

SCORECARD

Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)

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1 Introduction

Scorecards are designed to assess function and policy relevance of multilateral organisations and to map international funding mechanisms. The Dutch involvement in multilateral organizations get is focused on organisations relevant to the Dutch policy and which are effective or play a key role in the multilateral architecture as "system organization". This requires careful and regular monitoring. The aim is to prepare scorecards of the UN Funds and Programmes, the International Financial Institutions, the specialized UN agencies and offices relevant to the Dutch BHOS-policy, and the most important global funding mechanisms; multilateral organizations to which the Netherlands provides a substantial ODA contribution. The relevance is primarily tested against the Dutch policy for Foreign Trade and International Development Cooperation, but includes the wider significance of multilateral institutions where relevant to other aspects of Dutch policy.

Each scorecard provides an overview of the objectives, mandate and core competencies of the respective international institution, the way the organization is structured and what activities they perform, the financial volume [size] and the Dutch contributions. Based on an analysis of the various aspects, an appreciation is provided of organizational effectiveness and the relevance to and impact on the Dutch policy objectives. An appreciation is given of the extent to which organizations for the Dutch BHOS-policy achieve relevant results. Aspects of effectiveness will be assessed according to specific criteria and scored on a four-point scale of insufficient, moderate, sufficient and good. In addition, an "expectation for positive change" is provided. Policy-related relevance and impact (results) are indicated with the following qualifications: relevant, limitedly relevant and not relevant [irrelevant]. A summary of all these scores can be found in the tables in chapter 5.

The scorecards are compiled from reports of the organization itself, from the *Board of Auditors*, internal and external evaluations reviews by other donors and the *Multilateral Organisations Performance Assessment Network* (MOPAN)¹. In addition, input of relevant ministries, the Permanent Representations and Constituency Offices, is requested. Also, information from embassies about the functioning of country offices of multilateral institutions is included in the scorecard. The score cards are updated every two years.

2 General background

2.1 Objective and added value

The *Global Fund to Fight AIDS, Tuberculosis and Malaria* (GFATM) is a multilateral financial instrument established in 2002 to make a substantial contribution to achieving the MDGs by generating additional resources for the fight against AIDS, tuberculosis and malaria, and to contribute in this way to poverty alleviation. The fund has gathered a strong focus on strengthening health systems and local and national stakeholders in order to achieve a broader health impact in that way. The value of the GFATM is that it thereby contributes to improving national and global health systems and the human rights of women and risk groups such as LGBT², sex workers and drug users.

¹ Within MOPAN The Netherlands evaluates together with 18 like-minded countries the functioning of UN agencies and International Financial Institutions. From 2015, in a biennial cycle, about 13 organizations audited organizational performance and development effectiveness

² Lesbian, Gay, Bisexual and Transgender

2.2 Organization, methods and activities

The GFATM is an independent organization with approximately 680 members of staff, based in Geneva. The organization is an extraordinary global partnership of multilateral and bilateral institutions, private funds, governments, NGOs, the private sector and communities. The GFATM is primarily a financial instrument. It is not an implementing organization with representation at country level. The GFATM is innovative: it uses new fundraising techniques, e.g. through close cooperation with the industry, and by working on the development of an online e-marketplace where demand and supply of health products and services converge.

The Board is the highest decision-making body. The board counts 20 seats with voting rights³, occupied by donors grant - recipient countries, NGOs, the business community and representatives of groups who are living with HIV, TB and malaria, the distribution of seats on the board among donors based on their financial contribution to the Fund, whereby major donors like the US and France have their own seat. Other donors, including the Netherlands, are represented in constituencies.

The board makes decisions about increases or rejections of funding and policies. The board has three committees prepare recommendations for consensus decision-making is facilitated: the *Audit and Ethics Committee*, the *Strategy, Investment and Impact Committee* and the *Finance and Operational Performance Committee*. In addition, the *Transitional Governance Committee* has been established to implement the *Governance Plan*. The *Coordinating Group* facilitates communication and collaboration between the board and the committees.

The Secretariat is responsible for the daily operations and is led by the Executive director. The work of the Secretariat include assessing applications and concluding agreements in accordance with the decisions of the board. The American Mark Dybul, former head of the *President's Emergency Plan for AIDS Relief* (PEPFAR) is Executive Director of the GFATM Since 2013.

The New Funding Model has been operational since 2014. This model places initiative, more than before, at the level recipient countries, puts national health programs centrally, follows the planning cycles of the countries themselves and uses simpler guidelines for proposals and allocation of resources.

At the country level, the *Country Coordinating Mechanism* (CCM) is responsible for the formulation and implementation of these plans. A CCM includes representatives of governments, multilateral and bilateral donors, civil society, research institutions, businesses and interest groups of people living with the three diseases.

Proposals are reviewed by the *Technical Review Panel*, an independent advisory group that Board. The Board decide whether or not to finance on the basis of this advice and the available resources.

After approval of a country proposal, the Board delegates management of the grant to one or more by the CCM identified *Principal Recipient(s)* (PR) which are then responsible for implementation at country level.

Of all international financing for the AIDS response, 21% comes from the GFATM. When it comes to malaria and tuberculosis, provided the GFATM 51% and 82% of all international funding for these diseases and is by far the largest funder. In addition, the GFATM supports countries with inadequate health systems and strengthens the local and national

³ The board consists of eight donor seats, 7 seats for recipient countries, 1 seat for NGOs from the recipient countries, one for NGOs from donor countries, one for the private sector, one for private foundations, 1 representative of groups living with HIV, TB or malaria and 6 ex officio non-voting seats: WHO, UNAIDS, World Bank, partner organizations, Switzerland (host country) and the Executive Director of the GFATM

interest groups. The GFATM closely follows the results of its investments in more than 120 low- and middle-income countries.

2.3 Dutch role and influence

The Netherlands, also through the Permanent Mission in Geneva, works along with Norway, Sweden, Denmark, Ireland and Luxembourg in the Point Seven constituency. This constituency is represented by Denmark as Board Member and Norway as Alternate Board Member from mid-2016. The Board Member seats rotate every two years. The constituency is a member of the *Strategy, Investment and Impact Committee*. The Netherlands will represent the constituency in the Board in 2021. Within the constituency, The Netherlands advocates strongly for better integration of HIV/AIDS and TB policies in sexual and reproductive health and rights, the link between GFATM plans on national health policies, stronger health systems and consistent attention to human rights, gender and key populations for HIV/AIDS. The Netherlands believes that the GFATM should not only continue to focus on the poorest countries, but also marginalized groups in middle-income countries. A dozen Dutch employed by the GFATM, several at key positions.

2.4 Financial size and contributions

The GFATM receives non-earmarked contributions. From its founding in 2002 until December 2014, the GFATM received a total of more than USD 30 billion in contributions from a wide range of donors, including governments, private sector, private foundations and mechanisms for innovative fundraising. The scale of contributions reflects the positive view that donors have of the GFATM. The UK Multilateral Evaluation of the UK scores the GFATM as very good *value for money*.

Approximately 95% of the total contributions is from governments, the remaining 5% from foundations and private donors. In 2014, businesses donated more than USD 77 million to the GFATM.

The GFATM had set a target to mobilize USD 15 billion for the period 2014-2016. This ambitious goal is based on the request of recipient countries and the expected contribution of partners. In addition, national contributions from recipient countries are increasing. The GFATM has early 2015 USD 12, 3 billion been promised (82% of the target). The result is that the GFATM not all requested programs to fully fund.

The following table lists the major donors based on their overall contribution in the period 2001-2014 (in million USD).

Ranking	Country	Contribute
1	United States	10,149
2	France	3,982
3	United Kingdom	3,159
4	Germany	2,348
5	Japan	2,156
6	European Commission	1,620
7	Bill & Melinda Gates Foundation	1. 400
8	Canada	1,377
9	Italy	1,049
10	Sweden	956

11	Netherlands	919
12	Spain	669
13	Norway	651

The Netherlands is among 10 largest bilateral donors GFATM (excluding the European Commission and the Gates Foundation). For the period 2014-2016 The Netherlands has pledged a total of EUR 183.8 MILLION pledged (including EUR 4.5 million for technical assistance by KNCV for GFATM-funded programs in the field of TB).

Dutch contributions in the period 2012-2014

<i>Year</i>	<i>EUR million</i>
2012	25.0
2013	67.0
2014	73.3

The GFATM does not have compulsory contributions and does not accept earmarked contributions, except for specific private-sector initiatives such as UNITAID and Debt2Health.

3 Institutional aspects and functioning of the organization

3.1 Strategy and focus

The GFATM is committed to the fight against AIDS, TB and malaria. It does have a strong focus on strengthening health systems and local and national interest in order to achieve a broader health impact.

The strategy *Investing for Impact 2012-2016* contains clear definitions of vision, mission, objectives and priorities of the Global Fund. The strategy is in line with the strategies of partners of the GFATM and is focused on achieving the Millennium Development Goals (MDGs). The strategy focuses on the financing of national programs in the area of MDG 6 (combat AIDS, tuberculosis and malaria), with increasing attention inside for MDG 3 (gender), MDG 4 (child mortality) and MDG 5 (maternal mortality), without losing the focus on the three diseases. The strategy is also in line with the *Sustainable Development Goals* (SDG programs, the successors of the MDGs after 2015), in particular SDG 3 (*Ensure healthy lives and Promote well-being for all at all ages*) which has a specific sub-target for the ending of the AIDS epidemic, tuberculosis and malaria by 2030.

The strategy emphasizes the importance of strengthening of health systems, commitment to the improvement of the health of girls and women and the fostering of human rights. It is increasingly clear that the effectiveness of the HIV response depends on programs that focus on groups that are at higher risk of HIV infection, including men who have sex with men, sex workers and injecting drug users. Only if their human rights are protected and they access to prevention, care and treatment, AIDS can be successfully reduced. More than in previous strategies, the GFATM works on the basis of a human rights approach, with particular attention to the position of vulnerable groups such as girls and women, LGBT, sex workers and drug users. This strategy also elaborates further on the elements of sustainability, cost-effectiveness and *value for money*. The strategy's progress is measured on the basis of *Key Performance Indicators*. The 2014 results analysis shows

that for the vast majority of indicators good progress is being made.

Countries are responsible for shaping plans. As a principle, national plans are established in an inclusive way. The *Country Coordinating Mechanisms* are seen as an important added value of the GFATM, but in some countries allows the functioning leaves much to be desired. Co-operation between governments and other sectors is not always easy, especially in countries where the involvement of marginalized groups such as LGBT and sex workers policy is sensitive. In some countries public mechanisms for financial management or supervision are insufficiently used. With the introduction of the new Funding Model, where countries not only proposals focused on the three diseases, but also broader national health strategies, the correlation between GFATM, national and bilateral programs is strengthened. Because programs financed by the GFATM can form an integral part of national health strategies, it is easier for government financial mechanisms to supervise such programmes.

Rating: Good = 4

3.2 Result-based control

Result Based Funding constitutes a basic principle of the GFATM. This means that funding for country programs depends on results achieved by jointly agreed targets. Financial support from the GFATM will be awarded based on the strength of the country proposal. The logical connection between objectives, results, activities and resources form an important criterion in the evaluation of proposals. After approval of a proposal, a results framework will be developed, with specific targets for each year. Progress is determined by the degree to which the agreed objectives have been achieved. When countries request their next payment, they must provide information on how the GFATM contribution is used and what results have been achieved. For this purposes, countries are scored according to which the amount of the next payment is determined.

Key Performance Indicators are used as part of *Results Based Management* at the Global Fund since 2004. These indicators provide insight into the extent to which the strategic objectives are achieved, such as fewer deaths from AIDS, tuberculosis and malaria and greater access to healthcare, prevention, care and treatment. The indicators describe both the progress level of activity in the countries themselves and the functioning of the secretariat of the Global Fund.

The GFATM is committed to a high degree of transparency. The fund makes a lot of data and reports available on the website, such as documentation on funding at the country level, external evaluations and pieces of board meetings. Unlike many other organizations, the GFATM even makes all audit reports and internal control reports of the *Office of the Inspector General* public.

The GFATM publishes an annual assessment report. In addition, the GFATM is critically followed by Aidspan, an independent organization that focuses on improving the effectiveness of the fund through research and data analysis.

The GFATM also presents its results via the *International Aid Transparency Initiative* (IATI). IATI ranks the GFATM on the 4th place in the list of transparent development organizations in 2012, 6th in 2013 and 10th in 2014. The decrease in the IATI index is the result of new criteria introduced by IATI. One of the criteria concerns publication of a country strategy. However, the GFATM has no specific country strategy because the fund follows the priorities of a country. GFATM works with IATI a better score.

Rating: Good = 4

3.3 Partnerships

The GFATM is a precursor and forerunner in the field of public-private partnership, combining the strengths of diverse partners in order to operate more effectively together. Since the GFATM is a financing mechanism and not a policy organization, agreements are in place with more technical organizations such as WHO, UNAIDS, Roll Back Malaria and the Stop TB Partnership. These organizations advise the GFATM in the development and implementation of health programs in *countries*. GFATM is also working with the World Bank and GAVI in a joint platform for supporting health systems.

In addition, the GFATM works closely with the private sector in a number three Strategies:

- Fundraising: One of the ways in which industry contributes to the GFATM (RED) label, which trendsetting companies like Apple, Beats and Starbucks sell specific products of which 50% goes to the GFATM. In addition, companies contribute directly to GFATM, including Vale, Chevron, BHP Billiton and Ecobank.
- Increased efficiency: the *Innovation Hub* in partnership with companies whose innovations in the field of procurement, *supply chain management* and risk sharing with the GFATM.
- Innovative financing: the GFATM is a forerunner in the field of innovative financing instruments such as Debt2Health, UNITAID and the Dow Jones Global Fund 50 Index.

The GFATM has a *Quality Assurance Policy* for all pharmaceutical products procured through GFATM grants and enters into long-term contracts with pharmaceutical partners.

The GFATM has signed the Paris Declaration and the new Funding Model has been developed in line with these principles. That has led to GFATM-funding to better reflect priorities of countries. The GFATM achieved good results with alignment with national processes, but also requires a lot of countries and partners. This means criticism remains that sometimes GFATM systems and requirements seem to prevail over national processes.

Rating: Good = 4

3.4 Effective administrative and management bodies

The 2011 report by the Independent *High-Level Panel on Fiduciary Control* pointed out some shortcomings in the financial accounts of the GFATM. Then, a series of reforms launched to enhance the effectiveness of the management and administrative bodies. More clear agreements about the role and mandate of the Board and its various committees have been made. The GFATM- secretariat was reorganized with stronger focus on the core mandate of the fund as a financing mechanism. This has led to more attention and better scores on indicators for fund management, risk-analysis and financial management.

The new Funding Model, operational since 2014, is no longer generic for all countries, but offers opportunities for a more differentiated approach that is better aligned with the planning cycle of countries and GFATM funding links to the specific epidemiology of the three diseases by country.

With the development of a new strategy for the period 2017-2021, the functioning of the administrative and management bodies will be critically looked at. A thorny issue is assimilating new donors, such as Russia and the Gulf States, which have announced their

intention to contribute to the GFATM. Another challenge is the manner in which the fund can offer space to countries that will grow economically and may therefore rely more on technical rather than financial support from the GFATM.

Review: Mediocre = 3

Expectation for positive change: probably = ↑

3.5 Policy

Evaluation plays an important role in the GFATM. For this, the *Technical Evaluation Reference Group* (TERG) set up an independent advisory board advises on evaluation of business operations, investments and impact of the GFATM. The TERG comprises researchers, practitioners and representatives of countries, donors and NGOs. An important Evaluation time is the Mid-Term Review the current strategy 2012-2016, which will be completed in 2015. This strategic review is an important input for further development of the new strategy from 2017.

In addition, under the leadership of the TERG a large number of technical studies were conducted during 2013 and 2014, e.g. on resistant malaria programs in fragile states and sustainability issues. The reports are available via the website. The TERG is working closely with the *Impact and Evaluations Team* in the Secretariat to ensure that the findings of the studies used in the development of new countries programs.

Review: Mediocre = 3

Expectation for positive change: probably = ↑

3.6 Human resources

For an organization with an annual turnover of approximately USD 3 billion in 2014, the GFATM has a small staff of 680 employees. This is because the Fund has no country offices and programmes are largely outsourced to contractors, regulators and consultants. This enables the GFATM to be effective with a relatively small staff and low overhead. The GFATM places high demands on its staff is recruited for specific knowledge or skills from business, government, civil society organizations or other international (UN) organizations. Since its reorganization in 2011, especially those recruited in the areas of *grant management*, supervision, risk management and recently integrity. The Global Fund recruits worldwide, recruitment procedures are transparent and salaries and benefits follow the terms of UN institutions in Geneva. The personnel policy was revised in 2014, with specific emphasis on talent and leadership - development and workload. In the context of the new strategy 2017-2021 will be the human resources policy of the GFATM revisited.

Rating: Good = 4

3.7 Financial management

Although the GFATM not fully managed to recruit the planned USD 15 billion for the 2014-2016 period, with USD 12.3 billion, the Fund remains one of the largest and most successful financial instruments The GFATM remains active in approaching both traditional and new donors and the involvement of the private sector, partly through innovative financing. In addition, contributions of countries are becoming more important: this contribution is 62% higher in the period 2015-2017 than in the three previous years.

The World Bank serves as GFATM trustee. Because of the GFATM financing mechanism, where – in accordance with the rules of the World Bank – commitments are entered into only when the necessary funds are available in cash, there is always a large cash reserve. The 2.3% overhead of the GFATM in 2014 is low compared to other international institutions and funds. This percentage is monitored annually through *Key Performance Indicators*.

The GFATM is a major purchaser of drugs, laboratory supplies, mosquito nets and other products. By combining the demand of countries GFATM can influence the market and cheaper purchases. Through these *pooled procurement* the GFATM achieves around USD 300 million savings in two years. The fund is working on the development of an e-marketplace, which also countries in the near future, less or no longer receive funding from the Fund may utilize the procurement expertise of the GFATM. The external auditor issued an unqualified opinion on 2013. Fluctuations in exchange rates are a risk with an impact on the value of the committed contributions.

Review: Sufficient = 3

Expectation for positive change: probably = ↑

3.8 Fighting corruption in the internal organization

The GFATM has a "zero tolerance" policy when it comes to fraud and corruption. Nevertheless, early 2012, messages about fraud and abuse of funds in different countries circulated. As irregularities were detected, financial management (structure, responsibilities, rules and procedures) have been thoroughly reviewed, procedures and policies for risk management introduced with a focus on programmatic, managerial and governance risks. The *Chief Risk Officer* reports twice annually to the Board.

In the area of the fight against fraud and corruption, a comprehensive screening of the contract partner takes place before entering into a contract. A *Local Fund Agent* oversees financial management during the implementation and performs an annual audit. Besides this, the independent Inspector General oversees use of funds and carries out investigations, if necessary. Based on his findings, he notes that descends mismanagement of funds. The Inspector General reports regularly to the Board and advises the Secretariat and the Board about changes in procedures to reduce risks of fraud. All these reports are available on the website. In all cases of fraud, the GFATM takes immediate measures including criminal prosecution, in collaboration with national authorities and recovery of illegal spending.

Rating: Good = 4

4 Policy relevance and results of the organization

4.1 Relevance to Dutch BHOs priorities

1. Food security

Limited relevance. HIV/AIDS, malaria and tuberculosis affect the productivity of farmers negatively and thereby contribute to rural poverty. The GFATM funds activities in the field of HIV/AIDS and nutrition.

2. Water

Not relevant. Water not part of the core mandate.

3. Security and legal systems

Not relevant. Security [safety] and legal systems do not belong to the core mandate of the GFATM. However, takes the role of the Fund in fragile contexts far. The GFATM operates in more than 20 fragile states and develops strategies for the development of stronger health systems.

4. Sexual and reproductive health and rights

Relevant. The strategy for 2012-2016 recognizes the importance of *Maternal, Newborn and Child Health* and advocates for health programs that promote this. Late 2014, a total of 2.7 million pregnant women had access to ARV treatment to reduce the risk of transmission of HIV to their (unborn) child. The GFATM also plays an important role in prevention. It has since its inception distributed nearly 5 billion condoms and 21 million people have been treated for STDs.

5. Gender equality

Relevant. With the rollout of the new Funding Model, in part at the urging of the Point 7 constituency, the *Gender Equality Strategy Action Plan 2014-2016* launched. Secretariat staff is trained and committed to address gender in a systematic way. Implementation of this plan has already resulted in that the proposals include better gender analysis and more women participate in the *Country Coordinating Mechanisms*. The number of applications for funding for gender-specific activities is currently limited, but expected to increase.

6. Climate

Not relevant. Does not fall within the mandate

7. Private Sector Development

Not relevant. The development of the private sector does not belong to the mandate. However, the GFATM is an important purchasing organization (more than USD 1 billion per year) and works closely with companies in the field of fundraising and innovative financing.

8. Humanitarian aid

Limitedly relevant. Humanitarian aid is set *Emergency Fund* (USD 30 million for 2014-2016), which already has been deployed to Syria and the Ebola crisis.

4.2 Additional relevance

Relevance from the perspective of the international development architecture

The GFATM booked impressive results. At the end of 2014 GFATM has the worldwide HIV treatment available to 7.3 million people and a total of 12.3 million tuberculosis cases identified and treated. The GFATM has 450 million insecticide-treated bed nets distributed to protect families against malaria.

The GFATM is the largest global fund that focuses on promoting health in poor countries. This contributes both to the achievement of health-related MDGs and Sustainable Development Goals and on the other hand plays a financial role in supporting the international development architecture. Beyond these specific role GFATM is a forerunner in the field of public-private partnership, which combines the strengths of various partners to operate together effectively. Around this new form of cooperation takes place much innovation – for instance around new funding – which is also the wider development sector benefits.

International public goods.

The GFATM's core mandate of eradicating the three diseases HIV/AIDS, TB and malaria, that by definition are transnational and also have an impact on health and safety in the Netherlands. Tackling these diseases is therefore of international public interest. With targeted action, AIDS can be eliminated by 2030.

Conclusion

5.1 Institutional aspects and functioning

GFATM has a clear mandate and plays a key role in achieving the health-related MDGs. The new strategy (2012-2016) is consistent with this. Administration and management systems, evaluation, financial management and fighting corruption are well established. The GFATM is a learning and innovative organization, which is demonstrated in applying findings from evaluations. The organization is a very global partnership and work closely with multilateral and bilateral institutions, governments, NGOs, private sector and the target audience.

	Score	Expect.
3 Institutional aspects of the organization		
Strategy and focus	4	
Result Control	4	
Partnerships	4	
Effective administrative and management bodies	3	↑
Policy	3	↑
Human resources	4	
Financial management	3	↑
Fighting corruption in the internal organization	4	

5.2 Policy relevance

The GFATM is an effective organization that fully aligns with the SRHR policy priority, especially the fight against AIDS. The fund is also important for gender equality, and to a lesser extent, for peace and security, humanitarian aid and food security. The GFATM is based on human rights, notably the right to health, including marginalized groups such as LGBT, sex workers and drug users. Combating these diseases is a *global public good*. With targeted action, AIDS can be eliminated by 2030.

	Score
4 .1 Relevance to Dutch BHOs priorities	
Food security	0
Water	-
Security and legal systems	-
SRHR, including HIV / AIDS	+
Gender equality	+
Climate	-
<i>Private Sector Development</i> (including ICSR)	-
Humanitarian aid	0