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Review of a Decade: Global Fund Annual Reports 2006-2015

This review looks back into the 10 years of Global Fund highlighting its important contributions and areas that need to be improved.

Introduction

The Global Fund to Fight AIDS, Tuberculosis and Malaria was created in 2002 in order to increase effectiveness to fight against three pandemics: AIDS, tuberculosis and malaria. Specifically, the fund deals with prevention, treatment, care and support of the aforementioned diseases. It involves partnership with various stakeholders (government, civil society, private sector and communities). It is a partnership based initiative and does not involve direct implementation of the policies advocated. Rather, it encourages and relies on local bodies for the implementation of such programmes.

The concept of Global Fund was envisaged when the rise of epidemics and issues of public health became the centre of world's development agenda from the beginning of 21st century. This brought about some efforts at the regional level such as the meeting of G8 countries in 2000, conference of African leaders in Nigeria in 2001 and United Nations General Assembly Special Session on AIDS in June 2001. Finally, a Transitional Working Group was formed to develop a framework to devise a plan for structuring and operation of the Global Fund. January 2002 marked the official commencement of this fund after the establishment of the Secretariat.

Currently, Global Fund is the premier multilateral funder in global health as it channels 82 percent of the international financing for TB, 50 percent for malaria, and 21 percent of the international financing against AIDS. Global Fund has contributed much to achieving international targets set against these diseases as it facilitates provision of antiretroviral therapy for people living with HIV, TB treatment under DOTS and insecticide-treated nets to prevent the transmission of malaria. It has financed the distribution of 270 million insecticide-treated nets to combat malaria, provided anti-tuberculosis treatment for 9.3 million people, and provided AIDS treatment for some 3.6 million people. In 2009, the Fund accounted for around 20 percent of international public funding for HIV, 65 percent for tuberculosis, and 65 percent for malaria.

Global Fund has the provision of Country Coordination Mechanism with representation from governments, nongovernmental organizations, civil society, multilateral and bilateral agencies. It is a financing mechanism rather than an implementing agency. This means that monitoring of programmes is supported by a Secretariat of approximately over 400 staff (as of mid-2012) in Geneva. Implementation is overseen by Country Coordinating Mechanisms, committees consisting of in-country stakeholders that need to include, according to GFATM requirements, a broad spectrum of government, NGOs, UN, faith-based, private sector and people living with the disease. This has kept the GFATM Secretariat smaller than other international bureaucracies, yet it has also raised concerns about conflict of interest, as some of the stakeholders represented on the CCMs may also receive money from the GFATM, either as Principal Recipients, Sub recipients, private persons (e.g. for travel or participation at seminars) or contractors the private sector. The funds are channelized through Country Coordination Mechanism after Coordinated Country Proposals with budget are accepted and disbursement is done as per the provision mentioned in the proposal.

The Global Fund's investments in support of programmes in 2015 to control the diseases have reinvigorated health systems by easing pressure on them, as people get healthier. In many countries, investments in antiretroviral therapy (ARV therapy) have brought benefits to the health system by reducing hospitalizations and decreasing mortality due to HIV. As the number of patients on ARVs increased, hospitalizations decreased dramatically, providing the opportunity to expand hospital admissions for other health needs. Likewise, fewer people, including health workers, died of AIDS-related complications, allowing domestic resources to be reinvested in other areas of the health system.

Achievements of a Decade: A Review of Annual Reports from 2006 to 2015

This review has mainly focused on five major components highlighted in the annual reports:

1. Policies
2. Mechanisms
3. Distribution of Services
4. Bilateral/Multilateral Support and Coordination

Policies

Global Fund had to ensure that the effectiveness of fund provided is maintained. Therefore, it came up with a policy of Rolling Continuation Channel (RCC) which provided incentive for grant utilizers with better performance through continued funding for additional six years. Recognizing the necessity of

addressing gender concerns, a policy was made in November 2007 by the Secretariat to devise a gender strategy. The Secretariat itself went through restructuring and becoming an administratively autonomous international financing institution as per the annual report of 2008. However, the 'corporate like' structure of Global Fund went through a major shift in 2009 with the adoption of **'Country Team Approach'**. With this policy, the fund received wider insights from various professionals dealing with law, finance, procurement, supply management, monitoring and evaluation.

The 2011 report sets out **five strategic priorities** for the Global Fund:

1. Investing more strategically - investing only in the highest impact interventions in the highest-impact countries and populations
2. Evolving the funding model utilizing a more flexible, iterative funding model
3. Actively supporting grant implementation success – actively managing grants based on impact, value for money and risk
4. Promoting and protecting human rights – integrating human rights considerations throughout the grant life cycle
5. Mobilizing resources – attracting additional funding from current and new sources, and being innovative in the opportunities that we provide for this to occur.

A major development of 2010 was the launch of **First Learning Wave of National Strategy Applications**. The rationale behind coming up with this policy was to work closely with the countries and align Global Fund's priorities with specific priorities of the countries and supporting in developing national disease strategies of the respective countries.

The board came up with some priorities in 2012 such as:

1. Oversee, under the direction of newly appointed general manager Gabriel Jaramila, a transformation in the secretariat
2. Agree upon a new funding and business model that allocates financial resources based on need
3. Transition of the Board
4. Appointment of new Executive Director, Mark Dybul on November 2012
5. Global fund entered into a replenishment year in 2013 to raise necessary resources for the coming 3 years to seize the opportunity to control HIV, TB and malaria

In 2013, Global Fund came up with some funding policies. They can be listed as follows:

1. Comprehensive Funding Policy

The Comprehensive Funding Policy (CFP) regulates the level of notional assets that should be in the possession of The Global Fund to cover anticipated financial liabilities over a given allocation period. In 2013, the Global Fund has started the process of revising the CFP, which was originally prepared for the rounds-based funding approach The amended CFP fully supports the implementation of the newly introduced, allocation-based funding model by providing applicants with predictable and maximized funding allocations that can be accessed at any time during the three-year allocation period. It relies on a robust financial management framework that facilitates universal applicability of the CFP across allocation periods, while providing for an orderly transition from one allocation period to the next.

2. Foreign Exchange Policy

A standalone framework that establishes measures to minimize the risks linked to fluctuations in foreign exchange rates, while ensuring that required amounts are available at the right time and in the required currency.

3. Investment Policy

A revision of the current investment practices started in 2013 and adapted to meet the new cash management following the requirements of the New Funding Model. Moreover, the primary investment objective of the Global Fund is to ensure that funds are available as needed to make good on commitments on a timely basis. The secondary investment objective is to maximize returns subject to prudent risk limits.

Mechanisms

The Global Fund has been developing various mechanisms in order to support and implement its policies. One such initiative was '**Debt2Health**' launched in September 2007. As per that initiative, under individually negotiated agreements, creditors relinquish a part of their rights to re-payment of loans on the condition that the beneficiary country invests the freed-up resources into approved Global Fund grants. First, such agreement was signed between Germany and Indonesia for the conversion of Euro 50 million. In 2010, some other initiatives were launched or expanded such as Affordable Medicines Facility – malaria (AMFm), launched in 8 countries (Cambodia, Ghana, Kenya, Madagascar, Niger, Nigeria, Tanzania (United Republic, including Zanzibar) and Uganda). Artemisin-based combination therapies (ACTs) were also distributed and sold in private sector outlets at prices similar to the cost of other anti-malarial drugs.

Furthermore, in 2010, the **Dow Jones Global Fund 50 index** was launched in order to measure the performance of companies supporting the mission of the Global Fund and donates a portion of the revenues generated through its licensing. Another exchange traded fund (ETF) named "**db-X Global Fund Supporters**" was also launched in the same year to trade with Frankfurt and London stock exchanges. The ETF that year traded with Frankfurt and London stock exchanges so as to encourage investors to diversify their investments and support activities carried out by the Global Fund.

The Replenishment mechanism is a multi-year financial cycle whereby, every three years, the Global Fund convenes donor governments and other key partners to discuss continued funding. This mechanism allows for greater predictability and enables both the Global Fund and implementing countries to establish long-term plans for fighting the three diseases. As a public-private partnership, the Global Fund actively engages in fundraising with the private sector and other non-government partners. The **Amended and Restated Global Fund Policy for Restricted Financial Contributions**, approved by the Board in November 2014, is expected to greatly facilitate the Global Fund's resource mobilization efforts and will provide a mechanism to attract new private donors such as High Net-Worth Individuals (HNWI), businesses and foundations with geographic and component-specific interests.

Distribution of Services

In 2006, the Global Fund transferred USD 1.3 billion to countries around the world, bringing the total cumulative amount of funds disbursed to USD 3.2 billion. This amount which has been paid out to residents from 130 countries over a four-year period, represents 60 percent of the total commitment in signed grant agreements of USD 5.3 billion. Of the disbursed amount, 54 percent of funding has been disbursed to sub-Saharan Africa, 15 percent to East Asia and the Pacific, ten percent to Latin America and the Caribbean, ten percent to Eastern Europe and Central Asia and 11 percent to South Asia.

Much progress was observed in terms of number of beneficiaries of Global Fund within a year from 2007 to 2008 as suggested by the report of 2008. The report says, "The number of people receiving antiretroviral (ARV) treatment through Global Fund-supported programs has increased by 43 percent to 2 million, while the number receiving treatment for TB increased by 39 percent to 4.6 million. The number of insecticide-treated bed nets distributed for the prevention of malaria increased by 54 percent to 70 million." The report also mentions the proportion of international financing for malaria, tuberculosis and HIV to be 60 percent, 57 percent and 23 percent respectively. Majority of the recipients of the investments done so far has been in the low-income and lower-middle income countries, which matches Global Fund's policy of 'need based' investments.

From 2009 onwards, there has been significant improvement in the proposals related to sexual orientation and gender identity. The number of beneficiaries at the end of 2011 counts 3.3 million receiving ARV treatment for HIV, 8.6 million for TB and over 230 million provided with insecticide treated nets. 2011 also marked fundraising from non-public sources through the contribution by US faith based organizations worth USD 2 million.

The year 2012 represented a decade of remarkable success in the fight against the three diseases with a dramatic expansion of programmes that prevent, treat and provide care for people with HIV and AIDS, tuberculosis and malaria. According to global fund’s annual report of 2012, USD 2,900,000 was invested for tuberculosis, USD 11,000,000,000 was invested for HIV/AIDS and USD 5,300,000,000 was invested for malaria. Compared to 2011, more HIV patients have been given treatment in 2012, the number of patients receiving medical attention has increased from 3,300,000 to 4,200,000. 310,000,000 nets have been distributed in 2012 and 9,700,000 new smear-positive TB cases were detected and treated.

In March 2014, on its 31st board meeting, based on the joint recommendation of the Finance and Operational Performance Committee (FOPC) and the Strategy Investment and Impact Committee (SIIC), the global fund board approved a Total Allocation of USD 10.22 billion under initial allocation for new grants during the replenishment period of 2014-2016. Further USD 5.55 billion of undisbursed funds as at December available from the third replenishment period (2011-2013)

Each grant applicant’s portion of total Allocation must be requested by the applicant and approved by the board prior to 31 December 2016. Since then the first ten concept notes in the New Funding Model (NFM) were reviewed by the technical review panel in June 2014 to provide an independent assessment of the viability of each funding application.

During the half-year ended on 30 June 2014, new grant commitments of USD 1,586 million were made. This is a significant increase of USD 728 million over the same reporting period in 2013. Up to June 2013, the grants commitment decisions were made on multi-year basis, mostly ending during 2013. Since then the grant commitments have transitioned to annual commitment decisions. The increased rate of grant commitments is mainly due to the introduction of a new annual funding decision in the first half of 2013 which resulted in a subsequent increase in the grant commitments made during the first half of 2014, specifically elating to countries like Nigeria, Mozambique, South Africa, Kenya, and the Democratic Republic of Congo, which are among the grant portfolio's high-impact countries.

Bilateral/Multilateral Support and Coordination

In 2006, donations from the private sector – corporations, foundations, and individuals became increasingly significant, growing to USD 113 million. Most of this increase was due to a major new contribution from the Bill & Melinda Gates Foundation, announced on the on the eve of the 16th International AIDS Conference in Toronto. The Gates Foundation grant, worth a total of USD 500 million, is structured so that USD 100 million will be provided each year from 2006 through 2010. The contributions for2006 and 2007 were available in time to support the Global Fund's sixth round of financing. The grant brought the Gates Foundation's total support for the Global Fund to USD 650 million.

Global Fund operations required support from multiple agencies given the extent of services and financial assistance required. Therefore, it required bilateral and multilateral support in order to facilitate smooth operation of Country Coordinating Mechanisms. Various agencies such as United Nations Programme on AIDS (UNAIDS), Stop TB Partnership, Roll Back Malaria, WHO, Bill and Melinda Gates Foundation, Open Society Institute have been working as partner agencies of Global Fund. Global Fund also made agreements in 2008 mobilizing the private sector through **'Corporate Champions Program'**, where Chevron as Global Fund's inaugural partner invested USD 30 million. Cooperation was also sought with American Idol, a popular singing reality show with a fundraising concert, **'Idol Gives Back'**.

Conclusion

Despite some success stories, Global Fund has also been facing problems. Round 11 meeting of the Board supervising Global Fund was cancelled due to difficult financial situation resulted due to donor hesitation in funding the Global Fund. Lack of support from donors has also been caused by the media exposure (most notably Associated Press), citing high **instances of corruption and mismanagement** in the Global Fund. The year 2011 also marked a thorough review of Global Fund's business model. New strategies such as **Global Fund Strategy for 2012-2016 and Comprehensive Transformation Plan to monitor the activities of the Secretariat and the Board** have also been developed. The Board's focus has drifted from long-term and strategic issues toward ad hoc and incremental decision-making and to operational details.

In absence of a considered longer-term strategy, the Global Fund Board and Secretariat have not sufficiently differentiated between areas of responsibility that can and cannot be delegated to the Secretariat or partnered with collaborating institutions. As a consequence, the Global Fund's rapid

organizational development, though impressive, has progressed in an unintended direction. The Fund has increasingly become a stand-alone entity with a growing and increasingly complex portfolio of grants requiring ever-increasing numbers of staff at global level to maintain effective financial oversight in countries. The sheer weight of its growing responsibilities as grant disbursement and oversight entity is increasingly at the expense of its strategic leverage in the global development architecture.

The Ten-Year review found that at a global level, **collective efforts have resulted in increases in service availability, better coverage and reduction of disease burden**. With these great gains comes the challenge of maintaining momentum while correcting a range of major inadequacies and addressing new challenges that are emerging in terms of health systems capacity and sustainability. The impressive capacities of the Global Fund leadership and staff inspire confidence that they will embrace and excel in meeting these challenges in the years to come. A **thriving health information system is vital** for a transformative response to diseases.

The Global Fund has invested in building better information systems in low- and middle-income countries. In Ethiopia, for example, the Global Fund is supporting the rollout of an integrated health management information system for all health areas, including maternal and child health, through capacity building of district hospital management teams and health information officers. Ninety-three percent of hospitals and 80 percent of health facilities in the country are implementing the new system. To improve data quality, the Global Fund is providing additional support for health management information system software with the aim of strengthening the use of data for planning and decision making at the district and national levels. Overall, the Global Fund accords special attention to integration of surveillance systems into health management information system for better case reporting and to track notifiable diseases such as Ebola, measles, and cholera.

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