

## The Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM)

### 1) QUANTITY OF AID

#### 1.1. Current/Recent Quantity Performance:

Net Disbursements (\$ US million)	1,252
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Source: OECD/DAC, 2006 data.

Since being established in 2002, disbursements have increased dramatically.

Net Disbursements (\$ US million)						
	2001	2002	2003	2004	2005	2006
GFATM	0	1	216	586	995	1,252

Source: OECD/DAC, Statistical Annex Table 17.

#### 1.2. Future Quantity Intent

PLEDGES by YEAR DUE (\$ US million)							
2001 - 04	2005	2006	2007	2008	2009	2010	Later or Pledge to be Confirmed
3,406	1,507	2,036	2,704	3,021	2,503	1,169	1,666

Source: GFATM (2009a).

The above table indicates that Global Fund pledges have increased significantly in recent years. According to a board decision reached on April 27, 2007, the Global Fund to Fight AIDS, Tuberculosis and Malaria will need to at least triple in size by 2010 – reaching a spending target of \$6 billion per year – to meet projected demand. Further increased demand from developing countries for Global Fund financing could potentially raise this figure to \$8 billion (GFATM, 2007k).

### 2) KEY AGENCIES/MECHANISMS

#### 2.1 Agencies and Structures

The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) is a Swiss foundation, which presently contracts its administration to the World Health Organisation (WHO). It channels funds from governments, businesses and individuals to grant programmes that fight AIDS, Tuberculosis and Malaria.

The Fund is governed by an international board consisting of twenty voting members, including government representatives from donor and recipient countries as well as representatives from affected communities, private sector businesses, philanthropic foundations and NGOs. Half of the members come from developed nations; the other half from developing. Four non-voting members represent agencies, such as

UNAIDS, WHO and the World Bank. The World Bank is also the Global Fund's trustee. A 275-strong Secretariat in Geneva is responsible for the day-to-day management of the Fund. All Global Fund activities must conform to a comprehensive set of by-laws that set out the Fund's mission and rules (GFATM, 2007c).

For a current list of pledges and contributions refer see the link to the spreadsheet on GFATM (2009a).

One of the main principles of the Global Fund is that all programs are country-led and country-managed. The Fund does not have country offices, so grant application and implementation is overseen by various country-level entities. A country-level public-private partnership, the Country Coordinating Mechanism (CCM), is responsible for overseeing grant applications, coordination amongst health donors, and monitoring grant implementation (GFATM, 2009b). The CCM is responsible for nominating one or more Principle Recipients (PR), a local public or civil society entity legally responsible for grant proceeds and implementation. The UNDP is used as a PR in cases of last resort. Then, Local Fund Agents (LFAs), selected by competitive bidding procedures, are hired to assess the capacity of the PR and to audit financial and programmatic progress (GFATM, 2009c). Global Fund funding is not intended for discrete, vertical projects; rather funds should be integrated into the country's national strategy to fight the disease and become part of the country program.

## 2.2 Key Policies and Documents

### How the Global Fund Works

GFATM (2007f) sets out the Global Fund's guiding principles.

### A Strategy for the Global Fund: Accelerating the Effort to Save Lives (GTATM, 2007k)

The strategy outlines three organizational objectives: Expand the fund to meet demand, adapt the fund's approach to align with recipient country institutions and procedures, and enhance the fund's impact through innovative strategies and the further inclusion of civil society and the private sector.

## 3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

### 3.1. Recipient Countries

Regional distribution of disbursements from 2001-2008, as share and million USD

East Asia & the Pacific	14%	980.7
Eastern Europe & Central Asia	10%	719.9
Latin America & the Caribbean	9%	643.1
North Africa & the Middle East	6%	428.4
South Asia	7%	502.5
Sub-Saharan Africa: East Africa	26%	1,866.7
Sub-Saharan Africa: Southern Africa	16%	1,150.4
Sub-Saharan Africa: West & Central Africa	13%	943.8

Source: GFATM (2009d)

55% of GFATM disbursements were made in Sub-Saharan Africa, and the majority of these have been in East Africa. With the continuing prevalence of HIV/AIDS, TB and malaria in Sub-Saharan Africa, it is likely this region will continue to remain a Global Fund priority. 136 countries have received Global Fund financing.

### **3.2. Allocation Criteria**

#### **3.2.1. *Pre-selection criteria***

All low and middle-income countries are eligible to receive funding, however middle-income countries must ensure a predominant focus on ‘key affected populations’ in their proposals, namely at-risk groups such as women and girls, youth, homosexuals, drug users and migrants. As well, the Global Fund will fund no more than 65% of programs for lower-middle income countries and 35% for upper-middle income countries (GFATM, 2009f).

#### **3.2.2. *Allocation criteria:***

Funding is allocated based on proposals developed in country and submitted to the Global Fund. Grant applications by recipient countries are reviewed by a Technical Review Panel (TRP), consisting of health development experts who can propose unconditional or conditional approval, rewriting or outright rejection of applications. If an application is approved by the TRP, then allocation is only dependent on the availability of funds. Thus far, the TRP has recommended funding for 40% of the proposals submitted. The TRP recommendations are sent to the Board, which can accept or reject the TRP’s recommendations. It is the Board that finalizes all funding decisions.

After a proposal is approved by the TRP, the Secretariat works with the country to develop a two year grant agreement and clarify issues in the proposal. Proposals must be signed within one year of approval by the Board.

Positive results during the initial two-year phase are required for the entry into Phase 2 with respective grant renewals. In case of limited resources, renewals of grants for Phase 2 programmes are prioritised over new Phase 1 programmes, although the Fund has never been forced to cut funds due to lack of resources. The Phase 2 review sometimes reduces the amount of funding requested when it is apparent that the Phase 1 program under spent and absorptive capacity is a problem.

The Fund has recently begun two important new programs. First, the Rolling Continuation Channel (RCC) allows well-performing grants that reach the end of their five year lifecycle to apply for an additional six years of funding, reviewed after three years. Approximately 25-30% of grants will qualify for RCC funding. Second, the Fund is now allowing grants in the same disease with the same PR to consolidate, which will greatly reduce paperwork and reporting burdens.

## **4) AID POLICIES**

The Global Fund represents a standardised financing tool, providing grants upon request. Practices on the Fund’s side are thus very uniform and differences can be found mainly in the elaboration and implementation of programs, which is the responsibility of Country Coordinating Mechanisms (CCMs).

#### 4.1. Concessionalality

All GFATM disbursements are in the form of grants.

Grant share of commitments	100%
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Source: GFATM, 2005.

#### 4.2. Types of Assistance

All aid is project-based, including stand-alone technical cooperation, sectoral projects and commodity assistance in the form of drugs and other purchases.

The GF has funded SWAp in two cases: Mozambique and Malawi. The GF is willing to participate in more SWAps. The main issue is that the Fund is results-based, and it is difficult to set up a SWAp arrangement where the Fund can report back to the Board on results.

In 2006, 44% of funds went into treatment, 33% to prevention, 7% to care and support, and 16% to monitoring, evaluation, administration and capacity-building programs (GFATM, 2007l).

The Global Fund does not deliver any form of Technical Assistance.

#### 4.3. Channels of Assistance

Channels of assistance vary significantly from country to country. However a study of 2006 budgets showed that 40% of funds were allocated through Ministries of Health, 18% through other government agencies, 30% through NGOs, 9% through multilateral organizations and 2.5% through the private sector (GFATM, 2007l).

#### 4.4. Sectors and Projects

Disease	% of funding (commitments)
HIV/AIDS	61%
Malaria	25%
Tuberculosis	14%

GFATM (2009d); 2007 data

Global Fund grants are allocated on a demand basis. While the Fund aims to achieve an overall balanced portfolio in terms of the diseases being tackled, individual countries' needs determine the focus of respective programs. However, programs are mostly limited to interventions specific to AIDS, Malaria and Tuberculosis. Health Sector Strengthening is sometimes integrated within disease components and is as such geared towards increasing capacity to tackle the three diseases. There is some disagreement among GF stakeholders about whether the focus should remain on HIV, TB and malaria, or if the Fund should work on a broader variety of health issues. For now, the Board is committed to focusing on the three diseases.

#### 4.5. Flexibility

Due to the specific target of the Global Fund, no reallocation of funds across sectors is permissible and no formal anti-shock facilities are in place. Grant activities can be re-programmed, but if the re-programming is material, the Board must approve of changes.

#### **4.6. Predictability**

Global Fund programs are scheduled for an initial two-year period. After satisfactory completion, programmes can be extended for a second phase of three additional years. As mentioned above, the new RCC will add another 3-6 years of programming for high-performing grants. The Global Fund has now set fixed round dates, with one round of funding per year.

#### **4.7. Conditionality**

The Global Fund sets conditionalities on grants depending on concerns about the program as well as the country. The Additional Safeguard Policy is invoked for countries like Myanmar, Cuba, Iran, and others with (perceived) close ties to terrorism, corruption, or concerns about governance.

The Global Fund will suspend, terminate, or close programs where it deems necessary. Six grants, three in Ukraine and three in Myanmar, were terminated by the Secretariat, in Ukraine due to corruption and in Myanmar due to failure to follow the Additional Safeguard Policy by denying access to project sites. Grants in Uganda were suspended due to corruption, but allowed to recommence when safeguards were put in place. The Board of the Global Fund has also made a “No Go” decision to end nine grants after the first two years of the program due to poor performance.

#### **4.8. Policy Dialogue**

Global Fund support is independent of other organisation’s endorsement of recipient policies. Country leadership is encouraged through the demand-driven approach in which recipients apply for funds with project proposals developed by CCMs that encourage sector-wide coordination between government and other sectors.

### **5) AID PROCEDURES**

While aid procedures tend to be uniform across different countries, they have become more flexible over successive rounds, as the Global Fund adjusts to lessons learned.

#### **5.1 Conditions Precedent**

The below are not really conditions precedent. They must be met before the TRP can review the proposal, but they are not CPs to the grant.

CPs in the grant agreement usually refer to an approved procurement plan, M&E plan, Conflict of Interest Policy, staffing needs for the PR, accounting mechanisms, etc.

To submit applications, a country coordination mechanism (CCM) needs to be put in place that fulfils the following six conditions (GFATM, 2009e):

1. CCM members representing the non-government sectors must be selected /elected by their own sector(s) based on a documented, transparent process, developed within each sector.
2. All CCMs are required to show evidence of membership of people living with and/or affected by the diseases.
3. CCMs are required to put in place and maintain a transparent, documented process to solicit and review submissions for possible integration into the proposal.

4. CCMs are required to put in place and maintain a transparent, documented process to nominate the Principal Recipient(s) and oversee program implementation.
5. CCMs are required to put in place and maintain a transparent, documented process which ensures the input of a broad range of stakeholders, including CCM members and non-CCM members, in the proposal development and grant oversight process.
6. When the PRs and Chair or Vice-Chair of the CCM are the same entity, the CCM must have a written plan in place to mitigate against this inherent conflict of interest.

Submissions from non-CCM entities can only be accepted under exceptional conditions, as in the case of civil wars, emergencies, failed states, among others.

In general, the Global Fund does not set up PIUs. However, the Paris survey (indicator 6) does report PIUs in 5 countries (with none reported in 42 other countries).

### **5.2 Disbursement Methods**

Disbursements are made through the World Bank, which acts as the Global Fund's trustee. As the Principal Recipient is responsible for all procurement, disbursements are made in the form of advance cash.

### **5.3 Disbursement Procedures**

Information on disbursement procedures is currently being compiled.

Local Public Financial Management systems are used on average for 2/3 of Global Fund resources.

### **5.4 Procurement Procedures**

Global Fund aid is not tied. Principal Recipients have to write procurement plans, which among the Fund's biggest 60 grants have, on average, taken 10 months to complete. According to the Paris declaration (indicator 5b), there are 3 countries in which all GF resources make use of the local procurement systems (Cameroon, Mozambique and Vietnam).

### **5.5 Coordination**

The Fund has strong M&E and works with the country's unified M&E system. Coordination is encouraged, but the GF doesn't have in-country presence. Some CCMs have been merged with National Aids Councils (NACs) to encourage coordination.

According to the Paris Survey (indicator 10a), in most countries, GF missions are not co-ordinated, with a typical country receiving 3 missions per year. Where there are co-ordinated missions, best practice can be found in Nicaragua and Madagascar (100% coordinated). In Cote d'Ivoire, all missions and analytical work (Indicator 10b) were conducted jointly. The Global Fund had analytical work carried out in very few countries. This was done jointly in Egypt and Papua New Guinea also.

**Key Sources** (*All internet sources were accessed in January 2009*)

For a good general overview of the Global Fund,

[www.cgdev.org/section/initiatives/active/hivmonitor/funding/gf\\_overview](http://www.cgdev.org/section/initiatives/active/hivmonitor/funding/gf_overview)

GFATM (2007b) “Global Fund to Seek \$6-8 billion per Year by 2010”, press release, 27 April, accessed at [www.theglobalfund.org/en/media\\_center/press/pr\\_070427.asp](http://www.theglobalfund.org/en/media_center/press/pr_070427.asp)

GFATM (2007c) “GFATM By-laws”, as amended April 2007, accessed at [www.theglobalfund.org/en/files/about/governance/Bylaws\\_governance.pdf](http://www.theglobalfund.org/en/files/about/governance/Bylaws_governance.pdf)

GFATM (2007f) “How the Global Fund works”, accessed at [www.theglobalfund.org/en/about/how/](http://www.theglobalfund.org/en/about/how/)

GFATM (2007k) “A Strategy for the Global Fund”, accessed at <http://www.theglobalfund.org/en/publications/other/strategy/>

GFATM (2007l) “The Global Fund: Results at a Glance”, accessed at [http://www.theglobalfund.org/documents/publications/onepagereports/RR2007\\_ResultsAtGlance\\_en.pdf](http://www.theglobalfund.org/documents/publications/onepagereports/RR2007_ResultsAtGlance_en.pdf)

GFATM (2009a) “Pledges and Contributions”, accessed at <http://www.theglobalfund.org/en/pledges/>

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GFATM (2009c) “Core Structures”, accessed at <http://www.theglobalfund.org/en/structures/?lang=en>

GFATM (2009d) “Distribution of Funding After 7 Rounds”, accessed at <http://www.theglobalfund.org/en/distributionfunding/?lang=en>

GFATM (2009e) “Guidelines on the Purpose, Structure, Composition and Funding of Country Coordination Mechanisms and Requirements for Grant Eligibility”, accessed at [http://www.theglobalfund.org/documents/ccm/Guidelines\\_CCMPurposeStructureComposition\\_en.pdf](http://www.theglobalfund.org/documents/ccm/Guidelines_CCMPurposeStructureComposition_en.pdf)

GFATM (2009f) “Country Eligibility Criteria”, accessed at <http://www.theglobalfund.org/en/eligibility/?lang=en>