model will not work if the only outcome of a reform process is simply strengthening the headquarters operations in Geneva. The Fund should set its own eventual phasing-down as its primary long-term goal, through reducing morbidity and mortality from the three diseases and promoting maximum self-sufficiency on the ground, as the programs become self-sustaining and the recipient countries assume an incremental share of the financial and operational burden...

This report analyzes the past and current state of the elements of the Global Fund system, and suggests ways the Board and Secretariat can adapt the organization to the new realities it faces...

### Moving Toward Real Country Ownership

While “country ownership” is a founding principle highlighted in the Framework Document, there does not appear to be a shared perception – inside or outside the Global Fund – about what the term means in practice...

Many recipient Governments appear to regard Global Fund-financed programs as little different from those of other donors. They frequently hire external experts to prepare template-driven grant proposals for the Global Fund that the CCMs then “rubber-stamp.” 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 Ministers of Health and senior Government officials who seem to regard the programs underwritten by the Global Fund as someone else’s responsibility. In situations in which the political leadership and civil society do not know and embrace the grants, the generic and conveniently faceless “Global Fund” takes the blame for every setback in the three diseases – stock-outs, delays, red tape – when local actors might actually be at fault...

National disease-control programs... within Ministries of Health... can operate as semi-autonomous fiefdoms disconnected from each other and their parent organizations, to the extent that people on the ground commonly refer to them and their employees as “the Global Fund.” (The frequent use by staff at PRs of the Global Fund’s logo on business cards and vehicles does not help to dispel this perception.)...

In nations where political and civil leadership really make the Global Fund grants their own, however, the change is impressive. Governments treat the financial flows from the Global Fund as if they were local tax monies; they report them on budget, and National Auditors review them and the performance of the grant programs as a regular part of their work. Parliaments hold Ministers accountable for what they do with Global Fund monies. Accounts and progress against indicators are published transparently. Local faith-based and secular organizations send volunteers to monitor compliance and check on the quality of the delivery of services at sites managed by sub-recipients. CCMs create subcommittees to solve technical issues and exercise real oversight responsibilities. In short, in these places the Global Fund has fostered good governance.

Within the Fund Secretariat, meanwhile, the constantly reinforced, but hazily defined, ideology of “country ownership” has bred a culture of passivity in grant management. Many FPMs appear reluctant to extend themselves proactively to anticipate or help solve problems, or broker the provision of technical assistance, for fear of crossing a line into “micromanagement.”... The almost complete deference to CCMs and PRs in places with low capacity can mean that local implementers wander through the life of their grants with little guidance from the Global Fund, performing poorly...

In the Panel’s view, true partnership means not always saying “yes.” A commitment to “country ownership” does not mean relaxing one’s vigilance against leakage, corruption, mismanagement and a lack of capacity to absorb. It does not mean writing a blank check without communication, follow-up or accountability. And it does not mean applying such a hands-off approach that grantees struggle with implementation when a proactive approach could help relieve bottlenecks. “Country ownership” needs to look different from place to place, depending on the ability and willingness to accept and exercise responsibility for Global Fund programs, and the Panel will suggest a way to redefine the concept for the future.

The full text of the introductory section of the High Level Panel’s report, from which the above excerpts were taken, is available [here](#).

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