

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspan to over 8,000 subscribers in 170 countries.

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1. NEWS: Global Fund Nervously Agrees to Use Same PR in Uganda, Despite Problems

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A review by the Global Fund’s Inspector General of the Fund’s grants to Uganda, four years after the Fund temporarily suspended five grants worth \$213 million due to financial mismanagement, has concluded that the Fund should continue to use Uganda’s Ministry of Financial Planning and Economic Development (MoFPED) as Principal Recipient (PR).

The Office of the Inspector General (OIG) took this position in its “*Follow up review of the Global Fund grants to Uganda*,” despite acknowledging severe limitations in the ability of MoFPED and its designated implementer, the Ministry of Health (MOH), to allocate, disburse and account for funds to hospitals and health centres, particularly outside the capital and particularly when dealing with HIV/Aids.

In general, this review, released in September 2009, emphasized the positive side of the situation and expressed tentative confidence that a proposed Long Term Institutional Arrangement (LTIA) with the government will be able to deal with these weaknesses.

But on closer reading, the conclusions also appear to indicate a degree of unease over the ability of the PR to effectively use and protect Global Fund investments in Uganda.

Furthermore, an earlier OIG report (“*Review of the suspension/termination processes for Global Fund grants*”), released in 2008, concluded that there had been no detailed analysis as to how the LTIA would structure the day-to-day management of the grants. Therefore, that report said, the Inspector General “could not provide assurance” that the arrangements and controls in place were adequate to safeguard Global Fund investments in the country.

The first conclusion of the 2009 report points to the conviction of four people in connection with the embezzlement, misappropriation or failure to account for \$1.6 million in disbursed funds, and says that these convictions have “rendered credibility to the ongoing process of investigation and prosecution of the culprits”.

The four people who were convicted – Teddy Seezi Cheeye, Fred Kavuma, Analiza Mondon and Elizabeth Ngororano – all represented or worked for sub-recipients of Global Fund grants; they were among an estimated 300 people charged by a specially created anti-corruption court three years after the fact. No one from the MoFPED’s subsequently disbanded Program Management Unit (PMU), the body responsible for the management and oversight of the grants, has been convicted. The then Minister of Health, Jim Muhwezi, and his two deputies, Alex Kamugisha and Mike Mukula, all of whom have been alleged in press reports to be linked to the scandal, were dropped in a May 2006 cabinet shuffle, a few months after a public commission of inquiry started work. They have been charged in connection with the misuse of Global Alliance for Vaccines & immunization (GAVI) funds but not in the mismanagement of Global Fund money.

The OIG’s first conclusion also says the Government of Uganda has demonstrated “in the last one year”—after increasing pressure from donors—“a commitment to recover the outstanding funds that were misused.” As of June 2009, “a significant \$780,000 (61%) is still to be recovered,” and unspecified “accountabilities” in the amount of \$2.3 million were still outstanding.

According to the second conclusion and the analysis upon which it is based, tracking and accounting for Global Fund grant monies through Uganda's public financial management system, as proposed under the LTIA and welcomed by the OIG, presents a daunting problem in a country whose annual operating budget is 40 to 50 per cent dependent on foreign aid. The disbursement of Global Fund grants would have to be coordinated with the government's annual budgeting process, so it is deemed "impractical" to use the LTIA until the 2010/2011 budget year. Although the report states that it would be possible to include Global Fund activities in the national budget, this would require advance planning and commitment from the PR and program managers.

The report acknowledges that using the LTIA has the key advantages of a) being supportive of government policy; b) ensuring better management of scarce resources through the reduction of the likelihood of duplication of funding and the roles of various institutions; and c) strengthening country systems. But it warns that "all this comes at the cost of having less visibility of funds, and with that, the increased risk that funds may not be used for their intended purposes and the inability to attribute results to funding provided."

The third conclusion points out that there are many issues that need to be addressed before the LTIA can work effectively, and concludes that in the meantime the Global Fund "is left with no option but to implement its programs through a project mode process".

The fourth conclusion states that the performance of the LTIA should be "subject to regular monitoring and review" – even though earlier parts of the report offer numerous examples of the difficulties involved in Uganda in auditing, as well as monitoring and evaluating, the grant disbursement and accounting process.

The fifth conclusion states that the Global Fund Secretariat, in response to the OIG report, has indicated it will work with the government "to put the key success factors identified into practice" – in other words, to get done the various things that the OIG points out need to be done if the grants are to succeed.

"Follow up review of the Global Fund grants to Uganda", 9 September 2009, can be found at www.theglobalfund.org/documents/oig/OIG_Report_Uganda_Follow_Up_Review_of_the_Global_Fund_grants_9_Sept_09.pdf

"Review of the suspension/termination processes for Global Fund grants", 9 September 2008, can be found at www.theglobalfund.org/documents/oig/ReviewOfTheSuspensionTerminationProcessesForGrants.pdf

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2. NEWS: Global Fund Addresses Risks of Treatment Disruptions

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The Global Fund is taking action to minimise the risk of treatment disruptions arising from interruptions in Global Fund financing and from weaknesses in country-level procurement and supply management (PSM) systems.

Details of what the Global Fund is doing and is planning are contained in a report prepared for the Portfolio and Implementation Committee of the Board in September 2009. The report is entitled, "*Preventing Drug Stock-Outs and Treatment Disruptions in the Global Fund-Supported Programs.*"

The Global Fund has identified a number of risk factors relevant to the occurrence of stock-outs. These factors include:

- low capacity of PRs in stock management and forecasting;
- poor state of medical warehouses;
- non-transparent procurement processes;
- the non-timely submission of Progress Updates and Disbursement Requests (PU/DRs) by the PR;

- disbursement delays; and
- weak coordination between PRs and other in-country stakeholders.

However, the Global Fund says that a thorough analysis of the root causes and consequences of stock-outs is hindered by the fact that there is no systematic collection and monitoring of relevant information. In fact, the information systems used for the early identification of stock-outs are unsystematic and largely informal.

There are currently a number of measures in place to reduce the risk of stock-outs. These include:

- the Voluntary Pooled Procurement (VPP) service, which PRs can use, and which provides, among other things, improved supply and delivery;
- direct payments to third parties to facilitate the timely delivery of products;
- the use of the Price and Quality Reporting (PQR) mechanism to track information on health products;
- the use of stock-out-related performance indicators; and
- the Continuity of Services Policy, which entitles a PR to up to two years of funding to continue treatment activities when a grant ends with no replacement funding.

In its report, the Global Fund notes that only about one-third of grants include stock-out-related performance indicators. For this reason, the Global Fund says that by the end of 2009 it will require that stock-out-related indicators be included in all Performance Frameworks.

As well, in early 2010, the Global Fund is planning to introduce a revised PU/DR form, which will include a section on stock-outs.

The Global Fund says that it “is working to ensure a greater compliance” with current reporting requirements. Under current Fund policy, disbursements should be withheld in cases where the PR has not fully reported on health product purchases in the PQR.

The Global Fund also says that in early 2010, it will introduce “country profiles,” which will describe in-country systems for the management of pharmaceutical and health products, and assist in the identification of critical weaknesses related to PSM systems. The country profiles will replace the current PSM Plans for all active grants.

The Global Fund Secretariat will work with CCMs to enhance their role in responding to potential treatment interruptions. A CCM Dashboard, currently being developed, will assist CCMs in identifying and following up on actual and potential problems with grant implementation, including stock-outs. More capable CCMs will be encouraged to develop one-year plans on monitoring and preventing stock-outs. Finally, where there are stock-out risks, the Secretariat will encourage PRs and CCMs to explore potential sources of funding to ensure treatment continuity.

The Secretariat will also work with partners to address key risks of stock-outs, with the emphasis being placed on building PR capacity to detect and prevent stock-outs. In its report, the Global Fund acknowledges that its interaction with partners on issues of treatment disruption has been insufficient.

The Secretariat is already in discussions with partner organisations concerning a possible joint response to preventing and mitigating drug stock-outs.

“Preventing Drug Stock-Outs and Treatment Disruptions in the Global Fund-Supported Programs” has not yet been posted at the Global Fund website.

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3. NEWS: Elections Held for Civil Society Representatives on India CCM

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Earlier this year, the India CCM organised elections to fill the eight seats on the CCM allocated to civil society organisations (CSOs). This marked the first time that CSO representatives were elected to the India CCM. Some CSOs expressed concerns about some parts of the process.

This article describes the elections process and the outcome.

Background

There are currently 40 seats in the India CCM (up from 33 previously). Eight of the seats are allocated to CSOs, broken out into the following constituencies: organisations working on HIV/AIDS (two seats), organisations working on TB (two seats), organisations working on malaria (one seat), organisations working on gender issues (one seat), organisations working on issues of sexual minorities (one seat), and organisations working on issues of child development and rights (one seat). (The NGO and FBO sectors are lumped to together in this allocation.)

In addition, three seats are allocated to representatives of organisations of persons living with the diseases, one for each disease. (The selection of the representatives of people living with the diseases was not included in this elections process. A separate elections process was used for the selection of the representative of persons living with HIV/AIDS. The representatives for the other two diseases appear to have been appointed by the CCM, based on recommendations from the Ministry of Health and Family Welfare.)

The terms of the “old” members of the CCM were to have ended in March 2009. Recently, the CCM went through a reconstitution process; for details, see GFO 108, available at www.aidspace.org/gfo.

The elections process

In January 2009, the CCM formed an Election Sub-Committee to oversee the selection process. The Sub-Committee included representatives from USAID, UNAIDS and the United Nations Population Fund (UNFPA). The Sub-Committee met five times in February-March 2009.

As well, the CCM decided to hire an outside agency (an “Elections Management Agency”) to conduct the elections electronically. Requests for expressions of interest were sent out. The Elections Sub-Committee developed terms of reference (TORs) for the Elections Management Agency. Eleven agencies were invited to send expressions of interest. Three responded. One of them could not attend an in-person meeting, so the Sub-Committee weighed the strengths and weaknesses of the other two, and selected the Health Institute for Mother and Child (MAMTA).

In order to pay for the elections, the CCM requested and received permission to reallocate \$12,750 in the CCM operating budget funded by the Global Fund.

A registration drive was initiated to identify CSOs that would be eligible to vote in the elections; over 3,000 organizations were contacted. Various help lines were set up to answer the queries of the CSOs regarding the election process, and to help CSOs to register and vote; and telecalling was undertaken to mobilise CSOs to contest the elections and to vote.

In order to undertake what the CCM termed “a fair, transparent and open election process,” an election website was launched on 9 March 2009. (The website is no longer functioning.) The following information was available on the website: generic information on the elections, the elections schedule, information on how to register for elections, a list of organisations eligible to stand for elections, eligibility criteria for contestants, voting numbers, and a description of the voting process. Links to the elections website were included on the websites of the National AIDS Control Organisation (NACO), the Revised National TB Control Programme (RNTCP) and the National Vector Borne Disease Control Programme (NVBDCP), as well as all six networks of MAMTA. In order to participate in the voting, CSOs had to register on the elections website.

The elections website said that the CCM Election Sub-Committee “will be managing and monitoring the whole process and will ensure the transparency in the election process. In case of any conflicts of interest, the Election Sub-Committee will take the final decision.” CSOs were provided with an email address for submitting queries about the elections process.

In order to stand for election, CSOs had to meet certain criteria and they had to submit supporting documents. The process was as follows: (a) the CSO expressed an interest in standing; (b) the CSO was contacted by MAMTA concerning the documents it had to submit; (c) the documents had to be submitted to the CCM Secretariat by 29 March 2009; and (d) the CCM Elections Sub-Committee reviewed the documents and decided which ones met the eligibility criteria. Those CSOs deemed ineligible had a right to appeal to the CCM Elections Sub-Committee.

A list of eligible voters and a list of eligible candidates was published on the elections website by 2 April 2009. Brief profiles of the eligible candidates were posted on the website by that same date. Eligible voters received voting numbers on 5-6 April (via the website and email).

In all, 1,636 CSOs registered to vote in the elections, and 547 CSOs registered to contest the elections, of which 102 submitted the necessary documents as per the eligibility criteria established for each constituency. Of these 102 CSOs, initially 32 candidates were found eligible to contest the eight seats. Four of the CSOs that were deemed not eligible to stand for election launched an appeal. One of the appeals was successful, meaning that there were a total of 33 candidates eligible to contest the seats.

The results

The successful candidates were as follows: **HIV/AIDS:** India HIV/AIDS Alliance, and Solidarity and Action Against the HIV Infection in India. **TB:** Ramakrishna Mission, and Swiss Emmaus Leprosy Relief Work. **Malaria:** Caritas India. **Gender:** Society for Social Uplift Through Rural Action (SUTRA). **Sexual minorities:** Suraksha WRHCP. **Child development and rights:** Vasavya Mahila Mandali.

The results were scheduled to be announced on the website on 13 April 2009, but the announcement was delayed until 1 May, possibly because of the need to obtain CCM endorsement first.

Civil society concerns

Although some CSOs said that the CCM had genuinely attempted to ensure that the elections process was transparent, some concerns were expressed about the selection of the Elections Management Agency; about the fact that voting was entirely electronic (i.e., using the internet), even though many CSOs in India do not have ready access to the internet; about the fact that the announcement of the results was delayed with no communication concerning the delay; and about the fact – according to some – that NACO dominated the process.

This article is based primarily on information provided by the CCM Secretariat and information on the CCM’s election website. This website is no longer functioning, but the results of the election are posted on the CCM’s website at www.india-ccm.org.

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4. NEWS: Global Fund Will Soon Provide Procurement-Related Technical Assistance

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Service providers for the Global Fund’s *Capacity Building Service and Supply Chain Management Assistance (CBS/SCMA)* initiative have been selected, and discussions are underway with about 10 countries that have expressed interest in strengthening their national supply chain management system.

The CBS/SCMA is a technical assistance initiative designed to help countries address challenges and constraints in their procurement and supply management systems. The Global Fund expects to provide technical assistance on quantification, procurement planning, inventory control, distribution and logistics management.

As of September 2009, the Procurement Support Service team in the Global Fund Secretariat was negotiating contracts with three service providers selected from a competitive tender – John Snow Inc. (JSI), University Research Group (URG) and i+ Solution.

The CBS/SCMA is one of two initiatives in the Global Fund’s Procurement Support Service. The second initiative is the Voluntary Pooled Procurement (VPP) service.

The Global Fund anticipates that together the CBS/SCMA and the VPP will help overcome the bottlenecks in the procurement and supply management systems in countries, and strengthen national systems to ensure effective, efficient and sustainable supply chain management. The Global Fund views the CBS/SCMA as a long-term strategy to bring countries’ systems up to speed, and the VPP as a short-term (stop-gap) measure while the capacity building is being implemented.

VPP is a mechanism that allows participating PRs to procure a large number of health products through a global pooled procurement service operated by third party procurement agents selected by the Global Fund.

The VPP service is already operational. Two Procurement Service Agents – Partnership for Supply Chain Management Systems and Population Service International – are processing orders. Apart from the core VPP products – 1st and 2nd line ARVs, artemisinin-based combination treatment (ACTs) and long-lasting insecticidal treated nets (LLINs) – additional products being procured through the VPP service includes rapid diagnostic tests (RDTs), laboratory equipment and related supplies, medicines for opportunistic infections and sexually transmitted infections, and condoms.

As of August 2009, PRs from 19 countries were registered in the VPP (for specific grants), and PRs from an additional 20 countries were in various stages of the consultative process to join the VPP. The 19 countries with PRs registered are: Armenia, Bangladesh, Brazil, Cameroon, Dominican Republic, Gambia, Guinea Bissau, Guyana, Haiti, Indonesia, Laos, Macedonia, Madagascar, Nicaragua, Niger, Nigeria, Papua New Guinea, Philippines and Togo.

For both the VPP and the CBS/SCMA services, the Global Fund Secretariat will establish a monitoring system and will conduct an evaluation of the first year of operation.

The information in this article was taken from “Procurement and Quality Assurance Matters,” a report prepared in September 2009 by the Global Fund Secretariat for the Portfolio and Implementation Committee of the Board.

Additional information on the VPP and the CBS/SCMA is available on the Procurement Support Services page on the Global Fund’s website, at www.theglobalfund.org/en/procurement/vpp. The information includes an information note, FAQs and a list of VPP products.

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5. NEWS: Global Fund Responds to the Five-Year Evaluation
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The Global Fund is planning several initiatives to address the need for better planning and coordination of technical assistance (TA). This information is included in the “*Management Response to the Five-Year Evaluation*,” a document presented at the twentieth meeting of the Global Fund Board in Addis Ababa in last month.

During the consultations that were undertaken as part of the Five-Year Evaluation, partners highlighted the need for the Global Fund to find innovative solutions for TA coordination, funding and use.

The Global Fund says that it will conduct a number of targeted studies at country-level to address key questions concerning TA planning, access and financing. The Fund will then convene a January workshop, in collaboration with partners, to review the outcomes of the studies and define a clear

strategy. This will be followed by the preparation of an options paper on TA provision to be presented to the Board in May 2010.

In another area, the Five-Year Evaluation found that while the Global Fund has been a major financier of interventions to address HIV/AIDS, tuberculosis and malaria, there are some gaps in the Fund's "portfolio of investments," in areas such as implementing prevention services for high-risk populations, providing training for key personnel, addressing the gender dimensions of the HIV epidemic, and delivering basic health services.

The Global Fund says that it will take a more active role in working with countries and partners to address this problem. The Secretariat plans to analyse the current grant portfolio to further define the gaps. The Secretariat will be looking for problems such as low PMTCT coverage, the use of inappropriate interventions in PMTCT programmes, inefficacious ARV regimens, and inadequate TB diagnostic services. The Secretariat also plans to work with CCMs to address these gaps, either by encouraging the inclusion of appropriate interventions in new proposals, or by re-programming existing grants.

The Global Fund also plans to work with partners to provide more comprehensive guidance on gender- and equity-related indicators and targets. This work will include an update of the M&E Toolkit.

The "Management Response" document also indicates that the Global Fund is implementing measures to improve the quality of data used to make performance-based funding decisions. These measures include country-level assessments of M&E systems by partners during proposal preparation; annual on-site data verification of grant data by LFAs; and data quality audits to assess both the quality of country data and the strengths of the M&E systems in-country. The Secretariat has established a Data Quality Task Force to coordinate these measures.

Documents on the Five-Year Evaluation are normally posted at www.theglobalfund.org/en/terq/evaluations/5year, though the "Management Response to the Five-Year Evaluation" has not yet been posted there. GFO reported the results of the Five-Year Evaluation in Issue 106, available at www.aidspace.org/gfo.

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6. NEWS: Global Fund Releases Plan of Action on Gender Inequality
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Programmes supported by the Global Fund should ensure that they contain an analysis of needs from a gender perspective and that they include initiatives to address these needs. This is a core message of the Gender Equality Strategy Plan of Action 2009-2012, adopted by the Global Fund in July 2009.

The Global Fund Board adopted the Gender Equality Strategy in November 2008. (See GFO Issue 100, available at www.aidspace.org/gfo.) The Plan of Action is designed to implement this strategy.

The overall objective of the Plan of Action is "to ensure that the Global Fund is financing grants that address gender inequalities as an integral part of the fight against the three diseases." The Global Fund will do this by ensuring that its policies, procedures and structures effectively support programmes that address gender inequalities. The Plan of Action also commits the Global Fund to strengthen partnerships with other organisations and to implement a communications strategy to support the development of gender-responsive programming.

The Plan of Action identifies a number of "core components" that will be implemented in support of the Plan's objectives. These include the following:

- Ensure that proposals include data disaggregated by sex and age, and a sound, evidence-based gender analysis in relation to the specific disease.
- Strengthen the gender expertise of CCMs and the Technical Review Panel (TRP).
- Strengthen reporting that is disaggregated by sex and age, and strengthen reporting of gender-sensitive or transformative activities.

- Strengthen the technical capacity of the Global Fund Secretariat to address gender inequalities.

The Plan of Action contains a Monitoring & Evaluation component which includes indicators for each of the core components.

The Secretariat is developing a separate implementation strategy on the needs of sexual minorities.

The Gender Inequality Strategy Plan of Action 2009-2012 is available at www.theglobalfund.org/documents/strategy/TheGenderEqualityStrategy_en.pdf.

The Global Fund's strategies on (a) gender inequality and (b) sexual orientation and gender identities are available at www.theglobalfund.org/en/publications/other/.

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7. UPDATE: Further Details on Changes to Pharmaceutical Quality Assurance Policy

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In Issue 111, GFO reported briefly on a Global Fund Board decision in November 2009 to further modify its Quality Assurance Policy for Pharmaceutical Products. This article provides some background information and further details of the decision.

The Board had previously approved a revised Quality Assurance Policy at its meeting in November 2008. That revised policy came into effect on 1 July 2009.

As reported in GFO 111, under the revised policy, ARVs, anti-TB and anti-malaria pharmaceutical products are eligible for purchase with Global Fund money if (a) they are prequalified by the World Health Organisation (WHO) Prequalification Programme; OR (b) they are approved or authorised for use by a "stringent regulatory authority" (SRA); OR (c) they are not yet WHO-prequalified or SRA-authorized, but are recommended by the Global Fund's Expert Review Panel (ERP). ERP recommendations are valid for only 12 months.

For a finished pharmaceutical product (FPP) to be eligible for review by the ERP, the manufacturer of the FPP must have submitted an application for pre-qualification by the WHO, and the WHO must have accepted to review the application; OR the manufacturer of the FPP must have submitted an application for marketing authorisation to an SRA, and the SRA must have accepted to review the application. However, the Board agreed at its last meeting to allow an exception to this criterion. The Board said that certain multi-source FPPs for malaria and TB that do not meet the criterion will nevertheless be eligible for review by the ERP.

"Multi-source" means a pharmaceutical product for which the monograph of the finished dosage form was published in the international, U.S. or U.K. Pharmacopeia before 10 October 2002.

When the Global Fund publishes its list of ERP-recommended FPPs in future, it will indicate which of these were deemed eligible for review as a result of the above exception.

As reported in GFO 111, the Board also decided that because it will take some time to organise submissions and reviews for products newly eligible as a result of the above exception, certain additional exceptions to the current policy will be allowed until 31 December 2010. Specifically, the Board said that grant funds may be used to procure certain multi-source FPPs for malaria and first-line tuberculosis treatment, provided that:

- there are no other FPPs for that product formulation available that are WHO-prequalified or SRA-authorized or ERP-recommended;
- the site at which such FPP is being manufactured is, at the time of the procurement, in compliance with the relevant GMP (Good Manufacturing Practices) standards as verified by the WHO Prequalification Program, or an SRA or a regulatory authority participating in Pharmaceutical Inspection Cooperation Scheme (PIC/S);
- the FPP has been selected for procurement by relevant UN procurement agencies; and

- the notification, confirmation and testing processes described in the Quality Assurance Policy will apply to such procurement.

The first set of ERP reviews of product dossiers submitted by manufacturers was conducted in May 2009, prior to the introduction of the revised Quality Assurance Policy. Of the 63 dossiers submitted, 29 FPPs were recommended by the ERP for procurement with Global Fund resources – 15 ARVs, 3 anti-malarial products and 10 anti-TB products. The manufacturers who submitted the other 35 dossiers were informed that they would be able to re-submit at the next set of reviews, which was scheduled for October 2009.

For more information on the Board decision, see Decision Point 13 in the Decision Points document at www.theglobalfund.org/en/board/meetings/twentieth.

Some of the information in this article was taken from “Procurement and Quality Assurance Matters,” a report prepared in September 2009 by the Global Fund Secretariat for the Portfolio and Implementation Committee of the Board.

More information on the revised Quality Assurance Policy is available on the Quality Assurance Information page on the Global Fund website at www.theglobalfund.org/en/procurement/quality. The information includes a copy of the revised policy; an information letter to manufacturers on the revised policy; a list of products recommended by the ERP; a list of countries considered as SRA; and a list of the countries participating in PIC/S.

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8. NEWS: Global Fund on Track To Achieve Round 8 Cost-Cutting Targets

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The Global Fund reports that it is well on its way towards achieving its target of 10% “efficiency gains” for Round 8. When the Global Fund Board approved Round 8 proposals, it instituted some cost-cutting measures because the Board feared there were not enough funds on hand or in the pipeline to pay for the entire first two year costs of recommended proposals. Round 8 is the largest round of funding to date. In the parlance of the Global Fund, these cuts are known as “efficiency gains.”

At the time that they were announced, the Global Fund called for the following efficiency gains:

- The total costs for first two years of approved Round 8 proposals were to be cut by 10%. (There was no requirement that the budget of each proposal be cut by precisely 10%, but the aggregate budgets of all proposals had to be cut by that amount.)
- When Phase 2 grant agreements are negotiated for Round 1-7 grants and for rolling continuation channel (RCC) grants, attempts will be made to cut budgets by at least 10% from what was specified in original proposals. (This is over and above the “expected” 15% reduction in Phase 2 budgets that normally result from performance issues such as under-spending in Phase 1, planned budget reductions in Phase 2 or non-renewal of grants.)
- For grants renewed through the RCC, the size of budgets for the first three years of RCC funding will be limited to 140% of the Phase 2 budget amount of the grant being renewed.

In a report prepared for the recent Board meeting in November 2009, the Global Fund Secretariat says that Round 8 grants that are already signed have achieved efficiency gains of 14.0%. The savings are spread fairly evenly among regions and between small and large grants. The Secretariat says that it conservatively forecasts an efficiency gain of 11.4% once all Round 8 grants are signed.

The Secretariat says that efficiency gains of 7.0% have been achieved in Phase 2 Renewals of rounds-based channel grants that have occurred since the Board announced its cuts. The target is to show an overall efficiency gain of 10% by the end of 2010. Efficiency gains of 11%, one percent ahead of target, have been achieved for Phase 2 renewals of RCC grants.

Finally, for RCC proposals that have been recommended for funding since the Board announced the cuts, the average request was 127% of the Phase 2 budgets of the grants being renewed, well under

the 140% ceiling. For applicants that exceeded the 140% limit in their proposal, the amount applied for was adjusted downwards during clarifications.

The Secretariat has also been looking for efficiency gains in its own operations. The Secretariat says that total savings on travel, a major expense item, was 15% for the first eight months of 2009. This efficiency gain is comprised of a 37% reduction of the average price for short haul tickets, thanks to a more systematic use of restricted air fares and use of low cost airlines, and an 11% reduction in the average ticket price for long haul trips.

The information in this article comes from the “Report of the Finance and Audit Committee,” which should shortly be available at www.theglobalfund.org/en/board/meetings/twentieth/documents.

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9. NEWS: New Global Fund Partnership Strategy Released

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The Global Fund’s new Partnership Strategy includes an accountability framework to enable the Global Fund and its partners to assess the effectiveness of their partnerships by measuring the ability to deliver results on the ground.

The Global Fund Board approved the new Partnership Strategy at its meeting last month in Addis Ababa.

The development of the new strategy is in response to a key finding in the Global Fund Five-Year Evaluation, which stated that that “while the Global Fund partnership model has opened up space for the participation of a broad range of stakeholders and set a new standard for inclusiveness and participation, the roles and responsibilities of the Global Fund Secretariat, Global Fund Board and Global Fund partners have not always been clear, strategic or systematic.” (*GFO reported on the results of the Five-Year Evaluation in Issue 106, available at www.aidspace.org/gfo.*)

The Partnership Strategy, a 37-page document, is a mix of (a) what has been done, (b) what is currently being done, (c) what the barriers and challenges are, (d) what should be done, and (e) what the Global Fund plans to do.

With respect to what the Global Fund plans to do, the following are some of the highlights:

- The Global Fund will provide better support for the implementing constituencies on its Board to promote greater participation in deliberations and decision-making.
- The Global Fund will attempt to strengthen its governance ties with UN agencies and other key international partners to enhance joint collaboration.
- To promote greater engagement of civil society at country level, the Global Fund will (a) update and promote guidelines to ensure that the inclusion of vulnerable populations in CCMs is understood; (b) support civil society networks to build capacity; and (c) develop an accountability structure to measure the extent to which civil society representatives on CCMs are meeting their responsibilities.
- The Global Fund will complete a number of activities already underway to enhance access to technical assistance (TA) – including a joint public database (with UNAIDS, Roll Back Malaria and Stop TB) that captures useful feedback on TA; an analysis with technical partners on the cost of services to provide TA; and work with bilateral and multilateral partners to clearly define roles and responsibilities related to TA provision.
- Also on TA, the Global Fund will conduct, with its partners, targeted studies at country level on planning, accessing and financing TA. A separate paper on TA provision will be drafted for consideration by the Global Fund Board. This paper will seek to address the role of the Global Fund in the facilitation, funding and utilisation of TA by countries.
- The Global Fund will develop more systematic, streamlined, coherent and consistent communication flows with each group of stakeholders.

- The Global Fund will complete a review, already underway, of the role of Fund Portfolio Managers (FPMs) in country-level partnerships, with a view to improving and standardising communications with country partners.

As part of the accountability framework, called the Partnership Performance Framework, the Global Fund has identified seven service delivery areas (SDAs), has established an objective for each SDA, and has provided 10 indicators to measure performance.

The ten indicators are as follows:

- Percentage of requests for funding to the Global Fund that succeed
- Percentage of successful rounds-based proposals that had been peer reviewed
- Percentage of countries with costed TA plans developed in coordination with partners
- Percentage of Global Fund grants whose ratings have improved or remained level compared to the previous year
- Percentage of CCMs that have implemented (in an inclusive manner) at least 50% of planned activities with documented participation of the entire CCM
- Global Fund disbursement rate during the past year
- Percentage of grants that are aligned to the national M&E system
- Percentage of grants that include distinct Community Systems Strengthening (CSS) and Health Systems Strengthening (HSS) elements
- Percentage of countries that undertake and publish joint annual reviews
- Percentage of countries with agreed national health / disease strategies that include assessments of key HSS elements (procurement, human resources, finance, M&E), gender and vulnerable populations.

The Partnership Performance Framework is designed to measure the collaborative efforts of all Global Fund partnerships.

Coordination of the Partnership Strategy will be the responsibility of the Partnership Unit in the Secretariat’s External Relations and Partnership Cluster. The Secretariat will develop an implementation plan for the Partnership Strategy by March 2010. The implementation plan will define the roles and responsibilities of all partners and the time frame for implementation, and will detail how the plan will be monitored, evaluated and reported. The implementation plan will also elaborate on the role of the CCM in strengthening the partnerships at country level and strengthening the role of civil society within the partnerships.

The Partnership Strategy is contained in the “Report of the Policy and Strategy Committee Attachments 1-4,” which should shortly be available at www.theglobalfund.org/en/board/meetings/twentieth/documents. The Strategy is in Attachment 2.

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10. NEWS: Aidspace is Hiring New Staff and Consultants

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Aidspace, publisher of *Global Fund Observer*, will be hiring several Nairobi-based staff and consultants over the next few months. The first positions have been listed at www.aidspace.org/jobs; more will be added in January.

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END OF NEWSLETTER
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This is an issue of the GLOBAL FUND OBSERVER (GFO) Newsletter.

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