

GLOBAL FUND OBSERVER (GFO), an independent newsletter about the Global Fund provided by Aidspace to over 10,000 subscribers.

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1. NEWS: Leading Candidates for Executive Director Position are Interviewed

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A subcommittee of the Global Fund’s board this week interviewed about a dozen leading candidates for the position of Executive Director. The position became available when Richard Feachem, the current Executive Director, announced that he would not seek a renewal of his contract.

A total of 334 candidates applied for the position. Their applications were reviewed by Odgers Ray & Berndtson, an executive search firm. Odgers and the board’s Nomination Committee then chose about twenty candidates – using selection criteria developed by the board – that Odgers interviewed by telephone. Based on these interviews, the Nomination Committee then reduced the list to about a dozen applicants, whom it interviewed in person on Monday and Tuesday of this week. The Committee will recommend a shortlist of five of these for consideration and final selection at the board meeting that takes place at the start of November.

The Fund’s bylaws require that the new Executive Director must be selected based on merit, in a non-political, open and competitive manner. This has led to a process very different from that being followed by WHO to choose a new Director General, and by the UN to choose a new Secretary General. Members of the Nomination Committee are serving in their personal capacity, not on behalf

of the organization or constituency they represent, and each member has agreed in writing not to reveal the identities of candidates, and to report to the committee if he/she is subjected to any lobbying. Candidate names are being kept confidential, partly in order to make it easier for "non-political" candidates to apply without their application being known by their employers and colleagues.

It has not yet been announced whether the five names to be submitted to the full board will be ranked by the Nomination Committee, and whether the names will be made public.

The Nomination Committee consists of the Fund's Chair and Vice-Chair (from Barbados and the European Commission, respectively), plus board members from Cameroon, China, Denmark, UK, and USA and the NGO sector.

It is hoped that the new Executive Director will take office by January 2007. But in case that does not prove possible, Dr. Feachem's current contract has been extended to the end of March 2007. Dr. Feachem will leave his job once the Chair and Vice Chair agree that his successor is ready to take over the job. The new Executive Director will serve for an initial term of four years, renewable for not more than one additional term of three years.

Additional details on some aspects of the selection procedure are available at www.theglobalfund.org/en/about/board/nomination_committee.

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2. SPEECH: Bill and Melinda Gates Support the Fund, and Speak Out on AIDS Issues

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Shortly before the International AIDS Conference took place in Toronto last month, the Gates Foundation announced that it would give \$500 million to the Global Fund over the years 2006-2010, at a rate of \$100 m. per year. This is a significant increase from the \$150 m. that the foundation gave over the four years 2002-2005.

On the opening night of the Toronto conference, Bill and Melinda Gates spoke of this gift, and also made a number of unusually forceful points about the fight against AIDS. Excerpts from their speech follow.

Bill Gates:

The Global Fund is active in 131 countries. It gets HIV drugs to more than half-a-million people. It provides access to testing and counseling to nearly 6 billion people. It offers basic care to more than half-a-million orphans. The Global Fund is one of the best and kindest things that people have ever done for one another. It is a fantastic vehicle for scaling up the treatment and preventative tools we have today to make sure they reach the people who need them. That is why last week our foundation announced a \$500 million grant to the Global Fund. We're honored to be part of their work.

The Global Fund is not the only dramatic advance in the world's efforts against AIDS. Shortly after the Global Fund's launch, President Bush promised \$15 billion over five years to fight AIDS, the largest single pledge ever made to fight a disease. There were a lot of skeptics at the time and a lot of them are probably here tonight, but today PEPFAR is supplying antiretroviral drugs to more than half-a-million people in 15 countries in Africa, Asia and the Caribbean. The president's Emergency Plan for AIDS Relief has done a great deal of good and President Bush and his team deserve a lot of credit for it...

Between 2003 and 2005 with the infusion of funds from PEPFAR and the Global Fund, the number of people in low- and middle-income countries receiving antiretroviral drugs increased by an average of 450,000 each year. Yet over the same period, the number of people who became infected with HIV average over 4 million a year. In other words, for each new person who got treatment for HIV, about 10 people became infected. Even during our greatest advance, we are falling behind...

Right now, one of the most widely practiced approaches to prevention is the ABC Program, or Abstain, Be faithful, use Condoms. This approach has saved many lives and we should expand it. But for many at the highest risk of infection, ABC has its limits. Abstinence is not often an option for

poor women and girls who have no choice but to marry at an early age. Being faithful will not protect the woman whose partner is not faithful. Using condoms is not a decision that a woman can make by herself. It depends on a man... We need to put the power to prevent HIV in the hands of women.

So we need tools that will allow women to protect themselves. This is true whether the woman is the faithful, married mother of small children or a sex worker trying to scrape out a living in a slum. No matter where she lives, who she is or what she does, a woman should never need her partner's permission to save her own life. To be clear, as we discover and distribute preventative tools that women can use without a man's cooperation, we are not excusing men from their obligations to be responsible and to protect their partners. We're just reducing the consequences to women if they don't...

Melinda Gates:

In the fight against AIDS, condoms save lives. If you oppose the distribution of condoms, something is more important to you than saving lives. Some people believe that condoms encourage sexual activity, so they want to make them less available. But withholding condoms does not mean fewer people have sex, it means fewer people have safe sex and more people die.

When Bill and I visit other countries, we are often enthusiastically received and accompanied by government officials on all our stops, until we go to meet with sex workers. At that point, it can become politically too difficult for government officials to stay with us and often our hosts leave, and that is senseless. People involved in sex work are crucial allies in the fight to end AIDS...

If politicians need a more sympathetic image to make the point, they should think about saving the life of a faithful mother of four whose husband visits a sex worker. If a sex worker insists that her clients use condoms, that sex worker is going to help save the life of the mother of those four children. If you're turning your back on sex workers, you're turning your back on the faithful mother of four. So let's not turn our back on anyone.

[The full transcript of the speech is available at www.kaisernetwork.org/health_cast/uploaded_files/Bill%20and%20Melinda%20Gates%20Opening%20Speeches.pdf.]

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3. NEWS: Global Fund to Review Work of Local Fund Agents
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The Global Fund is about to commission a major study of the effectiveness of Local Fund Agents (LFAs), prior to issuing new LFA contracts next year.

The role of the LFA is to serve as the Fund's "eyes and ears" within each country. This involves three main tasks: evaluating the financial management and administrative capacity of each Principal Recipient (PR); monitoring the PR's expenditure; and monitoring the PR's achievement of programmatic results. (See *Fiduciary Arrangements for Grant Recipients*, accessible at www.theglobalfund.org/en/about/policies_guidelines.)

In a "360-degree Stakeholder Assessment" conducted earlier this year, the aspect of the Fund's operations that received the lowest rating was the work performed by LFAs. This low opinion was widely echoed at the Fund's Partnership Forum in July; participants complained that while LFAs were experienced in accounting and other financial matters, they were usually not experts in evaluating health-related programmes.

For each grant, the Fund appoints one of the following six organizations to serve as LFA:

- PricewaterhouseCoopers: LFA for 226 grants
- KPMG: LFA for 103 grants
- UNOPS: LFA for 26 grants
- Swiss Tropical Institute: LFA for 22 grants
- Emerging Markets Group: LFA for 18 grants
- Crown Agents: LFA for 6 grants

These companies signed contracts with the Global Fund that were due to expire after three years, in November 2006. The contracts were then extended for a fourth year. In the course of 2007, new contracts will be competitively awarded to these and/or other companies.

Prior to the awarding of new contracts, the Fund will commission a study with three objectives: to assess to what extent the LFA system has performed as was originally intended; to determine the efficiency and effectiveness of the services that have been delivered by the LFAs; and to recommend improvements to the LFA system. The study will include conducting interviews with CCMs and PRs in a wide range of countries, and developing case studies of LFA activities in five countries.

The Fund is inviting commercial and non-commercial organizations to bid on conducting this study. Bids must be submitted by 12 October 2006, and the study must be completed by March 2007. Details are available at www.theglobalfund.org/en/business_opportunities.

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4. NEWS: Recommendations on Operational Issues from the Partnership Forum

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The 400 participants at the Global Fund's Partnership Forum in July 2006 in Durban, South Africa, made recommendations of two main kinds: strategic, and operational. The strategic recommendations were reported in GFO Issue 61. (See www.aidspace.org/gfo.) Now, in this issue, we summarize the operational recommendations.

Most of the following recommendations were developed during breakout sessions by working groups; they were then presented to the plenary and sometimes briefly discussed, but they were not formally adopted. The Fund's Board and Secretariat are free to follow the recommendations, but are not obliged to do so. The wording of the recommendations has been edited by GFO for clarity and for consistency of style. For space reasons, not all recommendations are included. (Note: The draft version of the official Partnership Forum report is accessible at www.theglobalfund.org/en/about/forum/2006. Comments can be submitted to the report's author until 29 September 2006.)

Country Coordinated Mechanisms (CCMs)

The working group on CCMs made the following recommendations designed to strengthen the effectiveness of CCMs:

- CCMs should establish secretariats (where such secretariats do not already exist) and strengthen those secretariats that are already functioning.
- CCMs should ensure that the CCM secretariats are independent of government (and other stakeholders).
- The Global Fund should require that CCMs have in place a constitution and by-laws, prepared with the participation of the various sectors represented on the CCM.
- CCMs should ensure that there is adequate representation on the CCM from the tuberculosis and malaria sectors, including from civil society organisations in these sectors.
- The Global Fund should encourage the rotation of the CCM Chair among the various sectors represented on the CCM.
- The Global Fund should communicate more clearly what the roles and responsibilities of CCM are with respect to monitoring and overseeing the implementation of projects funded by Global Fund grants.
- An independent evaluation should be carried out on civil society participation in CCMs.

In addition, Forum participants discussed the idea of consolidating CCMs and National AIDS Committees, and concluded that further analysis of the advantages and disadvantages of such an approach is required. While the idea has merit, it raises a number of issues, not the least of which is how the responses to tuberculosis and malaria would be accommodated.

Local Fund Agents (LFAs)

Many participants at the Partnership Forum expressed reservations about the effectiveness of LFAs. Specifically, participants said that while LFAs were experienced in accounting and other financial matters, they were usually not experts in evaluating programmes. Participants were also concerned about what they perceived to be poor communications between LFAs and other stakeholders in-country. The working group on LFAs made the following recommendations designed to improve the performance of LFAs:

- LFAs should be retained for financial auditing, but the Global Fund should re-examine the role of LFAs in auditing programme outcomes.
- The terms of reference of the LFA should spell out the formal relationship between the LFA and the CCM and PR.
- The Global Fund Secretariat should perform regular quality assurance reviews of LFAs, with the involvement of CCMs and PRs.
- The Global Fund Secretariat should clarify the communications requirements between the LFA and other stakeholders (particularly the CCM and the PR).
- The Global Fund Secretariat should establish an appeal mechanism for disputes involving the PR and the LFA.
- The Global Fund should establish a limit on the number of grants which an individual LFA is hired to oversee.

Principal Recipients (PRs)

Forum participants expressed concern about what they perceived to be a lack of clarity concerning the mandate of PRs, particularly as it relates to the mandate of CCMs. Participants also said that poor communications between PRs, CCMs and LFAs has led to mistrust and suspicion.

There was a strong consensus concerning the advantages of using multiple PRs to implement projects funded by Global Fund grants. Participants said that the use of multiple PRs enables countries to reach affected communities efficiently and effectively; that an environment of trust among stakeholders is essential to making the multiple PR model work; and that clear and consistent communications among PRs and SRs is essential.

The working group on PRs recommended that the Secretariat clarify communications requirements among the PRs, CCMs and LFAs, and communicate these requirements to all parties.

Civil Society Involvement

The working group on civil society involvement made the following recommendations designed to strengthen the involvement of civil society in proposal development and grant implementation:

- The Global Fund should conduct a formal and independent evaluation of civil society participation in the CCM's proposal development process.
- Civil society organisations should receive funding to strengthen their participation in the CCM's proposal development process.
- Civil society organisations should receive funding to improve their capacity to implement Global Fund grants.
- The Global Fund Secretariat should take steps to improve information sharing and communications between the Secretariat and civil society, and among civil society organisations in different countries.

Private Sector Involvement

Many participants at the Partnership Forum said that the Global Fund was not doing enough to leverage private sector involvement. Private sector participation can assist with management,

governance, and processes such as the grant application process. The working group on private sector involvement advanced the following recommendations:

- The Global Fund should acknowledge the potential role of the private sector as an implementing partner bringing additional resources to grant implementation.
- The Global Fund should commit significant additional resources to efforts to raise funds from individuals and businesses.
- The Global Fund should examine opportunities for in-kind product and service contributions from the private sector, at both the Global Fund Secretariat and country levels, and should develop a clear policy on such contributions.
- The Global Fund Secretariat should develop a mechanism for responding to private sector requests for involvement with Global Fund activities at all levels.

Procurement and Supply Management

Almost half of the Global Fund's grant money is spent on commodities. Problems with procurement and supply management cause significant bottlenecks in grant implementation in many countries. The working group on procurement and supply management made the following recommendations designed to address the most common problems:

- The Global Fund Secretariat should, as a matter of urgency, investigate the root causes of procurement and supply management problems.
- The Global Fund Secretariat should improve guidance and mechanisms for drug quality assurance at the local level.
- The Global Fund Secretariat should arrange for the performance of procurement agents to be evaluated.
- The Global Fund should consider using international public procurements agents as a way to lower costs and reduce opportunities for conflict of interest.

Technical Assistance

The working group on technical assistance made the following recommendations designed to improve access to technical assistance and to make such assistance more effective:

- National action plans should be developed annually to define and prioritise technical assistance needs.
- The provision of technical assistance should be better coordinated and managed.
- Donor agencies should be providing greater resources for technical assistance.
- Donor agencies should cease the practice of requiring that technical assistance be contracted by the donor agencies themselves (where this is still happening).
- Civil society organisations should have greater access to technical assistance.
- Countries should rely less on the use of consultants from the North and, instead, should draw more on Southern experience.

Miscellaneous

The following additional recommendations were made by the various working groups at the Partnership Forum:

- Wherever possible, PRs should use multiple suppliers to ensure sustainability of delivery, to avoid shortages and to promote competition.
- For grants that are performing well, reporting should not be required more often than every six or 12 months.

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

GFO is an independent source of news, analysis and commentary about the Global Fund to Fight AIDS, TB and Malaria (www.theglobalfund.org). GFO is emailed to over 10,000 subscribers in 170 countries at least twelve times per year.

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