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Global Fund Observer

NEWSLETTER

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BY DJESIKA AMENDAH

The Secretariat plans to strengthen the capacity and the voice of “Resilient and Sustainable Systems for Health” in country dialogues, better integrate RSSH into its processes, differentiate and prioritize RSSH investments depending on the country’s development level, increase collaboration with Gavi, the Vaccine Alliance, and improve RSSH indicators’ measurement. Those are some of the changes the Secretariat presented at the 41st Board meeting, in response to evaluations and an audit of the Global Fund’s investments in RSSH. The Secretariat remained silent on a couple of other issues.

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BY GEMMA OBERTH

Eight months after the Global Fund Board approved an unprecedented \$5-million donation for ARV procurement and community monitoring in Venezuela, a new update report from ICASO and ACCSI documents a deteriorating social, political and economic situation in the country. Challenges with the rollout of the Global Fund donation are linked to obstacles in the supply chain and distribution, some politically motivated. The organizations call on the Global Fund to scale up investments that respond to human rights-related barriers to access and to assess the impact of Venezuela’s crisis on neighbouring countries, particularly for malaria.

3. NEWS: OIG investigation in Haiti uncovers collusion and fraud in warehouse contracting

BY ADÈLE SULCAS

A report from the OIG on its investigation of Haiti confirms collusion and fraud on the part of the Principal Recipient for grants across all three diseases, Population Services International, through its local affiliate, the Organisation Haitienne de Marketing Social pour la santé. The wrongdoing, related to fraudulent procurement in the process of contracting a warehouse for bednets, involved \$216,870 in non-compliant expenditures, about half of which the OIG recommends be recovered from the Principal Recipient. The OIG reviewed other expenditures by the local affiliate, which did not warrant further investigation.

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The 41st Board Meeting of the Global Fund to Fight AIDS, Tuberculosis and Malaria held in May 2019 was an opportunity for the organization to pledge its commitment and support to the LAC region, where \$2.2 billion has already been invested to date to fight the three diseases. Investments include technical assistance to build resilient health system infrastructures in 36 countries in the continent, while maintaining an emphasis on co-financing commitments to cover key transition risks that include uptake of services for key populations. A member of the Latin America and Caribbean delegation to the Board offers his perspective.

5. ANALYSIS AND COMMENTARY: OIG advisory review on Western and Central Africa questions 'challenging operating environment' policy

BY CHRISTELLE BOULANGER

For the first time, in the Inspector General's new Advisory Report on Western and Central Africa, there is a transparent and multidisciplinary document available for further debate about new operational choices. In this region, 11 countries are classified as Challenging Operating Environments and should, under this category, benefit from flexibilities in their implementation to maximize impact. Two years after the policy was adopted by the Board, the OIG questions how it is being implemented, and calls for more country-by-country analysis.

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BY ADÈLE SULCAS

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7. ANNOUNCEMENT: Christelle Boulanger appointed Editor of Observateur du Fonds Mondial

BY AIDSPAN STAFF

Christelle Boulanger joined Aidspace as the Editor of the Observateur du Fonds Mondial, the French version of the Global Fund Observer, effective May 2019. She will be responsible for developing research and editorial content relating to Western and Central Africa, and editing the OFM.

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1. NEWS: Global Fund Secretariat responds in part to evaluation and audit of its health system investments

Secretariat has not yet offered responses on a few important issues

Djesika Amendah

11 June 2019

The Technical Evaluation Reference Group (TERG), the Technical Review Panel (TRP), and the Office of the Inspector General (OIG), three Global Fund bodies that are independent of the Secretariat, have recently evaluated and audited the Global Fund investments in building “Resilient and Sustainable Systems for Health” (RSSH), [which make up 27% of all Global Fund investments](#).

All three entities highlighted the importance of RSSH investments and achievements while offering constructive criticism on the implementation of RSSH grants and recommendations for improvement. During the 41st Board meeting, the Secretariat provided responses to five issues raised but remained silent on two critical others.

Information from this article comes from the [Technical Evaluation Reference Group meeting summary report](#), the TRP “[Report on RSSH investments in the 2017-2019 funding cycle](#)” and the OIG report, “[Managing investments in RSSH](#)”, as well as the Secretariat’s presentation to the Board at the May 2019 meeting. (This presentation is a Board document, and is expected to be published by the Secretariat on the Global Fund website within a few weeks).

Two evaluations and an audit found room for improvement

In September 2018, the 36th TERG meeting summary report assessed the implementation of the Global Fund Strategic Objective 2 which is to “build RSSH”. (The TERG evaluates independently the Global Fund business model, investments and impact, and reports to the Board through the Strategy Committee). The TERG found major gaps in some aspects of the Global Fund’s investments in RSSH. The TERG conclusion stressed three points: First, the Global Fund grant cycles of three years may not be conducive to optimal implementation of RSSH investments. Second, the RSSH grants target areas might duplicate those of Universal Health Care and third, the absorption rate of the RSSH grants is low.

A month later, in October 2018, the TRP report based on funding requests submitted for the current allocation period (2017-2019) commended the Global Fund for its RSSH investments and encouraged more of them. But the TRP also identified six key high-level issues with the Global Fund's RSSH investments that the TRP says need to be addressed to improve RSSH investment results.

Those issues are (i) the need to better account for country situational analyses of RSSH bottlenecks or challenges, and (ii) to further differentiate RSSH investments along the health systems development continuum (start-up, support, strengthening, and sustainability) for each health system pillar. The TRP pointed out (iii) the weak and/or poor indicators used to monitor the impact of RSSH investments (iv) and the lack of integration of the three diseases' programs with other health programs, which results in missed opportunities to improve service delivery, efficiency, equity and/or impact and value-for-money. The TRP recommended the (v) broader engagement of in-country institutions beyond the health ministry, which could strengthen vital elements of the health system and recommended (vi) dedicating more attention to other health-system components such as governance, accountability and financial management.

In May 2019, the OIG published an audit report on RSSH, which [GFO wrote about that month](#). The OIG's report acknowledged the importance of RSSH investments but found that the structures, policies and processes for the management of RSSH investments, as well as the monitoring framework for RSSH, need 'significant improvement'. The OIG considered the management of RSSH risks to be 'partially effective'.

The Secretariat response

During the 41st Board meeting in May 2019, the Global Fund Secretariat presented its responses to these two evaluations and the audit. The Secretariat addressed five points.

First, the Secretariat will strengthen RSSH participation during the country dialogue so that RSSH experts' opinions be heard and their 'voice' be taken into account in the funding request. The Secretariat plans to leverage in-country partnership models to strengthen governance and coordination capacities, engagement with other public entities including RSSH experts, and advance integration of Country Coordinating Mechanisms (CCMs) with other national coordination mechanisms.

Second, the Secretariat will integrate RSSH in a cross-cutting and holistic manner, "where it makes sense to do so". This action assumes the Secretariat will first define a common understanding of integration for key RSSH areas, and adjust Global Fund processes to facilitate those integrated approaches.

Third, the Secretariat will update its RSSH investment guidance to improve differentiation and prioritization across the portfolio. This differentiation will require more data to accurately assess needs. The Secretariat intends also to refer to existing frameworks, where relevant, to guide investments according to the stage of a country's development. The Global Fund works in over 100 different countries, with varying levels of average income (low-, middle-, upper-middle income) which are often used to measure level of development. Those

countries face different challenges such as natural or man-made catastrophes and present different implementation and fiduciary risks. Risks faced by the Global Fund, especially grant implementation risks, have to be managed in order to protect the Global Fund monies while achieving its objectives ([The Global Fund Risk Management Policy](#) is available online). Thus, the need arises to differentiate ways of working with countries. The Secretariat also plans to scrutinize cases where the policy guidance is not followed, with the help of the TRP.

Fourth, the Secretariat plans to deepen its collaboration with Gavi, the Vaccine Alliance (another global health initiative financing vaccines for children, using a model similar to that of the Global Fund) and other partners who invest in RSSH to increase leverage, efficiency and complementarity. The Global Fund and Gavi often invest in the same countries while fighting different diseases (HIV, TB and malaria for the Global Fund and vaccine-preventable diseases for Gavi). In the course of fighting those diseases, both institutions invest in RSSH, for instance to warehouse health commodities or train health-care workers. The Global Fund Secretariat will collaborate on RSSH needs assessments for investments that both Gavi and the Global Fund plan to fund; and they will increase coordination and tracking of investments using the same methodology, in order to be able to compare results at the end.

Finally, the Secretariat committed to improving RSSH measurement by defining or updating indicators to monitor grants. This effort will be partly based on existing evaluations, reviews and assessments.

The Secretariat's presentation to the Board also highlighted the Global Fund's next three steps in response to the TERG, TRP and OIG recommendations. First, it will consult widely to come up with an optimal approach to implement RSSH grants that both strengthen the disease programs and build RSSH. Second, it will update its documents (modular framework, information notes and application materials) in order to reduce the gap between investment guidance and practice, and better invest for results. Finally, the Secretariat committed to implement the Agreed Management Actions from the OIG's May 2019 report.

Areas not covered by the response

The Secretariat remained conspicuously silent on the lack of alignment between its funding cycle of three years and the longer average time needed for successful RSSH investments. This point has been highlighted at length by the TRP, the TERG and the OIG with a suggestion of phased investments when appropriate. A phased investment might take the form of a long-term investment with tranches of three years, which will correspond to the funding cycle. The Secretariat has also not elaborated on strengthening RSSH components, such as governance, which are vital for the success of its investment.

Further reading:

- [36th TERG Meeting: Summary Report](#) 5-7 September 2018 Nay Pyi Taw, Myanmar
- *The TRP report, [Report on RSSH investments in the 2017-2019 funding cycle](#), October 2018*
- *OIG audit report, [Managing investments in Resilient and Sustainable Systems for Health](#) 3 May 2019 (GF-OIG-19-011)*

- The [Global Fund Strategy 2017-2022](#), *Investing to end the Epidemics*.

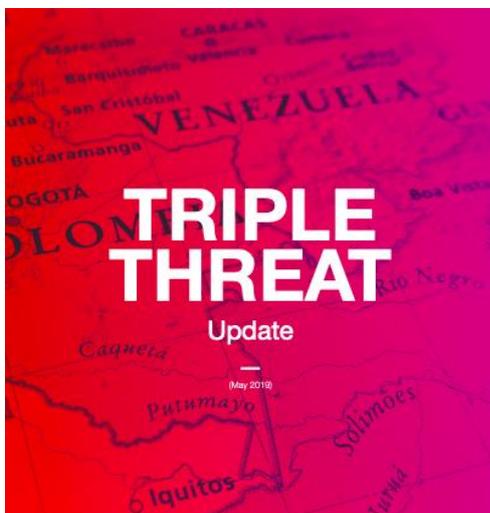
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2. FEATURE: Global Fund donation reaches Venezuela amid worsening humanitarian crisis

New report says medicines have arrived, but not been distributed

Gemma Oberth

11 June 2019



On 24 September 2018, the Global Fund Board approved a \$5.0 million donation to Venezuela. Owing to the [severe humanitarian crisis](#) in the country, this donation was made despite Venezuela not meeting the usual Global Fund eligibility criteria (see [GFO article, October 2018](#)).

The exceptional donation comes from funds designated by the Audit and Finance Committee for portfolio optimization. The Global Fund’s policy on exceptional funding, adopted in 2018, sets a ceiling of \$20 million for such funding, for all potential recipients combined, for a three-year period.



Eight months after the Board’s decision, an [update report](#) was published by The International Council of AIDS Service Organizations (ICASO) and Acción Ciudadana contra el SIDA (ACCSI) (Citizens Action against AIDS). The report is a follow-up piece to ICASO and ACCSI’s first exposé on the health emergency in Venezuela, released in November 2017 (see [GFO article, October 2017](#)).

The update report documents a deteriorating social, political and economic situation in the country, including challenges with the rollout of ARVs financed by the Global Fund donation.

Update on the procurement of ARVs in Venezuela

As Aidsplan has [previously reported](#), \$4.9 million of the Global Fund donation to Venezuela is being channeled through the Pan American Health Organization (PAHO) Strategic Fund for the purchase of antiretroviral drugs (ARVs). According to the ICASO and ACCSI update, the first 100,000 bottles of the fixed dose combination Tenofovir/Lamivudine/Dolutegravir (TLD) purchased by PAHO with the Global Fund donation arrived in Venezuela on

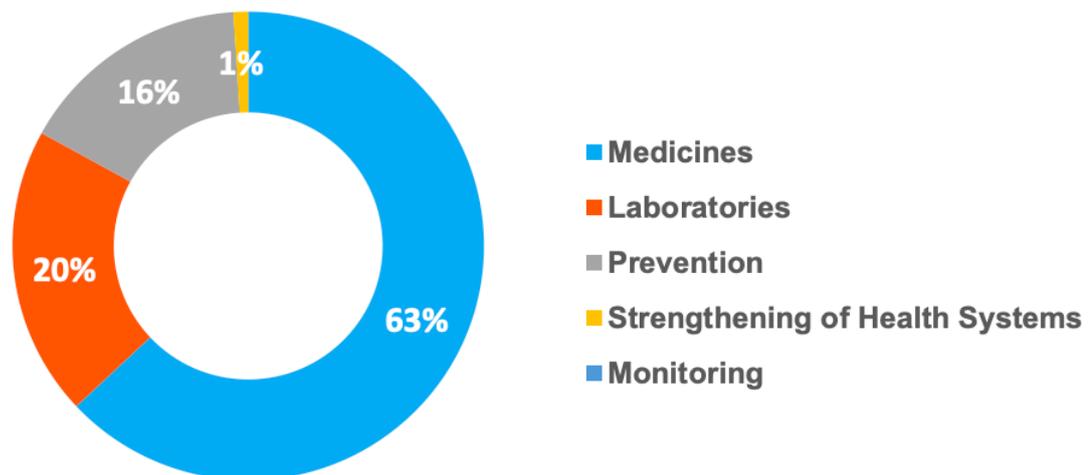
December 23, 2018. The second shipment of 200,000 bottles arrived on January 16, 2019. As of May 2019, nearly all 600,000 bottles bought by PAHO had arrived in country.

Once the customs and nationalization processes were completed, the drugs were transferred to the Jipana warehouse, where they were received by officials of the Ministry of Health together with PAHO, UNAIDS and the Red Venezolana de Gente Positiva (RVG+) (Venezuelan Network of Positive People).

The Global Fund Secretariat told the GFO that three shipments of ARVs have arrived in Venezuela and were being held in the central warehouse. A first distribution was done with support from PAHO and UNAIDS, the Secretariat said, to the 37 pharmacies that provide ARVs in the country's 24 states. Patients are receiving ARVs (TLD), a Global Fund representative said, but uptake has been slow due to in-country issues including older regimens and local logistical challenges such as no transport due to lack of fuel. These issues were discussed with the Board as potential risks at the time the investment was approved, they said, and the Secretariat is working with PAHO, UNAIDS, civil society to accelerate the uptake of TLD in Venezuela.

The report situates the Global Fund donation for the procurement of ARVs in the context of Venezuela's government-endorsed [Master Plan](#), as well as other in-kind donations. Of the \$100.9 million needed to respond to HIV over the Plan's three-year period, \$63.7 million is needed for medicines (Figure 1). The Global Fund's \$4.9 million donation for ARVs is complemented by more than \$11.0 million in donated ARVs from AID for AIDS, UNICEF, and the governments of Brazil and Haiti.

Figure 1. Distribution of HIV resource needs in Venezuela



Source: Venezuela 3-year Master Plan (June 2018-May 2021)

Community monitoring reveals delays in ARV distribution

The remaining \$100,000 of the Global Fund donation is being routed through the Joint United Nations Programme on HIV/AIDS (UNAIDS) for civil society organizations to monitor the delivery of the medicines procured.

Community monitoring led by RVG+ has revealed numerous irregularities in the storage and distribution of different medicines throughout 2018, including donations from a variety of organizations and institutions, that have not been delivered to people living with HIV. (The Global Fund-financed ARVs only arrived in Venezuela at the end of December 2018.)

ICASO and ACCSI say the unjustified delays in distributing the medicines are due to a decision by the Ministry of Health to keep them in its centralized warehouses. Local organizations cited in the report suggest the government of Venezuela may be intentionally withholding these medicines from people living with HIV, planning to exchange the drugs for votes during electoral periods.

As part of the social monitoring component of the Master Plan, supported in part by the Global Fund donation, community observers were supposed to be present in each of the pharmacies that deliver ARVs in Venezuela. This aspect of community monitoring has not (yet) been implemented, due to the refusal of the Ministry of Health to grant access to the pharmacy facilities.

Alberto Nieves, the Executive Director of ACCSI, says more support is needed for civil society organizations to be able to hold government to account. “The impact of the complex humanitarian emergency on people living with HIV and their families, together with the constant violations of human rights, intimidation and violence against human rights defenders living with HIV requires more substantial technical and financial support from the international community,” says Nieves.

“Continued investments in community systems in Venezuela are of the utmost importance” says Mary Ann Torres, the Executive Director of ICASO. “We need the Global Fund to scale this up, not only for monitoring and advocacy, but also for health and legal service delivery,” she said. In recent months, ICASO has documented [police raids of HIV service organizations](#) as well as [persecutions and arrests of human rights defenders and activists](#) in Venezuela.

Sounding the alarm on resurgent TB and malaria epidemics

According to the Master Plan, the purchase of antiretroviral drugs for HIV was the most urgent need among the three health conditions. The Board’s decision was based on the availability of essential life-saving commodities for the three diseases in the country for the following 12-months. It was acknowledged, the Secretariat told the GFO, that there were still significant gaps in TB and malaria across the entire health system. The ICASO and ACCSI update shines a spotlight on alarming recent trends for TB and malaria:

- Venezuela was responsible for 53% of all malaria cases and 80% of all malaria deaths in Latin America and the Caribbean in 2017.

- A total of 10,185 (31.8 per 100,000 population) new and relapse TB cases were recorded in 2017, up 41% from 2014.

In the recommendations section of the update, ICASO and ACCSI note that the leadership shown by the Global Fund in the case of Venezuela is unique, however, the organizations say more support and cooperation from the Global Fund is required.

ICASO and ACCSI call on the Global Fund to assess the impact that Venezuela's crises has had on other countries in the region, where approximately 2.4 million Venezuelan refugees and migrants have fled in search of health services and other relief. This information could inform potential reprogramming or realignment of Global Fund grants in neighboring countries (Colombia has an HIV grant and Guyana has a malaria grant) to address urgent needs in border territories, especially in the area of malaria.

“‘Triple Threat’ calls for the urgent streamlining of plans to prevent the further loss of life and human dignity among people living with HIV and affected by TB, malaria, and other health conditions. Failure to do so not only affects Venezuela; left unchecked, these resurgent epidemics threaten global health security,” says Torres.

Speaking to the GFO for this article, Javier Hourcade Bellocq, Chair of GNP+ and civil society member of the LAC delegation to the Global Fund Board, said: “International CSOs acknowledge the fantastic effort made by the Global Fund Secretariat and the technical partners to procure and send the medications [to Venezuela], but we underestimated the situation. There is the increasing challenge of delivering any health services [in the country] and the hospitals are abandoned and dismantled. We witness attempts by the government to use aid politically, so that's why the incredible job done by civil society in Venezuela, to monitor the Global Fund investment, is so vital.”

Bellocq also commented on the slow pace of new investment by donor governments who, he said, during the three years of discussing the exceptional contribution to Venezuela, had committed to contributing additional funding for AIDS, TB and malaria, but, he said, this had not happened “in a substantial way”.

“We are not seeing any new investment in responding to these three diseases,” Bellocq said. “Five million [USD] could save many lives but it is a drop in the ocean.”

The Secretariat told the GFO that the Global Fund notes with concern that the overall health situation in Venezuela continues to deteriorate. The Global Fund will consider a future request under the non-eligible countries in crisis approach in the coming months, noting that the initial request was for 12 months, and that all funding for ineligible countries in crisis is limited to \$20 million over three years. Any future request for exceptional funding would be subject to Board approval and availability of funds, the Secretariat representative said.

Gemma Oberth is a policy advisor for ICASO. Gemma also consults directly with the Global Fund, supporting the Community, Rights and Gender Strategic Initiative. This was declared to Aidspan and was not considered a conflict of interest in light of the author's unpaid contribution to the GFO in order to share the ICASO and ACCSI report findings.

3. OIG investigation in Haiti uncovers collusion and fraud in warehouse contracting

‘Preliminary evaluations’ of one third of local PR-affiliate’s other procurements raised no concerns

Adèle Sulcas

12 June 2019

In an investigation of Global Fund grants to Haiti, the Office of the Inspector General (OIG) has found evidence of collusion on the part of the supply chain manager of the Global Fund’s lead implementer in Haiti, with a third-party supplier, to obtain a contract for the provision of a warehouse that did not, in the end, conform to the requirements in the request for proposal nor the supplier’s promised facilities.

The OIG’s investigation report was made public on 3 June 2019.

JIT Logistics and Transport Company, the supplier, fraudulently misled the Principal Recipient (PR), Population Services International (PSI), that implements the grants through its local affiliate, the Organisation Haitienne de Marketing Social pour la santé (OHMaSS), by overstating the size of the proposed warehouse. This meant that OHMaSS incurred higher-than-market costs per square meter for the warehouse, in addition to needing to rent additional space at further cost.

Concretely this meant \$216,870 in non-compliant expenditures, the OIG said, based on the amount of Global Fund monies paid by the PR to JIT Logistics in connection with warehouse services between January and October 2017. The OIG has proposed that \$109,368 be recovered from the PR. The wrongdoing affected expenditure in a previous malaria grant implemented by the same PR as the current PR for the two grants across the three diseases.

During the investigation, the OIG received additional information suggesting a risk of collusion or overpricing relating to four other OHMaSS procurements, with a combined value of \$1.4 million. Further review of these procurements did not bring to light any further instances of misappropriation, misuse or non-compliance.

In addition, the OIG performed ‘preliminary evaluations’ of a sample of a further 52 OHMaSS procurements from 33 external suppliers between January 2016 and September 2018, as a risk mitigation measure; this sample represented 34% of all procurements directly undertaken by OHMaSS. These findings also did not warrant further investigation, the OIG said.

However, the investigation exposed weaknesses in the PR’s procurement capacity, evidenced by, among other findings, the fact that neither of two visits to the facility led by the Senior Supply Chain Manager pointed out the discrepancy between the 2000 square meters

(specified in the Request for Proposals) and the actual 900 square meters provided. These ineffective checks and controls during the bid evaluation processes, along with other identified weaknesses, will be addressed through the Agreed Management Actions associated with this investigation.

Table 1: Haiti's active Global Fund grants

Principal Recipient	Grant	Grant components	Signed amount (US\$)
Population Services International	HTI-C-PSI	HIV/AIDS	66,216,854
		Tuberculosis	17,896,075
Population Services International	HTI-M-PSI	Malaria	21,600,000
Total			105,712,929

Source: Office of the Inspector General

Origins of the OIG investigation

The OIG was alerted to the alleged wrongdoing in August 2017, by the Local Fund Agent via the Secretariat. The OIG opened its investigation in October 2017.

Findings and Agreed Management Actions

1. A senior OHMaSS employee colluded with a third-party supplier in a public procurement process. Though the Senior Supply Manager and the Director of JIT Logistics denied knowing or communicating with each other before the 22 December 2016 deadline for the public Request for Proposal (RFP), both claiming to have met only on 17 January 2017 during the warehouse inspection as part of the bid evaluation process, evidence found by the OIG proved that they had communicated about the RFP between 26 November and 21 December 2016. In addition, the Senior Supply Chain Manager's inspection report of the warehouse facility concluded that it met the requirements set out in the RFP. Further, only one supplier responded to the RFP; OHMaSS's procurement manual does not offer guidance on how to proceed in such a case (eg. to relaunch the RFP process, or proactively find other suppliers).

AMA 1: The Principal Recipient takes appropriate action towards the parties responsible for the prohibited practices the OIG's report describes.

AMA2: The Principal Recipient introduces processes or procedures to be followed in cases where only one proposal is received in response to a public RFP.

Both AMAs 1 and 2 are due by 30 June 2019, and are owned by the Head of Grant Management.

2. JIT Logistics overstated the size of the warehouse, resulting in OHMaSS making rental payments significantly above market rates. The actual surface area of the warehouse was 900 square meters, verified by the Local Fund Agent’s own measurements as well as those of an independent engineering firm (before the OIG investigation took place). This represents only 45% of the 2000 square meters that JIT Logistics proposed, in line with the requirements stipulated in the RFP. This meant that the rental paid for the inside area of the warehouse (\$19,300 per month) was significantly above market rates.

3. Inadequate proposal evaluation and contract negotiation processes resulted in the award of the contract to JIT Logistics. As a result, the OIG said, OHMaSS missed two opportunities to identify and address the shortfall in the space provided, agreeing to incur yet further costs, to rent a second warehousing room for health-care commodities. Poor communications and responsiveness led to OHMaSS not achieving value for money, the OIG said, in the course of renting additional outside storage space, which in the end was not required. The OIG included the \$33,869 cost of the outside space as part of the ‘non-compliant expenditures’ assessed.

AMA 3: The Secretariat will finalize and pursue an appropriate recoverable amount (due 31 December 2019, owned by the Chair of the Recoveries Committee).

(See the full table of AMAs on page 10 of [the OIG report.](#))

Haiti context

Since 2003, the Global Fund has invested more than \$400 million, across 11 grants, in Haiti, and currently has two active Global Fund grants in the country (the same grants were active during the OIG investigation). Haiti is the poorest country in the Western hemisphere, with a per capita GDP of \$766, gaps in services at all levels of the health-care system, and a chronic shortage of health-care professionals. The 2010 earthquake aggravated these problems, as untold numbers of health-care workers and students died in the event, and Haiti experienced a cholera epidemic after the earthquake.

Despite recurrent natural disasters, political instability and economic hardship, Haiti has made important gains in its fight against the three diseases, notably a reduction in new HIV infections of 94% between 2000 and 2015, and a 74% decline in malaria deaths in children under 5.

Actions already taken

To begin to address the issues identified in the OIG investigation, OHMaSS has already taken a number of actions in mitigation, it has informed the Global Fund. These are:

- Terminated the Senior Supply Chain Manager’s contract in November 2018;
- Developed a ‘market assessment tool’ for contracting warehousing services, and has adopted its use as standard practice;
- Begun to strengthen all core functions including procurement, by retaining an independent consulting firm to review all OHMaSS’s policy and procedure manuals;
- Taken JIT Logistics off the list of potential suppliers of OHMaSS.

In addition, in April 2018, OHMaSS recruited two new managers (as part of a broader organizational restructuring effort) to lead the Finance and Compliance, and Supply Chain Management teams.

The [full report of the OIG investigation](#) in Haiti is accessible on the Global Fund website.

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4. COMMENTARY: Latin America and Caribbean constituency expresses concerns following Global Fund's 41st Board meeting

Issues include allocation methodology, and key populations during countries' transitions

Edner Boucicaut

11 June 2019

The decisions of the Global Fund at its 41st Board meeting contributed to a commitment to reviewing the key performance indicators and expected results before the upcoming Replenishment pledging conference, to be held in Lyon, France in October 2019, and accelerating efforts towards ending AIDS, TB and Malaria.

The Latin America and Caribbean (LAC) constituency had an active and strong voice in emphasizing the impact of increased social, economic and political instabilities on the implementation of the Sustainability, Transition and Co-financing (STC) policy in the region, urging the Global Fund to better redefine the criteria and expectations for a successful transition. The purpose of this is to have accurate information as the context in which to monitor and evaluate transition processes, progress towards reaching goals, and protect achievements, according to Dr Mirta Roses Periago, LAC Board Member, during the Implementers group pre-meeting ahead of the Board.

The LAC Delegation also raised concerns in relation to the allocation methodology for the 2020-2022 cycle put forward by the Strategy Committee and the Secretariat: the LAC delegation believes that this methodology should ensure that the Fund's investments deliver on the objectives of our strategy and to reach out to additional partners, share common global health goals that are aligned with the Global Fund's vision to strengthen information systems, contribute to Resilient and Sustainable Systems for Health (RSSH), and develop innovative interventions and new tools.

Among other key issues addressed by the Board at its May 2019 meeting, ahead of the Sixth Replenishment conference, the Board reviewed the Private Sector Engagement Framework, Catalytic investments for the 2020-2022 allocation period, and Resource Mobilization and Innovative Financing.

The LAC delegation highlighted issues of critical importance to the Global Fund's key performance indicators, such as the role of Civil Society Organizations (CSOs) in achieving the Global Fund's mission of saving lives and ending epidemics. CSOs' role needs to be fully recognized, declared Dereck Springer, the Director of the Pan Caribbean Partnership Against HIV/AIDS (PANCAP), and the LAC Communication Focal Point. The advocacy role of CSOs has been critically important in increasing domestic funding as well as securing successful replenishments for the Global Fund itself, he said.

On the other hand, the LAC team expressed concerns with regard to the slow progress on key populations and human rights in transition countries (Key Performance Indicator/KPI 9) and the need to review the persistent barriers highlighted in the Strategic Performance Reporting Document, which was made available during the Board meeting only to members and delegates.

LAC emphasized during its own constituency meeting that political instability in some countries in the region, as well as transitions in process, place civil society organizations and key populations at risk. Delegates from the constituency believe that there is uncertainty about effective mechanisms to ensure that civil society and key populations are guaranteed funding to deliver key population-friendly services in the decision-making bodies such as the local CCM, following transition.

The LAC constituency praised the Global Fund's September 2018 decision ([GF/B39/EDP11](#)), to pledge \$5 million from the Emergency Fund to address the humanitarian crisis in Venezuela and to support the procurement of critical health products, such as antiretroviral treatment for HIV. However, key populations' and migrants' programming, among other issues, are yet to be addressed, due to lack of political will, LAC delegates asserted, during the implementers' group meeting the day before the Board meeting.

Pending the outcome of the Sixth Replenishment, the LAC constituency recognizes that many components could experience large reductions. Qualitative adjustments would be required to ensure that reductions are not immediate or too steep. These adjustments, the LAC constituency suggests, should include regional contextual factors to capture the potential risk of resurgence of malaria, for example, as experienced with other disease elimination efforts in the region, as well as sustainability and transition considerations.

While the LAC delegation welcomed the appointment of Dr Donald Kaberuka as Chair of the Board and Lady Roslyn Morauta as Vice-Chair, LAC appreciates the effort undertaken by the

Ethics and Governance Committee (EGC) to strengthen GF's Governance culture under its delegated authority and the openness of the process to discuss and seek feedback from Board constituencies, according to LAC's public statement made during the opening session of the Board.

The LAC delegates acknowledged with satisfaction the improvements in the Board leadership nomination committee documents to guarantee transparency and due diligence, especially in the following areas: a) preserve institutional memory for effective continuity; b) balance representativeness to ensure that all constituencies serve on at least Strategy Committee or Audit, Finance Committee for any given term; c) ensure representation on each committee of at least one civil society constituency; and d) enhance competency-based processes.

The LAC constituency believes that governance at Board level has been successfully improved and will be an important contribution to the Global Fund's performance. But there's still a lot of work to be done, particularly in gender and human rights, said Dr Periago, who is completing her term as the LAC Board member this coming fall.

To make sure the Global Fund can continue with its critical work, the Board is asking G20 world leaders to join hands and help save 16 million lives over the next 3 years by meeting the Sixth Replenishment's goal of at least \$14 billion. Such an investment would be seen as a global commitment to get us on track to ending the three epidemics. It is against this background that the LAC constituency is urging the world's leading economies to 'Step Up the Fight' by fully funding the Global Fund.

Edner Boucicaut is a Civil Society Organization member of the Latin America and Caribbean delegation to the Global Fund Board.

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5. ANALYSIS AND COMMENTARY: OIG advisory review on Western and Central Africa questions 'challenging operating environment' policy

Great variation in country contexts requires greater flexibility

Christelle Boulanger

11 June 2019

The May 2019 [Advisory Report on Western and Central Africa](#) conducted by the OIG over the previous 6 months offers a crucial opportunity to review the challenges met by the Global Fund and the implementers in contexts classified by the Global Fund as [Challenging Operating Environments](#) (COEs). Half of the Global Fund's COE countries – 11 out of 22 –

are located in West and Central Africa. In terms of epidemiology, the COEs remain crucial for the Global Fund, as together they account for 27% of the malaria burden worldwide, 30% of the Global Fund's overall investments, and usually experience major barriers to healthcare access for patients. As stated by the TERG in 2014 in the position paper on fragile states, "to achieve its overall goals, the Global Fund needs to succeed in fragile states".

The types of 'fragilities' that fall under the COE category are very diverse in nature, ranging from weak governance, poor access to health services to manmade or natural crises.

Consequently, it can be difficult to standardize solutions in countries as different from each other as Central African Republic (CAR) and South Sudan, or Burkina Faso, Liberia and Sierra Leone.

The OIG team has produced, in this Advisory Review, a very comprehensive analysis, and used many sources of information. For the first time, there is a transparent and multidisciplinary document available for further debate and new operational choices. This document should be the basis for additional analysis on the measures to be taken in order to maximise the impact in the COE.

Some additional elements should be taken into account:

Lack of consensus on COEs' definitions and needs

There is no global consensus on what COEs represents – and what specific needs they experience – to achieve greater results towards disease elimination. The COE category contains both failed states in emergency modes and fragile states that are still operating within a functioning political system, although they all use the External Risk Index methodology (a composite index compiling data from 10 authoritative published indices highlighting economic, governance, operational, and political risks in a country, updated on an annual basis. The Secretariat agreed, during the last Board meeting, on the necessity to reinvent programmatic interventions in emergency contexts, and partner with specific organizations that are used to deploying operations in unstable environments. Several experiments have recently been conducted in contexts such as Somalia, CAR and South Sudan. Agreements were made with emergency NGOs such as Doctors without Borders, Population Services International and United Nations agencies like the International Office for Migrations) (IOM) and the Food and Agriculture Organization (FAO). The Global Fund processes have been simplified, with country teams also approving commercial agreements to contract other partners on an ad hoc basis.

In those cases, where there are a few, well-identified partners, and where the strengthening of the health system is not the priority, interventions are easier to implement. The implementing sub-contracted partners enable a better understanding of the context, and the role of the Global Fund is better defined: a nexus between humanitarian actors and development practitioners. The examples of flexibilities and innovations that have been undertaken go from a system of bed-net distribution in Chad to the implementation of a system to track real-time consumption of health products in CAR.

COEs that don't fall under the category of failed states or countries in conflict have not been considered – and treated – by the country teams as specific 'contexts' where innovation and changes are required. They make up a complex panorama of weak and strong political powers, a fragmented civil society unlikely to play a major role in challenging the political powers in place and advocating for the most vulnerable, inequities in the health system (for example, a private sector dedicated only to the richest among the population, and a failed ministry of health) and very limited domestic investment in health.

The landscape of actors is fragmented and complex, mixing local actors with regional and international ones. Take the Sahel region as an example: the World Bank is investing through the SWEDD (Sahel Women's Empowerment and Demographic Dividend) project, the African Union, the Organisation Ouest Africaine de la Santé (OOAS), humanitarian agencies such as Doctors without Borders, Médecins du Monde, Worldvision, Oxfam, Save the Children, Action Against Hunger, International Refugee Committee, United Nations agencies (UNFPA, WHO, Unicef, UNDP, UNHCR), bilateral cooperation partners (such as Agence Française de Développement, GIZ, Government of Monaco, Luxembourg, Switzerland) and the European Union, the UN Peacekeeping Mission (MINUSMA) and, of course, governments. This represents such a complex and vast ecosystem, in which the Global Fund is just one of the actors, that it challenges all efforts for a comprehensive analysis of what is going on in the region, and how best to deal with it.

This is translated in the flexibility-measures statistics applied during the grant cycle 2017-2019: 60% of funding requests were made based on the documents relating to 'core' countries, the number of grant requirements was exactly the same as in non-COE countries, and the average number of tracking measures included into the performance framework for COEs was more than double those for other countries.

As a result, the OIG team concludes that “the combination of limited prioritization of interventions, lack of focus in the performance framework, and fragmented tracking of multiple deliverables results in significant complexity. This, in turn, creates potentially burdensome responsibilities for implementers, and allows limited opportunities to focus on priority areas which are likely to yield the biggest programmatic impact. It has a potentially adverse impact on the quality of the Country Teams' portfolio oversight, and their ability to focus attention and resources on core deliverables and the most critical challenges”.

The reality check that will lead to more prioritised interventions, focused expected results, and a limited number of tools to track indicators needs to be done at the Secretariat level, and validated by the TRP. And it will obviously enter in contradiction with global strategies made by partners such as the World Health Organization or the Joint United Nations Programme on HIV and AIDS (UNAIDS) that set ambitious targets to eliminate the three pandemics by 2030, as stated in the Sustainable Development Goals.

This is why there is an urgent need to open the discussion with the country teams on their intention and capacity to effectively implement the COE policy in the countries they follow, and to support them in the environment analysis and the deployment of the tools. This attempt to find a framework for simpler interventions framework doesn't necessarily mean a

lowering of ambitions, but partners may need to adapt theirs. This needs to be reinforced by risk analysis.

What ‘risk’ means

The financial risk

There is not enough deep reflection on what ‘risk’ means: there are 2 major risks for the Global Fund when grants are implemented in COEs: A financial one, related to mismanagement of the funds, and an operational one. The Global Fund has taken drastic measures to mitigate the financial risks, through the creation of a battery of tools ranging from the Fiscal Agent to the ASP policy, and the Zero Cash Policy. They turned out to be efficient in preventing the misuse of funds and they promote transparent management of resources.

Nonetheless, the use of these ‘tools’ doesn’t always guarantee the correct understanding of the eligibility of expenses, as observed in some countries that still show a huge quantity of ineligible expenses. In addition, there have been no assessments of the effectiveness of the risk mitigation measures, so their cost-effectiveness is not clear. It is urgent that the balance between financial risk mitigation and flexibility in implementation is found before the new grant cycle begins. The debate should be tackled at committee and Board’s level, and partners should be ready to review their appetite for risk.

The operational risk

As the TERG mentioned in its [2014 Position Paper on fragile states](#), “further innovations and creative solutions have to be sought and encouraged, as the options and recommendations summarized in this review alone are unlikely to be satisfactory for reaching key affected populations with effective programs. The Global Fund should find ways to further encourage bold approaches to reaching the unreached and aiming for ambitious goals in challenging circumstances”.

The Secretariat has recently started a review of implementation mechanisms in order to correct situations that have turned out to weaken the health systems in place even more: In most COEs, principal recipients are international NGOs or UN Agencies that are disconnected from the Ministry of Health and the CCM. Working relations include the PR and the three disease programs, without linking to the CCM, the different branches within the Ministry of Health (statistics, laboratory, health products, community health services), the Ministry of Finance, and the decentralised levels of these. This has created an external system without any lines of accountability to the ministry of health, nor the CCM, PR being the main actor networking directly with the country teams and the programs. The Secretariat has acknowledged the counterproductive situation, and is currently reviewing the organizational setting that should be in place in the future.

Different and varied approaches needed

There needs to be regional and multidisciplinary approaches to mitigate the side effects of this “patchwork of countries”. In the position paper delivered by the TERG in 2014, the latter

recommended sharing information and lessons on the implementation of the COE policy: “TERG acknowledges the difficulties of learning from such context-specific experience, especially the difficulty of learning generalizable lessons from practical experience by field actors, trying to link donor funding to local problem-solving in remote and conflict-affected areas, but stresses the need to do so. TERG thus recommends such that on-going learning in Fragile States should be built in more systematically in the ongoing Global Fund grants”.

The current internal organization in the Secretariat promotes silos and impairs cross-cutting discussions and efforts. Follow-up with COEs is under the responsibility of four regional managers, who are also responsible for many other countries that are not COEs. COEs are also tackled by the CCM Hub under the differentiation strategy implemented through the CCM evolution initiative, and the CRG division that has just published a report on the progress of human rights and gender issues in these complex environments. One person is currently dedicated specifically to the COEs to support country teams in the implementation of the policy, and an effort to mainstream the principles of the COE policy across departments and teams has been made within the Secretariat. The challenges mentioned in the OIG’s report show that more resources may be necessary as well as specific ‘spaces’ to share practical experiences, the production of documents and reviews, and the promotion of a stronger ownership of the COE policy within the Secretariat in order to promote it in COE countries.

Capacity building and technical assistance

There needs to be a new model in the partnership with technical assistance, which could act as a “capacity building and transitional partner” for the implementation of the grants in the COEs. Oddly enough, the validation of the COE policy by the Board has not been associated with a technical assistance roadmap in order to ensure that the implementation of grants in these specific contexts would benefit from long-term support to the health system. This technical assistance could be a game changer in many respects, relating to strengthening local partners and fragile health systems. Such measures take time and should not be planned on the same calendar as the 3-year grant cycle.

A change of paradigm in the way COEs are treated in the Global Fund is needed in the settings where fragility is a consequence of governance and leadership issues, in order to make real political and operational breakthroughs. The tools to enable easier and more flexible implementation of grants throughout the grant cycle have not been used, nor has the TERG’s recommendation to adopt a “country-by-country” approach been followed. A “business as usual” approach, and marginal changes in these contexts, have shown their limits. Innovation and bold decisions are required, in order to support the Secretariat staff involved in the implementation of grants in fragile contexts. The OIG Advisory Review and the coming new cycle, 2021-2023, offer a new opportunity to effectively use the policy in order to make investments more efficient, better adapted to fragile contexts, and ultimately maximise the impact for patients.

Further reading:

- [*OIG Advisory Report: Grant Implementation in Western and Central Africa \(2019\)*](#)

- *The Global Fund's [Challenging Operating Environments policy](#) (35th Board Meeting)*
- *[TERG Position Paper: Thematic review of the Global Fund in 'fragile states'](#) (2013-2014)*

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6. OF INTEREST: Other news relating to the Global Fund partnership

New research shows Global Fund linked to improved governance, Replenishment Partner Update

Adèle Sulcas

11 June 2019

NEW RESEARCH: GLOBAL FUND LINKED TO IMPROVED GOVERNANCE

The *Annals of Global Health*, a peer-reviewed journal, published in May an article by Georgetown University researchers Dr Matthew Kavanagh and Lixue Chen, called [“Governance and Health Aid from the Global Fund: Effects Beyond Fighting Disease”](#). The article, based on original research by the authors, states that “aid from the Global Fund to Fight AIDS, Tuberculosis, and Malaria is linked to better governance in low- and middle-income countries, including improved control of corruption, rule of law, and overall development.”

The authors sought evidence on the effects of Fund financing over the past 15 years on national governance and development, using data from 112 countries. The article highlights the Fund’s “innovative structures, unique to the architecture of aid,” including “participatory processes that engage multiple stakeholders at global and national levels and have high levels of transparency and accountability, including independent audits,” the [press release](#) says.

[Read the full press release from Georgetown...](#)

[Read the full article from the *Annals of Global Health*...](#)

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REPLENISHMENT PARTNER UPDATE

The Global Fund’s new-ish monthly Replenishment Partner Update contained a handy roundup of Global Fund-related – and broadly Replenishment-related – news. In other words, not a lot about money. This is to be expected, given that the Pledging Conference will only take place in October, so it is unlikely that there will be a flood of pledges before then. However, Takeda, the Japan-headquartered global pharmaceutical company, took the lead in the private sector by becoming the first private-sector company to make a pledge for the Sixth Replenishment - ¥ 1 billion (about \$9 million) over five years, to support “the improvement of maternal and child health by integrating quality HIV, tuberculosis and malaria services in antenatal and postnatal care in several countries in Africa,” the Global

Fund's June 3 news release said. Takeda's previous, first pledge to the Fund was for ¥ 1 billion over ten years.

In addition, the update included news of Algeria and Argentina's 'malaria-free' certifications, the Board's approval of a new methodology for allocation and catalytic investments (see [article from GFO 356](#) on the 41st Board Meeting's main decisions), the appointment of the new Board Chair and Vice-Chair, highlights of 'the Global Fund in the news', links to stories, videos and blogs – in other words, a balanced summary of recent Global Fund news and events, expressing the health of the organization and, presumably, thus intended to bolster donor confidence.

We like (a lot) Executive Director Peter Sands' game-changing quote from the email update: "Ending the HIV epidemic isn't just about infections averted, it's about potential unleashed."

[To subscribe to the Global Fund's Replenishment update...](#)

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7. ANNOUNCEMENT: Christelle Boulanger appointed Editor of Observateur du Fonds Mondial

Aidspan staff

12 June 2019

Aidspan is pleased to announce the appointment of Christelle Boulanger as Editor of the Observateur du Fonds Mondial (OFM), effective 13 May 2019. As the new OFM Editor, Christelle will develop specific research and publication of articles in French covering, in particular, the Western and Central African (WCA) region, and oversee the publication of the OFM.

Christelle has broad experience in global health, both as a humanitarian worker with Médecins du Monde and Médecins sans Frontières, and as the former Director of the 5% Initiative, the French initiative that provides technical assistance to recipient countries of Global Fund grants.

Aidspan's strategic decision to focus on the WCA region is based on the importance of the Global Fund's investments in the region according to disease burden (40% of the malaria burden, 23% of the HIV burden), the challenges the region faces in terms of political and economic stability, and the fragility of health systems in the region. This decision is also based on the inspiring and relevant strategies that have been implemented in some countries in the region, and Aidspan believes should be shared with the rest of the world.

Local initiatives led by governments and an emerging civil society, major progress in disbursement, and the positive impact of Global Fund-funded programs for malaria and HIV show promising evolution in implementation. We hope that documenting and sharing these practices widely will be of benefit to all implementing countries and partners.

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This is issue #358 of the GLOBAL FUND OBSERVER (GFO) Newsletter. Please send all suggestions for news items, commentaries or any other feedback to the GFO Acting Editor at adele.sulcas@aidspan.org. For issues relating to Francophone countries or the French edition of the GFO, the Observateur du Fonds Mondial (OFM), please contact OFM Editor Christelle Boulanger at christelle.boulanger@aidspan.org. To subscribe to GFO/OFM, go to www.aidspan.org.

GFO Newsletter is a free and independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org).

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GFO Newsletter is now available in English and French. The French-language edition becomes available within one week after the publication of the English edition.

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