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: Funding Approved for All Remaining Recommended Proposals from Round 9
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The Global Fund Board has approved funding for 31 Round 9 proposals that had been recommended by the Technical Review Panel (TRP), but for which funding was not formally approved at the Board's in-person meeting in November 2009.

At the time of the Board meeting, the Global Fund did not have enough money to approve all 85 proposals recommended by the TRP. Consequently, the Board formally approved all 54 proposals rated Category 1 or Category 2, but approved only "in principle" the 31 proposals rated Category 2B.

The 31 proposals will cost $720 million over the first two years. This amount is prior to the "efficiency savings" (i.e., cost-cutting) mandated by the Board for all approved Round 9 proposals. These savings should amount to at least 10% of the $720 million total, though the percentage reduction for individual grants will vary.

The Global Fund said that additional funding sufficient to approve the 31 proposals came from several sources, in particular confirmation of additional pledges by some donors; and a reduction in the amounts forecasted to be required for Phase 2 and rolling continuation channel (RCC) renewals in 2010.

Of the 31 proposals formally approved by the Board, 29 were from CCMs and two were from regional organisations. The proposals are listed in the following table.

Applicant	Component
FROM CCMs	
Angola	TB
Belize	HIV (disease part + HSS part)
Bosnia & Herzegovina	TB
Central African Republic	TB
China	TB (disease part + HSS part)
Columbia	HIV
Congo (Democratic Republic of)	TB (disease part + HSS part)
Congo (Republic of)	HIV
Djibouti	Malaria
Ethiopia	TB (HSS part)
Gambia	TB
Guinea-Bissau	TB
Haiti	TB
India	HIV
India	Malaria
Iraq	TB
Kenya	TB
Kosovo	TB
Kyrgyz Republic	TB
Moldova	TB

Applicant	Component
Montenegro	HIV
Mozambique	HIV (disease part)
Nicaragua	Malaria
Nigeria	TB
Sri Lanka	HIV (disease part + HSS part)
Tanzania	Malaria
Turkmenistan	TB (disease part)
Vietnam	TB
Yemen	TB
FROM REGIONAL ORGANISATIONS	
COPRECOS LAC (re Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela)	HIV
SADC (re Angola, Botswana, Congo (Democratic Republic), Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland , United Republic of Tanzania, Zambia, Zimbabwe)	HIV

For information on the budgets of individual proposals, see "Round 9 results, by country" in GFO Issue 110 at www.aidspan.org/gfo.

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2. NEWS: Board Approves Two New Round 9 Proposals Following Successful Appeals; NSA Appeals Denied
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The Global Fund Board has approved two of the nine Round 9 proposals whose original rejection had been appealed by the applicants. The newly approved proposals are an HIV proposal from Pakistan that will cost $11.9 million and a TB proposal from Ukraine that will cost $34.6 million (costs are for the first two years). The approvals are subject to a number of requests for clarification being successfully responded to in a timely manner.

To be eligible for appeal, a proposal has to be have been turned down for funding in two consecutive rounds. Twenty-six proposals met this criterion in Round 9, but appeals were filed for only nine of these. The unsuccessful appeals were from Brazil (HIV), Burkina Faso (HIV), Cameroon (HIV), Columbia (TB), Djibouti (TB), Kenya (malaria) and Nepal (HIV).

The appeals were reviewed by an Independent Appeal Panel (IAP), comprised of two members of the Technical Review Panel (TRP) together with three experts, one from each of Roll Back Malaria, the Stop TB Partnership and UNAIDS. The experts served in their personal capacities. The two TRP members had not been primary or secondary reviewers of the proposals under appeal.

With respect to the successful appeal from Ukraine, the IAP found that the TRP had made a number of errors concerning most of the weaknesses it identified on the TRP Review Form. On balance, the IAP concluded, the proposal had only one major weakness and a few minor ones, which did not justify the TRP's Category 3 classification. The IAP recommended that the proposal be re-classified as approved, under Category 2.

With respect to the successful appeal from Pakistan, the IAP found that the TRP had made a number of errors when it identified the major weaknesses of the proposal which, when taken together, "constitute a significant and obvious error by the TRP." The IAP recommended that the Pakistan proposal be re-classified as approved, under Category 2. (The recommendation applies only to the disease part of the proposal. The original rejected proposal included a health systems strengthening [HSS] component, but Pakistan did not appeal that part.)

NSA appeals

The IAP also reviewed appeals from the two applicants whose National Strategy Applications (NSAs), first learning wave, were not recommended for funding by the TRP. (Five of the seven NSA applications were approved for funding in November 2009.) The appeals were for HIV proposals from Kenya (cross-cutting HSS part only) and Malawi. The IAP rejected both appeals.

Concerning the Kenya proposal, the IAP said that the TRP had correctly identified several fundamental weaknesses, and that while some of the weaknesses could have been dealt with through clarifications, nevertheless the IAP "did not identify a significant or obvious error on the part of the TRP … that would be sufficient to overturn the TRP's funding recommendation."

The IAP was more emphatic with respect to the Malawi proposal. It said that the TRP had correctly identified several major weaknesses and that the IAP "strongly endorsed" the TRP's findings and the TRP's classification of the proposal as Category 3.

Lessons learned

The IAP said that there were some instances where the language used on the TRP Review Forms was not sufficiently clear. As well, the IAP encouraged the TRP to use more consistent definitions for "major" and "minor" weaknesses.

The IAP recommended that countries be given clear guidance, for both rounds-based and NSA applications, that if they would like an argument or element to be considered by the TRP in their original application, they must include it on the application form itself or in the mandatory attachments. The IAP said that any additional annexes provided by the applicant do not constitute the core part of the application, and are only for elaboration or clarification of specific topics already adequately discussed in the application. The IAP recommended that applicants strictly limit the number of additional annexes to those necessary to support information provided in the body of the proposal; and it said that applicants should assume that annexes not specifically summarised and referenced in the proposals will not be reviewed by the TRP.

The IAP said that applicants should be reminded that Global Fund rules prohibit the introduction in an appeal of new information or new justification for what was contained in the proposal. The IAP said that there were a number of instances where political letters of support were included as attachments to the Appeal Form; the IAP considered that these letters were both new information and inappropriate.

Specifically with respect to NSAs, the IAP recommended that applicants pay particular attention to two key issues:

1. The NSA is a two-step process, with a strategy review identifying critical issues of the national disease strategy prior to the preparation of the NSA itself. Each critical issue found during the strategy review must be addressed in the NSA along with a concrete set of actions likely to overcome the problem.

2. The NSA is a request for support to implement portions of the national disease strategy. Accordingly, the application must describe the implementation arrangements in more detail, not merely repeat the strategy. This includes providing information on the actions to be taken, on who will implement them and how, and on the resources required for implementation.

The information for this article was taken from the "Report of the Independent Appeal Panel for Round 9 Proposals and the First Learning Wave of National Strategy Applications," which should be available shortly on the Global Fund website at www.theglobalfund.org/en/trp/appeals.

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3. NEWS: Global Fund Provides CCMs with New Tool for Grant Oversight
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The Global Fund has introduced the "dashboard," an information tool designed to support country coordinating mechanisms (CCMs) as they carry out their grant oversight functions. According to the Global Fund, the dashboard "provides CCM members with a highly visual, strategic summary of key financial, programmatic, and management information drawn from existing data sources (PU/DR) for each Global Fund grant." Although the term "dashboard" is widely used, the Fund now calls it a "grant oversight tool."

The dashboard focuses on key performance indicators. It uses bar charts, tables and multiple colours to make the information easy to read and understand.

The Global Fund is quick to note that use of the dashboard is voluntary. It is not a new requirement and it will not be made mandatory.

The dashboard, which is in the form of a Microsoft Excel file, was developed through a partnership between Grant Management Solutions (GMS), a project led by the U.S.-based Management Sciences for Health (MSH), and the Global Fund.

In 2006, MSH started using the dashboards in its work with CCMs in several countries. Initial testing showed that the development of the dashboards had to be embedded in a broader effort to strengthen CCM capacity for oversight (e.g. establishment of formal oversight bodies, development of oversight plans and other governance documents). In 2007, GMS and the Global Fund's CCM Team decided to launch a seven-country pilot to formalise the methodology and tools.

The pilot was conducted in Ghana, Madagascar, Mali, Mongolia, Morocco, Namibia and Peru. However, the project in Madagascar was not completed due to political tensions that developed in that country.

Evaluation of the pilot is not fully completed, but preliminary results indicate that the ability of most participating CCMs to oversee Global Fund grants improved significantly after structural and procedural reforms were initiated, capacity building activities were implemented, and grant dashboards were introduced.

According to the Global Fund, the dashboard was enthusiastically received by many CCM members; and some PRs have decided to use the dashboards themselves for implementation tracking and grants management. In addition:

- In Morocco, the dashboard allowed the newly established CCM oversight committee to identify several critical issues requiring urgent CCM intervention, and to take steps to resolve them.

- In Mali, Mongolia and Peru, the dashboard enabled the CCM to identify procurement and supply management issues and address them with the PRs.

Of course, the dashboards are only as good as the information that is fed into them. Where there are serious weaknesses in data collection, it will be difficult to implement dashboards effectively. And where a lack of resources or frequent turnover of members is hampering the ability of the CCM to oversee grants, the dashboard will not be a magic pill.

A generic dashboard template is available with supporting documents on the Global Fund's website under "Grant Oversight Tool" at www.theglobalfund.org/en/ccm, as follows:

- "Introduction" – a brief introduction to dashboards;

- "Oversight Tool" – a generic version of a working dashboard;

- "Set-up and Maintenance Guide" – a technical guide on how to use the dashboard;

- "TS Summary" – a summary of the process used during the pilot to work with CCMs on grant oversight and the use of the dashboard; and

- "Feasibility Study Executive Summary" – the executive summary of a report on the results of the pilot project.

All of the above documents are currently available in English only.

The Global Fund says that an enhanced dashboard package will be developed once the final results of the pilot evaluation are known.

An older sample dashboard is contained in "Strengthening Management and Oversight of Global Fund Grants: Lessons Learned from the OGAC Pilot Experiences with Executive Dashboards in Nicaragua, Zanzibar, Tanzania and Nigeria," written by MSH in December 2007. The report is available under "Lessons Learned Report MSH" and "Attachment A: Dashboard CCM Honduras" at www.theglobalfund.org/en/ccm/guidelines. However, the template for the dashboard has evolved since those documents were written.

In March 2009, Aidspan released a guide on the roles and responsibilities of CCMs in grant oversight. Copies are available in English, French, Spanish and Russian at www.aidspan.org/guides.

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4. NEWS: Global Fund Pursues Discussions with GAVI and World Bank on Joint Funding of HSS
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The Global Fund is in discussions with the Global Alliance for Vaccines and Immunisation (GAVI) and the World Bank concerning the creation of a common platform for jointly funding health systems strengthening (HSS). For countries, a jointly funded HSS mechanism would mean simplified access to HSS funding, better alignment of financing to national HSS-related strategies, and reduced transaction costs.

Aidspan reported on a recent Board decision to continue these discussions and to expand the options being considered (see GFO 111, available at www.aidspan.org/gfo). This article provides additional information on what the three organisations have been discussing.

The basis for these discussions is the increased recognition of the importance of HSS as an element of achieving better health outcomes generally, and also specifically for AIDS, malaria and TB. The Global Fund, GAVI and the World Bank are considered to be among the most significant funders of HSS internationally.

Initial discussions were fairly preliminary. They focused on two options:

1. Single HSS funding application

2. Funding based on jointly-assessed national strategies

(As noted above, the Global Fund Board has suggested that additional options be considered, but it has not provided any guidance concerning what these options might look like.)

Single HSS funding application

Under this option, the three donor agencies would agree on how HSS is defined, what it covers and how HSS activities should be categorised. A common call for HSS funding would be issued. The requests would be jointly assessed, and each agency would fund a portion of the costs based on a pre-agreed formula. The three agencies would jointly oversee programme implementation, including helping recipients access technical assistance and capacity building.

The implications of this approach for the Global Fund include the following:

- A dedicated funding stream for HSS may be required (separate from disease-specific proposals).

- Revisions may be required to the scope of allowable HSS activities and to country eligibility criteria.

- A joint review mechanism would need to be established.

- Agreement would be required on how to allocate funding among the three agencies. Linked to this, the Global Fund might need to earmark funding specifically for HSS, and set funding ceilings.

In addition, an agreement would have to be reached concerning which entity would submit the funding request. It might not be CCMs, since they are specific to the Global Fund. But any divergence from the CCM model has implications for the Fund's principles of inclusion and partnership.

Funding based on jointly-assessed national strategies

Under this option, countries would submit as the basis for funding a costed national health strategy that includes cross-cutting HSS activities and a monitoring and evaluation framework. This is similar to the approach currently being used by the Global Fund for national strategy applications (NSAs). Countries would submit a joint funding request to all three agencies, with an "expectation that the decisions of the different agencies on the funding request would not differ."

The implications of this approach for the Global Fund include the following:

- Revisions to Board policies would be required to allow assessment on the basis of a national health strategy.

- A joint mechanism would have to be developed to assess the national health strategies submitted for funding. The Global Fund's Technical Review Panel (TRP) might not be included in this process.

- Funding ceilings may be required.

- A mechanism would need to be put in place to retain the multi-stakeholder and inclusive nature of the current Global Fund approach. The role of the CCM in this process is unclear.

Under this option, it is possible that two different reviews would be required, the first an assessment of the national health strategy, and the second an assessment of the funding request for HSS.

It is likely that any initiative that emerges from the discussions among the three agencies would be developed incrementally, with an initial pilot phase based on, but not limited to, the two options already discussed. The next phase of the discussions will likely include broader consultations with development agencies and civil society organisations, including at the country level.

The Global Fund Board has asked its Policy and Strategy Committee to recommend to the Board, for consideration at its next regular meeting in April 2010, a plan and policies for "bringing into operation" a joint HSS funding mechanism.

Reaction from representatives of civil society

Members of the Global Fund Board's Developed Country NGO delegation told Aidspan, publisher of *GFO*, that although the delegation strongly supports measures that will strengthen health service delivery systems, and although it believes that there are powerful synergies between the Global Fund and GAVI, the delegation has serious concerns about the role of the World Bank in any joint HSS funding mechanism. The concerns can be summarised as follows:

- The World Bank is a very different financing mechanism, primarily providing loans to governments, while both GAVI and the Global Fund approve specific grant proposals, including for grants to civil society recipients.

- A recent report from the World Bank's Independent Evaluation Group revealed that the Bank's track record with regards to the Bank's health investments, especially in Africa, and especially for health systems, is quite negative.

The Developed Country NGO delegation said that the World Bank should not have a leading role in any jointly funded HSS mechanism, and that there should be no joint programming (i.e., pooling of funds or joint programming decisions) with the Bank.

The delegation also said that the World Health Organization (WHO) should play a leading role in providing technical assistance to any jointly funded HSS mechanism. Finally, the Developed Country NGO delegation said that a number of other Board delegations expressed similar concerns.

Some of the information is this article was taken from (a) "Developing a Platform for Joint Funding and Programming of Health Systems Strengthening with the World Bank and the GAVI Alliance," a report prepared in early September 2009 by the Global Fund Secretariat for the Policy and Strategy Committee of the Board; and (b) Global Fund Board Decision Point GF/B20/DP4, available at www.theglobalfund.org/en/board/decisions (under 20th meeting).

As noted above, the Global Fund Board will be discussing joint funding of HSS again at its next meeting, scheduled for late April 2010. GFO will report on the outcome of these discussions after the Board meeting.

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5. NEWS: OIG Report on Zimbabwe Identifies Weaknesses in Grant Management
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The success of programmes financed by Round 5 Global Fund grants to Zimbabwe is threatened by a lack of comprehensive financial policies and procedures, and a lack of effective management on the part of the country's principal recipients (PRs). This is one of the conclusions of a country audit conducted in 2008 by the Global Fund's Office of the Inspector General (OIG), the results of which were made public in March 2009.

The audit covered four Round 5 grants, for which there were three PRs: the National AIDS Council (NAC); the Ministry of Health and Child Welfare (MOHCW); and the Zimbabwe Association of Church Related Hospitals (ZACH). The purpose of the audit was to assess the adequacy of the internal control and programmatic systems in managing the Global Fund grants in Zimbabwe.

The OIG said that, at the time of its audit:

- none of the PRs had undertaken their own audits of the programmes funded by the grants, which is in breach of the conditions in the grant agreements;

- two PRs had used money from the Global Fund to purchase fuel that was not used for Global Fund-related activities, which also contravenes the grant agreements;

- two PRs established rates for administrative charges (i.e., overhead), but failed to provide justification for the rates;

- none of the PRs had completed monitoring and evaluation plans, as required in the grant agreements;

- all three PRs experienced delays in disbursing funds to sub-recipients (SRs), some of which was due to the particularly challenging environment in Zimbabwe; and

- there were serious weaknesses in the collection, processing and reporting of data on grant performance.

With respect to ZACH, in particular, the audit found that ZACH's capacity to manage grants was constrained by the lack of middle management and expertise to manage the programmes. In addition, the OIG said that it has doubts about the legitimacy of approximately $193,000 in costs under the TB and HIV programmes administered by ZACH. Finally, approximately $84,000 was used to pay additional allowances to ZACH's senior executives, which contravenes the grant agreement. The OIG said that there funds need to be recovered.

(In November 2008, the Global Fund announced that Zimbabwe would be subject to the Fund's Additional Safeguard Policy, which requires that special measures be put in place to protect the Global Fund's investment. These measures include more rigorous assessments by the local fund agent [LFA].)

The country audit also covered the CCM and the LFA. With respect to the CCM, the OIG said that it did not see any evidence that the non-government members on the CCM had been selected by their own constituencies, as is required by the Global Fund. The OIG also observed that although instances of conflict of interest had been noted, the CCM Secretariat had not received any conflict of interest statements. In addition, the OIG said that there was a lack of understanding among stakeholders of the mandate of the CCM Secretariat. Finally, the OIG said that the CCM normally operated at half-strength; that there was a lack of consistency of people attending the meetings; and that discussion at the meetings focused on operational issues at the expense of policy issues.

With respect to the LFA, the OIG said that some of the members of the LFA team had inadequate experience in public sector development work. The OIG also said that, in a country like Zimbabwe, with its challenging environment, the Global Fund should not be using its standard LFA terms of reference template, as it was doing at the time of the audit. Instead, specific terms of reference that take into account the unique situation of the country should be developed.

This article is based on the OIG's "Country Audit of the Round 5 Global Fund Grants to Zimbabwe," available at www.theglobalfund.org/en/oig/reports.

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6. ANNOUNCEMENT: Making Sure *GFO* Gets Through Your Spam Filters
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END OF NEWSLETTER
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This is an issue of the *GLOBAL FUND OBSERVER (GFO)* Newsletter.

GFO is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org). *GFO* is emailed to over 8,000 subscribers in 170 countries at least twelve times per year.

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