

The Global Fund To Fight AIDS, TB And Malaria (GFATM)









Multilateral Aid Review (MAR) Update 2013 progress rating:

MAR 2011: *Very Good Value for Money for UK Aid*



Progress assessment	
Summary	Significant reforms, all within 18 months, show a strong level of commitment to improvements, though it is too early to realise the full benefits in developing countries. Overall progress has been reasonable.
Baseline	
<p>GFATM is a global public/private partnership that raises and disburses funds to prevent and treat HIV/AIDS, tuberculosis and malaria. Since its creation in 2002, it has become the biggest multilateral funder of health related MDGs.</p> <p>The MAR highlighted several strengths:</p> <ul style="list-style-type: none"> • The Fund finances a range of high impact interventions throughout pre-pregnancy, pregnancy, birth and childhood, with an important impact on MDGs 4 and 5. • Its beneficiary voice is reasonably well embedded into all layers of governance. • The Fund's decision to publish and require recipients to publish procurement data has been a major driver for a range of innovations in transparency. <p>The MAR also highlighted several weaknesses:</p> <ul style="list-style-type: none"> • There are clear weaknesses and bottlenecks in the business model which impede faster progress and even more impressive results. • The Fund places heavy burdens on countries and partners, and its own systems and requirements often take precedence. • The time between grant approval and disbursement is not quick enough which results in large 'cash balance' on the Global Fund's books. <p>DFID's reform priorities for the MAR Update were:</p> <ul style="list-style-type: none"> • To reduce the costs the Fund imposes on recipients and partners, through reform of the business model – assessed under <u>strategic and performance management</u> and <u>partnership behaviour</u>; • To have better value for the money spent through the Fund, by securing lower prices, more effective use of cash balances, and operational efficiencies – assessed under <u>financial resource management</u> and <u>cost and value consciousness</u>; • To have continued focus on the poorest and the most vulnerable (high disease burden areas) – assessed under <u>strategic and performance management</u> and <u>financial resources management</u>; • To develop policies that address the longer-term sustainability of GFATM-funded programmes (including better M and E) – assessed under <u>strategic and performance management</u>. 	
Summary of overall progress	
<p>The scope of the Fund's reform over the past 18 months has been far-reaching: substantial and difficult reforms encompassing all elements of its structure and operations from strategy, governance, organisational transformation and implementation through a</p>	

New Funding Model have been undertaken rapidly for an organisation of this size.

Progress against Reform Priorities			
MAR reform component	MAR 2011 score	Progress rating	MAR Update score, if any change
<p>Strategic and performance management The scope of the Fund's reform over the past 18 months has been very substantial, encompassing all elements of its structure and operations. The pace of change has been very rapid and the Secretariat now has a clear remit to improve performance.</p>		 Reasonable progress	
<p>Financial resources management There has been substantial reform at all levels designed to address slow disbursement of grants and other financial management challenges. The New Funding Model gives countries greater funding predictability, and a more specific risk management approach is now applied to each grant. New financial management systems are being put in place and implemented.</p>		 Reasonable progress	
<p>Cost and value consciousness Robust recruitment processes for senior appointments, including the Chief Financial Officer, Treasurer and Head of Procurement, plus a reduction in staff numbers of 7.4% and in operating expenses of 12%, and a further 5% planned for 2013, show evidence of increased cost consciousness. New management and the CFO have given assurances that there will be further improvements which we will monitor.</p>		 Reasonable progress	
<p>Partnership behaviour There is greater stakeholder participation in grant renewal decisions and in new disease committees. Fund Portfolio Managers have been strengthened to engage better with countries. Country Coordinating Mechanisms and Local Fund Agents will be regularly reviewed; the New Funding Model will be more reliant than previously on national strategies.</p>		 Some progress	
Other Relevant Information			
<p>The Fund came out well in the original MAR. It had expanded rapidly as it attempted to scale up treatment for the three diseases and was delivering results at scale; but as it had expanded, its costs were increasing and its processes and requirements had become ever more burdensome on implementing countries. A variety of events during 2011, sparked by press reports on fraud and corruption in some programmes exacerbated this situation. The Board decided that it could no longer continue with the old approach. It established a High Level Panel to look at the Fund's fiduciary and oversight systems and processes, and the report and comprehensive recommendations of this High Level Panel,</p>			

coupled with other negative events in 2011, proved the catalyst for a transformational reform process, both in pace and breadth, which has rolled out since.