

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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EDITOR'S NOTE: *In this issue, we continue our coverage of the report of the High-Level Independent Review Panel, with a commentary from Aidspan (see Article 1); a summary of the some of the reactions to the report by people and organisations that have commented publicly (see Article 2); and a report on the special Global Fund Board meeting called to review the High-Level Panel Report (see Article 3). In addition, Aidspan has published an item-by-item analysis of the recommendations in the Report, available [here](#).*

[1. COMMENTARY: The Report of the High-Level Panel – Strong and Thought-Provoking, but with Worrying Flaws](#)

The Report of the High-Level Panel is anything but dull. It is easily the most high-profile and frank review that has ever been conducted of the Global Fund. Many of the observations and recommendations are worthy of very serious consideration. However, other observations and recommendations raise as many questions as they answer.

[2. NEWS: Reaction to the High-Level Panel Report](#)

Among those who commented publicly, the report of the High-Level Independent Review Panel was well received. However, concerns were expressed about some of the Panel's recommendations. This article provides a summary.

[3. NEWS: Board Releases Summary of Board Meeting on the Report of the High-Level Panel](#)

The Chair and Vice-Chair of the Global Fund Board have released a summary report on the special Board meeting that took place on 26 September 2011. The report provides some glimpses into what transpired at the meeting, and summarises the next steps with respect to implementation of the recommendations of the HLP.

[4. NEWS: Working Group Formed to Study Changes to Application, Renewal and Approval Processes](#)

The Global Fund Board has formed a working group to examine options for changes to the application, renewal and approval processes, in light of current resource constraints, the recommendations of the High-Level Panel and changes emanating from the Global Fund's strategic planning and reform processes.

[5. NEWS: Chinese NGO Calls for a Freeze on Disbursements for HIV Grant](#)

Wan Yanhai, Director of the Beijing Aizhixing Institute, said that disbursements for China's HIV grant should be frozen for several reasons, including that the Chinese government has failed to create a favourable political and policy environment for social organisations involved in AIDS projects; and that the government has not been transparent about how grant funds have been spent.

And we think that the Panel was accurate in its assessment of CCMs – correctly acknowledging the accomplishments of the “CCM model,” while recognising the model’s limitations. Thus, the Panel said that with CCMs, the Global Fund has made ordinary and expected what was unthinkable in dozens of nations ten years ago. On the other hand, it points out that CCMs range from highly functional to completely ineffective; and that in many countries, the real decision-making over what goes into a Global Fund proposal is restricted to governments and insiders on the CCM.

WHAT WE LIKE CONCERNING THE PANEL’S RECOMMENDATIONS

We like the Panel’s recommendations to increase the number and responsibility of fund portfolio managers, to assign the most-experienced of these to work on the most difficult and risky countries, and to reinforce the “country team approach” (although more work is needed on this last point, because the country team approach appears at times to have slowed down, rather than speeded up, decision-making).

Among the other recommendations that we support are that the OIG should continue its vigorous targeting of fraudulent use of grant funds, but that it should produce its reports more quickly and behave with greater sensitivity and diplomacy when conducting audits; that the OIG should primarily focus on grants from Round 6 (2007) onwards; and that the OIG, the Secretariat and the Board need to work together more effectively.

We also like the recommendation that the Global Fund should introduce a more iterative grant application process. The Panel proposed a detailed two-stage process. The concept is good (and is one that the Secretariat had been working on for some time). The details, as suggested by the Panel, require more discussion. Whatever process is implemented should not become overly bureaucratic and cumbersome.

WHAT WORRIES US CONCERNING THE PANEL’S OBSERVATIONS

Perhaps our most serious concern with the general approach of the HLP Report is the fact that different options for reform are not discussed. We would have expected to see, at least for the most important issues discussed, some options presented and explored (i.e., pros and cons for each), and then a considered view on which of these the Panel recommends.

At the outset of the HLP Report, the Panel observed, first, that austerity among the donors makes the Global Fund more vulnerable now than at any time in its history, and second, that “the halcyon days of ever-increasing budgets for global health are over.” We agree with the first observation. However, with regard to the second, the fact that donors are not currently increasing how much money they give for aid in general, or for health in particular, does not automatically rule out their increasing their pledges to the Global Fund.

The Panel developed and made extensive use of a matrix that classified every country according to “risk” and “burden.” Unfortunately, the Panel made a rather basic error in its formula for computing burden, as a result of which the HLP Report showed that Namibia is the country with the greatest burden in the world and that Lesotho has a lower burden than Malaysia. This error involved mistakenly assuming that as a country’s poverty level goes up, its “burden” goes down rather than up.

We question the Panel’s view that the Voluntary Pooled Procurement (VPP) process is effective. We have heard reports that the VPP is getting slower and slower; and that small countries with small orders do not get good service and have a very hard time communicating with the VPP.

We also question the Panel’s view that an insufficiently rigorous scrutiny of budgets in proposals allows for padding, easily exploited post-approval. This may have been true in the earlier years; but we suspect that now it is rarely, if ever, true.

WHAT WORRIES US CONCERNING THE PANEL'S RECOMMENDATIONS

We have concerns about several of the recommendations in the HLP Report. Below, we describe our major worries. (Note: Aidsplan has also prepared a more detailed critique of the recommendations in the HLP Report, available [here](#).)

The Panel significantly exceeded its mandate and, in the process, spread itself too thin.

Oddly, even though the HLP Report and its 19 annexes cover 154 pages, nowhere does the Report include, even in summary form, the three-page Terms of Reference (TORs) that the Fund's Board specified. Those TORs gave the Panel a relatively constrained mandate, which was to review the Fund's "risk management, financial and fiduciary control and oversight mechanisms." (The TOR's are available in Annex 1 of the Board's [decision](#) to establish the panel.)

But the Panel went considerably further, and ended up making recommendations on everything from how the Board's committees and their work should be completely reconstructed to how mobile phones should be used by grant implementers for data-tracking. The Panel has not made a convincing case that the Global Fund needs to redesign such a broad range of its procedures at the same time as it is fixing problems related to financial controls and oversight. Many of the Fund's grant implementers are getting tired of the constant changes in Global Fund procedures.

As a result of exceeding its mandate, the Panel did not do as good a job as it could have in the core areas specified in its TORs, and it made many recommendations in areas where it appeared to lack expertise. In some areas, it failed to show the evidence on which it based its recommendations.

As a further consequence, some of the Panel's recommendations do not appear to have been fully thought through. For example, the Panel suggested that fund portfolio managers should spend 40% to 50% of their time visiting the countries for which they are responsible. This suggestion appears to have been a last-minute effort by the Panel to come up with a compromise between those who supported the idea of the Global Fund developing a staffing presence at the regional or country level and those who opposed it.

Another example is the recommendation that when national drug procurement, storage and delivery systems do not meet "international standards," the handling of these tasks should always be outsourced to non-national – which almost inevitably means, Western – institutions. This recommendation was much criticised because it would result in establishing parallel systems instead of building the capacity of national systems. (To its credit, the Panel backtracked on this, but only after the report was released.)

Yet another example of something not fully thought through is the recommendation to place a small team of full-time professional employees in the Chair's home-country office, reporting to him or her and serving as the main channel of communication between the Board and the Fund Secretariat. This recommendation means that the professionals in question would change countries every two years with the change of the Board Chair. There would also be a risk of tensions between those professionals and senior staff in the Secretariat.

The Panel was not clear about whether and how risk should influence grant amounts.

The recommendations in the HLP Report are very unclear regarding whether and how risk should be a factor in determining how much funding each country should receive. The Report said that "based on [risk]..., the Global Fund's Board [should] establish an allocation of funding according to categories of programs and/or countries and/or interventions." This is very vague. If it means that high-risk countries not only should be subjected to higher levels

of oversight, but also should be eligible for less money than other countries, we have a problem with that – particularly in cases where high risk countries also suffer from a high disease burden and have limited other sources of funding, and thus could achieve a high impact with Global Fund grants.

Some of the Panel’s recommendations could result in the Fund becoming more of a traditional, top-down donor agency.

The Global Fund was set up to promote “country ownership,” in which countries use partnership-based CCMs to determine priorities and to oversee grant implementation. The Fund has always chosen not to base its staff in the countries where the grants are being implemented, in part because of a fear that this would increase costs and negatively impact the spirit of country ownership.

By contrast, traditional donors operate in a relatively directive and top-down manner – deciding how much money they will spend in which countries on what issues, and then, within each country, how the money should be administered and by whom.

The Panel’s primary focus was on how to reduce the risk that grant funds will be mis-used. As a result, and perhaps inevitably, the Panel proposed that the Global Fund become much more assertive. There are certainly times when this could be appropriate in the context of oversight and of enforcing performance-based funding. But the Panel also proposed a more assertive role in other contexts. For instance, the Panel recommended that, for each group of countries, the Global Fund specify a maximum amount of funding even before proposals have been submitted by those countries. (This is essentially how the World Bank divides up allocations from its International Development Association funds.) The Panel also suggested that the Fund set budget ceilings for individual components of individual grants after concept papers have been submitted and before proposals are finalised. These actions would move the Global Fund away from having grants that are country-led and demand-driven, and could cause the Fund to become more of a traditional, top-down donor agency.

Some of the Panel’s recommendations could result in the Fund becoming less effective.

We are concerned that the Global Fund’s new-found obsession with risk, and some of the Panel’s consequent recommendations, will lead to Global Fund procedures becoming too rigid, and to Secretariat staff becoming micro-managers as they nervously attempt to minimise and even to eliminate risk. This process has already started. For instance, before PRs or their SRs can carry out any Global Fund-financed training sessions, they now have to create, and obtain approval from the Secretariat for, training plans that are sometimes hundreds of pages long. This makes a mockery of the statement in the Fund’s Framework Document that the Fund should use a “simplified, rapid, innovative process with efficient and effective disbursement mechanisms, minimizing transaction costs.”

This year, PR and SR staff have often told us that they find the Global Fund more difficult to deal with than most other funding agencies. They complained that they find themselves devoting more attention to compliance than to implementation and impact. We worry that this will lead to increasing numbers of frustrated PRs, SRs and partner agencies, and their employees, withdrawing from, or declining to offer themselves for, Global Fund-related work. All this will reduce the Global Fund’s effectiveness.

WHAT WE THINK IS MISSING

Even the most careful reader of the HLP Report is unable to conclude how serious or widespread fraud is among Global Fund grant implementers, or whether the Global Fund has a greater or lesser problem in this regard than do other major donors.

The whole sequence of events that ended with publication of the HLP Report started with an *Associated Press* story on 23 January 2011 that, despite being based only on OIG findings in a small number of countries, had the dramatic and unproven headline “Fraud Plagues Global Health Fund.” As a result, when the Panel was established, we assumed that it would be asked to estimate the extent to which fraud does indeed exist among implementers of Global Fund grants.

In fact, the TORs asked for something less ambitious, which was for the Panel to “assess the risk of fraud and misappropriation in the current Global Fund portfolio.” But in our opinion, the Panel did not achieve even this. The Panel limited itself to specifying some factors that might suggest that a country is at risk of fraud, and based on those factors, to ranking countries in a range from “lower risk” to “extreme risk.”

Nor did the Panel assess the extent to which the OIG’s findings represent, on the one hand, intentional fraud, and on the other hand, weak record-keeping which was in violation of grant requirements but from which nobody personally profited.

More significantly, the Panel did not attempt to assess whether the Global Fund suffers any more from fraud on the part of its grant implementers than do other major funders. As a result of this omission, people who have only read the press reports might conclude that, among donors, the Global Fund is especially negligent when it comes to detecting or responding to fraud. Yet, the reality is quite different. In many ways, the Global Fund is an exemplar of transparency and of determination to tackle fraud head-on. The donor countries know this, but they may still be tempted to use the HLP Report as an excuse to cut back on their pledges to the Global Fund.

The Panel paid scant attention to the whole aid effectiveness agenda and the Global Fund’s role within that.

The Global Fund is fully committed to the principles of the [Paris Declaration](#) (as are all donor countries and almost all developing countries), and is a signatory to the [International Health Partnership](#) initiative. Both of these initiatives are designed to maximise aid effectiveness. The agreed principles include that donors should harmonise among themselves their policies and practices, and that donors should align their programmes with those of implementing countries. Yet there was nothing about aid effectiveness, harmonisation or alignment in the HLP Report.

Many of the problems that implementing countries experience regarding data quality, procurement systems, and financial management and oversight can only be reasonably addressed through a systemic approach involving multiple players from inside and outside the country; they cannot be addressed by each donor insisting on the country putting in place systems just to satisfy that particular donor. The lack of reference to the problem of fragmented (often donor-driven) systems is a serious omission by the Panel, and the Panel’s go-it-alone prescriptions will not help the Fund maximise lives saved.

CONCLUSION

The HLP Report was produced at a time when the Board and a rather shell-shocked Secretariat were desperate for a plan that everyone could coalesce around. Furthermore, the Board was under great pressure to act, because some donors were delaying the release of their 2011 contributions until they saw the Report and how the Global Fund reacted to it.

After a few days' thought and one day's discussion on 26 September, the Board agreed that almost every recommendation in the HLP Report represented an appropriate path forward. The simplistic nature of that decision was unfortunate, although it is understandable under the circumstances.

The Board also resolved that by 31 October, the Chair and Vice-Chair, the Secretariat, and the OIG must agree on and send to the Board a draft "Consolidated Transformation Plan" (CTP), with a final draft to follow by 10 November. And the Board said that the CTP must reflect not only that large portion of the HLP Report's recommendations that the Board had just endorsed, but also the Plan for Comprehensive Reform (which the Board [endorsed](#) in May 2011) and the results of some other reform initiatives.

This is an extremely aggressive timeline. Furthermore, the task will be technically daunting, because these various initiatives look at the issues through very different lenses and make recommendations that at times conflict with each other.

For all these reasons, blind adherence to the HLP Report's recommendations would be a mistake. Instead, the CTP should implicitly propose accepting some of the recommendations in these various documents, modifying or fleshing out others, and rejecting or replacing yet others. During the five weeks until the CTP is voted on at the 21-22 November Board meeting, the Global Fund will sorely need firm and insightful leadership from the Chair and the Executive Director.

2011 has not been a happy year for the Global Fund. Nevertheless, the Global Fund should be grateful to the High Level Panel for delivering a report that provided a wake-up call that could not be ignored.

This Commentary was jointly written by Aidspace's Bernard Rivers, David McCoy, and David Garmaise. Comments should be addressed to bernard.rivers@aidspace.org. The Commentary is based, in part, on a detailed critique of the Panel's recommendations, available [here](#).

The High Level Panel's [report](#), "Turning the Page from Emergency to Sustainability," was described in [GFO Issue 158](#). The Global Fund Board met on 26 September 2011 to decide how to proceed with the report's recommendations (see [GFO Issue 159](#)).

The Panel was led by Festus Mogae, former minister of finance and then head of state of Botswana, and Michael Leavitt, former U.S. Secretary of Health and Human Services. The other five members were two from developing countries (a former senior official in the African Development Bank, and a former senior official with Citibank and Banco Santander Brasil), and three from Western countries (the Chair of the Panel of External Auditors of the U.N., the Chair of Interpol's International Group of Experts on Corruption, and the Inspector General of Finance in a French government ministry). The Panel's support team has eight members from the U.S., one from Canada and one from the U.K.

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2. NEWS: Reaction to the High-Level Panel Report

In general, the report of the High-Level Independent Review Panel (HLP) was well received by people and organisations that commented publicly. However, concerns were expressed about some of the Panel's recommendations. This article provides a summary of the reaction. Links have been provided to the full texts.

[Sarah Boseley, *The Guardian*](#)

One of the first to react was Sarah Boseley of the newspaper *The Guardian* on 19 September. In her global health blog on the newspaper's website, Boseley said that the "devastating" verdict of the "very intelligent" HLP report was that that the Global Fund must "change or wither." She added that the HLP report could give donors the excuse they want to cut funding for the Global Fund. To avoid that happening, Boseley said, changes at the Global Fund have to happen "fast and convincingly."

Boseley said that funding for AIDS has dropped significantly. She called on the Government of the United Kingdom to take a more active role in convincing donor governments to reverse this trend. However, she said, "unless the Global Fund can come back fighting – stronger, more transparent, leaner and fitter than before – this is so unlikely to happen."

[William Savedoff, Center for Global Development](#)

On 22 September, in his blog on global health policy, William Savedoff, a senior fellow at the Center for Global Development, said that the HLP did "an amazingly thorough job in only six months." Savedoff expressed satisfaction with what he called the report's "low-key style," which is a more appropriate response than the relative hysteria in the press earlier this year."

However, Savedoff expressed concern about the fact that the Global Fund, which was "expressly created to blaze an innovative approach to international aid," is now being counselled by the Panel "to back away from that vision." He said that the Panel's recommendations are aimed at making the Global Fund look more like other aid agencies.

Savedoff said that the HLP Report calls for the Global Fund to be less passive and more assertive in its dealings with countries. He said that, according to the Panel, its proposals for a new grant approval process, more scrutiny of CCMs, greater supervision of sub-recipients, and more time spent by staff engaged with grantees are compatible with "country ownership." But, Savedoff asked, "Are they really compatible?"

Savedoff said that even with the proposed changes, "the Global Fund will probably remain more nimble and flexible than other international agencies. It will certainly be able to produce more reliable accounts and it continues to be more open and transparent about its findings than other agencies."

Given the negative reaction of donors to last year's revelations of fraud by grant implementers, Savedoff said, "it is certainly safer for the Global Fund to mimic other agencies institutionally and procedurally. It is always riskier to stand out in the crowd. But it isn't necessarily the best way to effectively assist low- and middle-income countries to fight disease."

[Open Society Foundations](#)

In a statement issued on 23 September, the Open Society Foundations (OSF) said that most of the Panel's recommendations would improve the work of the Global Fund and should be implemented. "However," the OSF said, "the Global Fund should be careful not to rush into

making significant changes to its business model without evaluating the potential impacts of those changes on its ability to deliver on its mission.”

The OSF expressed concern about the HLP’s “focus on financial risk and oversight,” saying that this left other, more difficult issues unaddressed, such as “how can the Global Fund strengthen civil society, evaluate the appropriateness and quality of the interventions it funds, ensure protections for human rights, and address the legal and policy context in which programs are implemented.” The OSF said that these factors can undermine programmes just as easily as can misappropriation of funds, and that they warrant greater attention by the Global Fund Board and Secretariat.

The OSF expressed concern about what it termed “a culture of risk aversion at the Global Fund that is leading to paralysis in countries.” The OSF referred to consistent reports that the Global Fund is micromanaging programmes in a way that hinders action, and that principal and sub-recipients are afraid to make decisions without sign-off from the Global Fund. According to the OSF, some of the key statistics by which the Fund tracks its performance confirm the extent of this risk aversion. For example, the OSF said, only 10 of the 111 grant agreements in Round 10 have been signed nine months after board approval; and disbursement rates during the first three-quarters of 2011 are less than half what they were in the same period in 2010. According to the OSF, the recommendations in the report do not offer any immediate solutions to these challenges. “This level of risk aversion is having a serious negative impact on programs and community-based organizations and should be addressed by the Executive Management Team urgently.”

Separately, in a blog on the OSF website, [Shannon Kowalski](#) of the OSF said that “it would be unfortunate if the Global Fund emerges from this process with a focus only on strengthening its financial safeguards, without also committing to address some of the other factors that can just as easily undermine the effectiveness of its programs, such as a weak civil society or inadequate protections for human rights.”

[Communities delegation](#)

In a statement issued on 23 September, the Communities Living with HIV, Tuberculosis and Affected by Malaria Delegation (Communities Delegation) of the Global Fund Board said that the report’s recommendations are consistent with the Global Fund’s values of transparency and accountability. However, the Communities Delegation said that it was “deeply concerned” that some of the findings of the HLP might be misconstrued. Given the current economic climate, the delegation said, major Global Fund contributors could use the findings of the report as excuses not to meet funding commitments.

The Communities Delegation added that it does not support the Panel’s suggestion that Round 11 be “re-evaluated” or its recommendation that current eligibility requirements be revamped.

[\(Kenya\) Daily Nation](#)

On 3 October, the (Kenya) *Daily Nation* said in an editorial that the Panel “makes several forward-looking recommendations that will see the board improve its efficiency and reflect its maturity in health financing.”

However, the paper expressed concern that one of the recommendations will make it difficult for the public to know when funds meant for their health care are being stolen. The paper was referring to the recommendation that separate versions of reports on investigations by the Office of the Inspector General (OIG) be prepared – “one for the board, another for law enforcers and a third, sanitised version for the public.”

recommendations on the need to ensure that the Board was focused on “the right issues.” According to the Board Chair and Vice-Chair, the Panel “stated unequivocally that a failure of the Board to reflect on its governance model and take urgent action could undermine the successful implementation of all other Panel recommendations.”

In his statement, Executive Director Michel Kazatchkine said that many of the Panel’s recommendations validated reforms already underway within the Secretariat, but he also acknowledged that the Panel’s recommendations move the Global Fund far beyond these changes.

In their report, the Board Chair and Vice-Chair said there was “robust discussion” at the meeting on one founding principle that Board members believed should remain unchanged as the Panel’s recommendations were taken forward – i.e., the principle of balanced ownership between voting blocs, including the practice of rotation between the voting blocs for key leadership positions. In its recommendations on Board governance, the Panel had said that its proposed Investment Committee should consist of nine Board Members, five from the donor bloc and four from the implementer bloc. However, following some discussion, the Board decided that the committee – which it renamed “Strategy, Investment and Impact Committee” – would consist of ten Board members, with an equal number (five) from each bloc.

The Board said that the Global Fund will begin immediately implementing the Panel’s recommendations regarding:

- reported incidents of fraud;
- strengthening oversight on more recent rounds of investments;
- improving the relationship between the OIG and the Executive Director;
- defining a doctrine of risk and managing risk;
- redefining the principle of country ownership;
- empowering middle-management decision making;
- streamlining Secretariat staff to work more directly on grant management;
- strengthening the role of the fund portfolio managers;
- measuring outcomes, not inputs; and
- focusing on quality and value, rather than quantity.

The Board said that Secretariat staff managing grants will spend considerably more time working in the countries for the grants they manage.

The Board said that it would begin immediately to implement changes to the grant approval process, as recommended by the Panel. The Board said that these changes “will be finalized through the development of the Global Fund’s new five year strategy to be endorsed by the Board in November 2011.”

According to the Board Chair and Vice-Chair, at the meeting the Board “made clear” its expectation that the Global Fund Secretariat would implement the Panel’s recommendations “seeking to avoid any increase in general administrative overheads and to stabilize staffing levels.”

The Board expects the first status reports on the actions that will begin immediately to be presented to the next Board meeting in November 2011.

The Summary Report on the 24th Board meeting, prepared by the Chair and Vice-Chair, is available [here](#).

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4. NEWS: Working Group Formed to Study Changes to Application, Renewal and Approval Processes

The Global Fund Board has formed a working group to examine options for changes to the application, renewal and approval processes for new and existing investments.

At its meeting on 26 September 2011, the Board decided that it was necessary to examine options in light of current resource constraints, the recommendations of the High-Level Panel and changes emanating from the Global Fund's strategic planning and reform processes.

The Board said that it will communicate the results of these deliberations no later than 1 December 2011. It also said that the deliberations will consider options for "reallocating existing commitments to prioritise high-impact interventions, which could increase resources available for new investments." In other words, the Global Fund may look for savings in grants that will be going through Phase 2 Renewal in order to free up some money to fund Round 11 proposals.

The intent is that the working group will provide the Board with the results of its deliberations in time for decisions at the 25th Board meeting on 21-22 November 2011. Bland said that he expects that the group's report will be provided on or about 7 November. Bland added that he hopes to provide Board members with a report on the working group's progress by the end of October.

Information for this article was taken from a communication from Simon Bland, Chair of the Global Fund Board, circulated at the end of the first week of October. When we went to press, the text of the communication was not available on the Global Fund website.

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5. NEWS: Chinese NGO Calls for a Freeze on Disbursements for HIV Grant

A Chinese NGO has called on the Global Fund to "continue to freeze" funding to the Chinese government for HIV.

In a statement issued on 30 September 2011, Wan Yanhai, Director of the Beijing Aizhixing Institute, said that funding should be frozen for three reasons. First, he said, the Chinese government wastes "huge amounts of money in monitoring and restricting the personal freedom of people with HIV/AIDS." Wan said that the Chinese government has failed to fulfil its pledge that the HIV grant from the Global Fund would be used "to save lives only."

Second, Wan alleged that, despite promises to do so, the Chinese government has failed to create a favourable political and policy environment for social organisations involved in AIDS projects.

Third, Wan said, there has been a lack of transparency in how the Chinese government has addressed HIV/AIDS in China. For example, he said, the government has concealed the extent of the HIV epidemic among blood donors and users of blood products; there is little information available concerning how funding for HIV is spent, including funding from Global

Fund grants; and there has been no public participation in recent discussions about changes in how Global Fund monies in China will be spent.

The Beijing Aizhixing Institute was the first AIDS NGO in China. It focuses on preventing HIV transmission and ensuring that vulnerable communities have equal access to education, health care, housing, and legal protection. Wan Yanhai is a well-known AIDS activist.

In November 2010, the Global Fund temporarily froze disbursements from its HIV grant in China; in May 2011, the Fund extended the freeze to grants for malaria and TB. The reasons cited for the freeze were suspected misuse of the money and the government's reluctance to involve community groups in implementation of the grants. On 2 September 2011, as [reported](#) in GFO, the Global Fund lifted the temporary freeze on disbursements for its grants to China, but said that discussions were continuing on some unresolved issues.

The full statement from The Beijing Aizhixing Institute was posted on the listserv of the International Treatment Preparedness Coalition (ITPC) on 1 October 2011.

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6. ANNOUNCEMENTS: New Tools for Integrating Drug Use Initiatives and CSS in Proposals

Briefing notes on how to integrate drug use initiatives in Round 11 proposals

The International Harm Reduction Network has produced briefing notes for Round 11 applicants on how to integrate initiatives related to drug use into their proposals. The briefing notes, which are available in English and Russian, cover five topics:

- Legal aid
- Gender-specific harm reduction programming
- Integration of HIV and tuberculosis services for drug users
- Overdose response with the overdose reversal medication naloxone
- Diagnosis and treatment of hepatitis C

The briefing notes can be downloaded from the website of Open Society Foundations [here](#).

Guidance tool on integrating community systems strengthening in proposals

UNAIDS has released a guidance tool for including community systems strengthening in Global Fund proposals. Entitled "Supporting community-based responses to AIDS, tuberculosis and malaria," the 44-page guidance note can be downloaded directly in PDF format [here](#).

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

We welcome suggestions for topics we could cover in GFO. If you have a suggestion, please send it to Bernard Rivers, the Editor of GFO (see contact information below).

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