

**TERG Position Paper:
Thematic Review of the Global Fund in ‘Fragile States’**

PURPOSE:

The purpose of this TERG Position Paper is to provide a summary and TERG’s assessment of the thematic review report of the Global Fund in Fragile States, endorse key issues and provide recommendations.

1. Introduction: Why did TERG commission a thematic review on ‘Global Fund in Fragile States’?

- 1.1 The Global Fund works in a wide range of countries, ranging from the least developed countries to middle- and even high-income countries. There is consensus among all stakeholders that differentiated ways of working are needed in such widely divergent contexts.
- 1.2 The Global Fund, as a learning organization, is continuously searching for adapted and better approaches, to maximize impact and minimize risks. Consequently, over the past 10 years, the Global Fund has already differentiated its approach considerably, especially with its increased focus on countries with high burden of AIDS, TB & malaria, the “high-impact countries”. This review contributes to recommendations of a differentiated approach along the development continuum, alongside thematic reviews commissioned by TERG on sustainability and MDG 4 and 5.
- 1.3 Since 2011, TERG has flagged that an additional dimension, that of the capacity of the country to implement and govern ambitious programmes should get more attention. And that consequently, a category of countries, often referred to as Fragile States, should get specific attention within the Global Fund. Indeed state fragility creates a challenging context for any agency to operate, which is critical but far from unique to the Global Fund. TERG suggested that the Global Fund as a funding mechanism for ambitious programmes to fight AIDS, TB & malaria, had initially neglected state fragility (and the related health systems weaknesses).
- 1.4 The Global Fund’s way of working brings specific challenges (such as the lack of country presence) but also opportunities (such as dual track financing and range of implementing partners), which should be explored in-depth and compared with other agencies, to provide practical recommendations to build on its strengths and palliate its weaknesses. Initially, the Global Fund did not explicitly recognize the specific challenges of reaching its goals in Fragile States; and rather argued that the Global Fund’s approach was equally effective in Fragile States, as compared to all countries with Global Fund programmes.
- 1.5 At the end of 2011, the Fourth High Level Forum on Aid Effectiveness in Busan, Korea, also brought increased attention to aid in Fragile States. This has been reaffirmed in the recent Mexico meeting of the Global Development Partnership in 2014. In many of the Fragile States, progress toward MDGs 4 and 5 has been slow as shown in the TERG review in this area; many of the countries in which child and maternal mortality remain very high are those same Fragile States (see graphs in figure 1 obtained from Gapminder). Progress in Fragile States is necessary for the Global Fund to achieve its health and disease goals.

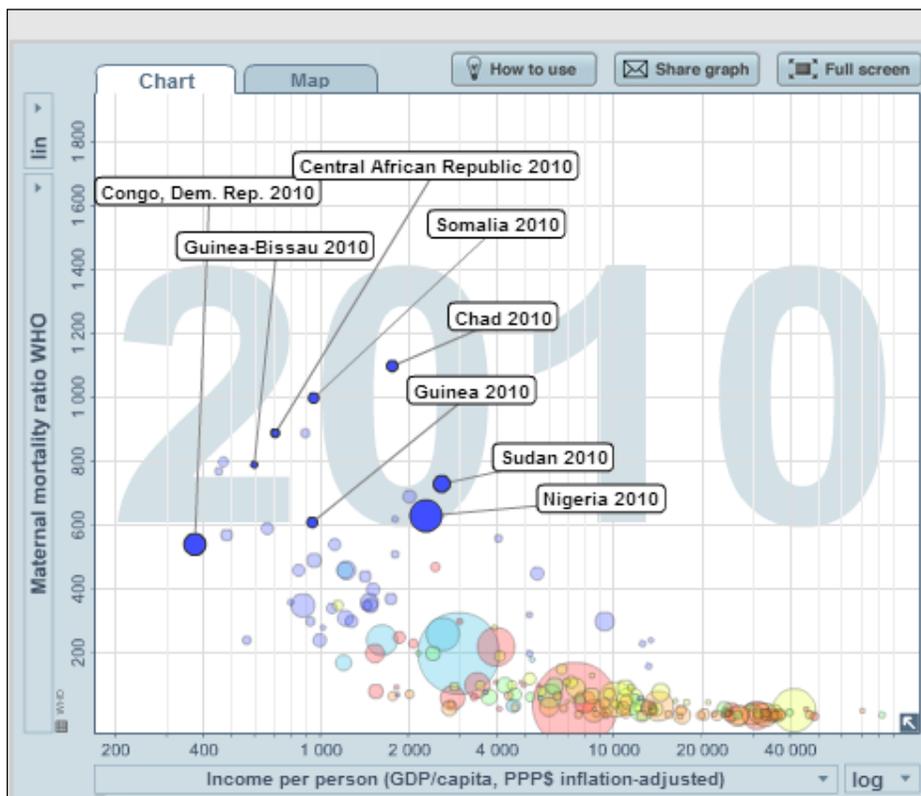
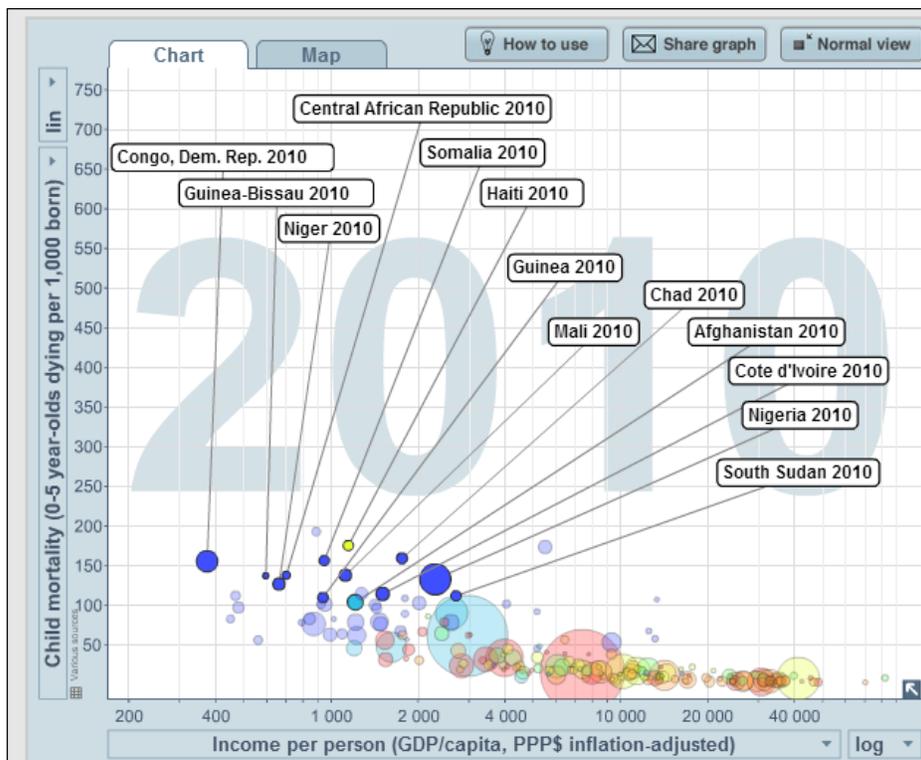


Figure 1. Child and maternal mortality by income status, showing the positions of some of the fragile states (Source: Gapminder).

- 1.6 There remains an imperative for the international community to reach those populations with health services and improve health outcomes. Over the past years, an increasing share of health aid has been directed to fragile states, and it is likely this trend will continue in the future. This trend seems to be confirmed in the Global Fund with the allocation methodology used in the new funding model.
- 1.7 From a specific three diseases perspective, it should also be noted that the global malaria burden is increasingly concentrated in a number of fragile states. Mid- to long-term continuity of treatment needed for people living with HIV/AIDS or with TB is even more challenging in unstable environments and disrupted health systems, than it is in stable contexts. To achieve its overall goals, the Global Fund needs to succeed in fragile states.
- 1.8 Related to this is the growing recognition within the Global Fund Secretariat and its Board structures that among the multiple risks, the main risk for the Global Fund in fragile states is operational: the risk of not achieving its mission, due to not reaching key affected populations with priority services and thus not achieving impact in the 3 diseases.
- 1.9 From a partnership perspective, which is at the center of the Global Fund's model, maintaining constructive dialogue and coordination is often difficult in contexts of instability and conflict.
- 1.10 In such contexts, humanitarian agencies often implement important health programmes in parallel to more developmental and health systems or disease control programmes. This brings additional coordination challenges, but also opportunities to reach key affected populations with health activities, including for the 3 diseases.
- 1.11 Against this background, in early 2013, TERG decided to commission a strategic Thematic Review on Global Fund in Fragile States. The overall objective of the review was to sketch out proactively how the Global Fund could possibly improve its impact in Fragile States, through further innovations and enhanced learning from its own experience, and from the experience of others, who are equally struggling with similar challenges of reaching key affected population in difficult contexts. The aim was also to contribute a key study to support a differentiated approach of the Global Fund along the development continuum, from fragile states through to those countries transitioning from Global Fund funding.
- 1.12 Since 2013, the Global Fund clearly recognizes that Global Fund grants in fragile states are facing multiple difficulties, beyond those in other countries, with lower access to populations in conflict and remote areas, and consequently very low impact.

2. Process and methodology of the TERG thematic review

- 2.1 In line with the overall learning objective, the TERG focal point drafted broad Terms of Reference and invited input from Secretariat staff, including from an informal Fragile States working group based within the Secretariat.
- 2.2 Through this process, the scope of the Terms of Reference have expanded well beyond the initial strategic and policy focus, and included more managerial issues; which were not intended by TERG, but responded more immediately to the concerns of Secretariat staff. The consultancy was conducted by Euro Health Group and consisted of document review; interviews with key informants at the Global Fund secretariat and with staff of partner agencies; comparison of activities and policies in other agencies; and also of 9 country

studies (3 country case studies; 3 light case studies & 3 desk studies). The case studies are given as volume III annexes.

3. Findings and recommendations of the Review

- 3.1 The TERG welcomes the recommendations of the report, which we urge the Global Fund and SIIC to respond to. A summary of the key recommendations is given as annex 1, while more detailed recommendations and a series of options for each level of Global Fund grant design and implementation is given in the report and its annexes. We highlight our comments on individual points as given below.
- 3.2 The Review suggests that Global Fund grant performance in fragile states is considerably lower than in other countries, especially for malaria grants.
- 3.3 The Review recommends the introduction of the term “Challenging Operating Environments (COE)” for Global Fund operational purposes. At the time of writing it proposed, a selection of 19 countries in 3 categories of COEs: (1) chronic instability with weak systems – 9 countries; (2) chronic instability with stronger systems – 7 countries; and (3) acute instability – 3 countries; stressing that the COE approach can also be applied to sub-national areas (the selection is based on the situation mid-2013, and the Review proposes ways to update the lists periodically).
- 3.4 The Review recommends a county-by-country approach to operating in the countries with chronic instability, and shows practically how the New Funding Model may facilitate this, as it includes considerable flexibility to tailor support and management arrangements to the country context.
- 3.5 For acute emergencies, it is recommended that the Global Fund should assess each emergency and decide (a) whether or not to get involved; (b) whether to provide access to commodities in areas affected by emergency; and/or (c) whether grants need to be adapted because they are disrupted by the emergency. Additional budget for emergencies would facilitate this approach.¹
- 3.6 The Review then elaborates a range of Options and Recommendations for Operating in COEs covering many elements of the Global Fund’s operating model. First, it covers “Strategic Options” respectively regarding CCMs; PRs and SRs; LFA and FA; Human Rights, Equity and Coverage; HSS and Maximising Synergies; Strategic Partnership; Performance Based Funding; and Emergencies. The Review then gives examples of how to tailor responses to different categories of COEs. The Review also reviews options regarding resource allocation, both for countries and for the Secretariat.
- 3.7 It is recommended that the Global Fund systematically learns from its own experience and from others of what works well and less well in order to improve its practice in these contexts. It suggested that this could involve:
 - Developing more in-depth case studies of a few countries to better understand partner approaches (challenges, innovations) to operating in COEs and implications for the Global Fund;

¹ The Thirty-First Board Meeting in Jakarta, Indonesia, approved USD 30 million for a Humanitarian Emergency Fund (Decision Point GF/B31/DP06)

- Documenting the process, lessons learned and costs of adopting the Global Fund COE approach including the mix of options used in different settings;
- Piloting specific approaches to working differently in COEs;
- Membership and participation in INCAF (International Network on Conflict and Fragility) which would provide a valuable learning forum on fragile states both for the Global Fund and for INCAF members interested in the experiences and challenges of operating a large global health partnership in COEs.

4. TERG's assessment of the Review, including TERG comments

- 4.1 TERG accepts the Thematic Review report. The final version responds to the Terms of Reference, and is based on the evidence presently available. In particular, TERG highlights the overview of documented positive experiences in the domain of donor aid in the health sector in Fragile States, and the usefulness of mapping those out as a range of options for the Global Fund. The Review thus clearly shows possible and practical choices for the Global Fund in a differentiated country-by-country approach.
- 4.2 But, a Thematic Review of a rapidly evolving theme in rapidly changing environments is like researching a moving target. This is particularly the case as the New Funding Model is being implemented during this time, with significantly different approaches and policies. Consequently, the TERG-commissioned Thematic Review went on for longer than anticipated. Consequently, some of the findings, especially in the country case studies, may highlight issues which have changed or have already been addressed.
- 4.3 However, through the process of engagement with Secretariat staff, the Review has fostered exchange and ongoing learning within the Secretariat. Specific attention for tackling the Global Fund's challenges in Fragile States is now mainstreamed within the Global Fund Secretariat² and some of the recommendations of the Review are already being implemented, for example those to support humanitarian situations.
- 4.4 However, TERG stresses that the quality of the evidence available on health aid in Fragile States is quite limited and there is a continued need to document better what is being done, in which contexts and how. In particular there is lack of evidence on the effectiveness of the various approaches; so there is continued need for learning-while-doing, built into the Global Fund programs in Fragile States.
- 4.5 Consequently, TERG considers that continued learning on promising approaches, as well as failures, is warranted. This should include practices at agency headquarters, at country level, and during peripheral implementation at decentralized level. 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.
- 4.6 Also, Global Fund should learn, almost in real time, from other actors working in these Fragile States. This should be pursued with a variety of actors working in fragile states, certainly involving WHO and UNICEF, as well as GAVI. These three are core health actors in the health sector in most Fragile States. Such learning should also specifically include

² Grant Risk Report, September 2013. Illustrates how risk level in Fragile States has specifically been assessed.

international humanitarian organizations, specialized in working in fragile and disrupted contexts (such as UNHCR, IFRC, ICRC, MSF, and others) and local community-based and faith-based organizations, which often manage to maintain health services in disrupted environments and access key affected populations. Such a venture could be set up as a Joint Learning Initiative or Joint Learning Network, with the aim of improving policies, support and real time information of relevance to grant managers.

- 4.7 TERG recommends that such real-time learning is most needed in countries with few donors and poor functioning health systems with patchy coverage (sometimes referred to as ‘donor orphans’, which could also be called “neglected fragile states”) where impact on AIDS, TB & malaria burden is seriously hampered due to the systems weaknesses and lack of population reach. In such countries, disrupted systems and systemic weaknesses exist for decades and will not easily be overcome. In these “most fragile and neglected states”, the Global Fund is usually quite an important donor, but there are few partners to work with. The Global Fund is very unlikely to reach its objectives, by continuing present approaches. There is thus a need to ask: What will the Global Fund do differently? TERG suggests to start such joint learning from a country perspective, focusing on a few particularly ‘neglected fragile states’, such as Chad, CAR, DRC, Guinea, or Somalia.
- 4.8 In addition, what the Global Fund can learn from the experience of humanitarian actors has been little explored until now. This is not surprising, as humanitarian actors have often not been involved in Global Fund programmes, and their actions are often less well documented. There indeed still is quite a divide between “development actors” and “humanitarian actors”, although there often is great overlap in the objectives and operations of both “communities”, especially in the “chronic emergencies”, characteristic for Fragile States. Similarly, there is need for enhanced learning from the experience of local health actors and civil society operating in Fragile States, especially those maintaining health services and health programs in remote conflict-affected areas, which are often disconnected from capital-city processes, such as the CCM, being out of reach of donors, media and any outsiders in general.³
- 4.9 But, even continuous learning from the present realities, and from what is being piloted at present, by the Global Fund or other agencies and actors, is unlikely to lead to satisfactory results. TERG stresses that 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. To create space for that, existing flexibilities in the Global Fund approach have to be fully used, with a specific focus on the Fragile States, where further “daring innovations” will still be needed. Also, the Global Fund could consider to encourage this further, in analogy with the “incentive to be ambitious” (making additional funds available for funding requests that make a powerful case for impact), by making “incentive funding” available for funding “ambitious implementation innovation in Fragile States”.
- 4.10 The TERG also highlights the recommendation relating to performance and M&E issues. M&E guidance, including setting of targets, measurement of performance, and M&E capacity building, should be tailored to fragile states. This should distinguish qualitative and

³ DANIDA has commissioned country case studies of the role of local actors in the health sector in Fragile States. These studies illustrate the wide variety of realities and the difficulties of documenting them systematically. They are summarized in: Pavignani E et al. Making sense of apparent chaos: health-care provision in six country case studies. Int Review Red Cross, February 2014: p. 1 – 20.

quantitative measures, and provide guidance to ensure fragile states are not penalized by performance-based funding, and that appropriate measurement is supported.

- 4.11 The TERG recommends that the Global Fund follows the recommendations of the thematic review, and include the definitions, commit resources, and introduce a more differentiated approaches to fragile states needed to achieve its mission. Alongside the reviews on sustainability and MDG 4 and 5, this will contribute to a stronger and differentiated approach along the development continuum to achieve its goals.

Annex 1

Key recommendations of the thematic review report on fragile states

1. The Global Fund should identify a group of countries and possibly regions that merit special attention and a special approach due to the difficult working environment. The review provides the criteria and initial selection of such countries, suggestively termed *Challenging Operating Environments (COEs)*. The objective is to improve the impact and sustainability of Global Fund support in these countries.
2. In line with international practice and the approaches of other agencies to fragile states, there should not be a standardized approach applied to all grants in these settings. The Global Fund should adopt a country-by-country approach. This requires understanding the fragility-related, political, economic, social and governance contexts of each COE, designing and implementing tailored responses which are frequently monitored, adapted and developed further.
3. The Global Fund should build on the strengths of its current approach and the New Funding Model, which include considerable flexibility to tailor support and management arrangements to the country context. It should allow further flexibility and tailoring of the engagements in COEs.
4. The country teams working in COEs should select the most appropriate approach for each country and grant, depending on the assessment of context and partnerships in that environment. In line with the experience of other agencies, including GAVI, arrangements will need to be developed in conjunction with country partners. The options will need to be explored further, tested, adapted and developed.
5. Following on-going reforms within other donor agencies including GAVI, and the additional costs of tailoring approaches, it is recommended that the Global Fund invests in staff working on COEs and undertakes measures to improve security and access to those countries. This would include (among others) prioritizing country teams for *all* COEs in a similar way to the prioritization of staff in High Impact Countries; having an enhanced security management framework in place; tailoring recruitment and skills for staff to work on COEs; providing specialist security training and in-country back up to reassure staff when travelling.
6. Working in COEs is in its nature unpredictable and difficult and there are no universal simple solutions. As other agencies have found, working in fragile states is a process that needs continual adaption to changing contexts. It is recommended that the Global Fund systematically learn from its own experience and from others of what works well and less well in order to improve its practice in these contexts and communicate lessons learnt and experiences with Country Teams managing portfolios in COEs and other relevant stakeholders.
7. Improve Monitoring and Evaluation guidance on target setting in COE countries, including how to measure performance and how to include capacity strengthening and state building measures.
8. For acute emergencies it is recommended that the Global Fund should consider involvement in acute emergencies on a case by case basis in support of humanitarian relief agencies. The Global Fund should assess each emergency and decide a) whether or not to get involved b) whether to provide access to commodities in areas affected by emergency and/or c) whether grants need to be adapted because they are disrupted by the emergency. Additional budget for emergencies would facilitate this approach.

Summary of Resource Documents

Number	Name of Resource Document	Brief Description of Document
1	Report on the thematic review of the Global Fund in fragile states	The report on the thematic review of the Global Fund in fragile states commissioned by the TERG.
2	Compilation of country case studies	A compilation of the nine case studies conducted as part of the thematic review.