



Overview of the Global Fund to Fight AIDS, Tuberculosis and Malaria

By
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I. Introduction

The Global Fund to Fight AIDS, Tuberculosis and Malaria, often called the Global Fund, was created in 2002 as an innovative financing mechanism that seeks to rapidly raise and disburse funding for programs that reduce the impact of HIV/AIDS, tuberculosis and malaria in low- and middle-income countries. The Global Fund is structured as a partnership between developed countries, developing countries, the private sector, civil society and affected communities.

Unlike many other donors, the Global Fund has adopted a model that provides funding to country governments and in-country stakeholders based solely on proposals and implementation plans designed by the countries themselves. As a result of its new approach, and its ability to raise funds, the Global Fund has rapidly become one of the most significant aid mechanisms. It now provides 20% of global funding for HIV/AIDS, and 66% of the funding for tuberculosis and malaria.

This paper provides a general overview of how the Global Fund works. Much more information is available on the Fund's website, at www.theglobalfund.org.

II. History and Founding Principles

Initial discussions on the creation of the Global Fund were held in 2000 and 2001. After the G-8 Heads of State meeting in Okinawa, Japan, in 2000, called for the creation of a Fund, African leaders meeting in Abuja in 2001 voiced support, as did United Nations Secretary General Kofi Annan. The United Nations Special Session on AIDS, in June 2001, called for the formal creation of the Global Fund. A transitional working group was then formed to establish its structures, and the Secretariat opened its doors in Geneva in January 2002. The first grants were made in March 2002.

Backers of the new fund agreed at its inception that experts and countries knew how to scale up prevention and treatment programs for HIV/AIDS, tuberculosis, and malaria, provided that funds were available. They viewed existing aid programs as inadequate and incapable of scaling up quickly enough to meet pressing needs. They sought to create a new mechanism that would be leaner, faster, and more "business oriented". The Global Fund was meant to add to, not duplicate, existing aid and global health institutions including the World Health Organization and UNAIDS. These institutions remain intimately involved in Global Fund activities, providing technical expertise and on-the-ground experience.

The Fund was designed to incorporate and benefit from the expertise of a broader set of actors and entities than traditional programs. It thus includes civil society and the private sector in the central administration and in the implementation of programs in recipient countries. In the initial negotiations, people realized multiple mechanisms would be required to move funding quickly to countries and communities. In addition, many experts believed that aid was held up because AIDS programs had become too political and too public-sector driven, and that offering opportunities to civil society and the private sector would increase the pace of program scale up.

Principles on Which the Fund is Based

The principles of the Global Fund are aimed at rapidly responding to the three diseases. The focus is on improving aid delivery systems in low- and middle-income countries. The major principles of the Global Fund are laid out in the Framework Document

<http://www.theglobalfund.org/en/files/publicdoc/Framework_uk.pdf>, which includes the following principles:

- 1 The Fund is a financing instrument, not an implementing agency;
- 2 The Fund is intended to leverage financing for AIDS, TB and malaria;
- 3 Programs are country-led, with broad, cross-sectoral participation;
- 4 Funding is additional to existing resources;

¹ The author benefited from the contributions of Myra Sessions and Nandini Oomman, both of the Center for Global Development.

- 5 The Fund provides prevention, treatment and care funding, across different regions, diseases, and interventions;
- 6 The Fund is part of a broader network of actors;
- 7 Transparency is essential;
- 8 The Fund is performance-based;
- 9 The Fund is interested in developing civil society, private sector and government partnerships, and in supporting communities and people living with the diseases;
- 10 The Fund seeks to be simple, innovative, and rapid; and,
- 11 The Fund is a learning organization and will adapt over time.

III. Structure of the Global Fund

The Global Fund has established a unique architecture under which programs are proposed, selected, managed and implemented at country and headquarters levels.

Headquarters

a. **Secretariat** < <http://www.theglobalfund.org/en/about/secretariat/>>

Because the Global Fund is a financing mechanism and not an implementing agency, the institution has no direct presence in recipient countries. Global Fund operations are managed by a lean staff of approximately 200 people based in Geneva, Switzerland. Executive Director Richard Feachem manages the Secretariat. He announced in March 2006 that he would not seek a third term and a new executive director is expected to be appointed in the near future.

The key structures of the Secretariat are Operations (responsible for grant management), Strategic Information and Evaluation, Business Services, External Relations, and Board Relations. An Office of the Inspector General was also recently added. For more information on the roles and responsibilities, see: < <http://www.theglobalfund.org/en/contact/structure/default.asp> >.

b. **Board** < <http://www.theglobalfund.org/en/about/board/>>

The Global Fund is governed by a Board of Directors who are responsible for providing guidance to the Secretariat, endorsing all policy and strategic decisions and approving all grant funding decisions, including decisions about which grants to fund and which to renew. The Global Fund Board consists of 22 representatives of donor and recipient governments, non-governmental organizations, the private sector (businesses and foundations), and communities affected by the diseases. The World Bank, UNAIDS, and the World Health Organization (WHO) participate as non-voting members. The Board is currently chaired by Dr. Carol Jacobs of Barbados.

c. **Technical Review Panel** < <http://www.theglobalfund.org/en/about/technical/>>

The technical review panel is an independent group of approximately 26 experts drawn from around the world who review all proposals for Global Fund grants and rate them on technical merits. This panel is appointed by the Board of Directors before each round of proposals is due. The Technical Review Panel makes recommendations to the Board of Directors about which proposals should be approved, which should be revised and which should be rejected.

The Technical Review Panel's structure is intended to guarantee the quality, transparency and consistency of the proposal review process. The panel meets for two weeks to review grant applications for each round. Members are not paid.

In-Country Operations

Although the Global Fund Secretariat has no presence in recipient countries, it has created a system of grant administration and oversight in each recipient country: the Country Coordinating Mechanism (CCM), Principal Recipients (PR), and Local Fund Agents (LFAs).

a. **Country Coordinating Mechanisms (CCMs)**

The CCM is a country-level management board that submits funding proposals and oversees grant implementation. CCMs are made up of representatives from governments, multilateral and bilateral donors, NGOs, academic institutions, private sector representatives and people living with the diseases.

The Global Fund Board has approved guidelines that explain the basic architectural structure and responsibilities of CCMs, http://www.theglobalfund.org/pdf/5_pp_guidelines_ccm_4_en.pdf. All CCMs must be compliant with this guidance, including a diverse and representative membership, in order for the Global Fund to process disbursements and sign new grant agreements.² The five requirements for CCMs are:

- Members selected by NGOs must be selected according to a documented, transparent process;
- All CCMs must have members affected or living with the diseases;
- CCMs must have a transparent, documented process to select proposals that will be submitted to the Global Fund, including soliciting input from stakeholders that are not on the CCM;
- CCMs must have a transparent, documented process to select Principal Recipients, including soliciting the input from stakeholders that are not on the CCM; and,
- Where the PR is also a Chair or a Vice-Chair of the CCM, CCMs must adopt a conflict of interest policy.

In some cases, groups of countries have submitted joint regional proposals to the Global Fund to address common issues across country boundaries. In this instance, the grant is submitted and managed by a Regional Coordinating Mechanism (RCM) which has multi-sectoral representation from all of the involved countries.

b. Principal Recipients (PRs)

The Principal Recipients are the designated in-country organizations chosen by the CCM to receive funding allocations from the Global Fund Secretariat, implement programs and distribute funds to sub-recipients according to the grant agreement. PRs are legally responsible for the funds and for implementation. They are also responsible for submitting periodic financial and results reports to the Global Fund Secretariat and for requesting additional disbursements.

The Principal Recipient is determined by the CCM and included in the proposal submitted to the Global Fund. Often the Principal Recipient is an office within the Ministry of Health or the Ministry of Finance; in rare cases, civil society organizations or multilateral institutions (usually the United National Development Program) are serving in this capacity. Government agencies are the PR for about 60% of grant programs, and civil society and multilateral institutions are each the PR in about 20% of the cases.

c. Local Fund Agents (LFAs) < <http://www.theglobalfund.org/en/about/structures/lfaselection/>>

To ensure financial accountability in the absence of Global Fund presence, the Global Fund Secretariat contracts directly with a local agent, typically an auditing firm, in each recipient country to conduct the routine monitoring and financial audits of Global Fund disbursements. This Local Fund Agent, or LFA, assesses the Principal Recipient's capacity to manage funds, verifies disbursement requests and reviews progress updates and annual reports. Most of the LFAs are major international accounting firms, such as PriceWaterhouseCoopers or KPMG, although in some cases smaller firms are selected.

Relationships with Partners

The Global Fund works closely with other donors and in-country development partners on the implementation of all grants. Because the Global Fund does not have an in-country presence and operates with a small staff, the Fund relies on these partners to provide technical assistance, to serve on CCMs and to support implementation efforts in-country. At times, this technical assistance is funded through the Global Fund grants or contracts with the Secretariat, although this is not always the case.

² More information on CCMs can be found at <<http://www.theglobalfund.org/en/apply/mechanisms/>>, including links to useful guides on CCM development.

There are many partners who work with the Global Fund, including multilateral organizations like WHO, UNAIDS, the World Bank, UNICEF and UNDP, as well as bilateral partners like USAID, DFID and AUSAID, as well as many smaller NGOs.

IV. Available Funding

The Global Fund was created to be a major source of funding in the push to achieve the UN's Millennium Development Goals. In the four years of the Fund's existence, it has received pledges of US\$8.6 billion. The Fund is trying to raise US\$7.1 billion for the years 2006-2007 to cover existing grant renewals and new grants.

Most of the funding comes from major foreign assistance donors. The United States is the largest contributor, having committed \$2.3 billion total. In FY 2005, the US contributed \$414 million. The next largest donors in 2005 were France (\$181 million), the United Kingdom (\$154 million), Italy (\$120 million), and Japan (\$100 million). The Bill & Melinda Gates Foundation is the largest private sector supporter of the Fund, having donated \$150 million to date.

The Fund is currently working to expand the range of donors. There are efforts underway to increase funding from new donors such as Asian and oil-producing nations. New and innovative global funding schemes including the International Financing Facility, the airline tax initiatives, and the recently-launched RED campaign will likely benefit the Global Fund. These public-private programs will help raise funding levels by providing consistent and steady streams of funding.

V. What the Global Fund Supports

The Global Fund provides grants in HIV/AIDS, tuberculosis, malaria and health systems strengthening to low- and middle-income countries. The Country Coordinating Mechanism submits the proposal, based on a country-led needs analysis; the Global Fund does not prescribe or recommend any specific programs. Countries are encouraged to write cost-effective, and practical national plans, from which the proposals should be drawn. Frequently, consultants help countries to write the proposals, which are long and quite complicated.

Within the specific disease components, the Fund will accept proposals for a wide variety of activities, including prevention, care and treatment. Organizations eligible for funding are government agencies, NGOs and the private sector. Although government agencies are the most common recipients of funding, there are several very successful grants managed and implemented by non-governmental or private sector organizations. However, all proposals, irrespective of Principal Recipients must be submitted with broad, multi-sectoral support in the country, and all proposals are submitted by the CCM. Non-CCM proposals are extremely rare and generally limited to cases of civil war and similar internal strife. Proposals that do not show this buy-in are not considered for funding.

VI. How the Global Fund Provides Support

The entry to Global Fund grants is through a proposal process open to all eligible countries. When sufficient funds have been committed, the Board and Global Fund Secretariat will launch a "call for proposals." To date there have been five funding rounds; the sixth round was launched in May, 2006 with proposals to be submitted by August.

Proposals can be submitted for any of the three disease components (HIV/AIDS, TB, and Malaria). In Round 5, a Health Systems Strengthening component was also included, but this will not be a separate component in the sixth round. CCMs apply for 3-5 year programs, though funding is only approved for the first two years. The CCM must demonstrate program progress to qualify for the subsequent years of funding.

After the proposal submission deadline, about 2-3 months after the announcement of the call for proposals, the Technical Review Panel meets to review the proposals, supported by the Secretariat. The TRP makes recommendations to the Board, which makes the final decision on proposals. The TRP ranks proposals into four categories:

1. Approved with minor clarifications

2. Approved with clarifications
3. Not Approved but recommended to resubmit
4. Not Approved and not recommended to be resubmitted.

In some cases the Board has been short of the funds to immediately approve all proposals; in these cases, the Board ranks proposals based on their category of approval (category 1 vs category 2) as well as country disease burden. Thus some proposals will receive a 2A and will be prioritized over proposals in 2B if funds are short. Proposals that have been rejected twice may be appealed.

After the Board approves the proposals, approved grants go through a clarification process. After this, the Secretariat and CCM negotiate the grant. The LFA conducts an assessment of the nominated PR. The grant must be signed within one year of approval by the Board, with limited exceptions. More information on the proposal-making process is available on the Global Fund website, or at Aidspace, <www.aidspace.org>.

As mentioned above, the grant is signed for the first two years. About 18 months into the grant, the CCM is invited to apply for Phase 2, or the second 1-3 years of the grant. Because the Global Fund uses performance-based financing, the CCM must demonstrate that the grant is achieving specified targets to be approved in Phase 2. So far, most Global Fund grants that have been through the Phase 2 process received funding, though a few grants have ended. Of the first 124 grants reviewed by the Secretariat, 119 received Phase 2 funding. A decision to stop the grant after two years is taken by the Board upon the recommendation of the Secretariat. Decisions to terminate a grant are nearly always contentious, so the Board has approved a policy intended to allow CCM input, PR input, and the recommendations of an independent panel. The Global Fund also has a Continuity of Treatment policy which ensures that patients on antiretroviral drugs or in the process of tuberculosis treatment do not lose access to their drugs even if the grant is terminated.

VII. Results Measurement

According to its founding Framework, the Global Fund requires performance-based financing (PBF) meaning that only effective and successful programs are fully funded. Fund disbursements are tied to achievement of targets and proper use of funds. In some cases, PBF is used to accelerate the pace of implementation, so that high-performing grants can move faster than anticipated. The status of all ongoing grants can be measured through the Grant Performance Reports posted on the Internet.

Underpinning this performance-based orientation is the development of country- and program-specific indicators for each successful proposal. Although there are some common indicators, including number of people on ARV treatment (where applicable), the Secretariat, in negotiation with CCMs, defines specific indicators in each grant agreement. This negotiation helps ensure that countries are measured against realistic indicators, including targets that are neither too low for the amount of funding requested nor too high to be reached.

As mentioned above, the CCM submits a request for continued funding (also known as Phase 2) at about 18 months. The Phase 2 review evaluates success in achieving the targets, including information submitted by the LFA. Although there is clear evidence that PBF creates accountability for recipients of Global Fund grants, it is equally clear that many countries face enormous challenges in fully implementing Global Fund grants as a result of the large amount of funds involved, poor health infrastructure, overwhelmed health systems and the difficulty in managing multiple donors. The Global Fund encourages countries to fund technical assistance out of their grants, and works with countries experiencing difficulties to find them appropriate technical assistance. Although the Global Fund Secretariat provides little formal technical assistance, they do work with other donor and implementation partners to assist country programs.

For more information on the Global Fund's Performance-Based Funding rules, see, <http://www.theglobalfund.org/en/files/about/replenishment/The%20Global%20Fund%20Mid-Year%20Progress%202005%20-%20-%20June%202005.pdf>

VIII. Analyses of the Global Fund

The Global Fund provides a wealth of information on its website, and has been very receptive to research and reflection on its model of aid delivery. Consequently, there have been many analyses conducted on the Global Fund during its four years. Several analyses are specific to certain aspects of the Fund architecture, such as CCMs, LFAs, or private sector involvement. The analyses listed below are more general in nature. Additional analyses can be found on the Global Fund website at < http://www.theglobalfund.org/en/links_resources/library/integrated_evaluations/> or on the Aidspan website, at < <http://www.aidspan.org/globalfund/papers/index.htm>>.

- 1) Keith Bezanson, Replenishing the Global Fund: An Independent Assessment, http://www.theglobalfund.org/en/files/about/replenishment/assessment_report_en.pdf.
- 2) Ruairi Brugha, Global Fund Tracking Study: A Cross Country Comparative Analysis, August 2005, http://www.theglobalfund.org/en/files/links_resources/library/studies/IE12_full.pdf.
- 3) United States General Accounting Office, The Global Fund to Fight AIDS, Tuberculosis and Malaria is Responding to Some Challenges but needs Better Information and Documentation for Performance Based Funding, June 2005, http://www.theglobalfund.org/en/files/links_resources/library/studies/IE12_full.pdf.
- 4) Steve Radelet, The Global Fund to Fight AIDS, Tuberculosis and Malaria: Progress, Potential and Challenges for the Future, June 2004, <http://www.cgdev.org/doc/commentary/GFATM%20full%20report.pdf>
- 5) Peter Poore, Opinion: The Global Fund to Fight AIDS, Tuberculosis and Malaria, HEALTH POLICY AND PLANNING; 19(1): 52–53, 2004, http://www.theglobalfund.org/en/files/links_resources/library/studies/IE15_full.pdf

IX. Useful Links

- The Global Fund website, www.theglobalfund.org
Key documents and links on the GF website:
Global Fund Brochure, "Who We Are, What We Do", < http://www.theglobalfund.org/en/files/about/publications/brochure_2005.pdf>
Link to all GFATM publications, < <http://www.theglobalfund.org/en/about/publications/>>
Research and Reports on the GF by non-GFATM researchers, < http://www.theglobalfund.org/en/links_resources/library/>
- Aidspan – [Aidspan](http://www.aidspan.org) is a small independent non-governmental organization whose mission is to reinforce the effectiveness of the Global Fund to Fight AIDS, Tuberculosis and Malaria. Aidspan also publishes the [Global Fund Observer](http://www.aidspan.org/globalfundobserver) newsletter and provides occasional facilitating services to developing-country AIDS projects.
- Friends of the Global Fight www.theglobalfight.org - A U.S.-based organization that works to support the Global Fund.