The Global Fund to Fight AIDS, Tuberculosis and Malaria
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INFORMATION ONLY

OVERVIEW OF THE PROGRESS AND LESSONS LEARNED FROM FUND PORTFOLIO MANAGEMENT

Outline: This note provides an overview of the progress made by the Fund Portfolio Team since January 2003 and a few of the key lessons learned. In keeping with the GFATM principles, several of these lessons have been incorporated into the disbursement process and the grant signing processes. Lessons from Round 1 and 2 have also been incorporated in the call for proposals for Round 3. Several regional consultations held during this period assisted in dealing with misconceptions about the Fund's procedures, in clarifying the value which the Fund places on existing systems and procedures at the country level, and in learning how the Fund could improve further upon its operations. Unforeseen factors such as events in the Middle East and SARS slowed down activities in some of the regions. This highlights the importance of contingency planning.

Part 1: OVERVIEW

1. As indicated by the report of the Executive Director, the Fund Portfolio Team has been busy since the last Board meeting with the following priorities:

2. *Completing Round 1 grant agreements:* As of 12 May 2002, 47 grant agreements for 29 countries were finalized (two additional countries are covered through a multi-country proposal). Considerable attention was paid to laying the ground for signing of grants in countries from Round 1 which needed extensive preparatory work. In South East Asia, the onset of SARS delayed progress considerably.

3. *Working on getting disbursements out to these countries, including completion of needed assessments:* As of now, 37 Round 1 grants have received disbursements. As of 12 May 2003, $19.6 million have been disbursed, most of it in the months of February to early May.

4. *Ensuring that the TRP clarifications process is complete for Round 2 countries: S*ince the TRP requested clarifications for 97 of the 98 approved proposals, the process of finalizing clarifications was a major preoccupation for the Fund Portfolio Team from February to May. The time required in sorting out the clarifications have brought home several lessons, which will be considered while reviewing TRP processes, in general.

5. *Beginning grant negotiations for Round 2:* With a substantial number of the TRP clarifications completed by the end of April, Fund Portfolio Managers are spending most of the month of May on finalizing Principal Recipients (PRs) with the Country Coordinating Mechanisms (CCMs), engaging Local Fund Agents (LFAs) to work on assessments (the LFA tender process will be used to put long-term LFA arrangements for the implementation phase in place), and doing the preparatory work for these assessments, ensuring that all the minimum requirements are in place to sign grants.

6. In many cases, existing assessments will be used by LFAs; this task is further simplified by the fact that some of the PRs have received grants in Round 1 and have already undergone assessments. So far, we have one grant signed for Round 2 (in Madagascar) and the first disbursement made but preparatory activities are ongoing in many countries.

7. In order to assist with the process of grant negotiations and implementation, and to assist in communications between recipient countries and the GFATM network, three regional consultations were successfully completed during this period, all funded by technical partners and bilateral donors – March in Myanmar, April in Dakar, and May in Ukraine. The II FORUM on HIV/AIDS/STD in Latin America and the Caribbean held in Havana, Cuba in April provided an opportunity for this region to discuss Global Fund issues.Two other consultations are coming up in South Africa for Anglophone Africa and in Egypt for the Middle East and North Africa. These consultations have contributed towards clearing up several misconceptions

about the Fund and helped the Fund to review and revise its procedures in the direction of further flexibility.

8. Recruitment has been a major priority for the Fund Portfolio Team. The entire senior team of Regional Directors and the Chief Fund Portfolio Director are now on board. Recruitment for fixed term positions for Fund Portfolio Managers is expected to be completed over the next few months. Interviews are planned for the months of May to July and have already been completed for the Asia team.

Part 2: ASIA, MIDDLE EAST AND NORTH AFRICA

1. Asia, Middle East and North Africa together make up a large and diverse geographic region, and account for the largest population. The region has 20 grants approved, 12 of which have been signed for Round 1 in 11 countries. For Round 2, there are now an additional 12 new countries with approved grants. This brings the total number of countries with approved grants in the region to 23 countries with 28 new grant agreements to be signed for Round 2. The total commitments over two years for this region which has 48 grants amount to about US$210 million.

2. Major difficulties for grant negotiations during the period after the last Board Meeting have been the instability in the region due to war and the outbreak of Severe Acute Respiratory Syndrome (SARS). Work in the Middle East is expected to pick up after the regional consultation planned for 11-12 June. In East Asia where SARS has had a great effect, extensive efforts are being made to advance the grant management work despite postponements of PR capacity assessments due to travel restrictions.

3. Of the Round 1 countries, 8 are well into the implementation phase with the first tranche of disbursements totalling about $ five million. While the PR capacity assessments focusing on the areas of institutional and programmatic, procurement and supply management as well as M&E continue to be completed, concrete progress is already being observed in malaria programs and DOTS coverage (China), procurement of bed nets (Sri Lanka) and ARV treatment (Morocco).

4. A major trend in this region has been the *growing engagement of civil society.* As a result, NGOs in South Asia and Iran were in the process of preparing NGO-led proposals for Round 3. Almost all CCMs in the South Asian countries include NGOs and people living with HIV/AIDS (PLHA). While the concept of “civil society” and “NGO” differ quite widely among different countries in Asia, community-based organizations involving women and young people, for example, are represented on the CCMs in addition to international NGOs. The nature of their participation, however, varies considerably and needs strengthening.

5. There is increasing interest in the region to move her towards *multi-country and regional proposal development from both governments as well as civil society*. One particularly good example which has been welcomed in the region with interest has been the multi-country Western Pacific Islands HIV/AIDS, TB and malaria proposal in which 11 countries are participating. Original terms of references of the regional CCMs have been developed based on the basic principles for any CCM: true public-private partnership.

6. *Administrative creativity* is being demonstrated by several CCMs, for example, sub-committees involving all sectors of society and technical working groups have been formed effectively under many CCMs to streamline the consultative processes and develop proposals (e.g. India). Technical partners such as GTZ (in Cambodia), UNAIDS and WHO have stepped in to provide assistance to PR capacity development. . However the greatest challenge for CCMs will be to oversee and monitor the funded activities.

Part 3: AFRICA

1. Sub-Saharan Africa has so far received the largest share of Global Fund resources, with a total of 77 proposals approved in Rounds One and Two, totalling US$914 million over two years. This represents 61% of total Global Fund commitments. HIV/AIDS accounts for 54% of funds approved, with malaria receiving the second highest amount at 28%, and tuberculosis and HIV/TB proposals accounting for 11% and 7% respectively. As of the beginning of May, 22 grant agreements had been signed in 13 countries, representing total commitments of US$192 million.

2. Most proposals have been developed based on gap analyses of the existing efforts to confront the three epidemics, demonstrating clearly the additionality of Global Fund efforts. Fiduciary arrangements are often being built closely on *existing systems*, such as *partnering* with the World Bank Multi-country HIV/AIDS Program (MAP) in countries such as Malawi and Senegal, or using the health sector basket fund in Zambia. In some cases, CCMs have instead chosen to develop *new mechanisms* for disbursing funds, particularly to non-governmental and/or faith-based organizations.

3. Global Fund grants support a *wide variety* of programs and interventions in Africa including scaling-up pilot programs in Tanzania (bednet program), Ethiopia (TB program) and Burkina Faso (antiretroviral treatment initiative), and innovative new approaches such as Mozambique's integrated health networks for the prevention and treatment of HIV and the use of artemisinin-based combination therapy in areas facing both complex humanitarian emergencies and high resistance to existing drugs in south Sudan.

4. The Global Fund's first year of working in Africa has seen considerable progress in operationalizing the Global Fund's vision of genuine multi-sectoral partnerships through the Country Coordinating Mechanism and creativity. Some good practices – such as the development of statutes or bylaws, and

chairpersonships rotating between different constituencies – have been identified and are becoming more common. However, there are still challenges involved in ensuring that the process is fully inclusive, especially in the context of the involvement of people living with HIV/AIDS and the private sector.

5. Implementation is now beginning, and funds have already been disbursed to 11 countries. One major challenge is to address capacity gaps and infrastructure deficits at country level that currently constrain efforts to rapidly implement and effectively monitor the program against the three diseases. In many countries, there are encouraging early signs that traditional technical partners and alliances built around the formation of the CCM will continue to assist with implementation, providing valuable support to Principal Recipients, particularly in areas such as monitoring and evaluation.

Part 4: LATIN AMERICA AND THE CARIBBEAN

1. Twelve countries in LAC have been approved for funding for Rounds 1 & 2 for a total of $166.57 million for 2 years. In all Round 1 countries, grants have been signed and money disbursed with the exception of Chile which will sign before the Board meeting. Soon after, money will be disbursed and at least 500 people will start receiving ARV therapy.

2. The GFATM funds will go in this region towards pioneering activities. One example is *more coverage with anti retroviral drugs* - Haiti is the first Global Fund start-up country in the region and the first developing country with a generalized epidemic where anti-retroviral drugs will be widely distributed by the end of the year. In Honduras, by July 2003, the number of people treated by ARVs will increase from 500 to 1500. Yet another example is working with *marginalized populations* e.g. in Panama, the GFATM supports interventions among indigenous communities, destitute people living with HIV/AIDS and drug users with TB.

3. Innovative ways of working are also being adopted to move the work forward. For example, Argentina has set in place a *system of competitive grants*; the CCM of Honduras was the first CCM to become a *legal entity* (a private foundation).

4. Negotiations with Round 2 countries are also in full swing and should be completed by June. One of the highlights of funded activities is the project being negotiated in Peru which reports more than 25% of all TB cases in Latin America. The Global Fund will contribute to decreasing TB incidence using DOTS in marginalized communities and in prisons. The *MDR-TB* component will extend coverage of DOTS-Plus from 45% to 85% thus becoming the largest ever proposed intervention with second-line TB drugs.

Part 5: EASTERN EUROPE

1. Twelve countries in Eastern Europe have been approved for funding for Rounds 1 & 2 for a total of $107.25 million for 2 years. The multi-country proposal of the Lutheran World Federation adds another $0.49 million. All grants for Round 1 countries have been signed in this region. Disbursements have started in Moldova, Tajikistan and Ukraine for the setup of the necessary infrastructure, totalling to more than $1.56 million. The Ministry of Health of Ukraine – the biggest Principal Recipient of all Round 1 countries in this region – will start to buy antiretroviral medications on a large scale latest in early June.

2. In this region, 81.4% of the total funds go towards HIV/AIDS programming and 18.6% to TB. Every approved country in the region has a HIV/AIDS component although none integrate HIV/TB. The strength of the TB programs is mainly reflected in Romania's large TB grant ($18.2 million).

3. While Round 1 countries are characterized by a mix of Principal Recipients), the Round 2 countries almost unanimously proposed their respective *Ministries of Health as PR*, reflecting both the strong governmental participation in the CCMs and the determination for national ownership.

4. Some unique examples of the work funded in this region include Serbia which will bring together all stakeholders under *one coordinated project* which will raise their capacity level and improve future sustainability. The involvement of NGOs as sub-recipients is particularly strong in areas where governmental capacity is limited, such as working with particularly vulnerable but hard to reach populations. The Lutheran World Federation will focus on Russia and Poland, engaging *church leaders* (particularly bishops, youth and women leaders) and other relevant individuals around the world, regardless of their religious affiliation, to be more active in the fight against the HIV pandemic.

5. Negotiations with Round 2 countries in this region are in full swing. Four of the eight countries (Armenia, Bulgaria, Georgia and Romania) intend to have their grants signed before the Board meeting. Among the highlights is Romania, whose TB component will increase DOTS coverage to 100% in the country, and will also offer appropriate treatment for all patients infected with MDR-TB.

Part 6: SOME OF THE KEY LESSONS LEARNED

1. Ensure *technical assistance* to high burden and resource constrained countries when preparing proposals and during implementation: The GFATM has worked closely with technical partners like WHO and UNAIDS which have given systematic attention to needs for technical assistance and regularly monitored the needs of countries which were rejected twice or have never applied despite the disease burden, and organizations like GTZ and bilateral

donors such as (USAID, DFID, to name a few) which have provided such assistance.

2. Develop more *flexible methodologies* for facilitating grant signing and disbursement: New guidelines are being prepared to simplify disbursement and overall reporting. The emphasis is on flexibility and use of existing systems, procedures, and assessments, to the extent possible. The LFA's advisory function in relation to the Secretariat is being clarified and guidance is being provided to PRs on reporting and other requirements during the grant cycle.

3. Work on *strengthening CCMs*: Some of the ways in which this is being achieved are encouragement of CCMs to share lessons of good practice with each other; development of non-prescriptive CCM guidelines which are expected to serve as a self-assessment tool, laying down some principles and some guidance on structure and composition; working further on the collection and dissemination of information on CCMs including the preparation of case studies on good practice.

4. *Communicate* more regularly and more directly with all stake holders, including through partner agencies and Board membership, and provide specific guidelines when requested: Regular regional consultations on GFATM are being organized as well as availing of existing global and regional events, where possible, to consult and communicate with different constituencies; additional guidelines which clarify the light monitoring role of the LFA and the PR sub-recipient relationships will also be developed in response to CCM requests..

5. Be more *innovative and flexible* in GFATM portfolio management: Some examples include utilization of existing systems, assessments, data, and procedures whenever possible; taking on early some of the preparatory steps needed for grant negotiation; re-introducing the 2-step assessment process; keeping flexibility in disbursement and reporting requirements as per the specific context.

6. Countries *learn best from each other*: Regional consultations demonstrated the need for shared learning e.g. Pakistan wants to learn about India's and Bangla Desh's experiences in fund flow management. Iran has expressed an interest in knowing more about Pakistan's experience in condom social marketing. It is key for GFATM and its larger network to create spaces for partnership building, mutual learning and support