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**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

Professor Michel Kazatchkine  
Executive Director



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**Le Fonds mondial**

De lutte contre le SIDA, la tuberculose et le paludisme

Professeur Michel Kazatchkine  
Directeur

Our Ref. MK/CB/EF/am 08.11.07-NGO

Mr Richard Stern  
The Agua Buena Human Rights Association  
San Jose,  
Costa Rica

Re: Response to the AGUA BUENA Open Letter to the Director of the Global Fund.

Dear Richard,

Thank you very much for the open letter you submitted last week. As an individual and organization involved in following-up the effective implementation of Global Fund projects for the last few years, we were pleased you were able to attend and participate in the Global Fund Latin America and the Caribbean Regional Meeting in Bogota a few weeks ago. It was of particular importance that you were able to attend the civil society dialogue session with some of the other key civil society stakeholders from the Region to express what you felt were some of our key challenges to working in the Region.

I would like to address some of the points you raised in your letter and to perhaps start out with one of the first premises you raised which is that access to critical treatment for HIV in the Region is improving. We had concerns that the Region did not fare as well as it should have in Round 6, however, we were pleased to see the success of the Region, particularly for Malaria proposals, in Round 7. As we continue to work in the Region, it is my anticipation that collaboration between partners will improve and that national governments will continue to increase their own funding towards the three diseases. I also hope that over the coming Rounds, we will see more resources targeted to vulnerable and marginalized communities that need them. Overall the Region is doing well, but as you highlighted in your letter, we, along with our partners, could always do more.

You raise the issue of **sustainability of treatment in lower-middle income countries** in the Region, which is a justifiable concern. There are two issues here which are of particular relevance. The first is the most recent Global Fund Replenishment meeting (September 2007) in Berlin where our donors committed USD 9.7 billion to the Global Fund. This will secure funding for all ongoing programs for the next three years plus the approval of new rounds of at least USD 1 billion for 2008-2010. In addition, the United Kingdom made financial commitments which bring us to the year 2015; this was not only an indication to other donors of a long time commitment to funding the three diseases but also an indication to us at the Global Fund that we are now in a position to think much more long-term. A second topic is our changing policy on eligibility which I spoke of in Bogota a few weeks ago. The policy which is being proposed to our Board in November would hopefully allow for 12 additional countries in the Region to become eligible for Global Fund resources and would allow lower and upper-middle income countries to access these resources based on

a mechanism of cost-sharing between national governments and the Global Fund. This policy would still take into careful consideration countries' national disease burdens as well as disease burdens among marginalized communities. Both the Replenishment outcome and potential new policies on eligibility would allow us to target further resources to the Region in a much more sustainable and predictable manner, and would encourage national governments to increase resources to fighting the three diseases.

You also refer to **challenges related to Global Fund Principal Recipients (PRs)** and the concern that targets are set without flexibility or are not responsive enough to changes in the epidemic, as you note the unanticipated needs of the PLWA population during a given phase of a project. The LFA-verified results for the Guatemala HIV/AIDS grant show that the cumulative target for people receiving ARVs was surpassed by 57% for the period from March to May 2007 (Q10): 2,884 persons were under treatment or 1,174 more than the original target. In addition, the CCM in Guatemala has recently approved the request from the PR World Vision to increase targets for patients receiving ARV treatment to be funded from savings on purchase of ARV at lower costs. Also, in a recent visit by the Global Fund to Guatemala, Cecile Collas and Cristina Barzelatto stressed the importance for the National Government's commitment and a meeting was held with the Minister of Public Health and Social Assistance as well as World Vision on this subject.

You also refer to your experience with **Country Coordinating Mechanisms (CCMs)** and the dichotomy you see between the Global Fund mandate of a "**country driven**" process versus a more hands-on approach to work better with governments who may not be inclusive of all key stakeholder members on the CCM. This is indeed a dichotomy that we struggle with at the Global Fund as we, and our Board, work to revise our Guidelines and policies to match the concerns of our stakeholders. In many countries this approach has helped to bring governments and non-governmental stakeholders together to collaborate on proposal development and oversight; in fact we hear many reports that without the CCM, these particular stakeholders would have never been brought to the same table together. Nevertheless, there are some countries where one stakeholder is more dominant than the other. This is where we hear the most concern from civil society that the Global Fund should apply a more rigid approach with sectors seeking to exclude crucial input from sectors living with and affected by the three diseases.

We have been working at the Global Fund to increase our **response to the concerns of civil society** and to build up a more regular communication in order to know better and more regularly what is happening at the country-level. We are still strengthening this response from the Secretariat, however will continue to rely upon civil society to inform us when they are being excluded from these processes, and therefore we would continue to encourage this support from you and civil society. We are struggling not to make our processes too rigid while ensuring we, and those who are in receipt of Global Fund resources, are held accountable to how they are spent. Nevertheless, we believe in being a different kind of institution and in not forcing these processes, but instead working to support an environment in which they can happen, which I believe is what we are working towards when we speak of "country-driven" processes. It is not in our interest to create artificial relationships that will terminate when the Global Fund is no longer present.

Eventually it is in the long-term national interest for these key stakeholders to work together and to value the comparative advantage that they each bring to the response.

Regarding the issues of the **Local Funding Agents (LFAs)**, the Global Fund is in the process of evaluating proposals received for the re-tendering of LFA services. It is to be noted that the invitation to tenders was advertised in Spanish. The evaluation of proposals is expected to be completed by year end and selection by the first quarter of 2008. Companies were requested to propose teams consisting of experienced experts in the areas of health, financial, procurement and M&E, who can provide substantive inputs and advice to the Secretariat during different stages of the grants. We are hoping that this re-tendering process will address some of the challenges experienced with LFAs over the last few years and will satisfy the increasing needs of the countries.

You raise the concern over a lack of **Fund Portfolio Managers (FPMs)** at the Global Fund to effectively manage the grants in the Region as well as to be aware of the complexities and challenges which occur regularly at country-level. I am sure you are aware of our hesitation to have field offices, given our original mandate and given the wealth of experience that our partners who are present at country-level have. I would have spoken about the current management review being undertaken at the Global Fund which is examining the structure of the Global Fund Secretariat in Bogota. At the moment, our FPMs are admittedly stretched with some FPMs managing over 20 grants in one portfolio. This workload is not a tenable situation and would not allow the time that FPMs need to spend with their countries. I believe in the near future the Global Fund will be expanding in staff.

There are also concerns over the continual **use of user-fees** in some settings. The Government of Jamaica had established a Sustainability Fund whereby a 'minimal' fee is collected for ARV treatment from patients who can afford such payment. Respecting the principle of country-ownership, the Global Fund considers the co-payment to be a decision of the Government. For Honduras, we are requesting the PR and CCM to improve forecasting of drug purchases and will be monitoring the response.

You have also mentioned the new mechanism being implemented at the Global Fund, the **Rolling Continuation Channel (RCC)** and your concerns over possible challenges with this new mechanism. As you will know, the Global Fund has been considering for implementation a number of mechanisms that would allow for increased access to resources and would allow for countries to harmonize the provision of these resources with their own processes, including financial reporting schedules and national strategies. Among these we are currently considering **dual-track financing**, where a proposal is split into two grants, **grant consolidation** –the consolidation of multiple grants by the same PR in one country, **National Strategy Applications** and the **Rolling Continuation Channel (RCC)**. The RCC was established to provide an opportunity for CCMs to apply for continued funding for strong performing grants which are reaching the end of their terms. The RCC framework was approved by the Global Fund Board at its Fourteenth meeting in November 2006 and it has been since this time that we have been able to determine how to optimize the mechanism.

A report on the “architectural issues affecting the Rolling Continuation Channel” was submitted to the Global Fund Policy and Strategy Committee (PSC) in September this year. The report highlighted some of the issues you mention in the open letter, in particular: a significant funding gap affecting the majority of grants that do not qualify for RCC, uncertainty amongst strong performers on whether they will qualify for the RCC and finally an apparent duplication of efforts with the possibility of applications being prepared both for the RCC and the Global Fund Rounds-based system. With the recognition of these challenges, the Global Fund Secretariat has recommended to the PSC various changes to the Global Fund architecture. These changes will be discussed and agreed upon at the next PSC meeting in February 2008, they would include the design of a quarterly application schedule so that countries could better anticipate our proposal process in conjunction with their own country cycle planning timeframes. These processes are welcome as they are designed, as mentioned above, to increase demand and access to Global Fund resources. There will be initial challenges with these mechanisms as they are new and do not necessarily conform to other mechanisms that donors use. We will continue to appreciate your feedback on these mechanisms as we seek to implement and improve them at country-level.

You have raised some considerably technical issues alongside what are fundamental architectural questions we are also reflecting upon as we enter a new era for the Global Fund. We are hoping to see many changes in the near future to how we do our business while at the same time maintaining what has allowed the Global Fund to come this far—our core mandate of transparency and flexibility. The Global Fund is always changing and responding to the concerns of our stakeholders. I hope that you will continue to exchange ideas with us and to continue to engage in a process and an institution that we all have a great deal invested in witnessing it succeed. Thank you for taking the time to communicate with us in Bogota, and in this open letter. I hope I have addressed your concerns.

Sincerely yours,

A handwritten signature in black ink, consisting of a stylized 'M' followed by a series of loops and a checkmark at the end.

Professor Michel Kazatchkine  
Executive Director