

The Global Fund: An Experiment in Global Governance

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Abstract

The Global Fund to Fight AIDS, Tuberculosis and Malaria was created as a new type of international organisation. Its founders uniquely enfranchised non-state actors on its Board, hoping that decision would attract new resources to combat these diseases. Funding decisions would be evidence-based rather than politically-driven. And, the institution would be deliberately 'lean' to promote 'country-ownership' of grant proposals and implementation. The Fund's Board ('principals') made deliberate choices to constrain the autonomy of its Secretariat ('agent'). Delegation was strictly limited. In theory, this was to ensure the Fund remained a catalyst for donor funding, evidence-based decision-making and country-ownership. However, the research adduced for this thesis suggests inadequate delegation opened opportunities for direct donor influence in recipient countries. This thesis assesses three specific dimensions of the Fund's performance in its first decade. The first concerns whether the Fund successfully mobilised more resources, from more funders and did so more reliably. The second is whether the Fund made initial and continued funding decisions in an identifiable evidence-based way. The third centres on 'country-ownership:' whether recipient and donor countries on the Fund's Board had equal influence and whether grant writing and oversight can be assessed as being recipient country 'owned.' Data is aggregated from several sources, including: the Fund's grant portfolio, individual grant agreements and Board documentation; the U.S. PEPFAR programme; and, the Organisation for Economic Cooperation and Development. The research reveals the Fund likely gave a 'kick-start' to resources flowing to its diseases but PEPFAR's arrival a year later contributed relatively more. Broad-based support did not emerge though the Fund proved relatively more successful in converting pledges to contributions. The Fund made evidence-based decisions for initial and continued funding, but the latter is a less robust conclusion given missing grant performance data. Equal donor and recipient Board representation was insufficient to ensure recipients had influence equal to donors. The Secretariat never developed an in-country presence but donors embedded themselves in-country, through grant oversight mechanisms and providing technical assistance to implementers. Principal-agent theory generally assumes agents have more information than principals, a key source of their authority. In the Fund, that asymmetry was in the principals' favour. The scant delegation of authority to the Secretariat left donors in a position to exert control at all levels. The Fund was an experiment in global governance but has not yet proven to be a success in establishing a new model for cooperation.

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Although this thesis builds on the work of other scholars and was superbly supervised by Professor Woods, any errors or misrepresentations are entirely my own.

Chelsea Clinton

Contents

Abstract	2
Acknowledgements	3
List of abbreviations	5
Introduction	7
Chapter 1: The Global Fund: A Brief History and Overview	20
Chapter 2: Whither The Global Fund?	54
Chapter 3: Testing the Aspirations of the Global Fund's Founders	95
Chapter 4: Generating Funds for Global Health: The Added Value of the Global Fund?	127
Chapter 5: Evidence and Performance at the Global Fund	193
Chapter 6: Who 'Owned' Country-Ownership at the Global Fund?	270
Conclusion	321
Works Cited	
Appendices	

Abbreviations

AMFm: Affordable Medicine Facility-malaria (Global Fund)

ARVs: Antiretroviral Therapy (HIV/AIDS)

AusAID: Australian Government Overseas Aid Program (Australia)

CAGR: Compound Annual Growth Rate

CCM: Country Coordinating Mechanism (Global Fund)

CRS: Creditor Reporting System (OECD)

DAC: Development Assistance Committee (OECD)

DAH: Development Assistance for Health

DFID: Department for International Development (United Kingdom)

ED: Executive Director (Global Fund)

FYE: Five-Year Evaluation (Global Fund)

G8: Group of Eight, including Canada, France, Germany, Italy, Japan, Russia the United Kingdom and the United States; the European Union is also represented within the G8 as a non-voting member

GAVI: GAVI Alliance, formerly the Global Alliance for Vaccines and Immunization

HIV/AIDS: Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome

IAVI: International AIDS Vaccine Initiative

IHME: Institute for Health Metrics and Evaluation, University of Washington

LFA: Local Fund Agent (Global Fund)

M&E: Monitoring & Evaluation

MAP: Multi-country AIDS Program (World Bank)

MARPs: Most-at-risk Populations

MDGs: Millennium Development Goals (UN)

NGO: Non-governmental organisation

NSA: National Strategy Application (Global Fund)

ODA: Official Development Assistance

OECD: Organization for Economic Cooperation and Development

PEPFAR: President's Emergency Plan for AIDS Relief (United States)

PPP: Public-Private Partnership

PR: Principal Recipient (Global Fund)

RCC: Rolling Continuation Channel (Global Fund)

TB: Tuberculosis

TERG: Technical Evaluation Reference Group (Global Fund)

TFM: Transitional Funding Mechanism (Global Fund)

TRP: Technical Review Panel (Global Fund)

UK: United Kingdom

UMI: Upper-Middle Income Countries

UN: United Nations

UNAIDS: Joint United Nations Programme on HIV and AIDS

UNITAID: International Drug Purchasing Facility

UNDP: United Nations Development Agency

UNGA: United Nations General Assembly

UNGASS: United Nations General Assembly Special Session

U.S.: United States

WHO: World Health Organization

Introduction: An Ambiguous Anniversary, A Past to be Discovered, A Future Uncertain

Birthdays and anniversaries are supposed to be celebrations. January 28, 2012, marked the 10th anniversary of the Global Fund to Fight AIDS, Tuberculosis and Malaria ('the Global Fund' or 'the Fund') and, indeed, great celebrations, including a parade down the Avenue des Champs-Élysées in Paris were planned to mark the Global Fund's 'decade of impact.'¹ Arguably, the Global Fund and its supporters had many reasons to raise a glass. From inception to its ten-year mark, the Global Fund secured more than \$30 billion in donor pledges and disbursed more than \$22 billion in grants to programmes aiming to prevent or treat its three constituent diseases in 151 countries. Because of this funding, according to audited Global Fund data, more than 3.3 million people were receiving regular HIV /AIDS medicines, more than 230 million people had received insecticide-treated bed nets as a malaria prophylaxis and more than 8.6 million cases of tuberculosis had been identified and treated.²

On a relative basis, the Global Fund's achievements are arguably more impressive. In 2010 alone, the Fund accounted for 25% of all international public funding (multilateral and bilateral) disbursements to fight HIV/AIDS, 60% of international public funding for tuberculosis (TB) control, 65% of all funds allocated to TB in the 22 most-affected countries, and 70% of all funds allocated to malaria around the world.³ Those figures seem to clearly demonstrate that in its first decade the Fund lived up to its creators' credo, codified in its founding document, to:

¹ Laurie Garrett, 'The Global Fund – Can it be saved?' (2012 [cited 30 January 2012]); available <http://www.lauriegarrett.com/index.php/en/blog/3130/>

² Global Fund, 'Fighting AIDS, Tuberculosis and Malaria,' (cited 30 January 2012); available <http://www.theglobalfund.org/en/about/diseases/>.

³ DFID, *Multilateral Aid Review* (London: DFID, March 2011). p. 187.

‘dramatically increase resources to fight three of the world’s most devastating diseases, and to direct those resources to the areas of greatest need.’⁴

However, some participants in the conversations that led to the Fund’s advent and many who played instrumental roles in its formation harboured a bolder vision for the Fund – that it would revolutionize the very definition and business of development assistance, at least for health, making it more demand-driven (i.e., giving countries with the highest disease burden and the fewest resources a legitimate voice) and, over time, provide a disproportionate share of funding to proven, cost-effective interventions (i.e., implementing ‘pay-for-performance’).⁵ Arguably nothing captured this latter motivation more succinctly than the Fund’s inaugural Executive Director Richard Feachem’s oft-repeated mantra: ‘Raise it, Spend it, Prove it’ and his frequently-added addendum, ‘for those who need it most.’⁶

From the perch of 2013, it remains an open question whether or not the Global Fund and the other new multilaterals born at the end of the 20th century and the beginning of the 21st century, such as the Global Alliance for Vaccines Initiative later the GAVI Alliance (GAVI), will ultimately transform the business of aid. For many long-time Fund supporters these questions are, at least for the moment, secondary to whether or not the Fund will endure to complete a second decade. As of late 2013, the Fund is pursuing a series of significant reforms.

Interestingly, some of the Fund’s most strident critics – including those in the U.S. Congress, the European Commission and policy analysts on both sides of the

⁴ Office of Global Cooperation, Republic and State of Geneva. ‘The Global Fund: Fighting AIDS, Tuberculosis and Malaria Announcement,’ (28 January 2002 [cited 31 January 2012]); available <http://www.internationalcooperationgeneva.com/en/global-fund-fighting-aids-tuberculosis-and-malaria>.

⁵ Richard Feachem. Personal interview, conducted by phone. 16 December 2011.

⁶ Ruairi Brugha, ‘The Global Fund at three years – flying in crowded air space,’ *Tropical Medicine and International Health*, (2005) vol. 10, no. 7, p. 625.

Atlantic – have acknowledged that it has achieved, or helped achieve, a great deal.⁷ None dispute the statistics cited earlier. Yet, in spite of this, and the current reform programme the Fund initiated in late 2011-early 2012, questions persist as to whether or not the Fund will survive its current crisis of confidence and, for some, of identity.⁸ Allegations of corruption, cronyism and inefficiency– even with the sparkling data attesting to the Fund’s impact – are reminiscent of many past critiques, well-founded or not, of the World Health Organization (WHO) and the United Nations Joint Programme on HIV/AIDS (UNAIDS), the Global Fund’s direct predecessors.⁹ Although European bilateral donors and the European Commission were among the Fund’s largest financial contributors in its first decade, they were also among its greatest sceptics early on. Similarly, they were among the Fund’s harshest critics when significant questions about the misuse use of funds identified by the Fund’s own Inspector General were disclosed to its Board and other major stakeholders in late 2010 and broke publicly across the world in late January 2011.¹⁰ The events precipitated the Board calling for an independent review. *The Economist*’s headline a few weeks later summed up questions being asked in newspapers, in blogs and on news channels from London to Windhoek, from Dublin to Delhi: ‘Can the Global

⁷ For U.S.-based examples, see Roger Bate, ‘Transparency and the Global Fund’s Healthy Crisis,’ American Enterprise Institute for Public Policy Research, (2011 [cited 3 February 2012]); available <http://www.aei.org/speech/100188> and Michael Gerson, ‘Putting Fraud Into Context,’ *Washington Post*, cited February 4, 2011. Regarding the U.S. Congress’ simultaneous critiques and more positive recognition, see Tiaji Salaam-Blyther and Alexandra E. Kendall, ‘The Global Fund to Fight AIDS, Tuberculosis and Malaria: Issues for Congress and U.S. Contributions from FY2001 to FY2013,’ (Washington, D.C.: CRS, 2012), pp. 13-14. As Europe-based examples, see praise of the Fund in ‘Annual Report of the European Union’s Development and external assistance policies and their implementation in 2011,’ (2011 [cited 2 March 2012]), pp. 15, 120; available http://ec.europa.eu/europeaid/multimedia/publications/publications/annual-reports/2011_en.htm. For the European Commission’s strong criticism of the Fund’s governance during the same year, see Ann Danaiya Usher’s commentary, ‘Donors continue to hold back support from the Global Fund,’ (2011), *Lancet* vol. 378, no. 9790, pp. 471-472.

⁸ ‘Current’ as of December 2012.

⁹ See Chelsea Clinton, *The Global fund to Fight AIDS, TB and Malaria: A Response to Global Threats. A Part of a Global Future* (MPhil thesis, unpublished, Oxford, 2003)

¹⁰ *Lancet*, ‘Europe refuses to match US cash for ailing Global Fund,’ *Lancet*, (2003) vol. 362, no. 9380, p. 299.

Fund to fight Aids, Tuberculosis and Malaria restore its reputation as the best and cleanest in the aid business?’¹¹

This thesis looks beyond the debates around fraud (in a relatively small number of Fund grants) to address *The Economist*'s question and the assumptions behind it, that the Global Fund was indeed ‘the best’ in the aid business, subjecting the perceptions of the Fund’s performance to careful scrutiny. Put simply, the purpose of this thesis is to measure the Fund’s success in its initial decade against the weighty expectations at its birth and subsequent presumptions of success. Chiefly, it addresses the Fund’s ability to muster and disburse unprecedented levels of financial resources, to disburse based on recipient country-driven proposals and to do so in an evidenced-driven, performance-based way.¹² It approaches this work through analysing the outcomes of empirical analyses and subsequently positing explanations as to whether the Global Fund’s experience varied from expectations and perceptions and if so, how and why.

Although new empirical work has emerged exploring what influences the behaviours of the World Bank, the International Monetary Fund (IMF) or much of the United Nations (UN) system, as of early 2013, no such work addresses the Global Fund. Other studies highlight the importance of closely examining who and how an international organisation implements its mandate. At the core of implementation is

¹¹ The Economist, ‘Can the Global Fund to fight Aids, Tuberculosis and Malaria restore its reputation as the best and cleanest in the aid business?’ *The Economist*, 17 February 2011.

India: *Times of India*, ‘Misuse of HIV Funds,’ (25 January 2011 [cited 15 December 2012]); available <http://timesofindia.indiatimes.com/topic/Misuse-of-HIV-Funds>

Ireland: *The Journal*, ‘€25m missing from anti AIDS Global Fund charity,’ (25 January 2011 [cited 15 December 2012]); available <http://www.thejournal.ie/readme/red-responds-to-global-fund-fraud-reports-74116-Jan2011/>

Namibia: *The National*, ‘Fraud and the Global Fund to Fight AIDS,’ (14 May 2011 [cited 2 December 2012]); available <http://www.inamibia.co.na/news/africa/item/9445-fraud-and-the-global-fund-to-fight-aids.html>

United Kingdom: Sarah Boseley, ‘Can the Global Fund weather the corruption storm?’ *The Guardian*, blog post (28 January 2011 [cited 2 February 2012]); available <http://www.guardian.co.uk/society/sarah-boseley-global-health/2011/jan/28/aids-infectiousdiseases>

¹² In a Fund context, this means both the evidence assessed in the Phase I grant assessments and the ‘pay-for-performance’ methodology intended to direct Phase II funding decisions.

the relationship between governments and the agents to whom they delegate authority and resources. The Fund was created as a new model for these relationships. This thesis examines whether that new model achieved its creators' aims.

To these ends, this thesis uses three yardsticks. The first concerns resources and whether the Fund successfully mobilised more and new resources. To assess this I ask three questions. One, what monies did the Fund attract and disburse as compared to the counter-factual of a health aid landscape absent the Global Fund from 2001-2011? Two, what is the Fund's achievement relative to GAVI, its closest comparator from a global health private-public partnership (PPP) perspective, assessed by resources raised and disbursed (as the Fund is fundamentally a financing mechanism)? Three, did the Fund build a diverse, inclusive donor base as judged by the portion of its funds coming from non-bilateral sources, particularly from the private sector?

The second yardstick is whether or not the Fund lived up to another of its founders' expectations, that it would be evidence-driven and performance-based in its grant funding. This thesis evaluates this by examining Phase I and Phase II funding decisions and the associated Board debates. It also looks at the Fund's transparency around its criteria in making such decisions and the decisions themselves, all to ascertain when evidence and performance guided, or failed to guide, Board decisions.

The third yardstick concerns the balance at the Fund between the interests of implementing countries, the terminology the Fund uses in place of recipient countries, and those of donors; equilibrium between the two was a key ambition of the Fund's founders. Could the Board's decisions be judged as reflecting equally the interests of implementing and donor countries, at least over time, as extrapolated from the ways in which different constituencies engaged with the Board, inside and outside formal

meetings? And, did the Fund's grants remain 'owned' by implementing countries over time, as determined by examining grant's country-coordinating mechanisms (CCM) and sources of technical assistance, or, are other influences perceptible?

Chapter One provides a brief history of the Global Fund, mapping out key features and events, some of which the empirical and analytical work of this thesis aims to illuminate and explain. Chapter Two begins by reviewing the relevant international relations literature on the Fund and then broadens out to review existing literature from other academic disciplines focused on or relevant to the Fund. The relative paucity of empirical scholarship and analysis of the Fund establishes the need for a critical look at the data on what the Fund has, and has not, achieved. This thesis in some cases presents the first independent analysis of evidence that the Fund has met, superseded or fallen short of expectations.

In reviewing the existing literature about the Global Fund, Chapter Two extends beyond the traditional international relations literature to work from other disciplines that appeared in the Global Fund's first decade, with a focus on those written by international relations scholars publishing outside the discipline. This includes publications in the interdisciplinary space between public health and international relations, chiefly those in *Global Health Governance*, as well as those clearly outside international relations journals by international relations scholars, such as those that Dr. Devi Sridhar and others have written for *The Lancet*.¹³ The scholarship across these different platforms largely corroborates the much larger corpus of literature on international cooperation that interests play a critical role in enabling – or preventing – cooperation, but, that international institutions – like the Global Fund – as well as powerful actors, knowledge communities and 'popular'

¹³ As one example, Devi Sridhar & Rajaie Batniji, 'Misfinancing global health: a case for transparency in disbursements and decision-making,' *Lancet*, (2008) vol. 372, pp. 1185-91.

opinion also help to explain when and how cooperation occurs as well as how cooperation evolves over time. From all the existing literature across disciplines, two gaps stand out: first, the general deficiency of published independent empirical work on the Fund over time; and, second, the absence of theoretical explanations for the phenomena and patterns revealed by the evidence as well as for the phenomena and patterns not evident in the Fund's record.

Chapter Two articulates how different theoretical frameworks from international relations may help explain patterns of cooperation and failures to cooperate within the Global Fund. It draws particularly on international cooperation theory. Traditional rationalist theory identifies when and why states are likely to cooperate, highlighting that cooperation can lower individual actors' transaction costs, produce required knowledge no individual actor could acquire alone and spread significant physical or reputational risks.¹⁴ Chapter Two builds on this and more recent work by scholars using and advancing the cooperation literature in international relations, particularly principal-agent theory, including to explain variations in cooperation in health.¹⁵

Chapter Three defines the discreet propositions within the larger questions that require testing, the data each analysis requires and what positive, negative as well as inconclusive answers for each proposition might look like. It discusses why certain data sources were chosen over other options and why certain data even within those sources were chosen and others not. Chapter Three also acknowledges the challenge posed to certain analyses by the significant amounts of missing data, particularly as relates to the Fund grant portfolio.

¹⁴ As one example, Robert Keohane, 'The Demand for International Regimes', *International Organization*, (1982) vol. 36, no. 2, pp. 325-355.

¹⁵ As one example, Andrew T. Price-Smith, *Contagion and Chaos: Disease, Ecology, and National Security in the Era of Globalization* (Cambridge, Massachusetts: MIT Press, 2009)

Chapter Four addresses the first empirical gap revealed in the literature survey. The Global Fund was created with great expectations for its future financial convening power, particularly around its prospective ability to garner more resources, from more sources than any previous global health effort. UN Secretary-General Kofi Annan and other luminaries at the time of the Global Fund's genesis discussed its future success on these dimensions as a *fait accompli*. Indeed, the narrative that the Fund and its supporters have consistently articulated is that it succeeded from its earliest days in mobilising unprecedented resources, from an unprecedented coalition of supporters, including governments, foundations, the private sector and individuals around the world. Yet, no one has systematically analysed from a scholarly perspective whether the Fund actually catalysed and increased funding for HIV/AIDS, TB and malaria. Testing whether or not the Global Fund indeed raised additional funding or instead diverted funding comprises the first part of Chapter Four.

The second part of Chapter Four involves testing a second proposition related to the Global Fund's fundraising: that it marshalled resources relatively more reliably than other institutions, meaning that it was relatively more successful in converting donor pledges into donor cash contributions. This question is particularly important as a not insignificant portion of commitments or pledges of aid resources are never delivered to the intended recipient, including by bilateral donors to multilateral organisations. A 2008 WHO analysis found the average official development assistance (ODA) for health disbursements from 2004-2006, for example, averaged 80% of the related commitments made three to five years earlier (three – five years is the average period over which commitments translate into disbursed monies). This average obscures wide variations in the commitment to disbursement conversion ratio. For example, disbursements of 87% in 2006 were much higher than sub-80% levels in

2004 or 2005, meaning that in some years the difference between ODA for health disbursements and commitments was arguably less significant while in others, it was substantial.¹⁶

Having tested the scope and quantity of Global Fund funding, Chapter Four then interrogates another funding-related proposition, specifically the Fund's assertion from the beginning that it attracted an unprecedented broad spectrum of donors. The last part of Chapter Four focuses on determining the actual level of fundraising participation by, and the relative importance of, more unconventional donors, particularly the private sector, which the Secretary-General and others looked toward with great hope in 2001-2002 to make substantial contributions to the Fund.

Chapter Five moves on to address another proposition about the Global Fund, that it rigorously and consistently applied an evidence-driven, performance-based approach to grant funding decisions. At the Fund's inception, this ethos of dispassionate reliance on data was expected to manifest over time in a few ways: in Phase I and Phase II grant approval processes; in a record of pulling funding from grants meaningfully underperforming against key performance metrics the grants themselves had set; and, in terminating grants riddled by corruption. The Fund's architects invested an independent Technical Review Panel (TRP) with the authority to assess grant applications' technical merit and make Phase I recommendations to the Board, under the rationale that such an entity would be free from any political pressures. The expectation was that the Board would approve the grants the TRP recommended and similarly not approve those it did not recommend.

¹⁶ Paolo Piva & Rebecca Dodd, 'Where did all the aid go? An in-depth analysis of increased health aid flows over the past 10 years,' *Bulletin of the World Health Organization*, (2009) vol. 87, pp. 930-939. This is a distinct claim from assertions that a substantial proportion of ODA disbursements flow to developed-world contractors, rather than to the intended recipient countries, their governments or local NGOs. This thesis does not interrogate that claim.

Similarly, the Fund's designers intended the Board to approve Phase II funding only once grantees met or surpassed key performance metrics. The two-phase grant methodology coupled with an eventual record of stopping funding if grantees siphoned off grant money or failed to meet their performance benchmarks were to be the Fund's hallmarks, quintessential to 'changing the business of aid.'¹⁷ To that end, the absence of an explicit exception for more fragile or resource poor settings was also significant.¹⁸ Chapter Five assesses to what extent the Fund's experience in its first decade hewed to the foundational tenets around the primacy of evidence and performance driving grant decisions. This is another area that, like the Fund's fundraising, has largely escaped empirical scrutiny and analysis.

Chapter Six turns towards governance, probing questions relating to whether or not the Global Fund's first decade as an international institution and a funding mechanism reflected a balance between traditional powerful states' or donors' interests and those of implementing countries. The expectation was that the Fund, unlike other predecessor international organisations, like the WHO, would not develop an in-country presence nor become a bureaucracy of any significant size in Geneva. The thinking was that this leanness together with the Fund's commitment to transparency, the constitution of the Board, and the country-driven grant proposal process and implementation would achieve two mutually-supporting ends: one, insulate the Fund from donors disproportionately influencing its institutional development or specific funding decisions; and two, leave grant ownership firmly in the hands of implementing countries who could find their own approach to deliver results effectively and then be rewarded for it through future funding.

¹⁷ Personal interview, Richard Feachem, 16 December 2011.

¹⁸ 'Fragile states' generally refers to those that cannot or will not deliver core functions to the majority of their people.

The scrutiny in this thesis will ultimately help elucidate whether or not the Global Fund's experience in its first decade corroborates Dr. Feachem's declaration that the Global Fund 'radically innovated the business of aid' and did so partly by empowering 'countries most in need in determining their own future.'¹⁹ We will also look to observe through analysis of the Fund's governance, decisions and practices, what Bernard Rivers, founding director of Aidspan, the Global Fund watchdog group, has repeatedly asserted, that the Fund was perpetually 'reprogramming itself' to make better decisions, based on its grantees' experiences on the ground.²⁰

It is important to note that although Dr. Feachem, the Global Fund's founding Executive Director, and Bernard Rivers, the founding director of Aidspan, a watchdog of the Global Fund, provide strong endorsements, neither can be considered independent voices, Dr. Feachem obviously not so. Although Aidspan is independent in the sense that it is not funded or supported by the Global Fund, its independence is not as clear as Aidspan or the Fund has asserted. Bernard Rivers and Aidspan are largely synonymous, and the former has served as an observer at all Global Fund Board's meetings since 2004,²¹ and as a consultant to Chinese and Nigerian CCMs over multiple grant rounds,²² possibly also to others. This does not invalidate Dr. Feachem and Bernard Rivers' assertions but it does point out how crucial it is to test these assertions by scholarly independent analyses. Feachem and Rivers are not alone in their effusiveness. Dr. Eric Goosby, former director of PEPFAR²³ – at times

¹⁹ Richard Feachem, 'The Global Fund: getting the reforms right,' *Lancet*, (2011) vol. 378, no 9805, pp. 1764-1765.

²⁰ Bernard Rivers, 'Most recent of such 'reprogramming' assertions,' GFO, Issue 187, 5 June 2012.

²¹ As of June 28, 2012.

²² Center for International Development at Harvard University, 'Bernard Rivers Biography,' (2005 [cited 27 June 2012]); available http://www.cid.harvard.edu/events/events_pages/050512event.html

²³ Eric Goosby headed PEPFAR from June 2009 – November 2013.

perceived as a competitor to the Global Fund – called the Global Fund an ‘innovator,’ ‘a necessary partner,’ ‘a change-maker.’²⁴

In each chapter of this thesis, the relationships among member countries (donors and implementers) and between them and the Fund’s management and staff are explored. In many cases, these relationships help to explain the findings from the empirical work. The conclusion elaborates the implications of this thesis’ findings for the future study of international organisations and of the Global Fund itself. If the degree and consistency of engagement by implementing countries and non-state actors is revealed as robust in the Global Fund’s first decade, such assessments will advance understanding of the conditions under which implementing countries are enfranchised meaningfully in cooperation mechanisms. If, however, the empirical work exposes a paucity of sustained, substantial engagement by implementing countries and non-state actors alike, including the private sector, it will be difficult to assert that the Global Fund exemplified a new type of institution or international cooperation.

Validating the Fund’s assertions about how much it has helped in the fight against its diseases epidemiologically is not a focus of this thesis, partly because this is not an epidemiological endeavour and partly because other organisations in this space, including PEPFAR, have reached a rapprochement to share credit for progress in the fights against HIV/AIDS, TB and malaria given the myriad of efforts on the ground in most countries where Global Fund grantees work.²⁵ For example, in Tanzania, the Global Fund has funded bed net programmes to prevent malaria, rapid-testing programmes for TB and HIV/AIDS drug purchase programmes while

²⁴ Eric Goosby’s remarks at The Global Fund’s 10th Anniversary Dinner, Davos, Switzerland, 26 January 2012.

²⁵ Global Fund, *Annual Report 2010*. See also, PEPFAR, *Blueprint for Creating an AIDS-free Generation* (Washington, DC: The Office of the Global AIDS Coordinator, 2012).

simultaneously PEPFAR has supported abstinence education, HIV/AIDS drug purchase programmes and large-scale health literacy campaigns and the World Bank has provided financing for the clinics in which Global Fund grantees and PEPFAR-funded health workers operate.²⁶ Disentangling who is responsible for what in that ecosystem is beyond the purview of this thesis though questions of measurement and credit will be addressed in later chapters as relevant.

Ultimately, in clarifying what the Global Fund did and did not achieve in its first decade and positing why it met, or surpassed, certain early expectations while failing to match others, this thesis will help inform future work in international relations scholarship on the Global Fund as well as future work on development assistance innovation and aid reform efforts.

²⁶ PEPFAR, *Annual Report 2009*, (Washington, DC) and Global Fund, *Annual Report 2009*, (Geneva, Switzerland, 2009).

Chapter 1: The Global Fund: A Brief History and Overview

Origins

The Global Fund was created as a mechanism of global cooperation in order to coordinate, enlarge and improve upon the pre-existing international efforts fighting HIV/AIDS, TB and malaria, the so-called ‘diseases of poverty.’²⁷ It was designed intentionally as a financing instrument and not as a technical adviser. In this it differs from UNAIDS created in 1996²⁸ as a combined regulatory body, technical partner and on-the-ground implementer and the WHO.²⁹ The Fund’s creation gave formal expression to the growing recognition in the late 20th century that the international community had failed to mount an effective response to combat HIV/AIDS, TB and malaria and ameliorate their effects, particularly in Africa.³⁰

By 2000, HIV/AIDS was recognised as an existential threat to many developing countries. World Bank president Jim Wolfensohn said that year: ‘Many of us used to think of AIDS as a health issue. We were wrong...nothing we have seen is a greater challenge to the peace and stability of African societies than the epidemics of AIDS...we face a major development crisis and... a security crisis.’³¹ The WHO issued a report also in 2000 on the economic and security consequences of AIDS showing, for example, a strong correlation between the rapid ascension of HIV prevalence in Luanda, Angola’s capital city, and the resurgence of Angola’s civil

²⁷ UN Press Release SG/SM/7808, ‘Poverty Biggest Enemy of Health in Developing World, Secretary-General Tells World Health Assembly,’ (17 May 2001 [cited 4 December 2012]); available <http://www.un.org/News/Press/docs/2001/sgsm7808.doc.htm>

²⁸ Lindsay Knight, *UNAIDS: The First 10 Years*, (Geneva: UNAIDS, 2008). Particularly Chapter 2: The development and difficult birth of UNAIDS, 1994-1995, pp. 27-46 & Chapter 3: UNAIDS opens for business, 1996-1997, pp. 47-72.

²⁹ Tuberculosis and malaria control, including the promulgation of attendant rules and regulations were among WHO’s first priorities, as set by the inaugural World Health Assembly meeting in July 1948. See British Medical Journal (BMJ), ‘World Health Organisation,’ (1948) vol. 2, no. 4570, pp. 302-303.

³⁰ Ruairí Brugha & Gill Walt, ‘A global health fund: a leap of faith?’, *BMJ*, (2001) vol. 323, no. 7305, p. 154.

³¹ Wolfensohn, as quoted in P.W. Singer, ‘AIDS and International Security,’ *Survival*, (2002) vol. 44, no.1, p. 145.

war.³² UNAIDS declared if nothing were done, within a decade, the majority of countries in sub-Saharan Africa would have HIV/AIDS rates above 25%.³³ In July 2000, the UN Security Council passed Resolution 1308 declaring that: ‘the HIV/AIDS pandemic, if left unchecked, may pose a risk to stability and security.’³⁴ Richard Holbrooke, the then-U.S. Ambassador to the UN, called 1308 an ‘unprecedented resolution on a health issue – the first in the history of the Security Council.’³⁵

Also in July 2000, the G8 heads of state pledged at their Okinawa summit to ‘implement an ambitious plan on infectious diseases, notably HIV/AIDS, malaria, and tuberculosis.’³⁶ They committed to work in partnership with one another, other governments, multilaterals, NGOs, civil society and the private sector to achieve a set of specific goals by 2010: 1) reduce the number of HIV/AIDS infected young people by 25%; 2) reduce TB deaths and prevalence by 50%; 3) and, to reduce the disease burden from malaria by 50%.³⁷

The prioritisation infectious diseases received at the G8 summit stemmed in part from the growing discrepancy in prevention and treatment between developed and developing countries. By 1996, in developed countries, anti-retroviral drugs (ARVs) had transformed HIV/AIDS from a certain death sentence into a chronic, if not curable, disease. By 2000, HIV/AIDS was finally on the margins of the developed world thanks to the routine testing of blood in hospitals, widespread

³² As qtd. in UNAIDS, Report on the global HIV/AIDS epidemic 2002 (Geneva: WHO, 2002), p. 27.

³³ Ibid, p. 6.

³⁴ UN Security Council, 'Security Council Resolution 1308: on the responsibility of the Security Council in the maintenance of international peace and security: HIV/AIDS and international peacekeeping operations', *S/RES/1308* (2000 [cited 2 December 2012]); available <http://www.un.org/docs/scres/2000/sc2000.htm>

³⁵ UPI, ‘Council OKs Peacekeeping AIDS Resolution,’ 18 July 2000.

³⁶ G8, G8 Communiqué Okinawa 2000, paragraph 25 (2000 [cited 24 February 2012]); available http://www.g8.fr/evian/english/navigation/g8_documents/archives_from_previous_summits/okinawa_summit_-_2000/g8_communique_okinawa_2000.html

³⁷ Ibid. paragraph 28.

condom distribution and use, and the introduction of HIV/AIDS education into school curricula. ARVs enabled those infected to lead somewhat normal lives. The developed world had prevention and treatment. The developing world lacked both. This inequality became by the new millennium unacceptable to developed world governments and, even more, their populations. The willingness of those governments and their citizens to spend more to combat HIV/AIDS; the nascent willingness of African leaders to talk about HIV/AIDS publicly and do more about it; and, the willingness of the UN system and World Bank to engage in a unified effort against HIV/AIDS, converged in 2000. Added to these factors was the growing belief, particularly in the U.S., that a new and different institution was needed to lead the effort against HIV/AIDS, to signal the depth of commitment from donor governments and to ensure a legitimately global effort in what would necessarily be a global fight.³⁸

Throughout 2001, momentum grew for establishing a new fund as the mechanism to implement the G8's ambitious plan. In a speech to the African Leaders Summit in April 2001, UN Secretary-General Kofi Annan referred to HIV/AIDS as the world's 'biggest development challenge' and acknowledged that only 'in the last year or so the world has begun to realize that HIV/AIDS is indeed a world-scale pandemic.'³⁹ WHO's Commission on Macroeconomics and Health's final report published in 2001 contained yet more evidence of the extent to which infectious diseases, particularly HIV/AIDS, TB and malaria, had impeded economic development and in some countries, had reversed recent gains in per-capita income and life expectancy. Adding to the chorus, it called for donor countries to scale up the

³⁸ Clinton, pp. 2-3.

³⁹ UN, Press Release SG.SM/7779/Rev.1 'Secretary-General Proposes Global Fund for Fight Against HIV/AIDS and Other Infectious Diseases at African Leaders Summit,' (26 April 2001 [cited 1 December 2012]); available <http://www.un.org/News/Press/docs/2001/SGSM7779R1.doc.htm>.

financial resources dedicated to combating infectious diseases, calling out again, HIV/AIDS, TB and malaria as needing particular donor attention and a disproportionate share of donor monies.⁴⁰

In June 2001, the United Nations General Assembly Special Session (UNGASS) on AIDS emphasized what actions developing countries themselves needed to take to ameliorate their infectious disease burdens and ‘endorsed the establishment of the Global AIDS and Health Fund.’⁴¹ The UNGASS member states also committed that such a fund would be operational by the end of 2001 and would begin to ‘mobilize contributions...from public and private sources with a special appeal to donor countries, foundations, the business community, including pharmaceutical companies, the private sector, philanthropists and wealthy individuals.’⁴² In July, at their annual meeting in Genoa, Italy, G8 heads of state agreed to launch, with Secretary-General Annan, a global fund to fight HIV/AIDS, TB and malaria. Their statement outlined a more specific vision for the fund than UNGASS or the Secretary-General had articulated, including that it would be a public-private partnership and highlighting that local partners and international agencies would be crucial to such a fund’s success. It also pledged that such a fund would be operational by year’s end.⁴³

Following the G8 Genoa meeting, a Transitional Working Group (TWG) was created to translate the idea of an ambitious global fund into an operational organisation with a clear mission, mandate and structure. Before its first meeting, the

⁴⁰ WHO, ‘Macroeconomics and Health: Investing in Health for Economic Development: Report of the Commission on Macroeconomics and Health,’ (Geneva, Switzerland: World Health Organization, 2001)

⁴¹ UN General Assembly Special Session on HIV/AIDS, ‘Commitment on HIV/AIDS,’ p. 2 (25-27 June 2001 [cited 1 December 2012]); available http://data.unaids.org/publications/irc-pub03/aidsdeclaration_en.pdf

⁴² Ibid. p. 41.

⁴³ G8, G8 Communiqué Genoa, paragraph 16 (2001 [cited 29 February 2012]); available <http://www.g8.utoronto.ca/summit/2001genoa/finalcommuniqué.html>.

UN General Assembly adopted the Millennium Development Goals (MDGs) in September 2001. The MDGs were intended to focus the world's attention on a finite, albeit ambitious, programme of aid and development; combating HIV/AIDS, Malaria and other diseases was one of the eight goals.^{44,45}

From October - December 2001, the Transitional Working Group convened three times, with more than three dozen participants from the G8, other donor countries, developing countries, multilaterals – including UNAIDS and WHO – as well as from the private sector and NGOs. In January 2002, the Swiss government approved its incorporation as a Swiss foundation. The Transitional Working Group chose this institutional form for the Fund this to increase the likelihood it could operate with relatively more autonomy, political freedom and nimbleness than its predecessors, being unencumbered by the treaties and formalised norms inherent in a more conventional international organisation.

Once the Swiss government had granted the Global Fund formal title, a subset of the Transitional Working Group itself transitioned into the inaugural Fund Board and held its first formal meeting in late January 2002. At that meeting, it adopted the Fund's founding guiding principles and by-laws. The Fund's eight guiding principles remained unchanged in its first decade, emphasising the Fund:

- 1) As a financial instrument not an implementing entity
- 2) Would make available and leverage additional financial resources to combat its diseases
- 3) Would base its work on programs that reflect national ownership and respect country-led formulation and implementation processes
- 4) Would operate in a balanced manner across different regions, diseases and interventions
- 5) Pursue a balanced approach to prevention, treatment and support

⁴⁴ UNGA, 'United Nations Millennium Declaration,' A/Res/55/2 (18 September 2000 [cited 4 March 2003]); available <http://www.un.org/millennium/declaration/ares552e.pdf>

⁴⁵ MDG 6: Combat HIV/AIDS, Malaria and Other Diseases contained three targets, including halting and reversing the spread of HIV/AIDS by 2015, achieve universal access to HIV/AIDS treatment by 2010 and halting and reversing the incidence of malaria and other major diseases, including TB.

- 6) Evaluate proposals through independent review processes that take into account local realities and priorities
- 7) Establish an efficient and effective disbursement mechanism
- 8) In making funding decisions, would support proposals that can scale up, build on regional and national programs, focus on performance by linking resources with results and give priority to the most affected countries and communities⁴⁶

As the World Bank's 2012 evaluation of the Fund noted, many of the Fund's guiding principles were subsequently incorporated in the 2005 Paris Declaration on Aid Effectiveness.⁴⁷ Determining to what degree certain of the Fund's guiding principles were reflected in its own practice is the work of this thesis.

The Board

The Board is the governing body of the Fund. Over the Fund's first decade, it was responsible for the Fund's strategy, governance, resource mobilisation, risk management, partner engagement and the hiring and performance management of key Secretariat staff, including the Fund's Executive Director (ED). The Board was the sole entity empowered to: convene a replenishment conference, through which the Fund secured donor pledges; issue a call for a new 'round,' the mechanism the Fund used to solicit grant proposals; and determine whether to provide initial or continued funding to a grant. In the Fund's first ten years, the Board hired two EDs: Dr. Richard Feachem and Dr. Michel Kazatchkine. The Fund concluded its inaugural decade under the direction of a General Manager, Gabriel Jaramillo.

In April 2002, the Board approved its first 55 grants, in 36 countries, totalling \$565 million.⁴⁸ Through the Fund's first decade, the Board approved approximately

⁴⁶ Global Fund, 'Framework Document of the Global Fund to Fight AIDS, Tuberculosis and Malaria,' (2002), pp. 1-2.

⁴⁷ World Bank/IEG, 'The Global Fund to Fight AIDS, Tuberculosis and Malaria, and the World Bank's Engagement with the Global Fund: Volume 1: Main Report,' (2012), p. xxiv. See also: OECD, 'Paris Declaration on Aid Effectiveness,' available <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>.

⁴⁸ Global Fund website, 'Funding Decisions.' (2012 [cited 4 January 2012]); available <http://www.theglobalfund.org/en/fundingdecisions/>

\$22.6 billion in grants across 151 countries and had disbursed more than \$15.6 billion to more than 1000 grants.⁴⁹ It held three replenishment conferences to raise the funds it committed and disbursed. In November 2011, at its Twenty-Fifth Meeting, the Board cancelled what would have been its 11th Round of funding, and the last of its first decade. At that same meeting, the Board adopted a new strategy, with a greater emphasis on active grant oversight and sustaining gains made against its diseases. It also approved a ‘Consolidated Transformation Plan’ to operationalise the strategy.

As designed by the Transitional Working Group, the Board has maintained its balance between a donor bloc and an implementing countries bloc, the terminology the Fund uses in place of ‘recipient’ countries. Similarly, the Board Chair and Vice-Chair rotate between the two different blocs, generally every two years. At the end of its first decade, the Board included representatives from eight donor countries and one each from private foundations and the private sector. Together they comprised the ‘donor’ bloc, with representatives from seven implementing countries and one each from a ‘northern NGO,’ ‘southern NGO’ and from the ‘communities’ afflicted with at least one of its three diseases, constituting the ‘implementing’ bloc. The Board also had six non-voting *ex-officio* members: the ED of the Fund and representatives from UNAIDS, WHO, the World Bank, another technical partner (either RBM, Stop TB or UNITAID) and Switzerland (a requirement under Swiss law).

The cadence of Board meetings has varied. The Board generally meets twice a year but convened with greater frequency at the beginning and end of its first decade, as will be discussed in Chapter Six. As established in its earliest meetings,

⁴⁹ Global Fund, ‘Grant Portfolio,’ (2012 [cited 16 May 2012]); available <http://portfolio.theglobalfund.org>

Author’s own count: 151. Often the Fund itself says ‘in more than 150 countries.’ I counted all the countries that have participated in CCMs that successfully received grant funding at any point in the Fund’s first ten years. I used the Fund’s definition of country, which counts as countries entities like Zanzibar that are not independent and the Palestinian Territories that have some degree of autonomy but are not recognised as nation-states.

the Board has a clear bias in favour of making decisions by consensus. If consensus cannot be reached, two-thirds of both the donor and implementing blocs need to concur for Board action.⁵⁰

Much of the work of the Board occurs through its committees. At the end of its first decade, the Board had three standing committees: Strategy, Investment and Impact; Finance and Operational Performance; Audit and Ethics. More than any other Board feature, its committee structure and committees' mandates have changed over time.⁵¹ Historically, delegations nominated committee members based on criteria they themselves determined. Committee members were not required to be Board Members or even Alternates or Focal Points.⁵² Each delegation had the right to have seats on three committees, a standard that held throughout the various reorganisations, even as the number of committees expanded or shrunk.

The Transitional Working Group purposefully constructed the Technical Review Panel (TRP) to be outside the Board but to report directly to it, not through the Secretariat. The TRP's charge did not change in the Fund's first decade. It reviewed grant proposals for technical merit, feasibility and sustainability and then made funding recommendations to the Board.⁵³ Like the Board, the TRP aspired to consensual decisions. A mix of disease experts and crosscutting experts (e.g., on gender or supply chain management) constituted the TRP. Over the first decade, the Board altered the TRP's size and expert demographics based on the grant application parameters it determined; in its most recent terms of reference from 2011, its maximum size was 40 members.

⁵⁰ Clinton, p. 90.

⁵¹ Although I do not explore these variations in this thesis, I hope future work will.

⁵² Focal Points were charged with interacting with the Fund on behalf of their delegations.

⁵³ Scalability and value-for-money became terms of reference for Round 11. As the Board cancelled Round 11, they were not applied in the Fund's first decade.

From the outset, the Board made clear it wanted geographic diversity on the TRP and a minimum of parity between experts from donor and implementing countries, although the Board also always was clear TRP members do not represent their individual countries. From 2002-2009, experts from donor countries constituted more than half of the TRP; in 2010, for Round 10, for the first time, half of the TRP came from implementing countries.⁵⁴ No member of the Board or Secretariat staff is eligible to serve on the TRP. Although not a member of the Board, the TRP's reports following each funding round provided a regular avenue of direct communication to the Board. The often-ensuing debates with the Board and Secretariat are discussed in later chapters.

The Technical Evaluation Reference Group (TERG) is tasked with overseeing independent evaluations, reporting directly to the Board. In the Fund's first decade, the most significant work the TERG oversaw was the Five-Year Evaluation examining the Fund's organisational efficiency, effectiveness and impact in the fight against HIV/AIDS, TB and malaria.⁵⁵ When relevant, the Secretariat was treated as an object of inquiry by the TERG, not a partner in its evaluations. At times, the TERG permitted the Secretariat to provide comments on its findings, particularly during the Five-Year Evaluation process, but not to redact any material. There is no evidence the TERG extended similar privileges to Board Members or grants' country coordinating mechanisms or principal recipients. This thesis will draw on the Five-Year Evaluation and other TERG reports as relevant.

Partnership Forum

⁵⁴ See TRP Membership by Round contained in each TRP report to the Board. As one example, Global Fund, 'Report of the TRP and Secretariat on Round 10 Proposals,' (2010 [cited 24 November 2012]), p. 54/Annex 6. All TRP reports available <http://www.theglobalfund.org/en/fundingdecisions/> (2012 [cited 2-5 January 2012])

⁵⁵ All TERG reports available <http://www.theglobalfund.org/en/terg/> (2012 [cited 2-5 January 2012])

In addition to the Board, the Transitional Working Group intended the Partnership Forum to play a meaningful role in informing the Fund's strategic direction. As conceived, the Forum would provide an opportunity for all Fund stakeholders to discuss the Fund's governance and operations. There were four Partnership Forums held in the Fund's first ten years: Bangkok (2004), Durban (2006), Dakar (2008) and Sao Paulo (2011). Although between three hundred and five hundred participants attended various forums and hundreds more joined the Fund's e-forums, there is no evidence from the Board record that the voices the Partnership Forums included influenced Board decisions, beyond those related to the Partnership Forum itself.⁵⁶

The Five-Year Evaluation gave scant space to the Partnership Forum. While it noted the Partnership's effectiveness in assisting civil society organisations to develop a strategy for engaging with the Fund, it does not cite a single example of how that strategy or the Partnership Forum itself influenced Fund governance or practice.⁵⁷ The High-Level Panel report (discussed more below) does not once mention the Partnership Forum. Originally convened every 18 to 24 months, the Board shifted the timing to 24 to 30 months, with no commentary on the impact this might have.⁵⁸ Although it falls outside the principal scope of this thesis, the Partnership Forum is a core plank of the Fund's governance and ripe for scholarly inquiry.

Grant process

⁵⁶ Author's own assessment of all Board documentation, First – Twenty-Fifth Meetings. All Board documentation available: <http://theglobalfund.org/en/board/meetings/> (2012 [cited throughout 2012]).

⁵⁷ Macro International, 'Compiled Recommendations from the Three Study Areas,' Appendix 2 (2009), p. 32.

⁵⁸ Global Fund, 'Report of the Nineteenth Board Meeting,' p. 26.

In its first decade, the grant process occurred as articulated below with a few adaptations but no radical changes.⁵⁹ Writing in 2013, the grant process is changing, with many details still to be defined. The Fund has never published a schematic of the full grant process. However, drawing upon all available sources, the process can be detailed for Rounds 1-10 as follows:

Submitting a Proposal

1. The Board issued a call for grant proposals from eligible countries.⁶⁰ The Board often adjusted eligibility and minimum requirements between Rounds.⁶¹ The Secretariat translated the Board's policies into grant proposal guidelines.
2. The Board required each country, with limited exceptions, to establish a multi-stakeholder Country Coordinating Mechanism (CCM) before applying for funding.
3. CCMs submitted a grant proposal, including in its application a nominated Principal Recipient (PR) to receive funding and implement the grant. Grant proposals were for five years with Phase I for two years and Phase II for three. Each included a programmatic blueprint, detailed budget, performance metrics and evaluation protocols.⁶²

The Approval Process

4. The Secretariat screened proposals for CCM eligibility and completeness of the application.⁶³ With Round 10, for example, the Secretariat screened in 90% of applications, up significantly from the 59% it screened in for Round 5, its lowest rate of any Round for which data is publicly available; the average

⁵⁹ More precisely, no radical change that ever took effect. The Board's oscillation on Phase II decision-making authority will be discussed in Chapter Five. As it was resolved before any Phase II decisions were made, I do not include it here.

⁶⁰ Country eligibility changed over the years and some countries graduated out of eligibility (e.g., Croatia) as their GDP per capita rose. New income eligibility thresholds and implementing country co-financing requirements changed significantly in November 2011 and will be discussed in Chapter Five.

⁶¹ For example, in advance of Round 10, the Board added the CCMs would need to include how their grant would impact gender equity.

⁶² There have been a few instances of grants with a four-year horizon and at least one instance in which a South African grant had a six-year lifespan. It originally applied for five years, requested and was granted four years of Phase II funding.

In 2008 and 2009, the Board agreed to pilot two new funding mechanisms. The first, Affordable Medicines for Malaria (AMFm) made its first and only grants in November 2009. The second, National Strategy Applications (NSA), also made its first and only grants in November 2009. Both were subsequently rolled back into the Rounds-based process.

At its November 2009 Meeting, the Board approved 'single stream funding' (SSF) meaning that multiple grants for the same PR for the same disease will be consolidated into one grant. SSF was to take effect with Round 11 for new grants, with older grants transitioning to the SSF model starting in 2010. As of May 2012, it remained unclear how many grants the Fund has merged under SSF. Given Round 11 was cancelled, no new grants were signed under SSF.

⁶³ Acceptable non-CCM exceptions generally included applicants from countries without a fully-functioning government, such as the Palestinian Territories, or where NGOs were under significant pressure, such as in the Russian Federation. Non-CCM application numbers fluctuated. For example, there were 64 in Round 5 and 16 in Round 7.

over Rounds 2-10 was 74%.⁶⁴ All screened in proposals were forwarded to the Technical Review Panel (TRP). There were no possible appeals for the screening determinations.

5. The TRP reviewed the proposals based on technical fitness, feasibility and expected impact.⁶⁵ During Rounds 9 and 10, Local Fund Agents (LFAs) provided an independent budget analysis for all proposals in excess of \$40mm as an additional input into the TRP assessments.⁶⁶ Based on its assessments, the TRP made one of the following funding recommendations for each grant:
 - Category 1: Proposal recommended for approval without changes
 - Category 2: Proposal recommended for approval provided clarifications or adjustments made
 - Category 2B: Relatively weaker Category 2 proposals requiring more significant clarifications or adjustments
 - Category 3: Proposal not recommended for approval but encouraged to reapply contingent on substantial changes made
 - Category 4: Proposal rejected⁶⁷Round 1 saw the lowest recommended rate of 28% with TRP recommending 53-54% of eligible proposals for funding in Rounds 8-10.⁶⁸
6. The Board approved or rejected the TRP recommendations, without regard to funding (though funding did determine at what pace the Fund disbursed monies and to which grants, starting with Category 1). Applicants rejected by the Board were able to appeal.

Formalising the Grant

7. The LFA assessed the PR's financial management, procurement, administrative and M&E competencies to provide assurance to the Secretariat that the PR is able to implement the grant. If the PR failed the LFA's assessment, the CCM designated a replacement.
8. The Secretariat negotiated a grant agreement and signed a legally-binding contract with the grant's PR. In an effort to better align Fund grants with a country's national health programmes and other donor assistance, the Board granted the Secretariat discretion as to when to sign a grant agreement and make the initial disbursements. The Fund reported in 2011 that 80% of current funding to government PRs at least aligned with national programmes,

⁶⁴ Screening results are only available from Round 2 onward. I chose to use the % of applicants screened in while some reports, including the Five-Year Evaluation, looked at components screened in; CCM applications could contain multiple component parts for the same disease and the Secretariat could determine the CCM eligible with the TRP determining only certain component parts met its standards. The 74% is a non-weighted average. All data drawn from TRP Reports to the Board following each Round.

⁶⁵ Potential for scale and sustainability were more emphasised in later rounds.

⁶⁶ The TRP told the High-Level Panel that the quality across the LFAs' analyses was inconsistent. HLP, p. 24.

⁶⁷ Global Fund, 'Technical Review Panel,' (2011 [cited 3 January 2012]); available <http://www.theglobalfund.org/en/trp>

⁶⁸ See all TRP Reports to the Board for Rounds 1-10, available <http://www.theglobalfund.org/en/trp/reports/>

including national procurement plans.⁶⁹ Anecdotal evidence from certain countries supported this assertion.⁷⁰

9. In tandem with 8), as of May 2012, the Secretariat also signed four agreements with two creditor countries and three implementing countries through its Debt2Health initiative whereby creditors permitted countries to substitute investments in health for their debt interest payments.⁷¹
10. The Secretariat alerted the World Bank to disburse funds to the PR.⁷² For most grants, this occurred 12-15 months after Board approval.

Grant Implementation, Reporting & Monitoring

11. The PR, often relying on Sub-Recipient contractors, implemented the grant. The Sub-Recipients historically were not included in grant agreements or assessed by LFAs pre-grant agreement signing or subsequently.
12. The PR reported to the Secretariat, generally every 3-6 months, by submitting a Progress Update and Disbursement Request (PUDR), which contains its progress and expenditures against the agreed-upon metrics and budget in the grant agreement as well as a request for funds for the next implementation period.⁷³
13. The LFA reviewed and verified the PUDR's accuracy including making site visits to the grant. The LFA then recommended to the Secretariat as to whether it thought the the Secretariat should make the next disbursement. The CCM nominally was responsible for implementation oversight but the Five-Year Evaluation, High-Level Panel and frequently the Board itself all recognised that because the LFA and PR communicated directly with the Secretariat, the CCM was often side-lined during implementation.
14. The Secretariat additionally conducted data quality audits on up to 20 grants at a time.
15. Based on the PUDR, additional LFA input and any germane data quality audits, the Secretariat assigned a performance rating to each grant, which formed the basis of the Grant Scorecard:
 - A1 – exceeded expectations
 - A2 – met expectations
 - B1 – adequate
 - B2 – inadequate but potential demonstrated
 - C – unacceptable⁷⁴The Secretariat incorporated every PUDR into a cumulative Grant Performance Report (an input into Phase II recommendations).⁷⁵

⁶⁹ Global Fund, *Making a Difference: Global Fund Results Report 2011* (Geneva: The Global Fund, 2012).

⁷⁰ As an example, see Haliom Banteyerga *et al.*, 'The System-wide Effects of the Scale-up of HIV/AIDS, Tuberculosis and Malaria Services in Ethiopia,' Health Systems, 20/20 Project (2010 [cited 2 November 2012]); available <http://www.healthsystems2020.org/content/resource/detail/2752/>

⁷¹ Global Fund, 'Debt2Health website,' (2012 [cited 4 May 2012]); available <http://www.theglobalfund.org/en/innovativefinancing/debt2health/>

⁷² The Fund is the largest of the more than 1,000 dedicated trust funds the Bank holds.

⁷³ In theory, the Fund collated all performance ratings for current grants across Phase I and Phase II and put them online in its grant portfolio.

⁷⁴ For most of its first decade, the Fund's grant score card only had four ratings bands, A, B1, B2, C and as such, most analyses, including those subsequently in this thesis do not split A ratings into A1 and A2.

16. The Secretariat made disbursements (or not) based on the PUDR, Grant Scorecard, LFA's recommendations; Office of Inspector General investigations, audits and reports; and other available input (e.g., from Aidsplan or local press reports). Each performance-rating band corresponded to an indicative disbursement range, to demonstrate the relationship between performance and funds disbursed. The Board granted the Secretariat the right to make smaller disbursements than indicated if it believed the PR incapable of effectively absorbing and efficiently using the amount requested. Similarly, it had the right to make more substantial disbursements if it believed the Scorecard did not accurately reflect a PR's competencies.

Renewing the Grant (Phase II)

17. The CCM was responsible for requesting continued Phase II funding and was advised to do so at the 18-month mark of a grant given the 3-6 month Phase II assessment process.
18. The LFA reviewed the CCM's request and again made a recommendation to the Secretariat based largely on its verification of a grant's data.
19. The Secretariat reviewed the totality of information it had on an individual grant and an assessment of any 'contextual considerations,' or factors beyond the PR's control, working with the TRP on all technical questions. The Secretariat and at times the TRP then made one of the following Phase II recommendations to the Board:
 - a. Go: The grant should be approved for Phase II
 - b. Conditional Go: The grant should be approved for Phase II, provided certain conditions were adopted or specific actions taken by the PR and possibly also the CCM
 - c. Revised Go: The grant should be approved for Phase II, subject to the CCM and PR making significant changes to the original proposal
 - d. No Go: The grant should not be approved for Phase 2 and therefore terminated
20. The Secretariat notified a CCM if it has decided to recommend one of its grants not receive Phase II funding. The CCM has four weeks to respond.⁷⁶
21. The Board then approved the recommendations or asked the TRP for further clarification. There was no appeal mechanism for a Phase II final decision. Phase II funding took precedent over funding of new grants (one of the reasons the Board cancelled Round 11).
22. If a grant received Phase II funding, the PR continued to report through the PUDR and to be monitored by its LFA.⁷⁷

Post-Grant Audit & Evaluation

23. The Secretariat never produced final reports on individual grants nor did it required PRs, CCMs or LFAs to produce final reports. Even for poor

⁷⁵ This is what is supposed to happen. However, the data as of May 2012 contained significant gaps in reporting as will be discussed in Chapter Five.

⁷⁶ This started with Round 6, following a Board decision at its September 2005 Meeting.

⁷⁷ From December 2007 – August 2010, grants that met certain performance benchmarks could apply for a further tranche of funding through the Rolling Continuation Channel (RCC). Given total allocated RCC funds is less than 5% of total Global Fund committed funds and that the Board had already decided to discontinue it, along with other alternative funding mechanisms, before early 2012, I do not include it here though I do include the RCC grant ratings in later analyses.

performing grants, terminated grants or grants that failed to receive Phase II funding, the Secretariat never conducted post mortems, at least none that are in the public domain through Board Reports or otherwise. The only Secretariat monitoring that existed in the Fund's first decade were the data quality audits mentioned earlier.

24. At any point, the Office of Inspector General had the right to investigate a grant if provided with reasonable cause of misuse of funds or to conduct an audit of all grants operating in a country.
25. As of late 2011, the Fund began to require all PRs undergo an independent, external annual audit, i.e., not conducted by the Inspector General. As of December 2012, none were in the public domain.

As of March 31st, 2012, the Fund had 519 active grants, 284 grants in closure, 3 suspended grants and 242 grants that the Fund had closed, either because they had reached the end of their allotted time or because the Fund had denied Phase II funding or terminated the grants.⁷⁸ Across its active grants in early 2012, the Fund committed 54% of its total resources to HIV/AIDS, 15% to TB and 31% to Malaria. Over the years, HIV/AIDS cumulative funding remained between 53-61%, while malaria funding increased substantially, increasing more than 50% from the Fund's early years to early 2012. Sub-Saharan Africa accounted for 57% of committed funds in 2012, East Asia & the Pacific 14%, South Asia 10%, Eastern Europe and Central Asia 7%, Latin America & the Caribbean 6%, North Africa and the Middle East 7%. The figures remained generally constant between Rounds and in the aggregate over time with one exception. Over multiple Rounds, the Fund invested considerably more resources in South Asia and less in Latin America & the Caribbean.⁷⁹

The Secretariat

⁷⁸ Author's own calculation from data provided in: Global Fund, 'General Manager Report to the Twenty-Sixth Board Meeting' (2012 [cited 2 December 2012]), p. 15. The raw data available from the Global Fund website as of mid-2012, as will be discussed later, was incomplete and contained multiple duplicative entries.

⁷⁹ Global Fund, Annual Reports 2002/2003-2011 and Report of the General Manager to the Board, Twenty-Sixth Board Meeting, pp. 16-17.

The Secretariat, headed by an Executive Director (ED), manages the Fund's day-to-day operations.⁸⁰ The Transitional Working Group intended for the Secretariat to be a lean organisation with its leanness both a result of and a surety of a country-driven grant process. To this end, the Secretariat was to be synonymous with its headquarters in Geneva and have no in-country presence, unlike the WHO. Still, the early Board, largely a continuation of the TWG, initially expected the Secretariat also to be a 'strong' agent, with it, not the Board, defining the roles around a grant's implementation mentioned in the schematic above.⁸¹ Instead, as will be discussed in subsequent chapters, the Board exerted considerable influence over defining the various roles in the Fund's grant ecosystem, including those of the Secretariat itself. As the Board's views evolved on different questions over time, so too did the Secretariat's role and authority.⁸²

The Secretariat's most extensive reorganisation began toward the end of the Fund's first decade and in the aftermath of a few coincident and related events: allegations and discovery of fraud in certain Fund grants; the Board's adoption of the Consolidated Transformation Plan, which included a blueprint for the Secretariat's reorganisation; and, the arrival of Gabriel Jaramillo as the Fund's General Manager. By mid-2012, Jamarillo had deployed, for the first time, a majority of Secretariat resources – people and budgetary – to supporting 'impeccable grant management,' with a disproportionate percentage oriented toward high-impact interventions in 'high-impact' countries. Each grant across the entire portfolio received for the first time a dedicated point person at the Secretariat. Within three months of Jaramillo's

⁸⁰ One exception is the stewardship of General Manager Gabriel Jaramillo who oversaw the Fund from late 2011 until late 2012.

⁸¹ Global Fund, 'Report of the Third Board Meeting, pp. 6, 16.

⁸² As one example, as of early 2012, the Secretariat had released four versions of the M&E toolkit, in reaction to increasing Board concern. Each was more detailed than its predecessor: <http://www.theglobalfund.org/en/me/documents/toolkit/>.

arrival, 75% of the Secretariat staff was focused on grant management; it had never previously exceeded 50%.⁸³ This shift brought the Fund closer to the 70-80% ranges common at other multilateral financing institutions.⁸⁴

Many of the changes begun in late 2011 and early 2012 marked a significant departure from the Secretariat's historic passivity in grant application and management, something the Secretariat itself acknowledged in the 2012-2016 Strategy.⁸⁵ Others were highly magnified versions of changes begun under Kazatchkine; in September 2010, for example, Kazatchkine introduced a country team approach targeting 13 high impact countries (all of which were also on Jaramillo's list).⁸⁶

As the High-Level Panel observed, the legacy of passivity largely arose out of an ideological commitment to country-ownership, an issue Chapter Six addresses at length.⁸⁷ Country-ownership was one of the mantras most important to the Transitional Working Group, including one of its members who would serve as the Fund's first Executive Director, Dr. Feachem.⁸⁸ Although widely credited with establishing the Fund quickly as a major presence in global health, Feachem frequently clashed with the Board on the role of the Secretariat as will be discussed in subsequent chapters.

In 2005, controversy surround Feachem, including allegations that Secretariat officials had signed contracts without following proper procedures and made employment offers without a competitive process. An investigation led by WHO's

⁸³ Global Fund, 'Board Retreat Progress Report by General Manager Jamarillo

⁸⁴ High-Level Independent Review Panel (HLP), 'Turning the Page from Emergency to Sustainability,' p. 31.

⁸⁵ See Global Fund, 'The Global Fund Strategy 2012-2016: Investing for Impact (Geneva: Global Fund, 2011).

⁸⁶ Global Fund, 'Report of the ED to the Tenth Board Meeting.'

⁸⁷ HLP, p. 9.

⁸⁸ Clinton, pp. 63, 93, 104.

Inspector General cleared Feachem of any personal wrong-doing. The Board adopted stronger protocols to avoid conflicts of interest and decided at its September 2005 Meeting to limit EDs to seven years of service.⁸⁹ After a drawn-out process, in 2007, the Board selected Dr. Michel Kazatchkine as Feachem's successor.

Dr. Kazatchkine's tenure, like his predecessor's, was marked by frequent tension with the Board, particularly regarding the Secretariat's role in grant decision-making. Examining these tensions is a principal purpose of Chapters Five and Six. Also like Feachem, Kazatchkine found his latter years marred by controversy. In October 2010, the Fund's Inspector General (created partly in reaction to the events mentioned above in 2005) castigated the Secretariat, CCMs and PRs for missing significant irregularities, including confirmed fraud in multiple grants across Mali and Mauritania and suspected fraud in grants in Djibouti, Nigeria and Zambia.⁹⁰

Although the Board at its December 2010 Meeting addressed the Inspector General's report and introduced new policies to better detect and prevent fraud, its actions did not insulate it from the fury that erupted when the Associated Press published an article discussing the fraud and corruption the Inspector General had discovered. Fraud is often an inscrutable question for multilateral and bilateral organisations; traditional supporters and critics of the Fund alike pointed out the Fund was being punished for its transparency yet these efforts too did little to quiet the critics.⁹¹ The Fund responded to the crisis by releasing 'Results with Integrity: The Global Fund's Response to Fraud,' in April 2011 which included details of the identified fraud:

⁸⁹ Global Fund, 'Report of the Eleventh Board Meeting,' pp. 9-10.

⁹⁰ Global Fund, 'The Office of the Inspector General Progress Report for March-October 2010 and 2011 Audit Plan and Budget.'

⁹¹ For example, UNICEF and UNDP only release aggregate fraud numbers, none of which are ever above 1% and none of which are ever tied to specific programmes.

COUNTRY	FRAUD (US\$)	UNSUPPORTED (US\$)	INELIGIBLE (US\$)	UNACCOUNTED INCOME/DRUGS	OTHER (US\$)	TOTAL (US\$)
CAMBODIA	-	222,706	-	1,362,466	-	1,585,172
CAMEROON	33,455	2,199,530	3,370,322	-	-	5,603,307
CONGO (DEMOCRATIC REPUBLIC)	-	1,110,107	933,586	-	-	2,043,693
DJIBOUTI	145,893	4,262,288	857,827	-	-	5,266,008
HAITI	-	519,326	1,253,869	704,730	-	2,477,925
MALI	4,074,444	1,034,935	-	-	122,106	5,231,485
MAURITANIA	6,755,000	-	-	-	-	6,755,000
PHILIPPINES	-	-	2,021,280	-	-	2,021,280
RWANDA	-	-	-	-	-	-
TANZANIA	-	-	-	819,000	-	819,000
UGANDA	-	-	-	-	1,600,000	1,600,000
ZAMBIA	13,000	5,808,446	4,998,389	-	-	10,819,835
TOTAL (US\$)	11,021,792	15,157,338	13,435,273	2,886,196	1,722,106	44,222,705

Source: Global Fund, 'Results with Integrity: The Global Fund's Response to Fraud,' 2011, p. 5.

The report also contained what actions the Fund had already taken in response, from seeking restitution to supporting criminal prosecution efforts in certain countries, including against organisations and individuals who had served as PRs or on CCMs.⁹² By the end of 2011, all donors who had frozen donations to the Fund following the fraud disclosures had reinstated their pledges at least in part. The U.S., the Fund's largest donor, repeatedly and forcefully had supported the Fund.⁹³

Fraud allegations were not the only shadow cast over Kazatchkine. In January 2012, French magazine *Marianne* speculated that procurements related to the Fund's Born HIV Free Campaign were not conducted through an open competitive process. Carla Bruni-Sarkozy the wife of the then-French Prime Minister featured prominently in the campaign. While there was no suspicion she was anything other than an unpaid ambassador for the Fund, her involvement heightened interest in the questions *Marianne* raised, including whether Kazatchkine had selected Bruni-Sarkozy primarily because of her husband's position rather than her commitment to fighting HIV/AIDS. The Fund responded unambiguously in its defence of the Secretariat and

⁹² Global Fund, *Results with Integrity: The Global Fund's Response to Fraud* (Geneva: The Global Fund, 2011), Table on p. 5.

⁹³ Most notably in Secretary of State Hillary Clinton's 'Creating an Aids-Free Generation' speech which she delivered at the National Institutes of Health 8 November 2011. Text available: <http://www.state.gov/secretary/rm/2011/11/176810.htm>.

Kazatchkine, partly because the Board had already sanctioned an independent audit that cleared both of wrongdoing.⁹⁴ In comparison, the fraud allegations and Kazatchkine's handling of them inflicted far more damage.

Interestingly, the Fund's existential questioning began before the Inspector General's report, the ensuing furore or the resulting High-Level Panel (HLP) the Board convened to review the Fund's fiduciary controls and risk management. The Board had already decided to develop a longer-term strategy and undertake necessary reforms to achieve its agreed-upon goals. That helps explain how the Board was able to adopt a Consolidation Transformation Plan in November 2011, only two months after the HLP submitted its report and recommendations. The decision at the same meeting to appoint Jaramillo, who had served on the HLP, as General Manager, is not discussed or disclosed in any publicly available Board documents.⁹⁵ It is in the Fund's press release following the Board Meeting so the Board must have made the decision in one of its executive sessions.⁹⁶

When the Fund announced Jamarillo's appointment, it framed his role as working alongside the ED. Yet by comparing Kazatchkine's ED Board Reports to the Consolidated Transformation Plan and the HLP's recommendations, it is clear

⁹⁴ See Global Fund, 'Global Fund says French magazine report is inaccurate and misleading,' Press release (6 January 2012 [cited 8 July 2012]); available http://www.theglobalfund.org/en/mediacenter/announcements/2012-01-10_Born_HIV_Free_When_Europe_woke_up_to_the_possibility_of_ending_mother-to-child-transmission_of_HIV/ and 'Born HIV Free – When Europe woke up to the possibility of ending mother-to-child transmission of HIV,' Press release, Press release (10 January 2012 [cited 8 July 2012]); available http://www.theglobalfund.org/en/mediacenter/announcements/2012-01-10_Born_HIV_Free_When_Europe_woke_up_to_the_possibility_of_ending_mother-to-child-transmission_of_HIV/

⁹⁵ Author's own assessment of all Board Meeting documentation, First – Twenty-Fifth Meetings.

⁹⁶ Global Fund, 'The Global Fund adopts new strategy to save 10 million lives by 2016,' Press release, 23 November 2011 (2011 [cited 3 January 2012]); available http://www.theglobalfund.org/en/mediacenter/newsreleases/2011-11-23_The_Global_Fund_adopts_new_strategy_to_save_10_million_lives_by_2016/

Three Executive Sessions were held during the Twenty-Fifth Board Meeting, an unprecedented number for the Fund.

Kazatchkine had opposed some of the core recommendations.⁹⁷ Not surprisingly then, Kazatchkine announced his resignation in January 2012, citing the Board's decision in November 2011 to appoint a General Manager to oversee the implementation of the Consolidated Transformation Plan and who would report to the Board, not the ED.⁹⁸ Many of the ED's responsibilities had been transferred to the General Manager, largely rendering Kazatchkine powerless.⁹⁹ The Board's decision to appoint a former finance executive drew dramatic reactions across the public health landscape, with some heralding the arrival of a banker as 'good for the Global Fund' and others warning that his appointment revealed a 'crisis' in global health, signalling complacency from donors to the threat of AIDS and a focus on efficiency over impact.¹⁰⁰ Jaramillo, in his first interview as General Manager, told the Wall Street Journal rather dispassionately: 'There is nothing broken [at the Fund] that can't be fixed, but there's a lot of fixing to do.'¹⁰¹

By mid-2012, it was clear that in many ways Jaramillo's early leadership brought about what Feachem and Kazatchkine both had hoped for and feared in terms of the Secretariat's authority and mandate; the Board granted Jaramillo authority that they had previously argued for but he used it in ways they had actively fought against. As one example of Jaramillo's expanded authority, in February 2012, the Board

⁹⁷ For example, Kazatchkine while supporting stronger grant oversight did not support the Secretariat playing an active role in grant development, even as the HLP recommended on M&E definition to ensure a focus more on outcomes than inputs.

⁹⁸ Global Fund, 'A message to staff, partners and friends from the Executive Director,' Announcements, 24 January 2012 (2012 [cited 4 March 2012]); available http://www.theglobalfund.org/en/mediacenter/announcements/2012-01-24_A_message_to_staff_partners_and_friends_from_the_Executive_Director/

⁹⁹ Bernard Rivers, 'Global Fund Executive Director Michel Kazatchkine To Resign,' GFO, Issue 174, 24 January 2012.

¹⁰⁰ See Amanda Glassman, 'Why a Banker Is Good for the Global Fund,' (30 January 2012 [cited 30 January 2012]); available <http://www.cgdev.org/blog/why-banker-good-global-fund>) and Laurie Garret, 'Global health hits crisis point,' (1 February 2012 [cited 1 February 2012]); available <http://www.nature.com/news/global-health-hits-crisis-point-1.9951>.

¹⁰¹ Betsy McKay, 'New Chief Unveils Plan to Revive Disease-Fighting Fund,' *Wall Street Journal* (2012 [cited 30 January 2012]); available <http://online.wsj.com/article/SB10001424052970203363504577187224148489882.html>.

granted him the power to not only negotiate but also to execute agreements with partners he believed would strengthen the Fund's position, a power never granted to his ED predecessors.¹⁰² Jaramillo's reorganisation to focus Secretariat staff on grant management writ large and standardised metrics and evaluation approaches across grants, as two examples, would have been inconceivable under Feachem and Kazatchkine given their understandings of country-ownership.¹⁰³ Indeed, within Fund grant countries there also were different experiences of country-ownership, as highlighted by data around CCM composition and the technical assistance CCMs and Principal Recipients received, both of which will be explored in Chapter Six.¹⁰⁴

Another area ripe for future research involves the Secretariat's own key performance indicators (KPIs) compared to other organisations'. The Secretariat released its performance against its KPIs –centred on health impact, operational performance and grant performance –annually but did not release the algorithms or inputs into the KPIs nor is there any record of the Secretariat subjecting its KPIs to an external auditor or of the Inspector General performing one. If that information existed in the public domain as of late 2012, this thesis would have incorporated an analysis of it, at least as it relates to its core questions.¹⁰⁵ The KPIs are expected to change as the Secretariat and the Fund evolve.

In-country Fund Structures

Country Coordinating Mechanisms

¹⁰² Global Fund, 'Electronic Decision Points,' submitted to the Twenty-Sixth Board Meeting.

¹⁰³ As will be discussed in Chapter Six, country-ownership was a term without an agreed-upon definition.

¹⁰⁴ Through an agreement with the WHO, for much of the Fund's first decade, Fund personnel enjoyed many of the privileges but not the immunities of UN staff when traveling or working around the world. The absence of diplomatic or UN status meant Fund staff (as well as grant recipients) were generally classified as NGO, not UN, employees. The U.S. and others consistently called on donor and implementing countries alike to grant the Fund diplomatic status.

¹⁰⁵ Additionally, the KPIs did not track data of core interest to this thesis around fundraising or country-ownership.

Country-coordinating mechanisms (CCMs) write and submit grant proposals to the Fund. Each country has only one CCM; even if in one year, for example, a country submitted separate grant applications for HIV/AIDS and malaria, the same CCM oversaw both. CCMs were one of two mechanisms the Secretariat relied on for grant oversight at the country level (the other being the Local Fund Agents, discussed below) though as previously mentioned, independent evaluations and the Fund's own assessments concluded CCMs generally were unable to provide meaningful grant oversight.¹⁰⁶

What the Fund expected as well as required of CCMs in terms of multi-stakeholder membership and functionality changed significantly over the years, as investigated in Chapters Five and Six. CCMs varied widely across countries, in leadership and composition though all were required to have representation from the public sector, civil society and affected communities, with private sector representation strongly encouraged. Multiple studies have questioned the reality of CCMs multi-stakeholder composition, often citing a dearth of private sector involvement specifically¹⁰⁷ and noting how frequently recipient governments dominated CCM governance.¹⁰⁸ Even the Secretariat's own examinations of CCMs over the Fund's first decade recognised persistent obstacles to meaningful NGO and civil society participation.¹⁰⁹ The Fund's founders envisioned CCMs building on existing national programmes, such as the World Bank's poverty-reduction strategy plans. CCMs, however, were almost always created *de novo*.¹¹⁰

¹⁰⁶ As one example see, World Bank/IEG, p. 36.

¹⁰⁷ See Macro International, SA2, pp. 38-39.

¹⁰⁸ One study noted, for example, that the Kenyan CCM Secretariat is housed within Kenya's Ministry of Health.

¹⁰⁹ See Global Fund, *Lessons learned in the field for health financing and governance: A report on the country coordinating mechanism model* (Geneva: The Global Fund, 2008).

¹¹⁰ Global Fund, 'Report of the Twelfth Board Meeting,' p. 6.

The Fund expected CCMs to oversee the grants operating in their countries but gave CCMs no formal authority over the Principal Recipients implementing the grants. Neither did the Fund require Principal Recipients to report to CCMs on a grant's progress. Principal Recipients' direct reporting to the Secretariat circumvented CCMs, precluding them from gaining the requisite information to provide meaningful oversight.¹¹¹ Although the Board approved the first guidelines intended to govern the CCM – PR relationship at its April 2005 Meeting,¹¹² the Board and multiple independent evaluations recognised persistent poor communication between CCMs and PRs. These challenges and their implications, particularly for country-ownership, will be explored in Chapters Five and Six.¹¹³

Principle Recipients

Principal Recipients (PR) are members of their country-coordinating mechanism, designated by it to receive Fund disbursements and implement the grant agreement. In 2012, the Board considered whether or not PRs should not be members of country-coordinating mechanisms to avoid any potential conflicts of interest, a decision that as of early 2013 the Board had not yet taken.¹¹⁴ In the Fund's first decade, PRs were responsible for all procurement and supply management, reporting all key commodity purchases, grant spend and performance metrics to the Secretariat. Reporting rates, particularly on procurement, varied widely, another issue the Fund looked to remedy following the High-Level Panel's recommendations.¹¹⁵

¹¹¹ As one example of CCMs raising this issue, see Tara Fitzgerald, 'CCM Regional Workshop East Africa and Indian Ocean: Meeting Report,' (5-7 July 2011 [cited 3 March 2012]); available http://www.theglobalfund.org/en/regionalmeetings/meetings/Kenya_July_2011/

¹¹² Global Fund, 'Report of the Tenth Board Meeting, Annex 3,' p.2.

¹¹³ Global Fund, 'Report of the Fifteenth Board Meeting,' pp. 10, 14-17.

¹¹⁴ This debate occurred throughout the Twenty-Fifth and Twenty-Sixth Board Meetings, remaining unresolved into the Fund's second decade.

¹¹⁵ HLP, p. 45.

A PR can be a government agency, NGO, faith-based organisation, private sector organisation, and, occasionally, a bilateral development partner. In all fragile states, the UNDP serves as the PR. At the end of 2011, 58% of PRs came from the public sector, 27% from NGOs and 13% of grants had UNDP as PR; these percentages held fairly constant in the Fund's first decade.¹¹⁶ In April 2007, after a particularly robust debate, the Board recommended, but stopped short of requiring, each CCM nominate both a government and a non-government PR, referring to this as 'dual-track' financing. Starting with Round 10, any CCM application that did not utilise a dual-track model had to explain why it had chosen to rely on one or more PRs from only one sector; 28 of the 79 approved proposals in Round 10 included a dual-track approach.¹¹⁷

Most PRs subcontracted with Sub-Recipients to help implement the grant; they in turn often subcontracted with Sub-Sub Recipients.¹¹⁸ The Technical Review Panel (TRP) frequently cited concerns about the opacity and efficacy of these arrangements. For example in its Round 10 report, the TRP said the 'proliferation' of Sub-Recipients correlated to increases in overhead spending and coordination challenges and a deterioration in implementation quality.¹¹⁹ The Five-Year Evaluation highlighted the Secretariat's inability to monitor Sub-Recipients and Sub-Sub-Recipients one of the Fund's most meaningful risks. The Board also recognised these challenges with some delegates advocating for a direct relationship of the Board to CCMs and PRs.¹²⁰ The emphasis the Consolidated Transformation Plan places on

¹¹⁶ Raw data from individual CCM files extracted over July 2012 and the General Manager Report to the Twenty-Sixth Board Meeting, p. 20.

¹¹⁷ Global Fund, *Making a Difference: Global Fund Results Report*, p. 58.

¹¹⁸ This is not true with regards to UNDP, it serves as the sole PR to its grants.

¹¹⁹ Global Fund, 'Report of the TRP and The Secretariat on Round 10 Proposals,' pp. 18-19.

¹²⁰ As one example see discussion during the November 2008 Board Meeting, in Global Fund, 'Report of the Eighteenth Meeting.'

improved communication highlights the Fund's historic ineffectiveness on this dimension.

Principal Recipients (PR) at times tried to speak directly to the Board and worked to do so with a single voice, facilitated by meetings UNDP and international NGOs convened (albeit largely among themselves). Frequent themes included the challenges in Sub-Recipient oversight and the need for the Fund to provide greater clarity around PRs' appropriate roles and more regular communication between PRs and the Secretariat.¹²¹ The Inspector General also repeatedly raised these issues.¹²² In 2010, the Secretariat published a set of recommendations aimed at 'enhancing' PR communication with itself and its in-country partners.¹²³ These seem to not have had a meaningful impact. Providing such clarity is a major focus of the Consolidated Transformation Plan and not until early 2012 did the Secretariat began to put in place mechanisms to monitor Sub-Recipients and Sub-Sub-Recipients.¹²⁴

PRs are an important part of the Global Fund's in-country infrastructure. Although they are not a central part of this thesis, PRs will subsequently be discussed in the context of country-ownership.

Local Fund Agents (LFAs)

Local Fund Agents (LFAs) were intended to serve as the Fund's 'eyes and ears' within each country, to be the on-the-ground presence the Secretariat would not be. The three main functions of LFAs remained constant through the Fund's first ten years, even as other responsibilities were added: evaluating the financial management

¹²¹ As one example, in January 2009, CARE, the International HIV/AIDS Alliance, Population Services International, UNDP and World Vision published their concerns and recommendations to the Fund on how to create conditions for high-performing PRs, with a focus on INGOs; available <http://www.aidspace.org/documents/other/ILPR-recommendations.doc>.

¹²² See Global Fund, 'OIG Report on Lessons Learnt from the Country Audits and Reviews Undertaken' (2009 [cited 2 February 2012]); available <http://theglobalfund.org/en/oig/reports/>.

¹²³ See Global Fund, 'Recommendations to Enhance In-Country Communications between the Secretariat, LFA, PR, CCM and Other Partners,' (Geneva: Global Fund, 2010).

¹²⁴ Global Fund, 'General Manager Report to the Board, Twenty-Sixth Meeting.'

and managerial capacity of each Principal Recipient (PR) before a grant is signed; monitoring PRs' expenditure against the grant's budget; and, validating PRs' reporting of results. Initially, the LFA was not held responsible for directly monitoring the grant's programmatic performance; it only had to assess the plausibility of PR reporting.¹²⁵ Even without that direct accountability for performance evaluation, in the Fund's first five years, LFAs focused predominately on the first two parts of its mandate. This is not surprising given that as of August 2006, 82% of grants' LFAs were either PwC or KPMG, both predominately financial audit firms.¹²⁶ The heavy reliance on financial audit firms was an early source of tension between the Board and the Secretariat. At its Third Board Meeting in 2002, multiple Board Members expressed concern that the Secretariat had provided a slate of only four potential LFA candidates (of which PwC and KPMG were two) for Country-Coordinating Mechanisms to choose between. The Board wanted a more open, transparent process and one that would show preference to local country-based organisations, clearly to little effect given the above LFA demographics from 2006.¹²⁷

Throughout the Fund's first five years, the Board periodically addressed the disequilibrium it perceived between LFAs' responsibilities and the quality of LFAs. At its April 2007 Meeting, Board Members again asserted the need for more clarity around LFAs' responsibilities and the skills required, particularly around risk management, an area the 2007 U.S. GAO report pointed out as notable for the lack of progress made since its previous 2005 report.¹²⁸ In 2007, in advance of tendering

¹²⁵ Author's own assessment of all iterations of: Global Fund, 'Fiduciary Arrangements for Grant Recipients' (2012 [cited 3 July 2012]); available www.theglobalfund.org/en/about/policies_guidelines

¹²⁶ Author's own calculations based on data included in: Bernard Rivers, 'Global Fund to Review Work of LFAs,' GFO, Issue 63, 19 September 2006.

¹²⁷ Global Fund, Report of the Third Board Meeting, pp. 28-29.

¹²⁸ GAO, 'Global Fund to Fight AIDS, Tuberculosis and Malaria has Improved Documentation of Funding Decisions but Needs Standardized Oversight Expectations and Assessments,' GAO 07-627. (Washington, D.C.: United States Government, 2007) p. 20.

new contracts for all grants' LFAs, the Board issued new principles to guide LFA selection, stressing the importance of LFAs being able to monitor and evaluate PR performance programmatically as well as financially and to understand the relationship between the two.¹²⁹

Even after the retendering in 2008-2009, concerns about LFAs persisted. Multiple reports, audits and investigations by the Inspector General across different countries and grants called into question LFAs' ability to assess the risks facing a grant, help PRs mitigate those risks or even recognise fraud.¹³⁰ In reaction to these reports, in 2010, the Secretariat introduced additional training and the first systematic LFA performance reviews.¹³¹ It also demonstrated a greater willingness to replace LFAs than previously had been the case. The Secretariat retendered LFA contracts in 18 countries over 2009 – 2011 and terminated an unprecedented six LFA contracts in 2010, in response to the Inspector General's finding and resulting Board focus on LFAs. In his Report to the December 2010 Board Meeting, Kazatchkine said that the Secretariat was again updating the LFA terms of reference to underscore and strengthen its role in detecting and preventing fraud. Yet for all the focus on financial management in the early years, it was not until early 2011 – after the public outcry – that LFAs were required to conduct formal assessments of fraud and corruption risks, raising the question of what exactly did all the LFAs work provide assurance on to the Fund in its first nine years.¹³² The High-Level Panel likened the additional responsibilities to the LFAs 'moving beyond just being the 'eyes and ears' of the

¹²⁹ Global Fund, 'Report of the Fifteenth Board Meeting,' p. 42.

¹³⁰ Global Fund, 'Report of the Finance and Audit Committee Regarding OIG Matters,' to the Twenty-First Board Meeting, p. 9.

¹³¹ Ibid. pp. 9,19.

¹³² See Global Fund, 'Report of the Executive Director,' submitted to the Twenty-Second Board Meeting.

Secretariat, to acting more and more like the ‘nose.’¹³³ Perhaps the historic absence of this responsibility is why LFAs are not mentioned once in the April 2011 Fund’s ‘Results With Integrity: The Global Fund’s Response to Fraud.’¹³⁴

In early-2012, nine entities served as LFAs, the majority audit or consulting firms; PwC and KPMG continue to serve as the LFA for a number of grants. The United Nations Office of Project Services (UNOPS) performed the LFA functions for every grant in which UNDP was the Principal Recipient. The role of the LFA is set to change considerably when the Consolidated Transformation Plan is fully implemented, with a greater emphasis placed on financial and operational risk assessment.

Like Principal Recipients, LFAs are an important part of the Global Fund’s in-country infrastructure. Although LFAs are also not a core part of this thesis, they too will later be discussed in the context of country-ownership.

Office of the Inspector General

Although the Inspector General reports directly to the Board, its place in the Fund’s history and impact on the trajectory of the Fund only can be understood after having a sense of the Fund’s work and the mechanisms that pre-dated it. The Board’s creation of the Office of the Inspector General in 2005 seems to have resulted from the convergence of two forces, one proximate – the above issues raised in 2005 around Feachem’s management – and the other distant – the U.S.’ long-standing pressure for such an internal audit function.¹³⁵ WHO’s Office of Internal Oversight Services led the investigation into allegations around Feachem, and the Secretariat,

¹³³ HLP, p. 43.

¹³⁴ Global Fund, *Results With Integrity: The Global Fund’s Response to Fraud*.

¹³⁵ Interestingly, there is no mention of the creation of the OIG in PEPFAR’s ‘Fiscal-Year 2005 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria’ but unidentified delegates express strong support in the Tenth Board Meeting Report and in Aidspan’s coverage. See Aidspan, ‘Global Fund Inspector General.’

under his tenure. The Fund's inability to undertake such investigations itself highlighted to the Board the need for a similar function, as was already in place at WHO, as well as at UNAIDS, the World Bank and other international institutions.

The Secretariat recognised the inevitability of the Board creating an Inspector General. In his report to the April 2005 Board Meeting, ED Feachem recommended such a function 'focus on the prevention, detection and resolution of fraud and abuse by recipients of Global Fund grants and within the Global Fund, and on the effectiveness of the Global Fund's internal management processes.' He went on to assert it must be 'independent' and interact directly with the Board, without the mediation of the Secretariat.¹³⁶ The Board approved the creation of the Inspector General as proposed by Feachem, an entity accountable to the Board, not the Secretariat, and set the expectation it would report to the Board on a regular basis through the relevant committee.¹³⁷

Although the Office of the Inspector General grew quickly in its work and supporting staff, fraud remained a low priority for the Fund, both at the Board level and the Secretariat. For example, 'fraud' appears for the first time in a Fund Annual Report in 2010, and then only in the context of the work the Secretariat had done that year to strengthen fraud prevention. After the first appearance of fraud in an ED report at the April 2005 Board Meeting, it did not appear again in an ED report until the December 2010 Meeting, and only then in reaction to the Inspector General findings that shortly would spark the most significant controversy in the Fund's brief history.

Even in the more than 1,000 pages of the Five-Year Evaluation, there are only three mentions of fraud. The first calls out the Fund for its pervasive risk-avoidance

¹³⁶ Global Fund, 'Executive Director Report to the Tenth Board Meeting, Geneva,' p. 16

¹³⁷ See Global Fund, 'Report of the Tenth Board Meeting.'

culture while the second, without irony, expresses concern that moving to a less risk averse culture could open the Fund to greater risk of fraud.¹³⁸ The third notes – though does not criticise - the latitude PRs gave Sub-Recipients unless there is a ‘real concern of fraud.’¹³⁹ Even in the 2011 Annual Report, which the Fund had survived to publish (hardly a given at the beginning of 2011) fraud appears only under ‘Communications’ and not ‘Operations.’ The Secretariat explained why in the first quarter its communications team was highly focused on responding to the media’s questions about suspected fraud in Fund grants but not how it had responded to the findings of fraud.¹⁴⁰

Despite the low visibility of fraud, the Inspector General itself attracted significant attention from the Board. Questions were raised early and consistently about its size and scope on the Board and from the Secretariat. The latter was often critical in Board Meetings of the additional budgetary resources allocated to the Inspector General in years when its budget was held flat. The Secretariat also questioned why the Inspector General dedicated resources to investigating and generating reports on core Fund processes, well beyond its initial charge to perform regular audits and investigate fraud in grants, and work more within the purview of the Technical Evaluation Reference Group.¹⁴¹ In April 2010, as one example, the Inspector General released a report on the Fund’s grant model, detailing what it perceived as significant shortcomings, including well-recognised challenges already discussed such as the lack of clarity around the relationship between the Secretariat and in-country grant governance. The Secretariat responded with its own report to the

¹³⁸ Macro International, ‘Results from Study Area I of the Five-Year Evaluation,’ p. 59.

¹³⁹ Ibid, p. 90.

¹⁴⁰ Global Fund, ‘Annual Report 2011,’ p. 12.

¹⁴¹ For example, the OIG budget increased from \$.8 million in 2005 to \$2.0 million the next year and less than a year after its founding, the OIG had 8 people on staff, an equivalent number to the WHO. See Global Fund, ‘Report of the Thirteenth Board Meeting,’ p. 13.

Board defending the grant application process asserting as proof of its high quality, the amounts of donor funds the Fund received.¹⁴² In an interview with Aidspan a few months later, then-Inspector General John Parsons said the Secretariat had ‘woken up to the value that can be secured from our work ... We're raising some very fundamental issues about performance management.’¹⁴³

Parsons’ attitude unsurprisingly chafed the Secretariat and ultimately the Board. Particularly following the Fund’s challenges in 2010-2011 – a result from a leak in his office – and repeated complaints from country-coordinating mechanisms of Parsons’ disrespect, the Board perceived Parsons as cavalier, politically tone-deaf and unable to triage between more and less important avenues of inquiry. Board Meeting Reports show Board Members increasingly treating Parsons’ reports with scepticism and frustration. Beginning in late 2011, UNDP refused to work with Parsons and the Board put Parsons on effective probation.¹⁴⁴ In January 2012, the Board established a new protocol for how the Inspector General would share information with the Secretariat, the Board and the public. The Inspector General retained authority as to whether it would inform the Secretariat of specific preliminary investigations but the Board initiated a requirement it share detailed preliminary reports with the Executive Director, providing an opportunity for the Secretariat to respond before final reports went to the Board. The Board also asserted its right to redact material in certain circumstances from published reports, to avoid inadvertent harm to any organisations or people not implicated by specific Inspector General

¹⁴² Global Fund, ‘Secretariat Follow-Up on Inspector General findings and recommendations,’ submitted to the Twenty-First Board Meeting, 28-30 April 2010.

¹⁴³ Susan Linnee, ‘Interview: John Parsons, the Global Fund’s Inspector General,’ GFO, Issue 128, 14 July 2010.

¹⁴⁴ David Garmaise & Bernard Rivers, ‘UNDP Protests OIG Report on Mauritania,’ GFO, Issue 166, 21 November 2011.

findings.¹⁴⁵ This decision had the unstated ancillary benefit of better insulating the Fund itself from a repeat of 2011.

At its November 2012 Meeting, the Board fired Parsons for ‘unsatisfactory’ performance, the highest-level termination in the Board’s history. In announcing its decision, the Board reaffirmed its support for a strong Inspector General function.¹⁴⁶ Such action might have had a ‘chilling effect’ on the Inspector General’s role. There is no evidence in the year since Parsons’ firing that occurred, at least related to grant audits and investigations. The rate and scope of Inspector General reports submitted to the Board remained apace under Parsons’ interim successor, Norbert Hauser, and his formal successor, Martin O’Malley. The scrutiny Parsons paid the Secretariat does not appear to have continued but appears to have been more than compensated for by Jaramillo’s tenure and a Board more engaged in overseeing Secretariat management throughout 2012.¹⁴⁷

As the Consolidated Transformation Plan makes clear, the Inspector General, like much of the Fund, will change before the next round of grants. How it will aim to provide greater assurance to the Board (and more focused) remains to be seen. While the Inspector General is not a subject of inquiry for this thesis, I hope future work will examine its evolution.

The Beginning of the Fund’s Second Decade

The Fund’s second decade invariably will look different than its first. In 2013, it continues to undergo a catalogue of reforms. While some of the Fund’s architects may have opposed various individual reforms introduced since late 2011,

¹⁴⁵ Global Fund, ‘Electronic Decision Points,’ submitted to the Twenty-Sixth Board Meeting.

¹⁴⁶ Global Fund, ‘Global Fund Terminates the Employment of the Inspector General,’ Press Release, 15 November 2012 (cited 15 November 2012; available http://www.theglobalfund.org/en/mediacenter/newsreleases/2012-11-15_Global_Fund_Terminates_the_Employment_of_Inspector_General/)

¹⁴⁷ Author’s own assessment of all Board documentation, Twenty-Sixth – Twenty-Ninth Meetings and all Inspector General Reports from November 2012-June 2013.

the Transitional Working Group intended that the Fund be a responsive organisation, with the Board's culture of consensualism to provide the balance to any overeager appetite for change.¹⁴⁸ At its creation of the Fund was perceived as forever altering the international community's fight against the so-called diseases of the poor, particularly HIV/AIDS. Determining if and how much the Fund's first decade of work changed certain dynamics in that fight, including raising new and different resources, mounting a response guided chiefly by data and creating an organisation led equally by donor and recipient countries is the ambition of this thesis. Before addressing those analyses, we turn first to assessing the existing work addressing these and related questions.

¹⁴⁸ Clinton, pp. 90-94.

Chapter 2: Whither The Global Fund?

This chapter surveys the existing literature pertaining to cooperation in global health and the Global Fund more specifically. It probes the rationales offered by scholars of international relations as to why states cooperate in areas of global health, what role international organisations play in facilitating such cooperation, and how powerful states shape the design, maintenance and behaviour of such institutions. The chapter then reports on a thorough review of all scholarly work about the Global Fund. Revealed is a very significant gap in the scholarly literature. Most studies of the Global Fund that do exist have been conducted by public agencies. The very limited scholarship beginning to appear about the Fund has mostly emerged outside of international relations. That said, international relations offers powerful concepts and tools for analysing the Fund. The latter part of the chapter closely examines how principal-agent theory, applied to international organisations, is particularly useful in answering the core questions, particularly related to governance, that motivate this thesis.

An International Relations Approach

What determines when and how states cooperate in global health? Theories of cooperation in international relations proceed by positing that individual states confront certain dilemmas in which otherwise rational behaviour, maximising their individual preferences, would result in suboptimal outcomes for all states concerned. States can overcome such collective-action problems (or what economists refer to as market failures) by formalising their cooperation. As Milner points out, externalities to multiple states often pose the type of motivating collective-action challenge that drives formal international cooperation, defined by Keohane and employed by Milner, as ‘a process of mutual adjustment’ whereby states continually modify their policies

to close the policy gaps between their preferences and the preferences of others to progressively achieve more desired individual outcomes.¹⁴⁹

In global health, the increased number and density of interactions among states means even the most powerful states become sensitive to events elsewhere and confront their inability to achieve their goals unilaterally.¹⁵⁰ Their inevitable (even if varying) ‘interdependence’ drives cooperation.¹⁵¹ As documented elsewhere, HIV/AIDS is a good example of such an iterated interdependence, in which states’ interests and earlier cooperation both shaped their subsequent decisions about when and how to cooperate.¹⁵²

International organisations help states close the gap between their own interests and those of other states, through providing equal access to higher-quality information, lowering transaction costs, enabling economies of scale, spreading systemic risks and ultimately, making it more difficult for any one state to renege on an agreement than to meet its obligations.¹⁵³ Over time, international organisations may develop their own organisational cultures, norms and identities that, in turn, influence the preferences and behaviour of their member states, even the most powerful ones.¹⁵⁴

The more independent an organisation is from its member states, the more it may be able to facilitate cooperation because its independence translates into greater

¹⁴⁹ Helen V. Milner, *Interests, Institutions, and Information: Domestic Politics and International Relations*, (Princeton, N.J: Princeton University Press, 1997),

¹⁵⁰ Robert O. Keohane and Joseph Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1977),

¹⁵¹ This is discussed in regards to environmental cooperation by O. R. Young & G. Osherenko, ‘Testing Theories of Regime Formation: Findings from a Large Collaborative Research Project’, in V. Rittberger & P. Mayer, eds., *Regime Theory and International Relations* (New York: Oxford University Press, 1993).

¹⁵² See Clinton, pp. 11-38.

¹⁵³ Although Mearsheimer argues that this over-states the role of institutions. See John Mearsheimer. ‘The False Promise of International Institutions.’

¹⁵⁴ See Martha Finnemore & Kathryn Sikkink, ‘International Norm Dynamics and Political Change,’ *International Organisation*, (1998) vol. 52, pp. 887-917.

legitimacy with each individual member state, which, in turn, generally leads to greater participation by all states, including the most powerful.¹⁵⁵ In theory then, institutions create the conditions for continued cooperation, similar to those required to enable cooperation in the first place, including lowered transaction costs, distribution of risk and increased access to technical expertise and knowledge. However, when an institution fails to provide those elements to its member states, states can either adapt the institution or, failing that, create a new one.¹⁵⁶ The history of the world's fight against HIV/AIDS illustrates this pattern of adaptation and institution switching or replacement. The early efforts at HIV/AIDS global cooperation were first pursued in the WHO, later through WHO, the World Bank's Multi-Country AIDS Program (MAP) and a new institution in UNAIDS, and then with the Global Fund.

Institutions can at times inhibit or distort cooperation, such as when the self-interests of an institution's bureaucracy run counter to the interests of its member states.¹⁵⁷ This tension has existed at various points in the Global Fund's history. These friction points will be explored in subsequent chapters.

Not all cooperation is expressed in international organisations. For much of the 19th and early 20th centuries, international cooperation on health found expression in one of two forms. International treaties were promulgated to address certain infectious diseases that governments associated with trade and travel, such as cholera, and to protect the health of combatants during war.¹⁵⁸ Additionally, agreements were

¹⁵⁵ Kenneth W. Abbott & Duncan Snidal, 'Why States Act through Formal International Organisations', *The Journal of Conflict Resolution*, (1998) vol. 42, no. 1, pp. 3-32.

¹⁵⁶ Joseph Jupille & Duncan Snidal, 'The Choice of International Institutions: Cooperation, Alternatives and Strategies', Social Science Research Network accepted paper (July 2006 [cited 2 December 2012]); available <http://www.princeton.edu/~smeunier/Jupille-Snidal.pdf>

¹⁵⁷ M. N. Barnett & M. Finnemore, 'The Politics, Power, and Pathologies of International Organisations', *International Organisation*, (1999) vol. 53, no. 04, pp. 699-732.

¹⁵⁸ David P. Fidler, 'The Globalization of Public Health: The First 100 Years of International Health Diplomacy,' *Bulletin of the World Health Organisation*, (2001) vol. 79, pp. 842-9.

made to target treatment for infectious diseases within a country unable to provide care for its own populations, for both humanitarian reasons and to prevent the infections from permeating borders.¹⁵⁹

In more recent decades there has been a proliferation of international organisations with a focus on global health. These include organisations which are: multilateral (e.g., the WHO), bilateral (e.g., the United Kingdom's Department for International Development (DFID)), regional (e.g., the Pan-American Health Organisation (PAHO), which predates WHO), financing mechanisms (e.g., The Global Fund), knowledge-based (e.g., UNAIDS) and hybrids that are both financing mechanisms and provide direct programmatic support (e.g., GAVI). According to one estimate, global health is addressed by more than 40 bilateral donors, 26 UN agencies, 20 global and regional funds and 19 global-health initiatives as well as multiple mechanisms to facilitate between those different actors, such as the Health 8 initiative to coordinate actions on achieving the Millennium Development Goals relating to health.¹⁶⁰

The role of powerful states in creating international organisations is an important one, as highlighted in Robert Keohane's seminal contribution *After Hegemony: Cooperation and Discord in the World Political Economy*. However, cooperation and the maintenance of the institution can persist beyond hegemony. Specifically, Keohane argues that the absence of a hegemon with sufficient power does not necessarily lead to a vacuum of cooperation, provided the demand for

¹⁵⁹ Rajai Batniji, *Beyond Contagion: Explaining International Cooperation on Health* (DPhil Thesis, unpublished, Oxford, 2010), p. 25.

¹⁶⁰ David Fidler, 'The Challenges of Global Health Governance,' working paper published as part of The Council on Foreign Relations International Institutions and Global Governance Program (New York: CFR, 2010), p. 14.

cooperation is sufficient.¹⁶¹ Keohane notes historically that institutions persist even after the balance of power shifts (a ‘lag’ exists between these changes). Additionally, Keohane notes the varying ‘durability’ of different institutions, particularly those within a given issue-area, highlighting that this durability does not vary directly with changes in the balance of power.

The creation of the Global Fund undoubtedly relied upon powerful states’ global health interests, themselves extensions of powerful states’ larger security and economic interests. What scholars of international relations debate is whether the on-going existence of an organisation like the Global Fund relies entirely on either 1) powerful states’ initial framing interests persisting over time or, 2) as powerful states’ interests change or as the dynamics of the Global Fund change, powerful states work to adapt the Fund to once again align with their interests. The corollary is that when unable to achieve such a realignment, powerful states turn away from institutions like the Fund altogether.¹⁶² For the Fund, such questions necessarily centre on the U.S..

Snidal, building on Kindleberger’s classical study, reminds us that global public goods will not be provided unless a single powerful state has ‘sufficient interest in that good to be willing to bear the full cost of provision.’¹⁶³ The U.S. has consistently provided a third of the Global Fund’s budget and exerted significant influence over the Fund through its permanent Board seat. However, the U.S. subsequently created its own national organisation, PEPFAR, to similarly enlarge its HIV/AIDS assistance. If we understand aid as primarily donors purchasing policy

¹⁶¹ See Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, (Princeton, NJ: Princeton University Press, 1984).

¹⁶² Compare the views of Keohane (above) with those of John Mearsheimer. ‘The False Promise of International Institutions,’ (1994) *International Security* Vol. 13, No. 3, pp 5- 49.

¹⁶³ Duncan Snidal, ‘The limits of hegemonic stability theory,’ (1985) *International Organization* Vol. 39, No. 4, p. 581.

concessions from recipients, as Keohane argues,¹⁶⁴ then we would assume that such bilateral aid mechanisms would be the dominant paradigm for states to provide official development assistance (ODA) for health. Interestingly, the distinctions between multilateral and bilateral are not as clear as this suggests. Some empirical research has shown bilateral aid to be favoured by states, even demonstrating that the amount of bilateral aid in a given relationship strongly correlates to indicators of cultural, historic and political proximity between donor and recipient countries.¹⁶⁵ Although this thesis does not investigate the specific question of multilateral versus bilateral aid, it is interested in the relationship between donors to the Global Fund and recipients of Global Fund grants, as Chapter Six will explore.

The design and structure of international organisations is important in determining how likely member states are to cooperate within them, including by giving or retracting their financial support. These questions are among those addressed by Koremenos *et al.*. Building on Keohane's argument, they argue that as the number of member states in an international institution increases, individual member states lose relative power and it becomes harder – though not impossible – for any one state to gain specific concessions from eventual aid recipients or to further deepen ties with any one recipient. In this rationale, once the number of states in an international organisation passes a certain threshold, whether a conventional UN agency like WHO or a non-traditional organisation like the Global Fund, individual states, particularly more powerful states, are more likely to turn, or return, to bilateral aid as their primary mechanism of development assistance. Koremenos *et al.* provide an alternative to this scenario, positing that relatively greater levels of financial contribution can protect powerful states from the otherwise-expected dilution effects

¹⁶⁴ Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*.

¹⁶⁵ Alberto Alesina & David Dollar, 'Who Gives Foreign Aid to Whom and Why?' *Journal of Economic Growth* (2002), vol. 5, no. 1, pp. 33-64.

of increased membership.¹⁶⁶ Employing this logic, we would expect the U.S. and other donor states to increase their contributions proportionally if the Fund's donor base widened considerably or, similar to the World Bank, increase their formal power to make decisions or at least to veto proposals. In this scenario, the U.S.'s interest in paying a disproportionate share of funding would be to protect its interests vis-à-vis its fellow Board Members as well as protecting its influence with the Secretariat. This logic is highlighted in principal-agent theory.¹⁶⁷

Scholars and officials both have used principal-agent theory to advance their understanding of international organisations. In its 2011 Report on Multilateral Aid, released in April 2012, OECD/ DAC suggested in the report's executive summary that the principal-agent model, 'may best explain the decisions involved in choosing multilateral aid' by individual donor countries.¹⁶⁸ Yet, the OECD/ DAC report only mentions the Global Fund twice, neither in a principal-agent context.¹⁶⁹ To understand why principal-agent theory is useful in analysing the Fund, we need to first look at what empirical and analytical work exists about the organisation.

Literature on the Global Fund

In the Global Fund's first decade, there was little attempt by scholars of international relations to analyse the institution: two scholarly articles exist, both by Garrett Wallace Brown and these will be discussed later in this chapter. Here it is worth noting that no articles discussing the Global Fund have been published in *International Organisation*, *International Studies Quarterly* or *World Politics*. Four

¹⁶⁶ Barbara Koremenos, *et al.*, 'The Rational Design of International Institutions,' in *The Rational Design of International Institutions*, eds. Barbara Koremenos, Charles Lipson & Duncan Snidal. (Cambridge, UK: Cambridge University Press, 2001), p. 12.

¹⁶⁷ Kathleen M. Eisenhardt, 'Agency Theory: An Assessment and Review,' *Academy of Management Review*, (1989), Vol. 14. No. 1., p. 57.

¹⁶⁸ OECD, *2011 DAC Report on Multilateral Aid* (Paris: OECD, 2012), p. 5.

¹⁶⁹ *Ibid.* pp. 7,20.

articles on HIV/AIDS were published in this time, one of which was a photo essay¹⁷⁰ and only one of which focused on international questions precipitated by the HIV/AIDS pandemic. All appeared in *International Studies Quarterly*.¹⁷¹ The journal *International Organisation* has published no articles analysing the Global Fund, nor on UNAIDS, or even on HIV/AIDS, nor have the journals *International Security* or *Human Rights Quarterly*, outlets where we might expect such articles to appear. *World Politics* has published only two articles that deal with HIV/AIDS as an explanatory variable for other phenomenon, including different degrees of democratization in post-communist regions and variations in nation building in East Africa.^{172,173} It has not carried articles that address how HIV/AIDS has impacted world politics or the ways in which politics translates and mediates the challenges HIV/AIDS poses in aid disbursements, relationships to and within the UN system, including the WHO or UNAIDS, or even bilateral relations between states. In 2006, *International Affairs* dedicated an entire issue to HIV/AIDS, with the majority of articles addressing questions related to security. However, the Global Fund appears only as an example in one article discussing recipient countries' absorptive capacity.¹⁷⁴

No books written from a scholarly, independent empirical perspective, from within international relations or any scholarly discipline, have focused primarily on the Global Fund as a unit of analysis. *Beyond Aidspan*, whose independence is not as

¹⁷⁰ Roland Bleiker & Amy Kay, 'Representing HIV/AIDS in Africa: Pluralist Photography and Local Empowerment,' *International Studies Quarterly*, (2007) vol. 51, issue 1, pp. 139-163.

¹⁷¹ Stefan Elbe, 'Should HIV/AIDS Be Securitized? The Ethical Dilemmas of Linking HIV/AIDS and Security,' *International Studies Quarterly*, (2006) vol. 50, issue 1, pp. 119-144.

¹⁷² Tomila V. Lankina & Getachew Lullit, 'A Geographic Incremental Theory of Democratization: Territory, Aid and Democracy in Postcommunist Regions,' *World Politics*, (2006) vol. 58, no. 4, pp. 536-551.

¹⁷³ Edward Miguel, 'Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania,' *World Politics*, (2004) vol. 56, no. 3, pp. 327-362.

¹⁷⁴ Nana Poku, 'HIV/AIDS financing: a case for improving the quality and quantity of aid,' *International Affairs*, (2006), Vol. 82 (2), pp. 346-347.

clear as it asserts given its own funding base,¹⁷⁵ only the World Bank's Independent Evaluation Group, the U.S. Congressional Research Service (CRS), the U.S. Global Office of Accountability (GAO) and the Global Fund itself have performed – or commissioned – significant, multi-part independent studies of the Global Fund.¹⁷⁶ Their uniqueness in that regard argues for their inclusion here and later chapters will refer to specific elements of many of these reports, for what they illuminate both about the Fund and their own funders (e.g., the U.S.).

The World Bank, CRS, GAO and PEPFAR-Commissioned or Authored Reports

With a few early exceptions, all official public sector reports conclude that the Fund is making a positive impact on combating HIV/AIDS, TB and malaria, though none raise the questions this thesis explores.

The Bank's report examines the Global Fund's own Five-Year Evaluation and finds that while the Five-Year Evaluation is 'independent' and of 'quality,' it does not sufficiently focus on 'ensuring the sustainability of recipient countries' disease-control programs.' It also observes that recipient country stakeholders generally do not distinguish between the Global Fund and other development funders, a challenge the World Bank said was exacerbated by the 'persistent' failure of the Fund, Bank and other multilateral and bilateral funders to coordinate their various programmes and monitoring & evaluation protocols.¹⁷⁷ The Bank's report also scrutinises the relationship between it and the Global Fund Secretariat and it and the Global Fund grant apparatus, including Fund staff charged with overseeing its grant portfolio as well as Local Fund Agents, Principal Recipients or CCMs. In the Bank's own words, the Bank has 'some degree of engagement' with the Global Fund, from information sharing to serving on CCMs, in 65 of the 90 countries in which both organisations had

¹⁷⁵ The Gates Foundation and DFID have both contributed significantly to Aidspace.

¹⁷⁶ As of February 28, 2013.

¹⁷⁷ World Bank/IEG, pp. xiii-xvi.

done or financed work since 2002.¹⁷⁸ It concluded that in 43% of the Fund's recipient countries, Fund grantees had had at least a minimal interaction with the Bank.¹⁷⁹

The Congressional Research Service (CRS) has published annual reports the Fund since 2003, each clearly targeted to a Congressional audience preparing for annual budget debates. As such, they are descriptive and not analytical in nature, providing extensive information on the Global Fund as well as the history of U.S. support of the Fund. While the CRS ostensibly presented both sides of any debates it mentioned, it has not undertaken its own analyses or express opinions.¹⁸⁰ Given its descriptive approach, not unexpectedly, little variability exists in the CRS reports year-over-year.

The U.S. Government Accountability Office (GAO) published significant studies of the Global Fund in 2002, 2003, 2005 and 2007.¹⁸¹ Congress originally requested that the GAO report on the Global Fund every two years. In its 2007 assessment, the GAO highlighted the Fund's inability to evaluate its Local Fund Agents, a failing which it found had two significant consequences: 1) an inability to gain assurance that any individual Local Fund Agent's reporting of grant performance possessed integrity, regardless of the ostensible usefulness of the report and 2) an

¹⁷⁸ Ibid, p. xv.

¹⁷⁹ Author's own calculations. At the time of the Five-Year Evaluation, which the World Bank/IEG report aimed to validate, the Fund had given grants to 150 countries.

¹⁸⁰ As an example, Tiaji Salaam-Blyther & Alexandra E. Kendall, 'The Global Fund to Fight AIDS, Tuberculosis and Malaria: Issues for Congress and the U.S. Contributions from FY2001 to FY2013.'

¹⁸¹ GAO, 'The Global Fund to Fight AIDS, Tuberculosis, and Malaria Has Been Established but It is Premature to Evaluate its Effectiveness,' 7 June 2002. GAO-02-819R.

GAO, 'Global Fund to Fight AIDS, Tuberculosis, and Malaria Has Advanced in Key Areas, but Difficult Challenges Remain,' 7 May 2003. GAO-03-601.

GAO, 'Assessment of First Year Efforts of the Global Fund to Fight AIDS, TB and Malaria,' 7 May 2003. GAO-03-755T.

GAO, 'The Global Fund to Fight AIDS, TB and Malaria Is Responding to Challenges but Needs Better Information and Documentation for Performance-Based Funding,' 10 June 2005. GAO-05-639.

GAO, 'Global Fund to Fight AIDS, TB and Malaria Has Improved Its Documentation of Funding Decisions but Needs Standardized Oversight Expectations and Assessments,' 7 May 2007. GAO-07-627.

All cited 24 April 2013, available

http://www.gao.gov/search?search_type=Solr&o=0&facets=&q=Global+Fund+to+Fight+AIDS%2C+TB+and+Malaria+&adv=0

inability to reliably compare grant performance across the portfolio. The GAO noted that multiple parties raised concerns about the Local Fund Agents' competence to assess even basic program implementation. It also repeated a concern from its 2005 report that the Fund still lacked a risk assessment model, an absence exacerbated by the paucity of information about Local Fund Agent quality.¹⁸² Subsequent evaluations, particularly those commissioned by the Fund itself, would echo these concerns.

After 2007, however, the GAO included its observations and analyses concerning the Global Fund into its annual reports on PEPFAR.¹⁸³ GAO's PEPFAR reports from 2008 to 2012 contain significantly less scrutiny of the Global Fund than its previous Fund-focused reports. When the Fund does appear in GAO reports, it is frequently to point out that greater coordination could exist between PEPFAR and its partner organisations like the Fund, such as to harmonise monitoring and evaluation criteria and reporting.¹⁸⁴

Starting in 2005, PEPFAR began publishing annual reports on its views of the Global Fund. In a notable contrast to the CRS and GAO reports, the PEPFAR reports while providing overviews of the Fund's previous year's pledges and contributions, also include PEPFAR's views on the challenges facing the Fund and what work the U.S. had engaged in to improve Fund effectiveness.¹⁸⁵ As part of its 2008 reauthorisation, Congress mandated PEPFAR publish the official U.S. positions on

¹⁸² GAO 'Global Fund to Fight AIDS, TB and Malaria Has Improved Its Documentation of Funding Decisions but Needs Standardized Oversight Expectations and Assessments,' pp. 19-27.

¹⁸³ Coincident with PEPFAR's reauthorisation in 2008. I could find no Congressional directive to this effect but it would not be unlikely the GAO would subsume its Global Fund discussions in its PEPFAR reports.

¹⁸⁴ Notably, GAO, 'PEPFAR: Efforts to Align Programs with Partner Countries' HIV/AIDS Strategies and Promote Partner Country Ownership,' 20 Sept 2010, GAO-10-836 (2010 [cited 25 April 2013]); available <http://www.gao.gov/products/GAO-10-836>

¹⁸⁵ As an example, see the first such published report: PEPFAR, 'Fiscal-Year 2005 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria,' pp. 17-19 (2005 [cited 24 April 2013]); available <http://www.pepfar.gov/documents/organisation/154486.pdf>

Global Fund Board decisions following each Board Meeting. PEPFAR released the first such document after the November 2008 Meeting.¹⁸⁶ PEPFAR's reports do not claim to be independent evaluations in the vein of the GAO's but I note them here as PEPFAR more than any other institution or outlet published extensively on the Global Fund, a phenomenon I will revisit in Chapter Six.

The Institute of Medicine's (IOM) first independent evaluation of PEPFAR published in 2007 focused on PEPFAR's rollout in its initial 15 focus countries. It did not include the Global Fund, either through the lens of U.S. contributions to the Fund via PEPFAR or to organisations or governments that were participating in both country-coordinating mechanisms (CCMs) for Fund grants and PEPFAR programmes.¹⁸⁷ The most recent IOM PEPFAR evaluation, published in February 2013, explicitly cites its Strategic Approach document from 2010 that clearly stated: 'the evaluation will not compare the performance of bilateral PEPFAR programs to that of Global Fund programs.'¹⁸⁸

Yet, in contrast to previous IOM PEPFAR evaluation, the Fund appears throughout the most recent IOM report. For example, in its broader reporting of PEPFAR allocation and disbursement levels, the authors delineate PEPFAR's contributions to the Fund over time.¹⁸⁹ In discussing PEPFAR's Partnership Framework process requiring multisectoral local participation in an effort to build broad local ownership and accountability, the authors cite CCMs as a similar mechanism with 'an equivalent purpose.'¹⁹⁰ The Fund even appears in the IOM

¹⁸⁶ PEPFAR, 'U.S. Government Positions on Decision Points for the Eighteenth Board Meeting of the Global Fund.' (2008[cited 25 April 2013]); available <http://www.pepfar.gov/partnerships/coop/globalfund/board/index.htm>

¹⁸⁷ IOM, PEPFAR Implementation and Promise (Washington, D.C.: The National Academies Press, 2007).

¹⁸⁸ IOM and NRC, p. 19, as quoted in IOM, Evaluation of PEPFAR (Washington, D.C.: The National Academies Press, 2013), pp. 34-35.

¹⁸⁹ IOM (2013), pp. 76-84, 97-98.

¹⁹⁰ Ibid. p. 361.

report's methods section, as the IOM chose which countries' PEPFAR programmes to evaluate in part by 'the relative contribution of PEPFAR to the national response compared with the Global Fund.'¹⁹¹ Also, in the 'Care and Treatment' chapter, the report acknowledges the methodological challenge in evaluating PEPFAR, noting 'that the total number of individuals directly supported on ART includes an estimated overlap of individuals receiving ART with support by both PEPFAR and the Global Fund.'¹⁹² As mentioned in the Introduction, this thesis, unlike the IOM report or other efforts, is not an epidemiological exercise.

Two other areas of the IOM report related to the Global Fund, however, are of interest to this thesis. First, it recognises what it calls 'constructive participation' between PEPFAR and the Fund but also argues better coordination between the two is needed to achieve maximum impact. It argues that for coordination to work effectively anywhere, it must occur at all levels, in individual country settings between PEPFAR and the Fund and with national governments and on the global stage with other partners. Cooperation too, in IOM's construct, must include determining which entity – PEPFAR, the Fund or another mechanism – is best suited to meet a specific need (e.g., first-line ARV procurement) to harmonising metrics and knowledge management systems to joint strategic planning.¹⁹³ It is interesting that neither the Global Fund nor its coordination, or lack thereof, are mentioned in the 'Children And Adolescents,' or 'Gender' chapters.¹⁹⁴ Second, in the discussion of transitioning partner countries to leading their own sustainable HIV/AIDS efforts, the report raises concerns that in too many countries, the Fund and/or PEPFAR provides

¹⁹¹ Ibid. p. 41.

¹⁹² Ibid. p.240.

¹⁹³ Ibid. pp. 69-70, 120-121, 373-374, 376-379, 393-394, 456-457, 464-465, 474-475, 509-518, 558-562.

¹⁹⁴ Ibid. pp. 279-346.

the bulk (or all) of the assistance funding HIV/AIDS programming.¹⁹⁵ Not surprisingly, given that the IOM research team conducted in-country interviews in 2010 and 2011 and the Global Fund cancelled Round 11 in November 2011 after months of rumours, many interviewees expressed ‘great concern about...the cancellation of Global Fund rounds.’¹⁹⁶

The Global Fund Commissioned Reports

In 2006, in advance of its five-year anniversary, the Global Fund commissioned the first significant independent evaluation of its work. The complete Five-Year Evaluation published in 2009 centred on three areas: organisational efficiency and effectiveness; and, effectiveness of the partner environment and impact on the three diseases. Its key findings can generally be summarised as the Fund having made progress toward realising its founding ambitions with significant work still needing to be done to match the Fund’s structures and performance to original expectations. The report called out the Fund’s governance processes and risk management, performance-based funding mechanisms, impact assessments and building of real multi-stakeholder partnerships, in-country and on the global stage, as requiring particular attention for strengthening in the long-term strategy it proposed the Fund quickly develop.¹⁹⁷ It did not probe why certain areas remained underdeveloped, liked performance-based funding, as this thesis does.

The second significant report the Global Fund published examining aspects of its own performance emerged not from a deliberate review but rather as a response to the crisis it confronted in late 2010–2011. In May 2011, the Board sanctioned a High-Level Independent Review Panel (HLP) to assess the Fund’s fiduciary controls and risk management, from grant selection to grant oversight to the Global Fund

¹⁹⁵ Ibid. p. 8,

¹⁹⁶ Ibid. p. 236.

¹⁹⁷ See Macro International, all parts of ‘The Five-Year Evaluation.’

Secretariat itself. The HLP's final report echoed and sharpened many of the Five-Year Evaluation's conclusions, and in some instances expanded upon them, chiefly in its finding that the Global Fund rarely accounted for risk in its decision-making at any level, partly due to its adherence to what it called 'the Global Fund Model,' otherwise known, though this is nowhere in the HLP report, as Feachem's edict to 'raise it, spend it, prove it,' in which 'risk mitigation' does not appear. More than the Five-Year Evaluation, the HLP work attempted to adduce why certain phenomenon occurred within the Fund but it also did not probe deeply.

Indeed, none of the above, seriously posed or pursued questions related the Fund's fundraising (though the Five-Year Evaluation did perfunctorily note that the private sector broadly was only involved on the periphery of the Fund) or how data-driven the Fund has been in its funding decisions (though all exhorted the Fund to focus more on measuring impact than only counting inputs). And, although some discussed the Fund's approach to its grant selection and management, none examined, for example, how that data influenced subsequent grant selection. I have not provided detailed summaries of the above as subsequent chapters will reference the various reports – their motivating questions, methodologies, findings and conclusions – as pertinent to the different evaluations and analyses of this thesis. When relevant, I will also make clear what questions went unasked and unanswered in the above and how this work will fill, or will not fill, some of those empirical and analytical gaps.

Academic Literature Review

Writing in 2013, the persistent lack of international relations work on the Global Fund and UNAIDS (as detailed above) is surprising. It has been thirteen years since UN Resolution 1308 recognised an unchecked AIDS epidemic posed a risk to stability and security around the world and since the U.S. CIA declared AIDS a

national security issue. In a Spring 2011 literature review article in *Global Health Governance*, authors Ng and Ruger cite more than 200 discrete articles as helping to ‘explain some challenges and successes in [global health governance]’ by analysing ‘the framing of health as national security, human security, human rights and global public good,’ all core questions in international relations.¹⁹⁸ Just one article about the Global Fund is referenced.¹⁹⁹ Similarly, a paper presented at the 2008 American Political Science Association annual meeting entitled ‘Explaining Multilateral Aid: Conceptual Issues and Rationalist Approaches,’ asserted to ‘include multiple [multilateral development agencies] that usually get overlooked,’ failed to include the Global Fund in its analyses of exploring what motivates states to give multilaterally or in exploring, once states do decide to give multilaterally, what variables help explain why certain states give to certain organisations and not to others.²⁰⁰ Political science, like international relations, has largely neglected the Global Fund as a subject of inquiry and analysis.

One exception to the above is the set of Garrett Wallace Brown articles previously mentioned. Both Brown articles engage questions of how legitimately the Global Fund enfranchised non-state actors in decision-making processes, at the Secretariat and Board level as well as in recipient countries. His 2009 *Global Governance* article catalogues the ways in which he perceives the Fund to be failing to incorporate non-state actors and how the Fund could compensate for those failures.

¹⁹⁸ Nora Y. Ng & Jennifer Prah Ruger, ‘Global Health Governance at a Crossroads,’ *Global Health Governance*, (2011) vol. III, no. 2, p. 1.

¹⁹⁹ Ruairí Brugha, Mary Starling, and Gill Walt, ‘GAVI, the First Steps: Lessons for the Global Fund,’ *Lancet*, (2002) vol. 359, no. 9304, pp. 435-38.

²⁰⁰ Christopher O’Keefe, ‘Explaining Multilateral Aid: Conceptual Issues and Rationalist Approaches,’ paper presented at the meeting of the American Political Science Association, Boston, MA (2008 [cited 7 July 2012]), available http://citation.allacademic.com/meta/p_mla_apa_research_citation/2/7/8/8/2/pages278829/p278829-1.php

As one remedy, he suggests mandating 40% NGO participation on CCMs, at least.²⁰¹ Brown's 2010 article in *Review of International Studies*, 'Safeguarding deliberate global governance: the case of The Global Fund to Fight AIDS, Tuberculosis and Malaria,' extends his previous work, aiming to explain why the Fund failed, in Brown's diagnosis, to establish mechanisms and processes to ensure consistent input from non-state actors at all levels.²⁰² Based on his interviews with different Fund constituents, Brown faults donors for this 'retard[ing] [of] the deliberative process.' He also faults the Fund and implicitly the Fund's founders for giving donors an effective veto by not requiring that financial commitments be made wholly in advance of any grant decisions.²⁰³ Brown does not suggest how the Fund might operationalise such an approach nor does he once mention the U.S. or PEPFAR, the Fund's largest donor. This thesis addresses Brown's critiques in later chapters.

Other disciplines, including public health, medicine, development economics, law, health management and the emerging field of global health governance, have paid slightly more attention to the Global Fund and the HIV/AIDS epidemic. The *Lancet*, a medical and public health journal, has paid greater attention to the Fund than any other scholarly journal from any discipline. Since the idea of a global fund for HIV/AIDS, TB and malaria was proposed in the summer of 2000, as of January 2013, the *Lancet* had published more than 200 articles, commentary and editorials on or substantially including the Fund,²⁰⁴ some of which have probed areas arguably central to international relations questions, including HIV/AIDS' potential impact on

²⁰¹ Garrett Wallace Brown, 'Multisectoralism, Participation, and Stakeholder Effectiveness: Increasing the Role of Nonstate Actors in the Global Fund to Fight AIDS, Tuberculosis, and Malaria,' *Global Governance*, (2009) vol.15, pp. 169-177.

²⁰² Garrett Wallace Brown, 'Safeguarding deliberative global governance: the case of The Global Fund to Fight AIDS, Tuberculosis and Malaria,' *Review of International Studies*, (2010) vol. 36, pp. 511-530.

²⁰³ *Ibid.* p. 28.

²⁰⁴ Most recent search conducted of the *Lancet* archives 4 October 2012 for 'The Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria,' and related search terms. Search only included the *Lancet* and not related specialty publications such as *Lancet Respiratory Medicine*.

Russia's engagement with the G8 and with its regional neighbours, particularly Ukraine²⁰⁵ and why at different junctures the U.S. or Europe have supported the Fund with varying degrees of enthusiasm and financial contribution levels.²⁰⁶ The *Lancet* even published the final report of the WHO's Collective Synergies Collaborative Group, a piece that focused on the different ways in which global health initiatives, including the Fund and PEPFAR, influence the development and competencies of different countries' health systems and why those differences matter. It also published responses to the Group's findings from its editorial staff as well as authors representing a wide range of different academic disciplines, including economics, political science and sociology.²⁰⁷

Coincident with the Global Fund's first decade, the *Lancet* additionally published extensively about HIV/AIDS financing in individual low and middle-income countries, from straightforward updates to careful analyses, many of which of which referred to or drew directly on Global Fund grant data, though none of which examined in depth the completeness, or incompleteness, of the data.²⁰⁸ Furthermore, it ran articles as recently as 2011 referencing – albeit not examining – the Global Fund's grant methodology.²⁰⁹ Actually, 2007 marked the last year in which the *Lancet* published an article evaluating the Fund's grant ratings' methodology.²¹⁰ Similarly, through the Fund's first decade ending in early 2012, the *Lancet* – as is true

²⁰⁵ *Lancet*, 'Russia, the G8, and HIV,' *Lancet*, (2006) vol. 367, no. 9534, p. 1703.

²⁰⁶ An example would be Xavier Bosch, 'Europe refuses to match US cash for ailing Global Fund,' *Lancet*, (2003) vol. 362, no. 9380, p. 299.

²⁰⁷ WHO Maximizing Positive Synergies Collaborative Group, 'An assessment of interactions between global health initiatives and country health systems,' *Lancet*, (2009) vol.373, no. 9681, pp., 2137-69 and, as an example of a response: *Lancet*, 'Venice statement: global health initiatives,' *Lancet*, (2009), vol. 374, no. 9692, pp. 10-12.

²⁰⁸ As an example of the former: Charles Wendo, 'Ugandan officials negotiate Global Fund grants,' *Lancet*, (2004) vol. 363, no. 9404, p. 222.

²⁰⁹ As an example, see Bernhard Schwartzländer, *et al.*, 'Towards an improved investment approach for an effective response to HIV/AIDS,' *Lancet*, (2011) vol. 377, no. 9782, pp. 2031-41.

²¹⁰ Radelet & Siddiqi, 'Global Fund grant programmes: an analysis of evaluation scores,' (2007) *Lancet* 369:1807-13.

of other scholarly publications – had not run a single article examining the Global Fund’s assorted claims probed in this thesis, including: that it galvanized unprecedented amounts of funding; that it did so from an unprecedented group of contributors; that it raised funds more reliably than any global health predecessor or contemporary; and, that it conducted its work with an exceptionally and persistently lean, flexible governance structure. Interestingly, in late October 2012, the *Lancet* published an article on-line entitled ‘Innovative financing for health: what is truly innovative?’ that examined a set of multilaterals’ donor demographics, including that of the Global Fund, and will be discussed in Chapter Four.²¹¹ Still, it is surprising that these large analytical gaps for an otherwise-Global Fund attentive publication continued even through the flurry of coverage in the *Lancet* and elsewhere of the Fund’s challenges and resulting reforms in late 2011 and early 2012.

The *Lancet* did publish a series of articles, including its own reportage and analyses, on the Global Fund’s five-year anniversary in 2007 (many commentaries or critiques of what was known about the Fund’s own Five-Year Evaluation in 2007 despite the fact that the final report was not published until 2009)²¹² as well as more recently, albeit fewer, on the Fund’s ten-year anniversary, and fewer still on the simultaneous controversy and persistent hopes surrounding the Fund’s focus and future from October 2011 - October 2012, the first year following the HLP report’s release.²¹³ Interestingly, many of the articles in late 2011 and early 2012 related to the Fund’s continued importance with regards to fighting tuberculosis and malaria,

²¹¹ Rifat Atun, *et al.*, ‘Innovative financing for health: what is truly innovative?’ *Lancet*, (2012) vol. 380, no. 9858, pp. 2044-2049, (published online 24 October 2012 [cited 25 October 2012]); available <http://www.thelancet.com/journals/lancet/article/PIIS0140-6736%2812%2961460-3/abstract>.

²¹² Michael McCarthy, ‘The Global Fund: 5 years on,’ *Lancet*, (2007) vol. 370, no. pp. 307-8.

²¹³ Author’s own count using the *Lancet* online archive search function for relevant time periods.

i.e., not the behemoth of HIV/AIDS,²¹⁴ arguably the primary motivation for the Fund's existence.

Although many of the *Lancet's* articles and commentary pieces are written from an epidemiological, public health or even economics viewpoint, some are written by international relations or political science scholars. Indeed, international relations scholars such as Oxford's Devi Sridhar²¹⁵ and Johns Hopkins' Peter Heller²¹⁶ have published articles and commentary in the *Lancet*. International relations-oriented think tank analysts such as Steven Radelet, formerly of the U.S.-based Center for Global Development (CDG) and as, of January 2013, the U.S. Agency for International Development's (USAID) chief economist,²¹⁷ or the team focused on HIV/AIDS at the U.S.-based Results for Development Institute,²¹⁸ as well, clearly found a more receptive editorial board at the *Lancet*, a prestigious medical journal,²¹⁹ than elsewhere. Dr. Christopher Murray of the Institute for Health Metrics and Evaluation (IHME) at the University of Washington, arguably the most well respected health statistician of the past twenty years, has published much of his scholarly work regarding or including the Global Fund in the *Lancet*.²²⁰

²¹⁴ As an example, see Mario Raviglione, *et al.*, 'A sustainable agenda for tuberculosis control and research and the Global Fund's role,' *Lancet*, (2012) vol. 379: 1077-78.

²¹⁵ For example, Devi Sridhar & Rajaie Batniji, 'Misfinancing global health: a case for transparency in disbursements and decision-making,' *Lancet*, (2008) vol. 372, no. 9644, pp. 1185-91.

²¹⁶ For example, Peter S Heller, 'What can be learned from data for financing of global health?' *Lancet*, (2009) vol. 373, no. 9681, pp. 2087-88.

²¹⁷ Radelet & Siddiqi, 'Global Fund grant programmes: an analysis of evaluation scores.'

²¹⁸ For example, Robert Hecht, *et al.*, 'Financing of HIV/AIDS programmes in low-income and middle-income countries, 2009-2031,' *Lancet*, (2010) vol. 376, no. 9748, pp. 1254-60

²¹⁹ The article following Peter S Heller's cited above was followed by 'Thiazolidinediones and clinical outcomes in Type 2 diabetes,' a not uncommon companion to an article in the *Lancet* on global health governance, global health financing or the Fund.

²²⁰ Author's own analysis of Murray's published work from 2000-June 2012 based on both Christopher Murray's partial list of articles on his website:

http://sph.washington.edu/faculty/fac_bio.asp?url_ID=Murray_Christopher (downloaded 4 October 2012) as well as PubMed and Google Scholar searches (conducted 4 October 2012). As an example of Murray's published work within the *Lancet*, see Christopher J Murray, 'Towards good practice for health statistics: lessons from the Millennium Development Goal health indicators,' *Lancet*, (2007) vol. 369, no. 9564, pp. 862-73.

Broadly, the academic and scholarly work concerning the Global Fund in the *Lancet* and other journals, as well as in book-length work and longer-form articles, falls into three categories: relatively brief descriptive work on the core features of the Fund and the obvious ways in which it differs from other institutions focused on one or all of HIV/AIDS, TB and malaria;²²¹ interrogations into specific questions pertaining to how Fund grants have ameliorated – or not – one of its constituent diseases’ impact on a given population in a given country or region, including queries about how different grants from different funding rounds have had differential impacts or not in a specific country context (though those largely focus on factors exogenous to the Fund grants themselves);²²² and, finally, examinations of a phenomena deemed relevant to the Global Fund, e.g., the rise of multilateral and bilateral ODA for health, the rise in specific infections-disease funding, the growing inclusion of NGOs and civil society in ODA funding decisions or, the rise of public-private partnerships (PPPs) to confront urgent and chronic challenges.²²³ None of these, however, have examined the funding architecture of the Fund, how previous grant performance influenced future grant decision-making or how the Fund’s governance impacted country-ownership of Fund grants.

As attention grew and money increasingly flowed to global health concerns as well as other ‘public goods’ areas in the late 20th and early 21st centuries, there was a commensurate rise in survey texts focused on global public goods, global health and, to a lesser extent, global health governance, including some focused explicitly on

²²¹ An example would be Sophie Harmon, *Global Health Governance*, (London: Routledge, 2012).

²²² An example would be Jeremy Shiffman, ‘Donor funding priorities for communicable disease control in the developing world: selected case studies,’ *Health Policy and Planning*, (2006) vol. 21, no. 6, pp. 411-420.

²²³ Examples include: Nirmala Ravishankar *et al.*, ‘Financing of global health: tracking development assistance for health,’ *Lancet* (2009), vol. 373, no. 9681, pp. 2113-24 as well as Elizabeth Pisani’s *The Wisdom of Whores* (London: Granta Books, 2008).

HIV/AIDS.²²⁴ These books largely summarize and attempt to distil the information published by the institutions in question. Mostly they contain neither new empirical work nor a cogent explanatory theoretical framework. Two exceptions stand out: Todd Sandler's *Global Collective Action* and Scott Barrett's *Why Cooperate?* Neither contains robust discussions of HIV/AIDS, TB, or malaria, however they do apply theory to understanding international cooperation.²²⁵ A more applied example is Lisk's *Global Institutions and the HIV/AIDS Epidemic*, which gives a few pages to the Global Fund in the 'Financing the global HIV/AIDS response' chapter, although none in later chapters on global governance and on emerging issues.²²⁶ Andrew Price-Smith in his *Contagion and Chaos Disease, Ecology, and National Security in the Era of Globalization*, uses historical cases studies to make (somewhat tenuously) the case for a causal relationship between infectious disease (the 'contagion' in the title) and domestic and international instability (the 'chaos'). He mentions the Fund only once.²²⁷

The second tranche of more scholarly work focuses on how HIV/AIDS, TB or malaria affect a given demographic, for example, prostitutes, men who have sex with men, mothers in sub-Saharan Africa, intravenous drug users in Russia. Such work generally draws in the Global Fund (if at all) through its examination of how Global Fund grants have – or have not – lessened the disease burden or threat of disease on

²²⁴ Examples include Franklyn Lisk, *Global Institutions and the HIV/AIDS Epidemic* (London: Routledge, 2010) and Christopher J.L. Murray & David B. Evans, *Health Systems Performance Assessment: Debates, Methods and Empiricism* (Geneva: World Health Organisation, 2003).

²²⁵ Todd Sandler, *Global Collective Action*, (Cambridge: Cambridge University Press, 2004). Scott Barrett, *Why Cooperate? The Incentive to Supply Global Public Goods*, 2nd ed., (Oxford: Oxford University Press, 2010).

²²⁶ Lisk, pp. 93-115; pp. 116-133; pp. 134-145.

²²⁷ Andrew T. Price-Smith, *Contagion and Chaos: Disease, Ecology, and National Security in the Era of Globalization*, p. 216.

the group in question. These articles do not address the Fund's fundraising or governance.²²⁸

Very few scholars have analysed the Global Fund's grant process or performance-based disbursement model. Radelet and Siddiqi analyse evaluation scores in their 2007 *Lancet* article (cited above). McCoy and Kinyua's 2012 PLoS ONE article, 'Allocating Scarce Resources Strategically – An Evaluation and Discussion of the Global Fund Grant Disbursements,' questions whether or not a correlation existed between per capita grant disbursements and recipient countries' per capita total health expenditures, government health expenditures, income and the burden of HIV/AIDS, TB and/ or malaria. Bornemisza *et al.* (2010) find that grants in fragile state environments achieved a smaller percentage of their core targets than those in non-fragile state environments, with accompanying lower rated grant performance and M&E performance, although the authors do not explore whether the latter correlated to the former.²²⁹ McCoy and Kinyua find no strong correlation between any variable and grant disbursement though they do find a weakly positive correlation with disease burden.²³⁰ Avdeeva *et al.* find that the Fund's HIV/AIDS grant portfolio distribution for a given country correlated to that country's overall disease burden overall but not to more resources targeting the most at-risk populations

²²⁸ Chunlinkg Lu, *et al.*, 'Absorptive capacity and disbursements by the Global Fund to Fight AIDS, Tuberculosis and Malaria: analysis of grant implementation,' *Lancet*, (2006), vol. 368, no. 9534, pp. 483-488.

²²⁹ Olga Bornemisza, *et al.*, 'Health Aid Governance in Fragile States: The Global Fund Experience,' *Global Health Governance*, IV (1), (2010 [cited 3 February 2011]); available http://ghgi.org/Lazarus_final.pdf

²³⁰ David McCoy & Kelvin Kinyua 'Allocating Scarce Resources Strategically – An Evaluation and Discussion of the Global Fund Grant Disbursements,' *PLoS ONE*, 7(5), (2012 [cited 7 December 2012]); available: www.plosone.org/article/info:doi/10.1371/journal.pone.0034749

within it.²³¹ None question the robustness of the Fund's data approach or the data itself.

It is not uncommon for articles on the Global Fund to include recipients' criticisms of the Fund's slowness in disbursing funds after the Board has approved grant application (at one point, the time from approval to disbursement could surpass 18 months)²³² or for recipients or donors to air their complaints of onerous grant reporting requirements in the media and more scholarly outlets alike.²³³ Yet, broader work examining how the Fund's grant mechanisms and processes facilitate or hinder country-ownership is rare. Some work, however, such as that by Lu *et al.*, does examine, within specific country contexts, whether or not the Fund's grant architecture in-country, led to more legitimate and sustained civil society engagement.²³⁴

The third group of empirical work that sometimes involves the Global Fund, evaluates the similarities and differences between multilateral funding mechanisms, examines the general rise in health ODA, raises questions of performance measurement, performance-based funding (PBF) and the effectiveness of evaluation protocols in development assistance programmes broadly. For example, economist William Easterly²³⁵ analyses the early years of both the Fund and PEPFAR, while other more policy-oriented analyses examine collaborations between the Fund and

²³¹ Olga Avdeeva, Jeffrey V Lazarus, Mohamed Abdel Aziz, & Rifat Atun, 'The Global Fund's resource allocation decisions for HIV programmes: addressing those in need,' *Journal International AIDS Society*, (2011), 14:51.

²³² HLP, p. 25.

²³³ As one example see, Joseph S. Doyle, 'An international public health crisis: can global institutions respond effectively to HIV/AIDS?' *Australian Journal of International Affairs* (2006) vol. 60, no. 3, pp. 400-411.

²³⁴ Chunlinkg Lu, *et al.*, 'Absorptive capacity and disbursements by the Global Fund to Fight AIDS, Tuberculosis and Malaria: analysis of grant implementation.'

²³⁵ William Easterly, 'How, and How Not, to Stop AIDS in Africa,' *New York Review of Books* (2007 [cited 2 August 2012]); available <http://www.nybooks.com/articles/archives/2007/aug/16/how-and-how-not-to-stop-aids-in-africa/>

WHO, the World Bank, UNAIDS and other organisations.²³⁶ These and others largely do not address the Fund's fundraising or its governance. They do give an insight into political factors that indirectly might have influenced the Fund. For example, Santelli (2006) examines how PEPFAR's chosen interventions, geographies and funding levels changed over time and how those changes correlated to which political party held the White House or Congress.²³⁷ Santelli never mentions the Fund but in the years he scrutinises, the U.S., largely through PEPFAR, was its largest funder.

The period from 2007-mid 2012, the second half of the Fund's first decade, witnessed an increase in evaluation and commentary on ODA for health, often termed development assistance for health (DAH). Often this work focused on assistance targeting HIV/AIDS. This is not surprising given the upsurge of resources dedicated to health broadly and to HIV/AIDS. As one example, global HIV/AIDS vaccine research and development spending rose from \$366 million in 2001 to \$841 million in 2011 totalled more than \$8 billion from 2001-2011.²³⁸ Furthermore, the data available for analysis has become much more readily accessible.

Studies of the funding of the Global Fund and related programmes have been undertaken by several organisations, including: scholars;²³⁹ the OECD/ DAC;²⁴⁰ and

²³⁶ As an example: Sara Bennett, *et al.*, 'Scaling up HIV/AIDS evaluation,' *Lancet*, (2006) vol. 367, no. 9504, pp. 79–82.

²³⁷ John Santelli, 'Abstinence-Only Education: Politics, Science and Ethics' *Social Research* (2006), vol. 73, no. 3, pp. 835-858.

²³⁸ HIV Vaccines and Microbicides Resource Tracking Working Group, 'Investing to End the AIDS Epidemic: A New Era for HIV Prevention Research & Development,' p. 4 (2012 [cited 19 October 2012]); available <http://www.hivresourcetracking.org/sites/default/files/July%202012%20Investing%20to%20End%20the%20AIDS%20Epidemic-%20A%20New%20Era%20for%20HIV%20Prevention%20Research%20&%20Development.pdf>

²³⁹ Nirmala Ravishankar, *et al.*, 'Financing of global health: tracking development assistance from 1990 to 2007,' *Lancet*, (2009) vol. 373, no. 9681, pp. 2113-24.

²⁴⁰ See OECD/DAC, 'Aid to health,' 2011.

the Henry J. Kaiser Family Foundation, a U.S.-based think tank.²⁴¹ The Center for Global Development has also published work comparing the different pay-for-performance mechanisms at the Fund, World Bank's MAP and PEPFAR (although not the reasons for differences).²⁴² A RAND report in 2011 analysing the different value-for-money approaches at the Fund and PEPFAR found no evidence to support the Fund's commitment to increasing value for money or ensuring that value for money had priority in grant decision-making.²⁴³

A growing literature about Public-Private Partnerships (PPPs) is relevant to the Global Fund.²⁴⁴ In the late 1990s, states began to form partnerships with international organisations, business and civil society in public health and other areas such as the environment. In health, the new partnerships included the Global Fund, GAVI, and the International AIDS Vaccine Initiative (IAVI). Buse *et al.* attributes the rise of these partnerships to: a general ideological shift toward neo-corporatism; a growing disillusionment among state and non-state actors with the UN system as a means to achieve ambitious health goals; frustration with chronic funding shortages by the UN for health objectives; unreliable funding by traditional bilateral and multilateral aid mechanisms; and, a wide-spread recognition that extant health challenges, like HIV/AIDS, were beyond the individual capacity of recipient national governments, the private sector, NGOs or technical consultants like UNAIDS

²⁴¹ As an example, Mike Isbell *et al.*, *Responding to AIDS At Home and Abroad: How The U.S. and Other High Income Countries Compare* (Washington, D.C.: The Henry J. Kaiser Family Foundation, 2012).

²⁴² Nandini Oomman, *et al.*, 'Every Dollar Counts: How Global AIDS Donors Can Better Link Funding Decisions to Performance,' CDG Brief, 2010.

²⁴³ Sebastian Linnemayr, *et al.* Value for Money in Donor HIV Funding (Santa Monica, CA: RAND Corporation, 2011),

²⁴⁴ Carmen Huckel Schneider, 'Global Public Health and Innovative Forms of Governance,' paper presented at the Sixth Pan-European Conference on International Relations, p. 2 (2008 [cited 3 October 2012]); available turin.sgir.eu/uploads/Huckel-SGIRDraftHuckelSchneider.pdf

working independently.²⁴⁵ In 2005 alone, there were more than 80 PPPs with a global public health focus.²⁴⁶ Interestingly, the Global Environmental Facility, an organisation with significantly fewer financial resources than the Global Fund, has received more attention than any other public-health related PPP.²⁴⁷

Predating the explosion of international PPPs and other formal mechanisms to enfranchise non-state actors into various discussions and decision-making at the international level, international relations literature had begun to look beyond the state as a unit of analysis to explain and understand the when, why and resulting shape of international cooperation. To the extent that non-state actors – private, NGO, philanthropic, individual or otherwise – did factor into international relations analyses, they broadly did so in one of two ways.

Robert Putnam's (1988) two-level game analysis offers one way to think about how interest groups lobby domestic politicians with the aim of influencing foreign relations.²⁴⁸ A more recent, wider-ranging analysis of the interactions of trans-national actors, including international NGOs or multi-national corporations, and how they coordinate advocacy campaigns and raise global awareness, is presented in Carlsnaes, Risse and Simmons (2002).²⁴⁹ Shiffman and Smith (2007) apply such considerations to global health initiatives, though not to the Global Fund.²⁵⁰ By contrast, Young and Osherenko (1993) argues in their work studying multiple examples of environmental cooperation that such public pressure, in

²⁴⁵ Kent Buse, *et al.*, 'Globalisation and Health Policy: Trends and Opportunities' in Kelley Lee, Kent Buse and Susanne Fustukian (eds.) *Health Policy In a Globalising World*, pp. 251-280 (Cambridge: Cambridge University Press, 2002).

²⁴⁶ Schneider, p. 3.

²⁴⁷ Author's own conclusion based on extensive literature searches conducted throughout 2012.

²⁴⁸ Robert Putnam, *Diplomacy and Domestic Politics: The Logic of Two-Level Games*, *International Security*, (1988) vol. 42, no. 2, pp. 427-460.

²⁴⁹ Thomas Risse 'Transactional Actors and World Politics,' in Walter Carlsnaes, Thomas Risse and Beth Simmons, eds., *Handbook of International Relations*, pp. 255-274 (London: Sage, 2002).

²⁵⁰ J. Shiffman & S. Smith, 'Generation of political priority for global health initiatives: a framework and case study of maternal mortality', *Lancet*, (2007) vol. 370, no. 9595, pp. 1370-79.

individual states or through coordinated trans-national campaigns, is generally neither necessary nor sufficient to spur international cooperation.²⁵¹

A Principal-Agent Approach

Several contemporary analyses of international organisations have deployed principal-agent analysis to help to explain the governance and behaviour of the institution. Roland Vaubel (2006) gives a useful overview,²⁵² while others have analysed the International Monetary Fund (IMF)²⁵³ and the World Bank.²⁵⁴ Principal-agent theory provides a useful framework for engaging the questions posed in this thesis.

The Global Fund's first decade is often a story of wrangles and who then prevailed to what ends, whether the Secretariat, the Board writ large or particular Board constituencies. Principal-agent theory casts the relationship between member states (principals) and an international organisation (the agent, often a secretariat). It emphasises that while an international organisation may often act in ways that are consistent with member states' preferences, at times it may act in ways inconsistent with them, even those of the most powerful members, instead reflecting the agents' interests.²⁵⁵ This is crucial for our examination of the Fund because it was created in part to act with autonomy from its powerful member states, with a strong Secretariat intended to help safeguard the integrity of the Fund's grant process, including implementing countries' ownership of it. Unlike its predecessors, the Fund was

²⁵¹ O. R. Young & G. Osherenko, 'Testing Theories of Regime Formation: Findings from a Large Collaborative Research Project.'

²⁵² See Roland Vaubel, 'Principal-agent problems in international organisations,' *Review International Organisation*, (2006) vol. 1, pp. 125-138.

²⁵³ See Darren Hawkins *et al.*, eds., *Delegation and Agency in International Organisations* (Cambridge: Cambridge University Press, 2006),

²⁵⁴ As an example, Daniel L. Nielson & Michael J. Tierney, 'Principals and Interests: Common Agency and Multilateral Development Bank Lending' in Tierney *et al.* 2006.

²⁵⁵ See Hawkins *et al.*, 'Delegation under anarchy: states, international organisations, and principal-agent theory,' in Darren Hawkins *et al.*, pp. 3-38, for an overview of principal-agent theory and its application to international organisations.

conceived as an instrument that would have equal credibility with and freedom from individual constituent groups, including international NGOs, foundations, private companies and most of all, traditional donor states. As an example of that intention by the Fund's founders, in the Fund, unlike other international organisations, the approval of grants would not be by donor states alone. Rather, the Fund would employ a two-step process for funding decisions: first, independent technicians would make recommendations and second, a Board equally weighted between donor and recipient countries, with enfranchised NGO and private sector delegates, would make final decisions. Principal-agent approaches to international organisations highlight and explain the tensions such an approach is likely to engender and how powerful states might act to resolve those tensions to their favour.

Hawkins et al. (2006) offer a clear articulation of principal-agent theory applied to international relations. Governments, as principals, have the power to grant and rescind authority. International organisations, as agents, are the recipients of such grants of 'conditional authority.' International organisations can be classified in one of two ways. First, as a 'multiple principal' model, whereby individual member states are independent of one another and each enters into a contract with its agent, retaining the right to commit resources, financial and otherwise, to the agent as each determines appropriate at various points in time. Alternatively, international organisations can reflect a 'collective principal' model in which binding agreements among member states translate in practice to their acting as a unified principal over time toward their agent, even if individual principals continue to strive to influence the agent outside the sanctioned instruments of communication and decision-making

and even retain the right to make individually-determined financial contributions.²⁵⁶

As Hawkins et al. point out, the establishment of a principal-agent relationship, largely defined by the presence of ‘delegation,’ the formal grant of authority from principals to an agent, can only occur after states have first decided to cooperate.²⁵⁷

The Board falls under the collective principal definition with the Secretariat serving as its agent. The criticisms of principal-agent theory largely fault its failures to accurately predict how states and organisations behave over time, with a particularly sharp critique of the relationship between member states and the European Union, arguably the most evaluated principal-agent construct.²⁵⁸ Such a censure, however, is among the most common critiques against any theoretical framework.

The principal-agent literature elucidates a number of factors that affect how efficiently and effectively an agent acts in the interest of its principal. All, to varying degrees, have relevance in the context of the Global Fund. For instance, that the Board conferred then rescinded Phase II decision-making power to the Secretariat as an example of a changing grant of authority from a principal to its agent.

From the principal-agent framework, we can elaborate several elements that help to explain the governance and decisions of the Global Fund:

As relates to the member states (the ‘principal’):

- 1) A principal’s *interests* may change when exogenous factors change (e.g., changing security dynamics in recipient countries, the 2008 global financial crisis). Variations in an individual principal’s interests may reflect in the

²⁵⁶ According to Lyne *et al.* 2006, collective principals are ‘overwhelming the most common type we observe when analysing IOs.’ See Mona Lyne, *et al.*, ‘Who delegates? Alternative models of principals in development aid,’ in Hawkins, *et al.*, (2006), p. 44.

²⁵⁷ Hawkins *et al.*, p. 4.

²⁵⁸ See Mark Pollack, ‘Principal-Agent Analysis and International Delegation: Red Herrings, Theoretical Clarifications, and Empirical Disputes,’ paper presented at Workshop on Delegating Sovereignty, Duke University (3-4 March 2006 [cited 7 July 2012]); available http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1011324

resources they dedicate in a given year to fighting HIV/AIDS, TB and malaria, and the percentage of that funding routed through the Fund. Year-on-year changes in Fund contributions from the U.S. and the Gates Foundation (the most significant state and non-state principals as measured by absolute dollars contributed) might reflect variations in the importance they attributed to the Global Fund as a mechanism to advance their interests.

- 2) The *decision-making procedures* of the Global Fund are important since individual members cannot act independently from one another with regards to the Fund without working through these procedures. Board meeting documentation can help to illuminate how decisions were made and establish how strongly such decisions correlated with the interests of powerful donor states or the balance of interests between donors and recipient country Board Members.
- 3) The *grant of authority* by principals to the agent is key to understanding the relative potential autonomy (or not) of the institution. The clarity, specificity and formality of the agent's mandate are each important elements. As an example, when the Board asked the Secretariat to do something specific and how precise the Board was in mandating how the Secretariat should act to achieve that goal. These grants of authority can be examined by looking at Board meeting documentation as well as internal and external assessments.
- 4) The *principal's monitoring protocols* for the agent are vital, as are the corollary: the *principal's mechanisms for incentivizing and holding accountable* the agent. The Fund Board oversaw, incentivized and, when it deemed necessary, corrected the Secretariat's actions. The degree of this control can be evaluated through Fund Board documentation complemented

by relevant internal and external assessments. The Secretariat more than tripled in its first five years and more than doubled, if fitfully, in its second five years, yet there is nothing in the public Board documents about how, if at all, the Board's monitoring of the Secretariat changed as its staff swelled. When the Board intervened to redefine or constrain the Secretariat's writ of authority and discretion are perceptible from Board meeting documentation and comprise much of Chapter Five's work.

As relates to the Global Fund Secretariat (the 'agent'):

- 5) The agent's *interests* at any point in time are important, as is how they aligned with those of the Board and its most powerful members. Global Fund Board documents should illuminate when the Fund Executive Director or other Secretariat staff argued for different outcomes than those favoured and decided by the Board and when they remained notably silent. Principal-agent theory generally assumes that agents seek to maximise their budgets and their freedom to determine how to allocate those budgets and to minimise uncertainty around their mandate and their job security.²⁵⁹ This thesis examines whether the Secretariat pushed for greater control of grant-making or resources, and whether it sought to 'win its way' with individual Board Members. One area where we might expect the Secretariat to have done precisely that is in fundraising. Whether it solicited funds beyond the Board mechanism directly from Board Members or otherwise and how it formalised that work will be examined in Chapter Four.
- 6) The agent's *competencies* to carry out the principal's interests, including to what extent these are unique to the agent. Again, Board meeting

²⁵⁹ Daniel L. Nielson & Michael J. Tierney, 'Principals and Interests: Common Agency and Multilateral Development Bank Lending,' unpublished working paper, (2006 [cited 28 November 2012]); available www.princeton.edu/~pcglobal/.../IPES/.../nielson_tierney_F200_1.pdf

documentation as well as the Fund grant portfolio will help crystallise what the principal thought the Secretariat the agent best suited to a given charge. This thesis will look for examples of when the Board or powerful donor states on the Board turned elsewhere when we might have expected the Fund would have received a tranche of resources or a specific task and what that illuminates about the principal-agent relationship.

- 7) The *agent's decision-making procedures* or how the Secretariat made decisions is less important to understanding the evolution of the Fund than what positions the Secretariat took in opposition to the Board and how it worked to influence the Board, including through its relationships, if any, to individual members.²⁶⁰
- 8) The *agent's monitoring protocols* for its implementing partners and the *agent's mechanisms for incentivizing and holding accountable* those partners or sub-agents, are also crucial. The CCMs that apply for Fund grants and the Principal Recipients that implement them are not sub-agents of the Secretariat. The Secretariat's role is to collect data to inform Board funding decisions, around both Phase I and II decisions. This role we can evaluate by extrapolating from the Fund's grant database and related Board documentation. What is also of interest is how much of that information was made public in a consistent and user-friendly manner as the Fund's creators intended the public as much as the Board to help monitor the Secretariat, CCMs, Principal Recipients and Board itself. The principal-agent dynamic between CCMs and Principal Recipients are not central to this thesis.

²⁶⁰The Fund's Office of Inspector General published a few internal audit reports scrutinising the Secretariat, available here: <http://www.theglobalfund.org/en/oig/reports/>

The Global Fund's founders gave it a governance structure they believed would help it effectively raise money, use that money in an evidenced-based way and support recipient country ownership. Principal-agent theory helps us to dissect how the Fund's initial aspirations were helped (or not) by its governance structures.

A core dimension of principal-agent theory is that over time agents will pursue their own interests within the limits of the constraints the principals impose driven by their own evolving interests. As discussed in Chapter One, the Global Fund's Board provides formal governance, strategic guidance and oversight to the Fund's Secretariat, based in Geneva, which oversees the Fund's day-to-day operations and is charged with implementing the Board's directives. Although the 26-member Board – only 20 of which are voting members – constituted the Fund's principal, one could also argue that the Global Fund's largest funders are the Fund's true principal. Led by the U.S., this group also includes France, the UK, Japan, Germany, the European Commission and Italy, all of which individually contributed in excess of \$1 billion to the Fund in its first ten years.²⁶¹ The tensions between the Secretariat, including the Executive Director, and the Board were noted by the High-Level Panel, a group the U.S. was the principal catalyst for convening.²⁶²

Principal-agent theory suggests that principals try to control their agents but such control is costly in terms of time and efficiency and, as such, agents possess some autonomy from the beginning and often gain autonomy over time as principals' attention moves elsewhere and as the asymmetry of information between principal and agent increases. This is often even more of a challenge in collective principals because of the sense that someone else is always watching the shop – versus in multiple principals in which each principal has to tend to its own interests constantly.

²⁶¹ Global Fund, 'Donor Governments,' through January 2012, (2012 [cited 29 February 2012]); available <http://www.theglobalfund.org/en/donors/>

²⁶² Richard Feachem, personal interview, 16 December 2011.

Certainly, the Fund Board granted the Secretariat significant autonomy at the beginning, particularly in devising the mechanisms by which grant agreements would be codified and the performance criteria to assess whether or not grantees should, or should not, receive Phase II funding. It also later constrained that autonomy and rescinded various authorities it had granted the Secretariat as will be discussed in later chapters.

As a result of divergent interests over time between an agent and its principal, principal-agent analysis leads us to expect that agents can and do pursue policies that the principal may not – or would not – have chosen. This phenomenon is termed ‘agency slack’ and principal-agent theory holds that it is inevitable, largely insensitive to the changes in the formal grant of authority. Agency slack manifests in one of two ways. The first, ‘shirking,’ occurs when an agent does not maximize effort, efficiency or influence on behalf of its principal, potentially explaining any Global Fund failure to live up to the high expectations of its founders and early supporters. Or, alternatively, such an explanation could too easily obscure other reasons for why the Global Fund has struggled to match its founders’ original aspirations.

The second, ‘slippage,’ transpires when an agent intentionally shifts policy toward its preferences or interests, away from those of the principal.²⁶³ Not surprisingly, when collective principals’ individual preferences are heterogeneous, rather than homogenous, the risk of agency slack increases. Axiomatically then, when principals’ preferences are homogenous and strong, the risk of agency slack is small.²⁶⁴ With 26 Board Members, including a mix of state and non-state actors, donor and recipient states, all with their own interests and domestic prerogatives around HIV/AIDS, TB and malaria, one might expect disagreements among Board

²⁶³ Hawkins *et al.*, in Hawkins *et al.*, eds., p. 8.

²⁶⁴ Mark Copelovitch, *The International Monetary Fund in the Global Economy* (Cambridge: Cambridge University Press, 2010), p. 44.

Members to be frequent and consequently, opportunities for the agent to exploit those disagreements similarly frequent. Indeed, given the Board's diversity, the regularity with which the Board agreed, particularly around approving the TRP's grant funding recommendations, is notable.²⁶⁵ Yet, before agreement would prevail, disagreement first characterised certain pivotal moments. For example, at its November 2006 Meeting, when the Board deferred a decision on appointing the Fund's next, and only its second, Executive Director (ED).²⁶⁶ As Radelet at CGD pointed out at the time, the Board's diverse composition, its bias toward consensual decisions and its desire to give the new ED a strong mandate led it to defer the decision.²⁶⁷ Later chapters will more systematically probe Board decision-making, particularly in areas related to the Secretariat's grant of authority, and any attendant slack and slippage at the Fund.

An important dimension of any agent's autonomy is its discretion, what Hawkins et al. define as the agent's ability to interpret the how it might achieve the specific objectives a principal outlines. In a Fund context, an agent's discretion means how precisely has the Board rendered its policy directives to the Secretariat or ED, and, when necessary, its prescriptions for better aligning the Secretariat's behaviour to its interests and expectations. A corollary to the above are what 'degrees of freedom' has the Board granted to the Secretariat over time to interpret relatively more imprecise or broad-based directives and operational guidance.²⁶⁸ Like discretion, principals can intentionally embed degrees of freedom and commensurate

²⁶⁵ Author's assessment of all Board documentation, First-Twenty-Fifth Meetings.

²⁶⁶ Global Fund, 'Media Advisory: The Global Fund's Board Continues Discussions on New Executive Director – Teleconference Cancelled,' (3 November 2006 [cited 3 January 2012]); available <http://www.theglobalfund.org/en/board/meetings/fourteenth/>

²⁶⁷ Steven Radelet, 'Global Fund Delays Leader Choice: Here's Why,' 2 November 2006 (cited 28 February 2012); available blogs.cgdev.org/globaldevelopment/2006/11/global-fund-delays-leader-choi.php.

²⁶⁸ Hawkins, *et al.*, in Hawkins, *et al.*, eds. (2006) pp. 7-8.

controls into the contract with its agent, or not.²⁶⁹ Principal-agent theory states that even when contracts are highly nuanced and an agent's freedom to interpret formally proscribed, agent autonomy is ultimately inevitable and agency slack results. When agency slack occurs and an agent engages in behaviour not aligned with a principal's preferences or when a principal spends time and resources to constrain and modify an agent's behaviour to better align with its preferences, principals incur unavoidable 'agency losses' or costs.²⁷⁰ What authority and with what discretion and degrees of freedom the Global Fund Board invested in the Secretariat, as well as how those grants of authority changed over time, is difficult to assess with a high degree of confidence as the ED and other top Secretariat management's employment contracts are not in the public domain. Additionally, Board conversations about the ED and other Fund management's performance occurred in Executive Sessions, records of which are also not in the public domain.

The Fund's early supporters also trumpeted efficiency, nimbleness and a continual incorporation of best practices as being integral to the Global Fund's character, what Richard Feachem referred to as, 'doing the business of aid differently – and more like a business.'²⁷¹ Yet, this too was a struggle from the beginning to translate into practice. An early evaluation of the Global Fund found that one part of the Secretariat had been tasked with determining whether or not to continue funding various grantees when those same grantees had not yet signed formal grant agreements nor received their first disbursements – a responsibility that lay with another part of the Secretariat.²⁷² Clearly that organisational confusion did not reflect

²⁶⁹ In this usage, contract could mean any one or more of the following: an actual contract, a treaty, an incorporation document for an international agency, on-going Board resolutions.

²⁷⁰ Hawkins, *et al.*, in Hawkins, *et al.*, eds. (2006), p. 9.

²⁷¹ Richard Feachem, 'Speech to the Barcelona AIDS Conference,' available <http://www.aids2002.org/18.html>.

²⁷² Radelet, (2004), p. 19.

the balance between expediency and quality control the Fund's founders or the Board, the Fund's principals, intended, nor was it one the Board successfully ameliorated in the Fund's first decade; the HLP too notes how the Secretariat was not adequately organised for its work.²⁷³ One hypothesis is that the Secretariat organised itself in ways that made the Board's oversight more onerous for the Board and then likely less intrusive on the Secretariat.

In an effort to minimise agency slack and agency losses, principals develop monitoring protocols and systems coupled with accountability and reward mechanisms; rewards can be pecuniary, reputational or moral in nature. When the principal has reliable and actionable information from its monitoring systems and the potential rewards align with the agent's interests, principal-agency theory reasons that the agent is more likely to behave in alignment with the principal's interests. This contention partly explains why much of principal-agency focuses on the optimal contract or governance structures, with accompanying accountability and incentive structures, for an organisation. As mentioned earlier, that information for the Fund is not in the public domain in sufficient detail to enable rigorous analysis. In the Fund's first decade, the Board monitored the Secretariat through the Key Performance Indicators (KPIs) introduced following the Five-Year Evaluation as well as through regular ED and operational reports given. The Office of the Inspector General's – an agent of the Board's not the Secretariat's – reports and external assessments also would have provided input to the Board about at least how its views on how the Secretariat was carrying out its mandate. As one of the prominent findings of the HLP was the inadequacy of Global Fund risk assessment and monitoring, of the Secretariat by the Board or by the Secretariat of Principal Recipients, CCMs and

²⁷³ HLP, pp. 30-41.

grants, this again is a challenging subjecting for academic inquiry. Indeed, although questions of formal monitoring of the Secretariat by the Board are central to understanding the principal-agent relationship, this thesis pursues them tangentially rather than directly, examining the core work of the Fund – raising and disbursing money. I hope subsequent information emerges that enables future scholars to probe nuances in the Board’s decisions around Secretariat contracts, including KPIs.

The empirical work, both quantitative and qualitative, in subsequent chapters, sets out to establish ‘the facts’ about the Global Fund that at the end of its first decade are knowable about the Fund and its work. How much funding did it actually attract? Who from? What influenced Fund disbursements? How much data did the Secretariat actually gather on its grants? How did it use that data? Answers to those questions and others provide an important base of facts, including any notable variations that can then be analysed using hypotheses derived from principal-agent theory.

Although I could not find any published work evaluating the Fund from a principal-agent perspective, I did find one example, available only in an online archive. Writing in late 2012, Patrick Theiner, in one of the three papers that comprised his dissertation, asserts that while the Technical Review Panel (TRP) grant approval process is ‘depoliticised,’ he finds powerful states’ interests still are perceptible in the TRP recommending higher grant amounts for certain recipient states.²⁷⁴ Upon examination of Theiner’s approach, a number of potential confounding variables and analytical gaps become apparent. For example, he points to the correlation between quality of democracy and control of democracy as the two most influential ‘politicised’ variables in determining grant size but fails to control for changing grant guidelines and applications over time, which were written not by the

²⁷⁴ Patrick Theiner, ‘Decision-Making in Multilateral Development Aid: The Case of the Global Fund,’ unpublished paper (11 November 2012 [cited 3 March 2013]); available <https://sites.google.com/site/patricktheiner/>

Board but by Secretariat. Also, until 2005, the Secretariat did not publish which CCM applications it had screened out, in other words, those which never made it to the TRP. Not until 2007, did the Fund publish the applications the TRP had rejected. Theiner does not account for either, meaning his data set is significantly less robust than he implies.

Those are not the only analytical gaps that bedevil Theiner's work. Theiner frames the relationship between the Board and the TRP as a principal-agent one. I think this is a significant conceptual error. Delegation as classically defined requires 'a conditional grant of authority from a principal to an agent in which the latter is empowered to act on behalf of the former.'²⁷⁵ The Fund's Board appoints the TRP, defines its terms of reference and granted it authority only to make independent assessments. The TRP evaluates proposals for, and makes recommendations to, the Board.²⁷⁶ While I did not find Theiner's work persuasive I hope that it, like this thesis, encourage other scholars to evaluate the Fund and employ principal-agent theory to do so.

Conclusion

This chapter laid out the published empirical and analytical work that, through late 2012, addressed the Global Fund. In so doing, it underscored the empirical, analytical and theoretical gaps that have prevented a full understanding of the Fund's first decade. This thesis aims to resolve some of those gaps, often as the first scholarly work so to do. Throughout, it will continue to acknowledge areas for further research. Chapter 3 articulates the propositions being tested to fill the gaps I have focused on,

²⁷⁵ See Hawkins *et al.*, in Hawkins *et al.*, eds., p. 7.

²⁷⁶ For a discussion of more permissive conceptualisations of principal-agency theory undermining its utility, see: Daniel L. Nielson & Michael J. Tierney 'Theory, Data, and Hypotheses Testing: World Bank Environmental Reform Redux' in International Organisation, (2005) vol. 59, Summer 205, pp. 785-800.

describes the various methods and sources for performing those tests and defines what affirmative, negative or inconclusive results may look like. In so doing, it makes clear how the analytical work of this thesis helps advance an understanding of the Fund's first decade.

Chapter 3: Testing the Aspirations of the Global Fund's Founders

As outlined in the Introduction, this thesis is concerned with three groups of questions that are critical to understanding and explaining the contours of the Global Fund's first decade. The first group relates to the Global Fund's fundraising: did the Global Fund raise more money, from more sources and more reliably than any of its predecessor global health organisations or contemporary global health financing mechanisms, chiefly GAVI? The second group revolves around the Global Fund's collection and use of data about its grants: did it consistently collect comparable grant-level performance data and was it used to inform Phase II continued funding and over time, Phase I initial funding? The third group engages questions around the Fund's governance: did the Global Fund Board in practice reflect a balance between donors and implementing countries, did the Secretariat develop an in-country presence, did the Fund governance at all levels facilitate legitimate 'country-ownership'? This chapter will disaggregate the above questions into the discrete propositions that need to be tested to answer each. It will also discuss the applicable data and sources that will be used.

Fundraising-Related Propositions

As Chapter One references, one of the great early expectations for the Global Fund was that it would stimulate more funding than ever before to target HIV/AIDS, TB and malaria, and, that it would do so in part by attracting a wider coalition of donors, in large measure because of the belief that the private sector would be attracted to the Fund because of its narrow focus on grant financing. To determine whether or not the Fund's actual fundraising in its first decade matched its declared fundraising acumen, Chapter Four investigates a series of propositions.

First, did the Global Fund raise additional funding? Probing more deeply, did the Fund raise funding that was additional to existing funding dedicated to HIV/AIDS, TB, malaria and global health or, rather, did the Fund receive repurposed monies? This requires a counterfactual. What might we infer would have happened to HIV/AIDS, TB and malaria funding over 2001-2011 had the Global Fund not been created? To probe this, we can examine trajectories of the Fund's relevant multilateral and bilateral predecessors before and after its creation as well as the trajectories of aggregate official development assistance for health (DAH) and DAH targeting HIV/AIDS, TB and malaria specifically. If, for example, the aggregate funding for HIV/AIDS, TB and malaria after an initial step up in 2000-2002 prompted by the expectation of a Global Fund-like entity then returned to the trend line previously established for the three diseases, we may conclude that the Fund over time did not attract additional funding, but rather replaced funding that may have gone to pre-existing HIV/AIDS programmes or to other health priorities. Even so, we may still conclude that the Global Fund provided an important 'kick-start' to programmes that otherwise may not have been funded to a significant extent (e.g., widespread programmes to provide ARVs to HIV+ people living in Sub-Saharan Africa).

A second question about the Global Fund's fundraising is whether it was more successful than other institutions at converting donor pledges into cash contributions.²⁷⁷ As mentioned in the Introduction, this question is particularly important given the not insignificant portion of donor pledges that never translate into cash contributions to the intended recipient. As the 2008 WHO study cited earlier does, this thesis will also use the 80% ODA for health disbursements/ commitments

²⁷⁷ The Fund uses 'pledges,' and 'contributions,' not 'commitments' or 'disbursements,' as some multilaterals do, to describe its financial relationships with donors. Rather, it uses those terms to describe its relationship to grantees.

ratio as means to assess fundraising dependability.²⁷⁸ I use a similar approach, comparing monies contributed to monies pledged, compared to the WHO's findings and GAVI's experience, arguably the Fund's closest comparator.²⁷⁹ If, for example, it emerges that contributions to the Fund are a relatively greater percentage of pledges than what the WHO found, we can then conclude that the Fund is a relatively more reliable fundraiser. Conversely, if the Fund's ratio of contributions received is equal to or less than the comparable overall ODA for health metric, then the Fund will not have proven to be a more dependable fundraising mechanism. Alternatively, if the data show that the Fund has a stronger record than the average WHO calculated but one equal to or weaker than GAVI, then the Fund will have proven to be relatively more successful in converting pledges to contributions than its predecessors but no more so than another 'innovative' mechanism.

Arguably the fundraising claim most important to the Fund's self-definition, as well as the most intractable one, is that an unprecedented coalition supported it from inception. To assess the veracity of this, we need to understand whether more bilateral, private sector, and new sources of funding supported the Fund than predecessor or contemporaneous global health organisations, again looking to GAVI as a benchmark for the latter. To do this, I determine the relative percentages of donor pledges and contributions in each year of the Fund's first decade from different types of donors, including from new sources of funding created specifically for the Fund (predominately Project (RED)). If, for example, the data show that the Fund garnered a significant percentage of support from private sources, for example, both in absolute dollars and, more importantly, as a percentage of overall donations, then

²⁷⁸ Paolo Piva & Rebecca Dodd, 'Where did all the aid go? An in-depth analysis of increased health aid flows over the past 10 years.'

²⁷⁹ The Global Alliance for Vaccine Initiative, as GAVI was known initially, was created in 2000 through a \$750 million gift from the Gates Foundation to close the 'vaccine gap,' the 30 million children in low-income countries not fully vaccinated.

the Fund will have proven itself an authentic public-private partnership with a uniquely diverse funding base. If, for example, the data reveal non-traditional bilateral sources comprised more than 10% of the Fund's contributions (roughly equivalent to IAVI's and greater than GAVI's non-Gates non-bilateral share) then it will have proven able to attract unprecedented support at unprecedented levels. If, however, the data show that the percentage of combined private sector and innovative mechanism donations represents only a small fraction of overall Fund contributions, then the public-private partnership will reveal itself as effectively an international organisation by another name.

Data-Driven Propositions

Another set of initial aspirations related to the Fund's commitment to be evidence-driven and performance-based in its Phase I and Phase II grant making. To test whether or not this occurred, we need to examine the process by which the Fund decided to make and renew grants; this is the work of Chapter Five. In theory, the Fund made Phase I decisions informed by the TRP's assessment of grants against a set of criteria defined by the Board. At the end of Phase I, the Secretariat, with at times input from the TRP, evaluated a grant's performance to determine whether or not it would recommend to the Board the Fund continue financing a given grant in Phase II. If we find, for example, that the Fund's Phase II approvals consistently did not match the Secretariat and TRP's recommendations, we can conclude that factors beyond 'performance' may have influenced the Board's decision-making and disbursements. The Fund would then be shown to not be as immune to the interests of its various constituents – donor governments, recipient governments, the global HIV/AIDS activist community and others– as its founders had envisioned. If the

opposite emerges from the data, then the Fund will have shown itself to be the performance-based, data-oriented entity it frequently asserted it was.

Additionally, another data-related proposition requires testing albeit more indirectly, as doing so relies on what will be revealed through the testing of other propositions: whether or not the Fund kept its commitment to transparency. While this is not a core question, it is a critical one. To guarantee, for example, Phase I and Phase II grant decisions were not only evidence- and performance-based but also perceived as legitimate, the Secretariat would need to have consistently collected grant-level performance data and made that data public as it became available. We can examine Phase I performance ratings in the online Fund grant portfolio, the mechanism the Fund set up in theory to do just that. If a significant portion of the data is missing, that at least inhibits any analyses exploring the predictive relationship between Phase I ratings and Phase II funding. If the missing data are what in statistics is known as ‘missing completely at random,’ meaning that each missing data point has no discernable relationship to any other missing data point, we can conclude it may have been poor data entry. If, however, the missing data do share even one characteristic, whether it be country, disease focus or type of intervention, then we can conclude that the data is not missing at random and that the Fund’s Phase I correlation to Phase II funding cannot be robust – regardless of conclusion. Additionally, and not incidentally, if the Fund has not disclosed the missing data proactively, the Fund’s commitment to transparency is not as unimpeachable as it has claimed.²⁸⁰

²⁸⁰ Global Fund, ‘Grant Portfolio.’

I will draw on statistics for guidance but given the volume of missing data, I do not attempt to impute the missing data using STATA or a similar programme to determine the mean of available data as a proxy. For a detailed discussion of missing data in statistical analysis, see: Donald B Rubin *et al.*, *Statistical analysis with missing data*, 2nd ed. (New York: Wiley, 2002).

Given the Fund's contention that it would be objective about country context if performance questions arose, the data analyses will also pay attention to the ways in which the Fund dealt with grants that confronted challenges, either because of their own fragile environments or other factors arguably exogenous to the grant itself. If, for instance, the empirical data show that all performance factors being equal, the Fund responded more stringently to implementation challenges in more stable environments than fragile ones, we can conclude other factors influenced the Board's decisions beyond a grant's performance against its own targets (which likely were less ambitious in fragile states given the inherent implementation challenges, as the Fund grant initial application permitted). If the data reveal the Fund proved equally strict in its funding decisions without regard to specific grant challenges, the Fund will have demonstrated notable discipline in practice to the principle of performance-based funding.

Governance-Related Propositions

At the Fund's beginning, the *what* of Global Fund's identity was arguably as celebrated, if not more so, than the *how* it would conduct its work. Chapter Six pivots from testing propositions focused on the how to those focused on the what. As described in Chapter One, the Fund was envisioned as a purely financing mechanism and one that would be lean, nimble and demand-driven. It would have only the Board, management and staff required to oversee the selection and financing of its grants. No more, no less. And, the initial reasoning went, because it would exist in an interstitial space between a NGO and a formal international organisation with a narrowly rendered charter focused on financing, it would also not get entangled within the great power politics characteristic of traditional organisations nor in the more quotidian politics of different global health institutions' turf battles around

programmatic oversight. The Board's balance of power structure along with implementing countries 'owning' grant application and implementation was assumed to further ensure the Fund's independence and contribution to strengthening recipient countries' own capacities.²⁸¹

Three governance-related assertions stand out as needing to be tested to prove whether the Fund's experience matched its founders' expectations. The first is whether the Fund achieved equal Board participation by donors and implementers. The second is whether the Fund developed an in-country, or proxy in-country, presence or rather sustained a lean and nimble management based only in Geneva. This contains many component commitments that are interrelated, including the persistence of a small non-technical Secretariat staff and remaining a financing institution only. It also is the corollary to the third contention elaborated below, that implementing countries, not the Fund Secretariat (nor donors), would 'own' the grant process.

The first governance contention that needs testing is whether donors and implementing countries had equal influence on the Board. The evidence to assess this particular aim of the founders is challenging to piece together. The Board Reports almost never attribute comments to individual Board Members or their delegations. While I examine all Board documents in the public domain, I also look at information access as a proxy for Board engagement (at least probable Board engagement) through a variety of sources, including: data around Board attendance and what other sources reveal about the ways in which various Member countries engaged with the Fund, on and beyond the Board. Understanding participation is important to understanding Board Members' access to information. If donors had access to more

²⁸¹ Clinton, pp. 68-69.

or higher quality information consistently than implementers, this likely enhanced their relative influence.²⁸²

From Board attendance records, one can extrapolate a sense of whether institutional knowledge developed or did not within various delegations. If donor constituency representation changed less frequently over the first decade than implementing countries', we can surmise that, in general, donors had a deeper knowledge from which to engage and to influence Fund debates. Public positioning by Member countries outside the Board meetings provided another possible conduit of influence. As mentioned in Chapter Two, in late 2008, the U.S. started publishing its views on all specific Board decisions. If the U.S. was alone in that effort, even among donors, such public positioning very well might have increased its influence at the Fund and we will then have to surmise whether these apparent advantages translated into an ability to more effectively advance its interests at the Fund. If yes, the equal voting share between blocs and the one-delegation-one-vote paradigm will not have proved as democratic in function as in form. If no, then the Fund will have confounded the sceptics who predicted the Fund like its global health predecessors would not be able to escape realpolitik.²⁸³

Next, I examine how the Global Fund's initial principles manifested 'on the ground' in the 151 countries in which the Fund financed grants in its first decade. Did the Secretariat open offices in implementing countries or even regionally? Did the Global Fund Secretariat look to play an increasing role in country-coordinating mechanisms' (CCMs) governance or principal recipient selection? If, for example, we find that the Fund did not maintain a lean structure, growing into a more

²⁸² For a discussion on how access to information can maintain or even increase donors' control over programmes predicated on 'ownership,' see: Alastair Fraser, 'Poverty Reduction Strategy Papers: Now Who Calls the Shots?' *Review of African Political Economy*, (2005) No. 104 (5), pp. 317-340.

²⁸³ Clinton, pp. 90-93.

conventional bureaucracy with an in-country presence, we might conclude that what was conceived as a financing instrument over time acquired many of the attributes conventional to international organisations in which the managing of different interests (including its own) led to more people and more oversight on the ground. If, however, the opposite emerges: that the Fund staff only grew as early consultants rotated off, as its grant portfolio grew and that growth occurred in Geneva, then the Fund would have at least remained a financing mechanism primarily and decidedly not an in-country institution. Regardless, this thesis will have occasion to analyse the implications of such an arrangement.

The Fund's founders expected that implementing partners – recipient governments, NGOs and affected communities (e.g., people living with HIV/AIDS) – would help set the agenda at the Board and drive the work of Fund grants through CCMs. The Fund's creators envisioned that for the first time in the history of development assistance, recipient countries would have decision-making authority equal to donor countries and foundations in Geneva and relatively more authority at home.²⁸⁴ All levels of the Global Fund, but particularly the CCMs, were expected to include a dynamic complement of partners, based on each country's evolving needs and health prerogatives.

Comprising CCMs would be technicians, governments, NGOs, private companies, foundations, individuals representing communities affected by the Global Fund's constituent diseases and, occasionally, donors – but donors would be only one voice among many around the proverbial CCM table. The Global Fund may have been born with a narrow focus, but it was expected to be an inclusive forum and organisation, with donors expected to support that inclusion, even if it meant diluting

²⁸⁴ Clinton, pp. 68-100.

their own influence. This thesis will explore the CCM compositions that in practice emerged and will also look at the technical assistance CCMs received. This empirical work will help probe whether implementing countries drove the process and the substance of grants or not, illuminating who in actuality ‘owned’ a CCM or Fund grant.

Discussion of data sources and uses

For the above analyses, I will draw on a variety of data sources, including different multilateral, bilateral and foundation databases. Throughout this thesis, I rely on publicly available sources, in large part because what data, the quality of the data and the timing of the data being published all bear on the questions this thesis asks.²⁸⁵ Important resources from the Global Fund include: all Board and Board committee documents from 2002 – May 2012, including Meeting Reports, Executive Director Reports, Board Retreat Reports, Decision Point Memos, Operations Updates, Portfolio Updates; Annual Reports; Secretariat reports on CCMs and performance-based funding, among other topics; all individual grant agreements; CCM pages on the Global Fund site; raw Global Fund grant portfolio spreadsheets, the Five-Year Evaluation and the High-Level Panel report. Additional key data sources include: raw data from both the Development Assistance Committee (DAC Statistics) database and the activity-specific Creditor Reporting System (CRS), each as reported to the Organization of Economic Cooperation and Development (OECD); PEPFAR reports to the U.S. Congress, PEPFAR’s reports on its relationship to the Global Fund,

²⁸⁵ Another reason I rely only on publicly available data is to pre-empt even the appearance of any potential conflicts of interest with my other professional work through the Clinton Foundation and related entities. In disclosure: 1) the Clinton Health Access Initiative (CHAI) currently is collaborating with IHME on a project in Zambia, something I did not know until I read it on the IHME website (<http://www.healthmetricsandevaluation.org/research/collaborator/clinton-health-access-initiative>); 2) CHAI currently serves on or has served on the CCMs in Malawi, Kenya, Swaziland, China, and possibly others, none of which I knew until I read through the individual CCM pages on the Global Fund website that appeared by mid-2013 and 3) CHAI helped negotiate the lower malaria medicines prices through the AMFm housed at the Global Fund, something of which I was aware.

PEPFAR's responses to Global Fund Board Decision Points from 2008-May 2012, IOM's 2013 audit of PEPFAR, reports by the U.S. GAO and Congressional Research Service on the Global Fund; WHO's National Health Accounts database; the Bill & Melinda Gates Foundation Annual Reports; audited financial data from GAVI Alliance's Annual Reports, among other sources. Given the importance of the Global Fund datasets and the OECD/DAC and CRS databases to the analytics of this thesis, both are given disproportionate attention in this discussion. The strengths and weaknesses of other data sets and sources will be discussed in the relevant analytical context as necessary.

Global Fund data

For donor pledges and contributions, the Fund provides data in downloadable spreadsheets by donor across a few dimensions: amount pledged by year, amount contributed by year and amount not yet paid by year. It continually updated these spreadsheets, generally about once a month, with data sometimes lagging up to three months. For a cleaner view of the Fund's first decade and to ameliorate the time lag challenge, I use a data set of Fund donors downloaded April 30, 2012.²⁸⁶

In contrast to the consistent methodology the Fund employed around donor reporting, it experimented, at least over 2011 – 2012, with a variety of different approaches to its grant portfolio data online. These have included different search functionalities, enabling different search terms and different presentations in excel. At least as of late 2011, the Fund provided access to raw data files of individual grants with a significant identifying information (theoretically), including country, Local Fund Agent, Funding Round, grant component (i.e., HIV/AIDS, TB, Malaria or Health Systems Strengthening), approved total grant dollar amount, Phase II approval

²⁸⁶ For the most recent snapshot, visit: <http://www.theglobalfund.org/en/donors/> and download the Pledges and Contributions excel spreadsheet. The Fund does not maintain a historical archive of past Pledges and Contributions snapshots.

data, signature date, start date, end date and other data fields. The unified file of raw grant data, however, contains absolutely no performance level data, not even the most recent performance rating, or for completed grants, their final performance rating. That information is discoverable only by downloading the resulting data from using the Global Fund's advanced portfolio search function and selecting all possible fields, including all rounds, all total signed amount options, all total disbursed amount options, all grantee countries and all performance rating options. Additionally, whereas the pledges and contributions spreadsheet always shows the date of the most recent update, the raw grant excel spreadsheet and the resulting spreadsheets from any advanced search functions do not. It is impossible to combine with any degree of confidence the dataset with the raw grant data.

Similarly, as of January 2013 at least, it was impossible to match CCMs at a given point in time to grant performance data given there were only three sources for CCM composition reliably available: original grant applications, performance reports submitted along with Phase II applications and the individual country's websites with the current CCMs listed. I am using a raw grant data spreadsheet I downloaded into Excel on April 30, 2012 and a series of advanced search spreadsheets I downloaded between April 30, 2012 and May 16, 2012.²⁸⁷ I am using CCM data compiled from reading each individual grant agreement throughout 2012 and each country website in January 2013. This is the data I later manipulated, depending on analysis, in Excel.²⁸⁸ As of January 2013, the Fund had not made available a single list of grants denied Phase II, not in its grant portfolio downloads, Board documents, Annual Reports or even the appendices to the High-Level Panel's final report. Interestingly, it did

²⁸⁷ For the most recent raw grant data or to conduct a grant portfolio search, visit: <http://portfolio.theglobalfund.org/en/Home/Index>. The Global Fund does not maintain an archive of its past portfolios.

²⁸⁸ While I also put all of the data into Stata, a programme useful in running different regression analyses on large data sets, I did not use any of the resulting analytics in this thesis.

provide such a list to the Congressional Research Service for a 2011 report to the U.S. Congress, the only such example I could find;²⁸⁹ I compiled my own list that will be discussed in Chapter Five.

The May 2012 grant portfolio file contains both multiple data gaps and data duplications. The grant portfolio file is supposed to provide a full picture of the Fund's grant history, including: grants' regions, countries, disease component or focus, current phase, progress indicators, most recent results against those indicators and the most recent performance rating resulting from a grants progress or lack thereof (A1, A2, B1, B2, C). Yet, almost 25% of all grants lacked a performance rating. Close to 40% of Phase I grants, 15% of Phase II grants and more than 10% of RCC grants are listed with a performance rating of N/A.²⁹⁰ Additionally, while the Fund treated RCC grants as a continuation of the original grants, there is no ability in the portfolio to link RCC grants to their predecessor Phase II or Phase I iterations.

Even more troubling than the missing 40% of performance ratings, the portfolio is missing a significant number of grants. In the May 2012 portfolio download, there were 522 distinct grant entries. This was barely more than 50% of what we would expect given Kazatchkine's reporting to the Board in March 2011 that the Fund had disbursed funds to 890 grants from 2002 to the end of March 2011 and Jaramillo's statement 14 months later that the Fund had disbursed funds to its 1050th

²⁸⁹ Tiaji Salaam-Blyther, 'The Global Fund to Fight AIDS, Tuberculosis and Malaria: Issues for Congress and U.S. Contributions from FY2011 to the FY2012 Request,' Congressional Research Service, p. 27 (2011 [cited 6 January 2012]); available <https://www.hsdl.org/?view&did=682301>

²⁹⁰ Global Fund, 'Grants in detail (XLS)' download. (Cited 16 May 2012), author's own calculations using sum, countif and sumproduct functions to determine the % of grant ratings bands. I also had to remove significant duplication to perform the necessary calculations as the majority of grants contained multiple indicators and performance against those indicators but the overall rating was the same for the grant regardless of indicator, e.g., grant AFG-405-G02-T was fairly typical. It was listed 11 times for the same phase (II), the same period (14th) and the same rating (A2) with only the specific indicators or targets changed for each entry. THA-H-DDC, a Round 9 Thailand TB grant, was listed in Phase I with a N/A rating across 55 individual entries.

grant.^{291,292} Presuming some portion of Jaramillo's aggregate number would not yet have received their first performance ratings, we would still expect to see well north of 900 grants in the database, particularly as the Fund does not remove grants that have been closed or terminated.

Another puzzle in the data are the grants approved for Phase II funding but listed as having \$0 Phase II disbursements, despite no evidence of a Board decision to suspend funding. As of October 2012, comparing the individual grant webpages to the aggregate portfolio download, 10 grants emerge in this intersection, including four Round 1 Zambian grants (two targeting HIV/AIDs, one Malaria and one TB), a Round 2 Romania TB grant, a Round 2 Guinea Malaria grant, a Round 3 HIV/AIDS Yemen grant, a Round 6 TB DRC grant, a Round 8 Ecuador Malaria grant and a Round 8 Malaria grant. All are listed as receiving Phase II funding, either with a Go or Conditional Go decision and only the Guinea Round 2 grant's last rating is a C. What happened in these grants – why there are budgets but no disbursements, why some have more recent ratings but no disbursements and why others lack both ratings and disbursements, is unknowable given current data.²⁹³

The lack of easily accessible and comparable data hinders legitimate inquiries from scholars, journalists and others about the Fund's portfolio as well as efforts by resource-constrained countries with Fund grants to understand how at any given point in time their grants compare to other countries'. It also calls into question one of the Fund's guiding principles and something for which it received credit in the World Bank's 2012 evaluation as elsewhere: a commitment to operate in a transparent

²⁹¹ Global Fund, 'Report of the Executive Director,' Twenty-Third Board Meeting, p. 18.

²⁹² The Global Fund, 'Report of the General Manager,' Twenty-Sixth Board Meeting, Geneva, 10-11 May 2012, p. 14.

²⁹³ Author's own calculation based on complete survey of all grant-level performance data available on the Global Fund website (<http://portfolio.theglobalfund.org/en/Search/Index>), completed 30 October 2012.

manner. Although the Bank's report found the Global Fund 'to be the most transparent' of its partners it had recently reviewed, the incompleteness of the data challenges this assessment.²⁹⁴

This thesis is not the first work to identify these data gaps. It is surprising, however, that such gaps were not more of an issue in the Fund's first decade for even casual observers of the Fund, much less for implementing countries, scholars or Aidspace, though Rivers periodically called out the difficulty of assembling a list of grants that had not received Phase II or had been terminated.²⁹⁵ In the GAO's 2005 report, it noted that the Fund's files provided little explanation of how it made decisions to approve particular grant disbursements or grant renewals, in part because it offered no visibility into the Secretariat's assessment of grant performance or the quality of data provided by recipients.²⁹⁶ While the GAO found in its 2007 review that this problem has been adequately dealt with, the Five-Year Evaluation reached a far different conclusion. It determined that the 'factors affecting grant scorecards' scores [were] not always obvious' and that often grants with similar performance on specific indicators would be given different aggregate scores, often with no accompanying indicator-level data to explain the apparent discrepancies. The Five-Year Evaluation ultimately asserted it could not 'conclude on the validity' of various performance scores, in part because of the inconsistency and incompleteness of various data.²⁹⁷ It also said that for the evaluation group to even use the scorecard data for 'simple analysis,' 'significant re-working' was required.²⁹⁸ In early 2013, it remained clear that if the Secretariat had done this work, it had not been made

²⁹⁴ World Bank/IEG, p. 8.

²⁹⁵ See Bernard Rivers, 'Is the Global Fund Living Up to Its Principles?' GFO, Issue 127, 24 June 2010.

²⁹⁶ As one example: GAO, 'The Global Fund to Fight AIDS, TB and Malaria Is Responding to Challenges but Needs Better Information and Documentation for Performance-Based Funding.'

²⁹⁷ Macro International, SA1, pp. 88-89.

²⁹⁸ Macro International, SA2, pp.17-18.

available outside the Fund. The challenges the Fund's grant-level data present to individual analyses important to this thesis will be further discussed in Chapter Five, as will the analytics themselves and what we can infer from the data and information gaps about the Secretariat itself and its relationship to the Fund's Board.

DAH data

At an aggregate level, the OECD's DAC Statistics and CRS databases provide access to raw data on aid and other resource flows to developing countries, based on self-reporting to OECD/DAC by OECD member states (including bilateral aid agencies such as DFID), multilateral organisations (including the Global Fund) and other donors, both non-OECD governments (such as Saudi Arabia) as well as private foundations (notably the Gates Foundation as of 2009).²⁹⁹ The OECD defines 'aid' broadly, encompassing projects, programmes, cash transfers, research, debt relief, direct budgetary support to governments, contributions to NGOs and other qualifying activities financed by donors flowing to the more than 180 DAC recognised recipients, including more than 140 countries and various territories. The data in both the DAC and CRS systems incorporate ODA and other official flows (OOF)³⁰⁰ while the DAC, but not CRS, also includes private funding, including foreign direct investment, bank and non-bank flows, within a given reporting country context.³⁰¹ The DAC Statistics and CRS databases update quarterly although the OECD/DAC cautions that a two-

²⁹⁹ As of June 2012, there were 24 OECD members: Australia, Austria, Belgium, Canada, Denmark, European Union, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States. Korea, which joined in 2010 and the only new member since the Global Fund's inception, according to OECD/DAC has long submitted aid information to DAC and CRS.

Although OECD hosts the DAC and CRS databases, OECD and the World Bank jointly support both systems and related OECD/DAC reports.

³⁰⁰ OECD defines OOF as 'transactions by the official sector with countries on the List of Aid Recipients which do not meet the conditions for eligibility as Official Development Assistance or Official Aid, either because they are not primarily aimed at development or because they have a grant element of less than 25 per cent.' OECD, 'Glossary of Statistical Terms,' (last updated 24 May 2002 [cited 31 October 2012]); available <http://stats.oecd.org/glossary/detail.asp?ID=1954>

³⁰¹ OECD, 'Aid statistics and databases: All about numbers, who spends what where?' (2012 [cited 27 June 2012]); available <http://www.oecd.org/dac/aidstatistics/aidstatisticsanddatabasesallaboutnumbers-whospendswhatwhere.htm>

year lag exists between when it considers data robust and reliable and the corresponding reported year; for example, the OECD/DAC released its most recent published report on total development assistance for health (DAH) in December 2011 covering DAH through 2009.³⁰²

The DAC Statistics and CRS databases include both donor commitment and disbursement data. As donors self-report to OECD/DAC, the data represent aid commitments and disbursements only from the donor's perspective, not inflows from the recipients' perspective.³⁰³ In OECD nomenclature, commitments – what the Fund refers to as pledges – reflect the 'face value of the activity at the date a grant or a loan agreement is signed with the recipient,' irrespective of when an actual disbursement is made against a committed grant or loan, whereas disbursements are 'the placement of resources at the disposal of a recipient country or agency,' recognizing that the commitment to disbursement time can vary widely, possibly taking years.³⁰⁴ Both reflect reported resource flows on a cash basis, in constant 2010 prices (as of this writing) to accommodate inflation-adjusted amounts as well as nominal or current prices at the time of the reported commitment or disbursement.³⁰⁵

Only the CRS database provides sector and sub-sector level data broken out by bilateral, multilateral and private sources – although only the Gates Foundation is

³⁰² As of December 2012. OECD/DAC, 'Aid to Health,' (December 2011 [cited 24 May 2012]); available www.oecd.org/dac/stats/health

³⁰³ The DAC list of ODA recipients incorporates all least developed countries as defined by the UN as well as low-income middle-income countries as defined by the World Bank. Not included are G8 members, EU members and countries with a set date for entry into the EU. Countries can be and are (rarely) both donors and recipients. For example, Russia and Thailand have donated to the Fund and received Fund grants (in amounts far in excess of their donations). OECD, 'DAC List of ODA Recipients,' (approved October 2011 [cited 29 October 2012]); available <http://www.oecd.org/dac/aidstatistics/daclistofodarecipients.htm>

³⁰⁴ OECD, 'User's Guide to the Creditor Reporting System (CRS) Aid Activities Database,' (2012 [cited 24 April 2012]); available <http://www.oecd.org/dac/aidstatistics/usersguidetothecreditorreportingsystemcrsaidactivitiesdatabase.htm>

³⁰⁵ OECD, 'International Development Statistics (IDS) online databases on aid and other resource flows,' (2012 [cited 29 October 2012]); available <http://www.oecd.org/development/aidstatistics/internationaldevelopmentstatisticsidsonlinedatabasesonaidandotherresourceflows.htm>

represented in the last category. In contrast, the DAC Statistics database does not contain such granular categories, although it does contain certain disaggregated data around humanitarian assistance and scholarship support to students in and from DAC recipient list members, none of which is useful to this thesis. Using the CRS databases, analysts can segregate the data along a variety of dimensions, including: donor type, bilaterals, multilaterals and private foundations; recipient geography or country; and by target sector- or sub-sector. As an example for the data CRS collects, and one this thesis will use: ‘Population Policies/ Programmes and Reproductive Health’ and, within that broader category, ‘HIV/AIDS.’³⁰⁶

Another key difference between the CRS and DAC datasets is that the CRS includes only data reported from bilaterals or private foundations to developing country governments, to specific multilateral programming in developing countries and to NGOs/private foundations working in developing countries; it does not include bilateral contributions to the regular budgets of multilateral institutions.³⁰⁷ Although the CRS collects data from OECD/DAC member countries and non-OECD/DAC members, both bilaterals and multilaterals, the non-OECD/DAC bilateral participation is limited. For example, a query of the CRS dataset for total ODA for ‘basic health’ and ‘health, general,’ excluding population health and therefore also HIV/AIDS flows, reveals only two non-OECD/DAC donors, Kuwait and the United Arab Emirates, submitted relevant data through 2011.³⁰⁸

³⁰⁶ OECD, ‘User’s Guide to the Creditor Reporting System (CRS) Aid Activities Database.’

³⁰⁷ For example, CRS would include a USAID contribution to the WHO’s Roll Back Malaria programme in Mozambique but not the U.S.’s contribution to WHO’s normal operating budget, even the pro-rata portion that supported RBM’s administrative budget.

OECD/DAC, ‘DAC Statistical Reporting Directives,’ (12 November 2010 [cited 2 May 2012]), p. 48; available <http://www.oecd.org/dac/aidstatistics/38429349.pdf>

OECD/DAC, ‘Reporting Directives for the Creditor Reporting System,’ (4 September 2007 [cited 2 May 2012]), pp. 6-11; available <http://www.oecd.org/development/aidstatistics/1948102.pdf>

³⁰⁸ OECD.StatExtracts, query of Recipient: Developing Countries Total; Sector: 120 Health, Total [Excludes population health and hence HIV/AIDS]; Flow: ODA; Channel: 100 All Channels; Flow

The OECD encourages any analyst using the historical CRS database to first understand the ‘coverage ratio’ to assess the completeness of CRS data. The ‘coverage ratio’ compares, by DAC donor and aggregated across all DAC donors, the germane CRS commitment or CRS disbursement data to the corresponding aggregate DAC commitment and disbursement data; the higher the coverage ratio, the closer it is to 1, or 100%, the more comprehensive the CRS data is an individual DAC donor or all DAC donors.³⁰⁹ With respect to health, the OECD estimates coverage ratios of 75-80% in the 1990s, over 90% starting in 1999 and, as of 2003, close to 100%.³¹⁰ The CRS online system only includes commitment data from 1995 onward and disbursement data from 2002 onward and, as such, historical analysis using the CRS system proves infeasible.³¹¹ In general, for most DAC members, commitments have higher coverage ratios than disbursements.³¹² This is not surprising, initial reporting (commitments) is likely easier than follow-up reporting (disbursements), particularly for multi-year grants.

With regard to the OECD databases’ treatment of the Gates Foundation – the world’s largest private foundation, the largest private contributor to global health programmes and, after the Global Fund and the U.S. government, the third largest international donor to health starting in 2009 – the DAC Statistics database brackets its commitments and disbursements under ‘net private grants’ from the U.S.; the CRS

Type: Commitments / Disbursements [Ran both]; Type of aid: 100 All types, Total; Years: 2002-2011. Query performed: 8 September 2012: <http://stats.oecd.org/Index.aspx?datasetcode=CRS1>

³⁰⁹ OECD/DAC, ‘DAC Statistical Reporting Directives, 2010. p. 74.

³¹⁰ OECD, ‘Aid to Health,’ (2012 [cited 30 October 2012]); available <http://www.oecd.org/development/aidstatistics/aidtohealth.htm>.

³¹¹ AidData, ‘AidData’s User’s Guide Version 2.0,’ (17 November 2011 [cited 26 June 2012]), pp. 8-9; available

http://www.aiddata.org/weceem_uploads/ROOT/File/User%20guide/AidData%20User's%20Guide%2011-16-11.pdf. AidData is a partnership between the College of William & Mary, Brigham Young University and Development Gateway, now an independent NGO but part of the World Bank when founded in 2000.

³¹² Karen Grépin, *et al.*, ‘How to do (or not to do)...Tracking data on development assistance for health,’ *Health Policy Planning*, (2012) vol. 27, no. 6, p. 533.

database gives the Gates Foundation a dedicated line. However, only Gates Foundation disbursements, including for global health, are reflected in the CRS database; searching for global health commitments over time, including 2009 onward, the Gates Foundation line is blank.³¹³

Additionally, the Gates Foundation did not publish annual reports prior to 1998, despite its predecessor institution making its inaugural grant disbursements in 1994.³¹⁴ None of the Gates Foundation's *Annual Reports*, 1998-2011, contain aggregated 'commitment' or new grant data. In September 2010, the Gates Foundation released its most-recent 'Global Health Strategy Overview' and disclosed for the first time a consolidated view of its global health commitments and disbursements by year from 1994 – 2009.³¹⁵ The 2010 and 2011 Gates Foundation *Annual Reports* contain aggregate disbursements related to global health for each year, respectively.³¹⁶ To supplement the data Gates supplies to OECD/ DAC, when appropriate, I have added in the historical information from the 2010 Strategy document, relevant *Annual Reports* and data aggregated from multiple searches on the Gates Foundation website of new global health grants awarded in 2010 and 2011.³¹⁷

³¹³ Kimberly Smith, OECD Development Co-operation Directorate, 'Statistical Reporting by the Bill & Melinda Gates Foundation to the OECD/DAC: Aid to Health Data Now Includes World's Largest Private Foundation,' (April 2011 [cited 8 July 2012]); available <http://www.oecd.org/dac/47539494.pdf> OECD, CRS database search, 17 August 2012.

³¹⁴ In 1994, Bill and Melinda Gates formed the William H. Gates Foundation, named after and headed by Bill Gates' father. 1998 saw the first significant global health grant in the Foundation's \$100 million vaccines commitment. In 2000, the Bill & Melinda Gates Foundation formed, absorbing the William H. Gates Foundation and the Gates Learning Foundation. Bill & Melinda Gates Foundation, 'Foundation Timeline,' (2012 [cited 1 November 2012]); available <http://www.gatesfoundation.org/about/Pages/foundation-timeline.aspx>

³¹⁵ The Bill & Melinda Gates Foundation, 'Global Health Strategy Overview,' (September 2010 [cited 16 August 2012]), p.2; available <http://www.gatesfoundation.org/global-health/Documents/global-health-strategy-overview.pdf>

³¹⁶ The Bill & Melinda Gates Foundation, *Annual Report 2010 & Annual Report 2011*, [cited 26 June 2012]; available <http://www.gatesfoundation.org/annualreport/Pages/annual-reports.aspx>

³¹⁷ Bill & Melinda Gates Foundation, Grant Search/ Search Past Grants function. Search of 'Global Health' & '2010' & '2011' yielded 610 results, including 152 grants targeting HIV/AIDS, TB and malaria across both years. Search performed 25 October 2012: <http://www.gatesfoundation.org/grants/Pages/search.aspx>

As Grépin et al. note in their 2012 *Health Policy and Planning* article ‘How to do (or not to do) ... Tracking data on development assistance for health,’ the DAC Statistics and CRS databases are the most commonly used sources of information on DAH for scholars. Grépin et al. also describe the limitations of the DAC Statistics and CRS datasets, including, as mentioned earlier: the lack of robust historical data in CRS database, the paucity of non-DAC member bilateral data in either the CRS or DAC Statistics databases and the predominate reliance of each on bilateral data juxtaposed to the limited data provided by certain global health initiatives, NGOs and foundations.³¹⁸

From their first years, UNAIDS and the Global Fund, respectively, reported commitment and disbursement data to OECD/DAC for the CRS database. Although CRS lines exist for GAVI, the United Nations Population Fund (UNFPA), UNDP and WHO, none of the UN agencies (UNAIDS is not technically a UN agency) charged with delivering health aid and technical assistance report commitment or disbursement data consistent with CRS requirements.³¹⁹ This is not a new challenge. In 2007, twenty-eight bilateral and multilateral agencies with health in their mandates reported to OECD/DAC for CRS inclusion; fifteen of those were active in at least 43 of 145 countries on the DAC recipient country list that year. UNFPA, WHO and UNDP were absent, a weakness in the CRS data not yet ameliorated in 2012.³²⁰ All of the above were, however, included in the ODA data reported to OECD/DAC by at

³¹⁸ Grépin, *et al.*, p. 528.

³¹⁹ OECD.StatExtracts. Queries performed on CRS and DAC Statistics 25-26 June 2012 and 28 September 2012: <http://stats.oecd.org/Index.aspx?datasetcode=CRS1>

³²⁰ Christopher Lane & Amanda Glassman, ‘Bigger And Better? Scaling Up and Innovation in Health Aid,’ *Health Affairs*, (2007) vol. 26, no. 4, p. 943.

least some bilateral donors for computing their aggregate aid data, including to multilaterals.³²¹

In discussing possible alternatives to using DAC Statistics and CRS databases for understanding DAH, not including specific sub-sector (e.g., HIV/AIDS resource flows) or specific-donor or multilateral tracking mechanisms (e.g., Global Fund's database), Grépin et al. offer two options: the AidData/PLAID dataset and the Institute for Health Metrics and Evaluation (IHME) DAH databases. The AidData dataset builds on the CRS database, complementing CRS data with data from selected non-OECD/DAC bilateral donors, multilaterals, inter-governmental organisations and PPPs, additions that Grépin et al. cite as major advantages over CRS;³²² however, it does not include NGOs.³²³ As Grépin et al. recognise, in encompassing data from such diverse sources, the likelihood of standardization decreases and the possibility of double counting increases; one of the advantages of the DAC Statistics and CRS databases is their comparability within a given year and across time given the standardised ways in which donors report.³²⁴ Another drawback to AidData's approach, as Grépin et al. note and AidData itself acknowledges, is that it largely focuses on commitments, not disbursements.³²⁵

It is crucial to map both donor pledges (what CRS calls commitments), and donor contributions (what CRS calls disbursements) to the Global Fund; as discussed above, often analyses of aid flows only incorporate donor pledges. That narrow view can lead to conclusions that are misleading about the fundraising ability, financial

³²¹ OECD/DAC, 'DAC Statistical Reporting Directives,' (12 November 2010, [cited 25 October 2012]) pp. 55-56; available <http://www.oecd.org/development/aidstatistics/internationaldevelopmentstatisticsidsonlinedatabasesonaidandotherresourceflows.htm>

³²² Grépin, *et al.*, p. 528.

³²³ AidData, 'Data Sources and Coverage,' (2012 [cited 18 September 2012]); available <http://www.aiddata.org/content/index/user-guide/Sources-and-Coverage>

³²⁴ OECD, 'DAC Statistical Reporting Directives,' p. 4.

³²⁵ *Ibid*, Grépin, *et al.*, p. 529.

resources and health of an organisation. Only by understanding first the true levels of donor pledges and contributions and then evaluating the gap between the two can we assess an organisation's – like the Fund's – fundraising acumen.

As an illustration of how such analyses still remained uncustomary in 2012: when searching AidData in late October 2012, there was no option to filter by 'commitments' (or 'pledges') against 'disbursements' (or 'contributions'). Data searches yield only results under 'commitments,' and only by selecting on individual commitments is disbursement data possibly, though rarely, available. An exploratory query on AidData of all health-related activity across all donors and recipients from 2001-2011 generated 2856 project results, corresponding to 1802 discrete financial flows. Clicking on more than two-dozen entries across donors, recipients, commitment size and year of the initial grant produced uneven results with respect to the presence or absence of disbursement data. The Global Fund 'commitments' (what it calls pledges) almost always, though not always, contained disbursement (or contribution) data, the World Bank commitments rarely contained disbursement data and the record for other entities was mixed. Interestingly, the single largest DAH addition to the CRS dataset in AidData is Global Fund data.³²⁶

The inability to search by or to segregate pledge/commitment and contribution/disbursement data prevents comparing the effectiveness of one organisation in converting donor pledges into contributions to another, contemporaneously or historically. An additional significant hurdle in using the AidData dataset is its lack of ease in using the data once queried online. AidData

³²⁶ AidData, query of Donors: all; Recipients: all; Purpose: all; Activity: health, all selected; Other Parameters: 2001-2011. Performed 29 October 2012: <http://www.aiddata.org/content/index/data-search#f65ebfa93dcd9fdb369102afb1068b4f>

does not provide the functionality to export to Excel nor does it enable a consolidated frame view on its website of data from a single query of any significant size.³²⁷

The IHME databases, the other alternative to DAC Statistics and CRS databases Grépin et al. suggest, similarly takes the CRS database as its foundation, augmented with data from bilaterals, multilaterals and, unlike AidData, NGOs and foundations. Like AidData, IHME draws its information directly from donor websites, online databases and Annual Reports. Unlike AidData, IHME contains no commitment information, focusing solely on disbursement data. As Grépin et al. point out, IHME has worked to eliminate double counting and to ameliorate the delay in reporting DAH by generating forecasts, or estimates, to more accurately reflect donors' most likely recent disbursements; IHME also employs statistical models to generate best-guess inputs to fill in missing data. Clearly, neither is as reliable as actual disbursement information though often the 'missing data' is significant, emphasising why IHME relies on estimates to compensate for identifiably absent data; for example, IHME identified a 30% gap in the U.S.'s reporting to OECD/ DAC in 2007 in the field 'channel of delivery,' equating to \$1.8 billion in 2007 dollars.³²⁸

One criticism of IHME that Grépin et al. repeat centres on its incongruously conspicuous efforts to include US-based NGOs and foundations and not non-US based NGOs and foundations.³²⁹ IHME relies largely on the Foundation Center on U.S. Foundations to provide that specific data, supplementing it with data directly drawn from major global health funders, such as the Gates Foundation.³³⁰ It is an

³²⁷ As of 30 October 2012.

³²⁸ Once made aware of this gap, the U.S. provided the complete data to OECD/ DAC. aidinfo, 'Case Study 3 – A research institute – Institute for Health Metrics and Evaluation,' (2010 [Cited 25 October 2012]), p. 2; available <http://www.aidinfo.org/wp-content/uploads/2010/01/Case-Study-3-IHME1.pdf>

³²⁹ Grépin, *et al.*, p. 530.

³³⁰ IHME, queries including 'global health dataset sources,' 'global health sources' and 'data sources.' Performed 30 October 2012. One example: http://www.healthmetricsandevaluation.org/site_search?text=global%20health%20data%20sources.

approach that constrains IHME's claim to incorporate private development flows broadly, although it incorporates far more private NGO and foundation financial flows than either DAC Statistics or CRS does. The Foundation Center on U.S. Foundations maintains a database of more than 100,000 foundations though it is not discoverable in its published materials or on its website how many of those have a primary or significant focus on global health.

Still, even with respect to the U.S.-based NGOs and foundations, IHME inevitably offers an incomplete picture, even with respect to disbursements, partly because of its reliance on the Foundation Center. The Foundation Center enables tracking of general trends in U.S. foundation giving – including through grants targeting global health – but does not facilitate tracking disbursements against a given commitment or even by recipient country, as two examples. Rather, it disaggregates disbursements by their point of origin within the U.S., for example grant disbursements originating from Midwest-based foundations in 2010.³³¹ These methodological challenges then also become IHME's insofar as IHME draws on the Foundation Center data rather than from foundations directly.

Given integration of relatively more data than previously discussed databases, the IHME databases arguably provide a more comprehensive view of DAH disbursements, at least since 1990, than the DAC Statistics, CRS or AidData. However, the usability of IHME faces a shared challenge with AidData: the inability to search, delineate and match comparable commitment/pledge to disbursement/contribution data. The absence of such functionality again presents a series of analytical challenges, among them the inability to compare one

³³¹ The Foundation Center's Statistical Information Service, 'Distribution of Grants by Subject Categories and Funders' Region, circa 2010,' is an illustrative example of the aggregate and searchable data the Center provides and what it does not provide, for example a breakout of 'HIV/AIDS,' 'TB,' 'malaria,' under its 'specific disease' category. Accessed 30 October 2012: http://foundationcenter.org/findfunders/statistics/pdf/04_fund_sub/2010/reg_sub_10.pdf

organisation's effectiveness in converting donor pledges into donor contributions to another's.

Grépin et al. ultimately conclude that while the CRS, AidData and IHME all are 'suitable for estimating trends in DAH,' no 'dataset is perfect.'³³² I agree. For the purposes of this thesis, I largely rely on the CRS database as it includes commitment and disbursement data over time. When necessary and appropriate, I complement the CRS database with data from GAVI, the Global Fund, the Gates Foundation and others.³³³ For example, no year in the CRS database contains the complete picture offered by the Global Fund Annual Reports or online grant database.³³⁴ The resulting synthesis provides the best answer for this work, although clearly not a perfect one. I do not add in PEPFAR, a significant part of the DAH picture in the last decade, as it is included in the CRS data. PEPFAR and the Fund together comprise more than 90% of donor funding to fight HIV/AIDS in the highest-burden and lowest-resource countries and as such the³³⁵ Additionally, other analysts who have recently performed detailed analyses on DAH similarly have relied on the CRS and DAC Statistics databases and not IHME or others.³³⁶ One other crucial advantage of the DAC Statistics and CRS datasets relative to possible alternatives discussed is the relative ease with which whole datasets or individual queries can be exported to excel, downloaded and then subsequently further queried and manipulated.

³³² Grépin *et al.*, p. 532.

³³³ The Gates Foundation data, as relevant, for years pre-2009 has to be manually added to downloaded CRS data from correlating years.

³³⁴ OECD.StatExtracts, Various queries of CRS and DAC Statistics database; performed 25-26 June 2012 and 28 September 2012. <http://stats.oecd.org/Index.aspx?datasetcode=CRS1> and The Global Fund, *Annual Reports 2002-2003 – 2011*.

³³⁵ AIDS 2012, XIX International AIDS Conference, 'The Global Fund and PEPFAR: Strategic Collaboration for Greater Integration,' webcast 22 July 2012; available <http://pag.aids2012.org/session.aspx?s=82>

³³⁶ As one example: Paolo Piva & Rebecca Dodd, 'Where did all the aid go? An in-depth analysis of increased health aid flows over the past 10 years.'

Most definitions of DAH encompass funding for recognised public health and health care activities, as well as population programmes, but do not incorporate activities that impact a given population's health, most notably water and sanitation programmes. Indeed, this is the definition OECD/DAC employ, Grépin et al. use in their 2012 *Health Policy and Planning* article and what Piva and Dodd use in their 2009 *World Health Organization Bulletin* article. Given the Global Fund's shift towards health systems strengthening in recent years and a growing emphasis on health system strengthening by bilateral and multilateral donors alike, I deliberated about whether to include the CRS codes corresponding to water supply and sanitation (CRS codes 14010-14081) in my definition and analyses related to aggregate DAH. Although water supply and sanitation are fundamental to well-functioning public health systems and Global Fund grantees increasingly apply for funds to focus on such broader public health efforts to bolster specific HIV/AIDS, TB or malaria interventions, the majority of data CRS captures in its water- and sanitation-related codes do not originate from health-oriented bilateral or multilateral donor programmes but rather infrastructure programmes. As such, I made the same choice analysts conventionally have made: to not include water supply and sanitation. Also following convention, I do not include medical assistance following natural disasters, internally displaced persons, refugee crises or other emergency situations.

Unlike OECD/DAC, the Gates Foundation does include water and sanitation in its global health definition. Although it is possible to exclude water and sanitation from new grant searches for pre-2009, 2010 and 2011, it is impossible to exclude water and sanitation from global health disbursements as disclosed in the Annual Reports or the 2010 Global Health Strategy document mentioned earlier. For more recent years, it is possible to separate out HIV/AIDS, TB and malaria, however, from

both Gates Foundation commitments and disbursements so I count those individual monies from Gates in my analyses of promised and actual resource flows to HIV/AIDS, TB and malaria programmes. The Gates Foundation grant database, however, does not contain any pre-2002 grants, nor do the pre-2002 Gates Foundation *Annual Reports* list individual grants, making it impossible to include Gates Foundation funding for HIV/AIDS, TB and malaria, versus its total contribution in a given year to ‘global health,’ in any pre-2002, pre-Global Fund, analyses.³³⁷

The definition of DAH I will use, unlike the Gates Foundation’s, aligns with OECD/DAC and customary use. It includes the following CRS codes:

CRS Code	Description	Additional notes on what is included
12110	Health policy and administrative management	Health sector policy, planning and programmes; aid to health ministries, public health administration; institution capacity building and advice; medical insurance programmes; unspecified health activities
12181	Medical education/ training	Medical education and training for tertiary level services.
12182	Medical research	General medical research (excluding basic health research).
12191	Medical services	Laboratories, specialised clinics and hospitals (including equipment and supplies); ambulances; dental services; mental health care; medical rehabilitation; control of non-infectious diseases; drug and substance abuse control [excluding narcotics traffic control (16063)]
12220	Basic health care	Basic and primary health care programmes; paramedical and nursing care programmes; supply of drugs, medicines and vaccines related to basic health care.
12230	Basic health infrastructure	District-level hospitals, clinics and dispensaries and related medical equipment; excluding specialised hospitals and clinics (12191).
12240	Basic nutrition	Direct feeding programmes (maternal feeding, breastfeeding and weaning foods, child feeding, school feeding); determination of micro-nutrient deficiencies; provision of vitamin A, iodine, iron etc.; monitoring of nutritional status; nutrition and food hygiene education; household food security.
12250	Infectious disease control	Immunisation; prevention and control of infectious and parasite diseases, except malaria (12262), tuberculosis (12263), HIV/AIDS and other STDs (13040).

³³⁷ Bill & Melinda Gates Foundation, query through ‘Grant Search: Search Past Grants,’ performed 25 October 2012: <http://www.gatesfoundation.org/grants/Pages/search.aspx>

12261	Health education	Information, education and training of the population for improving health knowledge and practices; public health and awareness campaigns.
12262	Malaria control	Prevention and control of malaria.
12263	Tuberculosis control	Immunisation, prevention and control of tuberculosis.
12281	Health personnel development	Training of health staff for basic health care services.
13010	Population policy and administrative management	Population/development policies; census work, vital registration; migration data; demographic research/analysis; reproductive health research; unspecified population activities.
13020	Reproductive health care	Promotion of reproductive health; prenatal and postnatal care including delivery; prevention and treatment of infertility; prevention and management of consequences of abortion; safe motherhood activities.
13030	Family planning	Family planning services including counselling; information, education and communication (IEC) activities; delivery of contraceptives; capacity building and training.
13040	STD control including HIV/AIDS	All activities related to sexually transmitted diseases and HIV/AIDS control e.g. information, education and communication; testing; prevention; treatment, care.
13081	Personnel development for population and reproductive health	Education and training of health staff for population and reproductive health care services.

Source: OECD/DAC³³⁸

Conclusion

This thesis asks three sets of questions and the data used to answer each has been carefully assembled from a variety of sources. The table below provides a summary of the individual propositions discussed above and what a positive, negative or inconclusive result would look like after testing each proposition and the required data and sources to make such conclusions.

³³⁸ OECD/DAC, 'The List of CRS Purpose Codes, taking effect in 2012 reporting on 2011 flows,' (2012 [cited 25 June 2012]); available <http://www.oecd.org/dac/aidstatistics/purposecodessectorclassification.htm>.

	Specific proposition being tested	What a positive outcome would look like, briefly	What a negative outcome would look like, briefly	What an inconclusive outcome would look like, briefly	Core Data Resources - <i>Specific source examples</i>
Fundraising-related	1. The Global Fund raised additional funding to fight HIV/AIDS, TB and malaria, meaning it did not divert resources from other efforts targeting HIV/AIDS, TB and malaria	If the actual aggregate DAH since 2001/ pre-2002 is greater with the GF monies included than 1) the ODA for health trajectory projected forward from its trendline in 2001 (first year Global Fund received pledges but last year before GF formally opened and received significant donor commitments) and 2) aggregate ODA for HIV/AIDS, TB and malaria	If the projected forward DAH trajectory from its trendline in 2001 hews closely to 1) actual aggregate DAH since the creation of the Global Fund, including commitments to the GF or if it hews closely to 2) actual aggregate ODA for HIV/AIDS, TB and malaria (including PEPFAR)	If the inclusion of PEPFAR skews the trendline significantly from 2003 forward (coincident with PEPFAR's creation) making post-2003 a non-equivalent comparison to pre-2002; or, if the comparison shows that commitments to Global Fund clearly provided a 'kick-start' to ODA targeting HIV/AIDS, TB and malaria but then after an initial bump, post-Global Fund ODA for HIV/AIDS, TB and malaria trendline reverted to pre-2002	OECD/DAC and CRS databases - <i>OECD/DAC</i> Global Fund audited and unaudited data (when necessary) around donor commitments - <i>Global Fund</i> PEPFAR financial data - <i>PEPFAR</i> Gates Foundation grant database and Gates Foundation Annual Reports - <i>Gates Foundation</i>
	2. The Global Fund marshalled resources more reliably, meaning it uniquely converted donor pledges or commitments into cash contributions or donor disbursements	If the percentage of donor disbursements to donor commitments is close to 100% or even greater than 80% (the ODA for health average for donor disbursements as a % of donor commitments)	If the percentage of donor disbursements to donor commitments is less than 80% consistently over time or even if less than 80% in multiple individual years	If the percentage of donor disbursements to donor commitments is greater than 84% but less than the correlating percentage for GAVI, another 'innovative' institution created in 2000. Relevant data for WHO and the World Bank is not publicly available	OECD/DAC and CRS databases - <i>OECD/DAC</i> GF audited and unaudited data (when necessary) around donor commitments - <i>Global Fund</i> GAVI data - <i>GAVI Alliance</i> WHO National Health Accounts data - <i>WHO</i>
	3. The Global Fund attracted significant funding from the private sector, 'innovative mechanisms' and non-traditional	If more than 10% of donor commitments and donor pledges are from the private sector, 'innovative mechanisms'	If less than 10% consistently or in multiple single years donor commitments & donor pledges are not from the private sector,	If there is a high percentage of any one non-traditional donor demographic but not a broad base of non-traditional support	OECD/DAC and CRS databases - <i>OECD/DAC</i> GF audited and unaudited data (when necessary) around donor commitments - <i>Global Fund</i>

	bilateral funders	and non-traditional bilateral funders	'innovative mechanisms' and non-traditional bilateral funders		GAVI data - <i>GAVI Alliance</i> IHME database - <i>IHME</i> -
Data-driven	1. The Global Fund approved grants for Phase I funding purely on technical merit	If the Board has accepted the vast majority, >98%, of the TRP recommendations	If the Board has not accepted the vast majority, >98%, of the TRP recommendations	If there are significant fluctuations in Board acceptance of TRP recommendations over time	TRP recommendations and Board approvals - <i>Global Fund Board documents</i>
	2. The Global Fund rigorously collected data, including key performance metrics and overall performance ratings, on all its grantees	If more than 95% of Global Fund grants have performance ratings attached at quarterly intervals and the underlying performance data that is readily accessible, searchable and analysable	If less than 95% of Global Fund grants have performance ratings attached and underlying performance data that is readily accessible, searchable and analysable	If the percentage varies widely year-to-year or over time of Global Fund grants have performance ratings attached and underlying performance data that is readily accessible, searchable and analysable	Global Fund grant-level data, with the Board's & Secretariat's views on that data - <i>Global Fund grant portfolio downloaded into Excel</i> - <i>Global Fund Board documents</i> - <i>Global Fund Reports</i>
	3. The Global Fund approved grants for Phase II purely on technical merit initially and terminated grants purely based for technical reasons	If Phase II approvals match at 95% or greater the Phase I grants with acceptable ratings and if the Board accepted the TRP's or Secretariat's recommendation for termination, through Phase II or otherwise	If Phase II approvals do not match at 95% or greater the Phase I grants with acceptable ratings and if the Board had a legacy of not following the TRP or Secretariat's recommendations for termination, through Phase II or otherwise	If there are significant fluctuations in Phase II approvals year-over-year or in the Board following the TRP or Secretariat's recommendations regarding grant termination or if there is insufficient data to answer the question	Global Fund grant-level data and Board Meeting documents - <i>Global Fund Board Meeting documents and grant portfolio downloaded into Excel</i>
Country-driven	1. The Global Fund Board's donor and implementing constituencies had equal influence on the Board	If the donor and implementing constituencies could be assessed as participating equally	If the donor constituency could be determined as possessing more opportunities to participate meaningfully, consequently able to exert more influence over the Board's agenda and direction	If the answer of relative balance of participation and influence varied over time or as related to different issues, geographies or grants' component diseases	Global Fund Board Meeting documents; Annual Reports, FYE, HLP - <i>Global Fund PEPFAR Annual reports on its relationship with the Global Fund, U.S. positions on Global Fund decision points</i> - <i>PEPFAR</i>

2. The Global Fund Secretariat had little or no direct presence in-country	If the Secretariat did not develop in-country offices or strong proxies	If the Secretariat did develop in-country offices or strong proxies and the Board moved the Secretariat to being more prescriptive in its guidance to applicants and grantees	If the Secretariat did not develop in-country offices or strong proxies but the Board did adopt policies supporting a more programmatically didactic Secretariat	Global Fund Annual Reports, 5-Year Evaluation, Board Meeting documents - <i>Global Fund</i> World Bank/IEG Report - <i>World Bank</i> IHLRP Report - <i>Global Fund</i> Other reports	
3. Country-coordinating mechanisms (CCMs) remained country-driven, free from traditional donor pressures	If the strong majority (e.g., >75%) of CCMs do not contain bilateral donors or do not have long-standing technical assistance relationships with bilateral donors	If the strong majority (e.g., >75%) of CCMs do contain bilateral donors or have long-standing relationships with bilateral donors	If the answer falls closer to 50% or varied over time	CCM data drawn from all individual CCM pages on the Global Fund website, supplemented by individual grant agreements when necessary - <i>Global Fund</i> CCM data drawn from significant bilaterals, including relevant American, French, German, Japanese and UK agencies - <i>PEPFAR, USAID, AFD, GTZ/GIZ, JICA English-language websites</i>	

The following chapters test the propositions articulated above. All of the subsequent analytics either help answer questions about the Global Fund or provide insight into the next order questions that need to be asked and pursued. The analytics around fundraising, the focus of the subsequent chapter, are arguably the strongest, because the data is the clearest and the most complete.

Chapter 4: Generating Funds for Global Health: The Added Value of the Global Fund?

One of the most enduring claims around the Global Fund is that from inception it demonstrated unprecedented fundraising prowess in galvanizing monies to prevent and treat HIV/AIDS, TB and malaria and that without its genesis, the world would have dedicated fewer resources to fight those diseases. Another resilient claim is that the Fund attracted ‘additional resources,’ meaning the monies it received were not redirected by donors from pre-existing commitments and disbursements to programmes targeting HIV/AIDS, TB and/or malaria or other health priorities. Yet a third claim and one particularly prominent in the Fund’s public persona over its first decade was that it galvanized financial support from an unparalleled coalition of public and private donors. All three of these appear as aspirations in the Fund’s 2002 Framework Document.³³⁹ An additional claim about the Fund, though one trumpeted more internally, was that it proved particularly competent in converting donor pledges into real cash contributions. As will be discussed in length below, assessing whether or not resources were truly additional is impossible given existing public data. The other three propositions can be tested and doing so will help determine whether the Fund in fact attracted more money, from more sources and more reliably to fight HIV/AIDS, TB and malaria than would have occurred in its absence. In other words, how good and how uniquely good did the Fund prove at what it refers to as resource mobilisation?

Under principal-agent theory, we might expect the Secretariat to concentrate on securing pledges and contributions beyond the Board, to constrain, if not usurp, the institutional power donors generally have derived from their financial support of

³³⁹ Global Fund, ‘The Framework Document,’ (2002 [cited 26 February 2012]); available www.theglobalfund.org/en/library/documents/

international organisations. We might also expect the Secretariat to focus such efforts on the private sector and individuals given the early aspirations around each as potential significant sources of support.³⁴⁰ We might then expect the Board to only support such fundraising diversification if success would not pose a significant threat to its funding hegemony.

In its first decade, the Fund received financial contributions from donor countries, including both Board Members and non-members, and from a small number of implementing countries, largely through swap arrangements with donor governments.³⁴¹ As was true for many public health concerns in the early 21st century, the only significant non-bilateral donor to the Fund was the Bill & Melinda Gates Foundation. Unlike the International Development and Reconstruction Bank (IDRB), part of the World Bank, or GAVI, the Global Fund Board never seriously considered and certainly never approved raising funds through the capital markets.³⁴² Private support never materialised at substantial levels, some would argue because of the Board's inability for much of its first decade to determine protocols for accepting in-kind donations, a tension subsequently addressed.

Throughout the Fund's first decade, a variety of voices, largely from NGOs and advocates, and strongly supported by Aidspace, routinely called for an 'equitable contributions framework' whereby donors would contribute to the Fund a set percentage of their respective economies' size.³⁴³ Other voices, including on the

³⁴⁰ Clinton, pp.46-48.

³⁴¹ For example, through Debt2Health, a Fund programme in which creditor countries, like Germany, 'swap' the debt principal and interest of a debtor country, like Tanzania, for domestic investment in HIV/AIDS, TB, malaria or health systems strengthening

³⁴² UK Prime Minister Gordon Brown initially proposed an international financing facility for the Fund, not GAVI. Although Aidspace reported some donor support and the idea was discussed by the Board in 2005, the Board never formally voted on it. For more on Brown's original conceptualisation, see Rivers, 'Brown and Chirac Propose New Ideas to Finance Fund,' GFO, Issue 39, 1 February 2005.

³⁴³ As one example, see Jakob Kellenberger then-President of the International Federation of Red Cross and Red Crescent Societies 2003 speech to UNGA (2003 [cited 8 July 2012]); available

Board, argued instead for an annual contribution model, while the Secretariat, whenever engaged in the debate, proposed a spectrum of options, without expressing an opinion, at least not one reflected in the Board record.³⁴⁴ Instead, the Fund adopted and retained replenishment as its primary funding mechanism. The Board convened three replenishment meetings in its first decade, with widely different degrees of success. Yet, despite the advocacy for different approaches and the unpredictability of the replenishment meetings, as will be further discussed, the Board never moved from its voluntary contribution approach, never invested in developing an alternative or complementary mechanism to replenishment and never formally tethered Board seats to minimum contribution levels.

Fundraising never became a delegated power to the Secretariat and it does not appear it ever advocated that it become so. Yet, a continued lack of Board focus on fundraising, a classic example of agency slack, with the powerful rhetoric around the Fund as the public-private partnership exemplar would seem to have created an opportunity for the Secretariat to advance its own fundraising agenda. The fact that innovations were occurring elsewhere, most prominently at GAVI and UNITAID, both of which originated with government proposals and then developed their own distinct characters, could have been exploited as providing cover for such Secretariat actions.³⁴⁵ On the other hand, what attention the Board did dedicate to fundraising was done to ensure it remained firmly in control, through maintaining authority over

<http://www.ifrc.org/en/news-and-media/press-releases/general/federation-president-calls-for-equitable-contributions-framework-to-sustain-global-fund-for-hiv-aids/>

This concept first found formal expression in a 1970 UN Resolution. Similar to the Fund's focus on aid effectiveness, much of the dialogue in the 2000s centred on effectiveness, as seen in the 2005 Paris Declaration on Aid Effectiveness and subsequent High-Level Forums in Accra (2008) and Busan (2011).

³⁴⁴ The clearest example of this is what the Secretariat published on the Fund's website in advance of the 2005 Rome replenishment meeting (2005 [cited 2 January 2011]); available <http://www.theglobalfund.org/en/about/replenishment/rome>

³⁴⁵ For a good history of GAVI and UNITAID's bilateral origins and then more inclusive and staff-driven evolution, see Philippe Douste-Blazy, coordinator, *Innovative Financing For Development* (New York: United Nations, 2009).

the process and by continuing to provide the bulk of the Fund's monies. If the Secretariat proved successful over time in securing more funds from non-traditional donor sources, we might expect the Board to respond by constraining the Secretariat's efforts, minimising the impact of new sources of funding by increasing their contributions or even absconding from the Fund, channelling monies that otherwise may have been contributed to the Fund to other multilaterals or their own bilaterals. What happened was surprising and surprisingly less dramatic.

History of the Global Fund's Fundraising Methods

The Global Fund's architects and subsequent founding Board charged the Fund with a dual mission: first, to attract and manage additional resources; and, second to disburse those resources to make a 'sustainable and significant contribution to the reduction of infections, illness and death,'³⁴⁶ from HIV/AIDS, TB and malaria. The second half of that charge has received significantly more consideration, if not analytical attention, than the first, both inside and outside the Fund. In the Fund's inaugural *Annual Report 2002-2003*, only three pages, out of a hundred, address or mention 'resource mobilization,' one of which is merely a statement of pledges and contributions received through July 31, 2003. Neither the Fund's Framework document nor its first annual report contains a fundraising or resource mobilization strategy.³⁴⁷

In the Fund's online 'Independent Evaluation Library,' as of July 2012, there were twenty-nine different papers written in part or entirely by non-Secretariat staff, some commissioned by the Fund, most not. Three relate to fundraising. One focuses on engaging the private sector, advising the Fund to change its policy to allow in-kind

³⁴⁶ Global Fund, 'Framework Document.'

³⁴⁷ Global Fund, *Annual Report 2002-2003*, pp. 24-26 and 'Framework Document.'

contributions from the private sector to maximise private sector support.³⁴⁸ Another examines discusses financial management at the Fund in advance of the 2005 Replenishment meeting. A majority of its authors were at the time employed by the Fund, raising questions about its inclusion under the aegis of independence.³⁴⁹ All three were released in 2005, the year the Global Fund introduced its Voluntary Replenishment Mechanism, a development addressed below.³⁵⁰ As of January 2013, no additional independent analyses or commentary on Global Fund fundraising had been published the Fund's website.

During the Fund's first few years, the incongruity between the time the Board and Secretariat invested in assessing grant applications, disbursing resources and evaluating grantees' performance, as judged by Fund documents and independent assessments, versus the time the Board and Secretariat allotted to fundraising did attract attention. It was hard to ignore the Fund's apparent lack of attention to the first part of its mandate, even if those paying attention were not later catalogued in the Fund's own Independent Evaluation Library.³⁵¹ Both a 2003 U.S. Congressional Research Service (CRS) Report and a 2003 U.S. Government Accountability Office (GAO) Report, for example, expressed concerns that the Fund lacked the internal structures and competencies equal to its purpose of raising additional resources to fund new grants. Both recognised the Global Fund had sufficient resources to honour

³⁴⁸ Private Sector Delegation to the Board of the Global Fund, '*Mobilizing Additional Resources for the Global Fund: A Planning Guide for the Private Sector*,' (August 2005 [cited 8 July 2012]), p.6; available <http://www.theglobalfund.org/en/library/evaluationlibrary/positionpapers/>

³⁴⁹ Global Fund, 'The Global Fund Voluntary Replenishment 2005: A Technical Note on Financial Management of the Global Fund,' (March 2005 [cited 26 October 2012]); available <http://www.theglobalfund.org/en/library/evaluationlibrary/positionpapers/>

³⁵⁰ Author's own count of papers, conducted 31 October 2012:

<http://www.theglobalfund.org/en/library/evaluationlibrary/positionpapers/>

The third paper relating to Global Fund fundraising is: Keith A. Bezanson, 'Replenishing the Global Fund: An Independent Assessment,' (February 2005 [cited 26 October 2012]); available

<http://www.theglobalfund.org/en/library/evaluationlibrary/positionpapers/>

³⁵¹ Author's own count based on the Fund's on-line publications' library, excluding only documents under 'Operational Policies, Guidelines and Tools,' as those target grantees and as such would not be expected to include information or positions germane to fundraising. Conducted 15-16 August 2012: <http://theglobalfund.org/en/library/publications/>

its existing grant commitments, but cautioned that the absence of a fundraising strategy made the Fund's future uncertain.³⁵² Other evaluations went so far as to make recommendations for how the Fund could better control its financial future, including a 2003 Progress Report from the Center for Strategic and International Studies (CSIS) that called for the Fund Secretariat to build its own internal resource mobilisation capacity and to designate external 'fund envoys' to solicit pledges from existing and prospective donors, including potential private sector funders and unnamed celebrities.³⁵³

When the Global Fund was established, the lack of a resource mobilisation strategy may have been understandable, partly because of the upsurge that occurred without a Fund infrastructure and partly to protect the position of early donors. Donors made the first official pledges to the Fund in May 2001, seven months before the Fund came into existence. UN Secretary-General Kofi Annan and the International Olympic Committee (IOC) were each pledged \$100,000 to great fanfare. More significantly, the U.S., U.K. and France combined pledged more than \$500 million. For 2001, the U.S. appropriated more than \$3billion for the prevention, treatment and research of AIDS, TB and malaria, a nearly two-fold increase over any previous year. In 2001, it committed \$300mm of that to the Fund.³⁵⁴

Early donors that had made firm cash pledges may not have wanted to dilute the influence derived from their pledges by instituting a more formal fundraising

³⁵² Raymond W. Copson & Tiaji Salaam, 'The Global Fund to Fight AIDS, Tuberculosis and Malaria: Background and Current Issues,' CRS (6 November 2003 [cited 2 December 2012]); available <http://fpc.state.gov/documents/organization/32922.pdf>

GAO, Report to the Honorable Jim Kolbe Chairman, Subcommittee on Foreign Operations, Export Financing, and Related Programs, Committee on Appropriations, House of Representatives, 'Global Health: Global Fund to Fight AIDS, TB and Malaria Has Advanced in Key Areas, but Difficult Challenges Remain,' (7 May 2003 [cited 24 October 2012]); available <http://www.gao.gov/new.items/d03601.pdf>

³⁵³ Todd Summers, 'The Global Fund to Fight AIDS, TB and Malaria: A Progress Report,' Center for Strategic and International Studies, (2003 [cited: 26 February 2012]), p. 13; available http://csis.org/files/media/csis/pubs/030103_global_fund_progress_report_.pdf

³⁵⁴ Clinton, pp. 53-57.

mechanism. Donors that pledged significantly to the Fund throughout late 2001 and 2002 largely had not participated in the first wave.³⁵⁵ Although the Fund can trace its origins to the G8 Okinawa Summit in 2000, when Japan made a \$3billion commitment to fight infectious and parasitic diseases, Japan made clear in early 2001 that the majority of those new monies would not be channelled through the Fund (partly because it felt snubbed that parasitic diseases would not be included in its mandate). As a result, its influence over the process to create Fund clearly decreased, a dynamic it changed a few months later. By June 2001, Japan had pledged \$200mm to the Fund. When the Fund held its first Board Meeting in January 2002, Japan had a dedicated Board seat.³⁵⁶ That same month, WHO celebrated the more than \$800 million pledged in 2001, while the UN put that figure at more than \$1 billion.³⁵⁷ At the time, the Fund considered ‘only’ \$945 million to be valid once it removed all double counting of donor pledges from 2001—early 2002. Later audited financials put the figure closer to \$956 million. No one pointed out that 95% of those early pledges came from traditional donor governments.

At the Barcelona AIDS Conference in July 2002, Executive Director Feachem called on governments and foundations to ‘match their promises with pounds, declarations with dollars, and commitments with cash.’ Yet, he did not elaborate how the Fund would collaborate with donors or cajole them to make the ‘many billions more’ flow into Fund coffers Feachem projected it needed over the next twelve months.³⁵⁸ Fundraising did not appear as more than a generality in the Fund Board Meeting documents throughout 2002. It received greater attention outside the Fund.

³⁵⁵ Global Fund, *Annual Report 2002-2003*, pp. 24, 26.

³⁵⁶ Clinton, pp. 44, 78.

³⁵⁷ Gro Harlem Brundtland, Director-General WHO, ‘Statement to The Global Fund Pre-Board Meeting’ (27 January 2002 [cited 3 February 2003]); available http://www.who.int/director-general/speeches/2002/english/20020127_globalfundboard.html

³⁵⁸ Full text available: <http://www.aids2002.org>.

For example, in 2002, Aidspan and HDNET, a prominent AIDS advocacy NGO, both criticized the Fund for failing to be explicit in how much money it wanted from individual donor countries. They proposed donors contribute 0.035% of GDP to the Fund. While critical of existing Fund donors like the U.S. for committing less than that, they particularly censured OECD members, like Australia, who had not contributed all. There is no evidence the Board addressed this explicit critique in 2002.³⁵⁹ Similarly, there is no evidence the Board addressed the implicit critique evident in Fund Board Member The Gates Foundation's decision in 2002 to set up a \$100mm India AIDS Initiative outside the Fund.³⁶⁰

At the June 2003 Board Meeting, Feachem praised the fundraising leadership of the U.S. and France, both in monies each pledged and in their urging other donors to support the Fund. France tripled its annual commitment to €450mm for 2004-2006 and the U.S. had pledged \$1 billion for 2004 alone. In the press release following the meeting, Feachem again praised the direct challenge of U.S. President Bush, the U.S. Congress and French President Chirac, crediting their leadership in part, for increased pledges from the European Commission (EC), U.K. and Italy.³⁶¹ From a principal-agent perspective, we might expect the Secretariat to deemphasize the importance of the U.S. and France and elevate the role it played in securing increased pledges. In October 2003, when the EC committed a further €170mm, the Fund press release noted that the then 15 European Union Member States and EC collectively had become the largest donor to the Fund. Although the Secretariat does not claim credit

³⁵⁹ Clinton, p. 103.

³⁶⁰ Ibid. p. 108.

³⁶¹ Global Fund News Release, 'Global Fund praises new funding pledges by G8, underscores need for US \$3billion by end of 2004,' (6 June 2003 [cited 4 January 2012]); available http://theglobalfund.org/en/mediacenter/newsreleases/2003-06-06_Global_Fund_praises_new_funding_pledges_by_G8_underscores_need_for_USD_3_billion_by_end_of_2004/

as we might expect for the additional pledge, the press release makes no mention of the U.S. and does not call out EU Member France.³⁶²

We might also expect the Secretariat to have recommended to the Board a fundraising strategy placing it in a central, if not controlling role. As it did not claim credit for individual pledges, neither did it look to assert control over fundraising in 2003. In December, for example, when the Secretariat announced that Japan was doubling its 2004 pledge to the Fund, it noted that Japan had been a ‘key supporter’ from the beginning but made no mention of any work it had done to secure additional support or how the pledge from Japan fit within a larger fundraising strategy.³⁶³ The only press releases from 2002-2003 that mention fundraising are cited above. In Board documents from 2002-2003, the Secretariat, through Executive Director or other reports, does not once propose a fundraising strategy.

In March 2004, more than two years after the Fund’s founding, the Board decided to introduce its first fundraising tool, a periodic ‘voluntary replenishment mechanism,’ to institute a more systematic fundraising process, a development it viewed as necessary for the Fund and donors alike. It determined bilateral donors would gather every three years to consider the three-year projected funding needs for current grants, new grants and the growing Secretariat.³⁶⁴ This is not what the Fund’s founders had originally envisioned. It did not want the Fund to echo the International Development Association’s (IDA/World Bank) reliance on replenishment and had

³⁶² Global Fund News Release, ‘Global Fund welcomes EC Commitment of further EUR 170 Million,’ (31 October 2003 [cited 4 January 2012]); available http://theglobalfund.org/en/mediacenter/newsreleases/2003-10-31_Global_Fund_welcomes_EC_Commitment_of_further_EUR_170_Million/

³⁶³ Global Fund News Release, ‘Japan more than doubles 2004 Pledge to Global Fund,’ (12 December 2003 [cited 4 January 2012]); available http://theglobalfund.org/en/mediacenter/newsreleases/2003-12-12_Japan_more_than_doubles_2004_Pledge_to_Global_Fund/

³⁶⁴ Global Fund, *Annual Report 2004*, p. 24.

favoured instead a continual stream of donations.³⁶⁵ It is not unlikely – though no Transitional Working Group record reflects this – that the Fund’s founders worried a periodic replenishment, versus continual pledges, would be more vulnerable to political forces within donor countries. They certainly hoped the Fund could secure longer-term commitments beyond the two or three-year replenishment ranges and did not want a process segregating bilateral donors from foundations, the private sector and other sources of support.³⁶⁶ One fundraising area where the Board stayed true to the Fund’s founders was the consistent – some would argue obdurate – opposition to accepting earmarked donations, with one exception discussed subsequently. The Transitional Working Group did not want the Fund to mimic WHO, nearly 80% of whose funding comes from short-term extrabudgetary earmarked commitments.

It is clear from the March 2004 Board Meeting Report that a robust discussion occurred around whether a formal replenishment meeting was necessary. Replenishment advocates argued that, like for the IDA, a periodic convening of donors would provide an open forum for discussion alongside a fundraising mechanism. The debate revolved around the importance of a meeting. No constituency for continuing with a less formalised approach emerged but the Board did not want to eschew ad hoc donations. In a shift away from the ‘all donations of all sizes’ welcome ethos that characterised the Fund initially – as seen in the IOC’s \$100,000 pledge – the Board set \$1 million as the threshold for pledges or promissory notes.³⁶⁷

³⁶⁵ The IDA is the part of the World Bank Group that provides interest-free loans and grants to poor countries as well as overseeing the various Bank debt relief initiatives. The IDA’s next replenishment (as of August 2013) will be its Seventeenth. To find out more, visit: <http://www.worldbank.org/ida/ida-replenishments.html>.

³⁶⁶ From a review of all TWG documents, this is strongly implied though not explicitly stated.

³⁶⁷ Global Fund, ‘Report of the Seventh Board Meeting,’ p. 8.

Under principal-agent theory, we might expect the Secretariat to have encouraged the Board to continue welcoming non-traditional, smaller dollar donors, as an alternative source of funding, even if hardly a counter-balance, to traditional donors. But, fundraising only appeared once, and then tangentially, in the March 2004 Secretariat reports. Executive Director Feachem requested that the Board grant the Secretariat additional resources to meet the additional responsibilities anticipated with supporting a replenishment process.³⁶⁸ Later in 2004, following an internal reorganisation, the Secretariat created the first donor relations and fundraising position.³⁶⁹ No evidence exists that the Secretariat used this opportunity to construct a fundraising function less reliant on the Board in advance of the first replenishment conference, which at the time was more than a year away. Perhaps the absence of Secretariat tenacity around fundraising would be more understandable if the Board or its relevant committee had been more engaged in the issue.

The Board's Resource Mobilization Committee, the Global Fund body officially invested with fundraising responsibility from the outset, held only one meeting in the Fund's first 15 months, despite the Board itself having met four times over that period.³⁷⁰ There is no evidence from Board documents or his periodic Congressional testimonies that Board Chair U.S. Member Thompson made fundraising a priority for the Board.³⁷¹ It was to the U.S.'s advantage, even post the creation of PEPFAR in 2003, to continue supporting a Fund more dependent on it. At the March 2004 meeting, despite the various debates and decisions discussed above, no one advocated for more frequent meetings of the Resource Mobilization

³⁶⁸ Global Fund, 'Report of the Executive Director to the Seventh Board Meeting,' p. 11.

³⁶⁹ Bernard Rivers, 'Global Fund Secretariat is Reorganized,' GFO, Issue 23, 16 May 2004.

³⁷⁰ Bernard Rivers, 'Funding the Fund,' GFO, Issue 23, 24 March 2003.

³⁷¹ Author's own assessment of all Board documentation, from the First – Sixth Meetings.

Committee and no one questioned the continued reliance on the U.S.³⁷² Still, the Board's relatively greater engagement than previously and the introduction of a replenishment-based approach resonated with outside observers. The U.S. GAO, historically critical of the Fund's in this area, did not mention fundraising once in its 2005 Report to Congress on the Fund.³⁷³

The Board's March 2004 decisions tacitly acknowledged that for all its initial success, its historically passive approach to resource mobilization would likely not serve it well into the future. Only a year after declaring ad-hoc contributions would still be welcome and Board Meeting Reports from 2004 and 2005 reflecting faith that donors would continue to give generously, the Fund in 2005 admitted fundraising on an 'ad-hoc basis' was not sustainable.³⁷⁴ Perhaps this recognition in 2005 was the consequence of another decision the Board made in March 2004, that Fund would not approve new two-year grants (Phase I) or three-year grant renewals (Phase II) without sufficient Fund cash reserves to cover the aggregate expected grant disbursements. For the first time, the Board linked the Fund's own grant commitments to future donor pledges, stipulating that the aggregate cost of approved grants in a round must not be greater than what the Fund forecast would be its own resources that year, based on donor disbursements and pledges. The Fund referred to this as 'the comprehensive funding policy.'³⁷⁵ Unlike is true for the IMF, in which the U.S. and other donors are obligated to provide certain levels of financial support, donors bore no risk of the Fund over-committing resources or running out of funds.³⁷⁶ Instead of adopting such

³⁷² Author's own count of fundraising comments by Board members at all meetings up to and including the March 2004 Board Meeting. Count conducted 29 September 2012.

³⁷³ GAO, 'Report to Congressional Committee, 'The Global Fund to Fight AIDS, TB and Malaria Is Responding to Challenges but Needs Better Information and Documentation for Performance-Based Funding,' (June 2005 [cited 2 March 2012]); available <http://www.gao.gov/new.items/d05639.pdf>.

³⁷⁴ Author's own assessment of all Board documentation, from the Seventh – Twelfth Meetings & Global Fund, *Annual Report 2005*, p. 19.

³⁷⁵ Global Fund, 'Report of the Seventh Board Meeting.'

³⁷⁶ As of July 2013, this had not changed.

a safeguard – and collective constraint on themselves – the Board constrained future grant making, and effectively, the Secretariat’s remit. Although clearly significant as the first Board decisions to institutionalizing resource mobilisation, neither appears as ‘key decisions made during the Board meeting,’ on the Fund’s webpage dedicated to the March 2004 meeting.³⁷⁷

One could argue that the singular choice of replenishment actually highlighted the Fund’s persistent lack of prioritising resource marshalling. Unlike GAVI, the Fund did not formalise ‘innovative mechanisms’ alongside introducing replenishment. Perhaps moving only toward replenishment was a legacy of the Fund’s birth during what the High-Level Panel referred to as ‘the halcyon days’ when ‘donor governments competed with each other to demonstrate their compassion in the face of an accelerating emergency caused by HIV/AIDS, tuberculosis (TB) and malaria in the developing world.’³⁷⁸

Given the prevailing official development assistance (ODA) environment in which the Fund emerged, its initial reliance on ad-hoc donations and subsequently on replenishment are perhaps less surprising than first appear. Following a cumulative contraction of approximately 30% from 1991-2001, in real dollar terms, ODA grew 11.4% per year on average from 2001-2005, again in real dollar terms; excluding debt relief, which grew 63% between 2001-2005, traditional ODA grew on average 4.6% per year.³⁷⁹ Clearly, the Fund benefitted from the particularly robust ODA environment coincident with its first few years.

In contrast to early years, fundraising received relatively more attention in anticipation of the Fund’s first replenishment conference. The Secretariat released the

³⁷⁷ See Global Fund, all documents related to the Seventh Board Meeting; available <http://www.theglobalfund.org/en/board/meetings/seventh/>.

³⁷⁸ HLP, p. 9.

³⁷⁹ World Bank Group, ‘Aid Architecture,’ in *Brief History of Aid Institutions* (Washington, D.C.: World Bank, 2007), p. 2-3.

first and last piece on Global Fund fundraising it helped write in the Fund's first decade:³⁸⁰ 'The Global Fund Voluntary Replenishment 2005.' It posited different possible financial mechanisms for Fund fundraising, albeit all within the rubric of replenishment the Board had defined. It disclosed what pledge levels the Fund aspired to attract and its views on the appropriate balance between cash and promissory notes for the Fund's fiscal health, acknowledging the latter as a more palatable option to many donors.³⁸¹ Notably missing from the Fund's Replenishment piece was any mention of how the Fund would attract resources beyond the first replenishment, through future replenishments or other means. This is surprising from a principal-agent perspective; we might think the Secretariat would assert itself here to demonstrate its importance to the Board and to outside observers. It was not given another chance to do so. A Board committee, not the Secretariat, set the goals and parameters for the 2005 replenishment meetings and all subsequent replenishments.³⁸²

The 2005 Replenishment report interestingly contains the only reference, in the Fund's first decade, to a price tag attached to donor Board seats: \$100mm annually for pre-existing donors and \$140mm or more annually from newer donors, noting the latter as an unstated Board expectation.³⁸³ There is no evidence from any Board Meeting Report, Committee Reports or Aidspan reporting of such minimum thresholds. Any such tacit agreements occurred, if at all, in off-the-record Executive Sessions. It is interesting though that in the absence of quotas that governed contributions in other multilateral settings that the Board never openly discussed minimum contribution levels as part of a fundraising toolkit. The absence of such discussions underscores that while replenishment was clearly a fundraising tool, it

³⁸⁰ As of January 2013.

³⁸¹ Global Fund, *The Global Fund Voluntary Replenishment 2005*, p.8.

³⁸² As one example, see Global Fund, 'Report of the Thirteenth Board Meeting,' p. 28.

³⁸³ *Ibid.* pp. 8-9.

was not part of a larger fundraising strategy at the Fund, from the Board or Secretariat's perspective.

The absence of an identifiable and coherent fundraising strategy persisted after the Board approved replenishment. The only allusion to a fundraising strategy in 2005 appeared in that year's *Annual Report*: 'As the Global Fund has matured, its fundraising efforts have increasingly focused on demonstrating its track record in effectively financing the scale-up of disease control interventions.' Shortly following, the *Annual Report* refers to this approach as 'performance-based fundraising' – an echo of the language used by the Fund and others to describe its own approach to grant funding (discussed in the subsequent chapter). The 2005 *Annual Report* incongruously cites performance-based fundraising – what should have encouraged donors to support the Fund, not how it would raise money – alongside replenishment and other unspecified 'non-traditional' funding streams providing support for the Fund. All in less than a page.³⁸⁴ The apparent lack of focus and clarity seems redolent of the Fund's earlier ad hoc approach, despite the first replenishment concluding in September 2005.

Insofar as is transparent to outside observers, resource mobilisation remained an area in which neither the Board nor the Secretariat paid significant attention except around the Replenishment meetings themselves.³⁸⁵ *Annual Reports* from the Fund's first decade discuss pledges and contributions but infrequently touch on the Secretariat's or Board's roles on either front.³⁸⁶ Until the crisis of late 2010-2011, Board Meeting Reports rarely contain more than a perfunctory update on fundraising

³⁸⁴ Global Fund, 'Annual Report 2005,' pp. 11-49

³⁸⁵ Last replenishment meetings of each cycle held in: London 2005, Berlin 2007, New York 2010.

³⁸⁶ See all Global Fund Annual Reports from 2006 – 2011.

or a reminder from an unnamed Board Member of the Board's responsibility to provide a predictable funding base for the Fund.³⁸⁷

We might suppose this lack of internal focus to have precipitated more external scrutiny but there is no evidence that occurred. The Five-Year Evaluation recognised that while resource mobilisation had 'assumed more importance' over time, 'broader strategic issues' around fundraising persisted.³⁸⁸ In the whole report, replenishment and resource mobilisation together appear fewer than twenty unique times.³⁸⁹ Only two pages out of the more than 150-page World Bank evaluation of the Fund covered resource mobilisation.³⁹⁰ *The Global Fund Observer* (GFO), the online journal from Aidspace, as of late October 2012, had published just 25 pieces on fundraising or resource mobilisation, out of more than 9700 articles or commentaries written since its inception; 20 of the 25, or 80% of the total, appeared before 2005.³⁹¹ The lack of Board attention makes the lack of Secretariat action beyond (RED), discussed below, even more puzzling.

Even the *Lancet*, through July 2012, had run only one piece that even touched on the Fund's resource mobilization.³⁹² In a 2010 interview with Dr. Tedros Adhanom Ghebreyesus, then the Ethiopian Health Minister and Global Fund's Board Chair, Dr. Ghebreyesus discussed his ambition for the Fund to expand its mandate

³⁸⁷ As an illustrative example see Global Fund, 'Report of the Thirteenth Board Meeting,' p. 28 in which fundraising appears under 'other issues raised' in the Round 6 discussion, including 'the urgency of increased and predictable financing for the Global Fund; the role of the Board in fundraising.' Even after delegates expressed concerns about available resources, fundraising merited what appears to be a minor conversation and certainly one that prompted no decision points.

³⁸⁸ Macro International, Synthesis, pp. 53-54.

³⁸⁹ Author's own count; conducted 28 October 2012.

³⁹⁰ World Bank/IEG, pp. 64-65.

³⁹¹ Search conducted 28 October 2012 employing various terms, including 'fundraising' and 'resource mobilization,' using the GFO advanced search feature: <http://www.aidspace.org/page/gfo-advanced-search>.

³⁹² In December 2012, *Lancet* published an article by Rifat Atun *et al.* 'Innovative financing for health: what is truly innovative,' available [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(12\)61460-3/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(12)61460-3/fulltext). The authors examined the Fund and other institutions along a few dimensions, including private sector participation. This thesis contains a more extensive assessment of the private sector and the Fund.

and fundraising basis to build a global fund targeting all health-related Millennium Development Goals (MDGs). Even with Dr. Ghebreyesus' stated ambition, the interviewer did not pursue whether the Fund's existing fundraising might support an expanded mandate.³⁹³

Until confronted with a drastic funding shortfall in late 2011, an episode this thesis will attend to later, the Fund Board avoided systematically posing or answering questions around its resource mobilization strategy or function and the Secretariat did not provide alternative answers to fill the space the Board's relative inattentiveness created. Once the Board introduced replenishments and the Secretariat gave resource mobilization a defined position in Geneva, any nascent attention paid to the Global Fund's fundraising by both waned. Questions around the validity of its unique prowess, its additionality, its reliability and its diversity went largely unasked. This is clear from the insignificant place fundraising held across Board Meetings' agenda, Reports and committee materials as well as Annual Reports and various internal and external evaluations. Surprisingly, the Board and the Secretariat, the principal and the agent, failed to methodically raise and address fundraising-related questions at the Board and in other settings, including the Partnership Forum Meetings, the biannual International AIDS Conferences or even the Replenishment Meetings themselves.

It was not until budget austerity and a crisis of confidence in the Fund's use of its funds forced the Board to place fundraising at the centre of its mission, as seen in Board Meeting agenda in late 2011 through 2012.³⁹⁴ The Secretariat was only moderately ahead of the Board in its concerns though to little effect. Executive Director Kazatchkine proposed at the April 2010 Board Meeting that the Secretariat and Board be more synchronised on replenishment and resource mobilisation more

³⁹³ Kelly Morris, 'Tedros Adhanom Ghebreyesus – a Global Fund for the health MDGs,' *Lancet*, (2012) vol. 375, no. 9724, p. 1429.

³⁹⁴ Author's own assessment of all Board documentation, Twenty-Third – Twenty-Sixth Meetings.

broadly; there is no record of any Board Member responding to Kazatchkine on this point.³⁹⁵ Not surprisingly then, the High-Level Panel faulted the Fund for creating a ‘strategic vulnerability’ by not having ‘steady, multi-year funding streams.’³⁹⁶ Yet, even the High-Level Panel does not follow its critiques with specific recommendations on resource mobilisation, only urging greater Board oversight over whatever more robust approach the Fund might adopt.³⁹⁷ Aidspan’s critique of the High-Level Panel final report, by far the lengthiest of any published, did not mention fundraising once.³⁹⁸ Even when events forced the Board to pay more attention to resource mobilisation, a lack of clarity on strategy and mechanics persisted. The Secretariat’s passivity is not what we might expect from an agent looking to assert its own authority and establish its own identity. Perhaps the one exception – the (RED) Campaign – to its apparent disinterest reveals what the Secretariat would have built had it been granted the permission by the Board to do so. Possibly, as discussed below, (RED) provided the only viable opportunity for the Secretariat to work independently of the Board to raise funds. But, there is nothing in the Fund record, Aidspan’s archives or in Feachem’s or Kazatchkine’s speeches or writings, even after both had left the Fund, to indicate that the Secretariat understood (RED) as an exception to their general nonparticipation in fundraising matters, or recognised how little the Secretariat did participate in fundraising matters.

One fundraising-related debate that did recur at the Board was whether the Fund should approve grants based on the total dollars of funding available (a supply-based approach) or purely based on technical merit and then find additional funding if

³⁹⁵ Global Fund, ‘Report of the Twenty-First Board Meeting,’ p. 8.

³⁹⁶ HLP, p. 28.

³⁹⁷ Ibid. p. 69.

³⁹⁸ Aidspan, ‘Aidspan Critique of the Report of the High-Level Independent Review Panel,’ (13 October 2011 [cited 3 February 2012]); available http://www.aidspace.org/gfo_article/report-high-level-panel-strong-and-thought-provoking-worrying-flaws

necessary (a demand-based approach). For its first ten years, the Fund largely operated on a demand-based model, utilising staged-funding based on the quality of grant applications and applying haircuts to grants when approved aggregate grant amounts exceeded expected funding. The Board also assumed until December 2010 that all pledges would be converted into contributions, an unsophisticated forecasting approach that left it vulnerable to making grant decisions at financing levels far in excess of its likely resources. In 2012, the Board adopted a risk-weighted forecasting model and entertained different financing approaches, for reasons we will see below.

With few exceptions, the resource mobilisation blind spot shared by the Fund's Board, Secretariat and its closest observers looks arguably less noteworthy viewed from the far side of the Fund's decadal anniversary. As mentioned earlier, of the end of May 2012, the Fund had received more than \$30.7 billion in total pledges, with more than \$25 billion pledged through 2012 alone and more than \$22.6 billion received in contributions.³⁹⁹ The aggregate dollar amount the Fund marshalled through its first decade is remarkable, as were the monies it garnered in its early years. Through the end of 2004, the Global Fund had accepted more than \$3.3 billion in contributions and received \$5.9 billion in pledges;⁴⁰⁰ as mentioned earlier, the Fund secured its first billion dollars in pledges before it was legally incorporated, a threshold the Global Environmental Facility, the newest and most significant multilateral PPP before the Fund, didn't cross for five years.⁴⁰¹

That initial success waned over time: from 2002-2008, donor pledges and contributions rose steadily, levelled off from 2008-2011, then dropped steeply in early

³⁹⁹ Author's own calculations using raw Global Fund data from two primary sources: The Global Fund, 'Contributions to Date,' & 'Pledges to Date,' as of 23 May 2012. Downloaded raw data 23 May 2012 into excel from <http://theglobalfund.org/en/about/donors/>. Note: Over the course of July 2012, the Global Fund changed its website and as a result the pathway to accessing the raw data changed.

⁴⁰⁰ Global Fund, 'The Global Fund Voluntary Replenishment 2005,' pp. 10-11.

⁴⁰¹ Bezanson, p. 8.

2012. The drop followed a disappointing third replenishment meeting in October 2010. The Fund failed to attract pledges equal to even its lowest projection of need for continued and new grant funding; donors pledged \$11.7 billion for 2011-2013, significantly short of the \$13 billion minimum the Fund articulated and far less than the \$20 billion the Fund defined as full replenishment. This softening of pledges reflected the larger fiscal environment; ODA remained flat in 2010 over 2009 and fell 3% in 2011 from 2010, trends the OECD attributed to tightening budgets in donor countries.⁴⁰² Even the \$11.7 billion was not a solid figure. The Fund categorised \$2.5 billion as from donors 'unable to make firm pledges at the conference,' meaning the more reliable pledge amount stood closer to \$9 billion. The Fund had forecast a need of \$8.8 billion for grants renewals over 2011-2013 and to fund its operating costs. Little remained for the funding of new grants.⁴⁰³

Soon after its disappointing Third Replenishment, the Fund cancelled the next round of grant proposal solicitations. Disappointment ricocheted from many of the Fund's grantees, technical partners and stalwart donor supporters. *Medicins Sans Frontieres (MSF)*, WHO, the U.S. and others called publicly for donors to continue supporting the Fund.⁴⁰⁴ Yet, the title of the *Lancet's* editorial on the Third

⁴⁰² OECD Press Release, 'Development: Aid to developing countries falls because of global recession,' (4 April 2012 [cited 12 November 2012]); available <http://www.oecd.org/newsroom/developmentaidtodevelopingcountriesfallsbecauseofglobalrecession.htm>

⁴⁰³ Global Fund, 'Replenishment Meetings,' accessed 3 January 2012: <http://www.theglobalfund.org/en/donors/replenishments/> and 'Pledges and Contributions,' accessed 26 May 2012: <http://www.theglobalfund.org/en/about/donors/>.

⁴⁰⁴ *Medicins Sans Frontier*, 'MSF statement on Global Fund replenishment outcome,' (6 October 2010 [cited 3 December 2012]); available <http://www.msf.org/msf/articles/2010/10/msf-statement-on-global-fund-replenishment-outcome.cfm>

PEPFAR, 'U.S. Government Positions on Decision Points for the Twenty-Second Board Meeting of the Global Fund,' (2011 [cited 4 December 2012]); available www.pepfar.gov/documents/organization/155483.pdf

WHO, 'Global Fund Replenishment Meeting ends with massive funding shortfall: Millions of lives hang in the balance,' (6 October 2010 [cited 24 April 2012]); available http://www.who.int/pmnch/media/membernews/2010/20101006_globalfund_pr/en/index.html.

Replenishment's results summed up the uncertainty and scepticism that additional resources would materialise: 'The Global Fund: a bleak future ahead.'⁴⁰⁵

Disappointment emerged as the main theme from the Global Fund Secretariat interviews Keith A. Bezanson conducted for '*Replenishing the Global Fund: An Independent Assessment*,' the last of the three papers mentioned earlier from the Fund's online library related to fundraising. While recognising the historic 'speed and magnitude of uptake' of the Fund, Bezanson points out traditional bilaterals provided 'almost all' of the Fund's resources.⁴⁰⁶ He faults the juxtaposition between the Fund's early fundraising successes and the absence of a sustainable fundraising model to continue that momentum as the cause of the Secretariat's consternation. Bezanson poses a series of questions that he believes the Fund needs to answer, including what other resource strategies should be implemented, complementing replenishment, to ensure predictable funding and that the pledges it received were truly new, additional resources for health.⁴⁰⁷ The Board did not systematically address those questions at subsequent Meetings in 2006 or otherwise before the end of the Fund's first decade, even following the Third Replenishment's relative failure.

To ask such challenging, uncomfortable questions and then to ensure the organisation's commitment to answering them is part of what constitutes leadership. It is the expected responsibility of any principal, yet there is no evidence the Board recognised this or that the Secretariat took advantage of that failure to claim that job for itself in the Fund's first ten years, at least relating to fundraising.

Assessing the Global Fund's 'Additionality' to DAH

Some of the resource mobilisation questions are largely inscrutable, with one standing out as acutely challenging: How much of the Global Fund's fundraising

⁴⁰⁵ Lancet, 'The Global Fund: a bleak future ahead,' Lancet, (2010), vol. 376, no. 9749, p. 1274.

⁴⁰⁶ Ibid. p. 4.

⁴⁰⁷ Ibid. p. 20.

represented truly additional funds to the fight against HIV/AIDS, TB and malaria? Although this question is fundamental for the Fund, it is impossible to answer without making significant assumptions.⁴⁰⁸ In 2002, in one of its earliest meetings, the Board emphasised the importance of grant applicants and recipients assessing and then monitoring the additionality of Fund resources, but it stopped short of making it a requirement for the Technical Review Panel (TRP) or grantees.⁴⁰⁹ A similar dynamic is visible when the Board discussed resource mobilisation at the same meeting. While recognising the need for a more intense fundraising strategy and one predicated on additionality, the Board did not make that a condition of its efforts.⁴¹⁰ The Board clearly believed in the importance of additionality, and yet also understood that contributions to the Fund may simply have diverted money that would have otherwise been deployed toward the same ends by various alternative multilateral, bilateral and private sources.

In 2004, the Board decided to not include additionality in the TRP's terms of reference, either at a national or global level, directing the TRP to assess each programme on its own technical merit.⁴¹¹ Additionality next emerges in the Board record in late 2011, and only then in the context of the Board reiterating its commitment to additionality, without any clear sense of how the Fund would know whether its resources were truly 'additional.'⁴¹²

Although we cannot look to the Fund to help answer the question of additionality, we can look elsewhere in an effort to approximate the answer. It is possible, for example, through different analyses to extrapolate what likely would

⁴⁰⁸ Additionally, such additional assumption about individual bilateral and multilateral budget allocations could compound any errors.

⁴⁰⁹ Global Fund, 'Report of the Third Board Meeting,' pp. 20, 25-26.

⁴¹⁰ Ibid. p. 35.

⁴¹¹ Report of the Eighth Board Meeting, p. 14.

⁴¹² Global Fund, 'Report of the Twenty-Fifth Board Meeting,' p. 8.

have happened in terms of resources dedicated to HIV/AIDS, TB and malaria, as well as global health more broadly, in the absence of the Fund. Without the creation of the Fund what would ODA for global health priorities have looked like from 2001, when the first monies to the Global Fund were pledged, to the end of 2011? What would the aggregated ODA and other financial flows to fight HIV/AIDS, TB and malaria have looked like over the same period? In other words, what would have happened if the Global Fund never existed?⁴¹³

To even attempt to analyse whether or not the Global Fund catalysed genuinely additional funding, we need first to understand what the development assistance for health (DAH) for HIV/AIDS, TB, malaria and global health financing landscape looked like both before 2001-2002, the year of the first commitment to the Global Fund and the year in which it made its first grants. To do this, we need to define, track and analyse different, though related phenomena: 1) the historic trajectory for ODA for health commitments pre-Global Fund + identified private funding for TB, malaria and HIV/AIDS projected forward; 2) the historic trajectory for ODA for health commitments + identified private funding for TB, malaria and HIV/AIDS projected forward + Global Fund commitments; 3) the actual trajectory of ODA for health commitments + identified private funding for TB, malaria and HIV/AIDS projected forward, including actual Global Fund commitments. Ideally, it would also be useful to know the individual historic trajectories for ODA targeting HIV/AIDS, TB and malaria. Although the CRS database tracks TB and malaria ODA commitments as well as HIV/AIDS ODA commitments within the larger reproductive health category, the Global Fund, with one exception,⁴¹⁴ does not accept ear-marked

⁴¹³ The effect of the financial crisis on this analysis should not be material as it is likely the financial crisis would have impacted ODA flows similarly in a world without the Global Fund.

⁴¹⁴ Project (RED), as will be discussed later in this chapter, earmarks the funds it contributes to the Global Fund to six designated African countries.

pledges or contributions, making any comparison not as valid as the utilising the aggregate ODA for health trajectory as the baseline comparison for ‘additionality.’

First Question: Did the Global Fund succeed in galvanizing more monies to prevent and treat HIV/AIDS, TB and malaria?

To answer this question, we first need to understand the DAH funding landscape before the Global Fund’s genesis and the commensurate individual trajectories of monies targeting specifically HIV/AIDS, TB and malaria where available and then project that forward, comparing the resulting counterfactual – what would have happened to DAH and HIV/AIDS, TB and malaria specifically in the absence of the Fund to what did happen with the Fund. As the CRS data does not contain disbursement data pre-2002, we have to rely on commitment data aggregated from a few different sources:

- CRS: ‘Health, Total,’ from 1995-2002, encompassing CRS codes 12110-12281
- CRS: ‘Population Policy/ Programs & Reproductive Health, Total,’ from 1995-2002, encompassing CRS codes 13010-14081⁴¹⁵
- Gates Foundation: Global Health grant commitments, from 1995-2002

Donor commitments to global health: 1995-2002

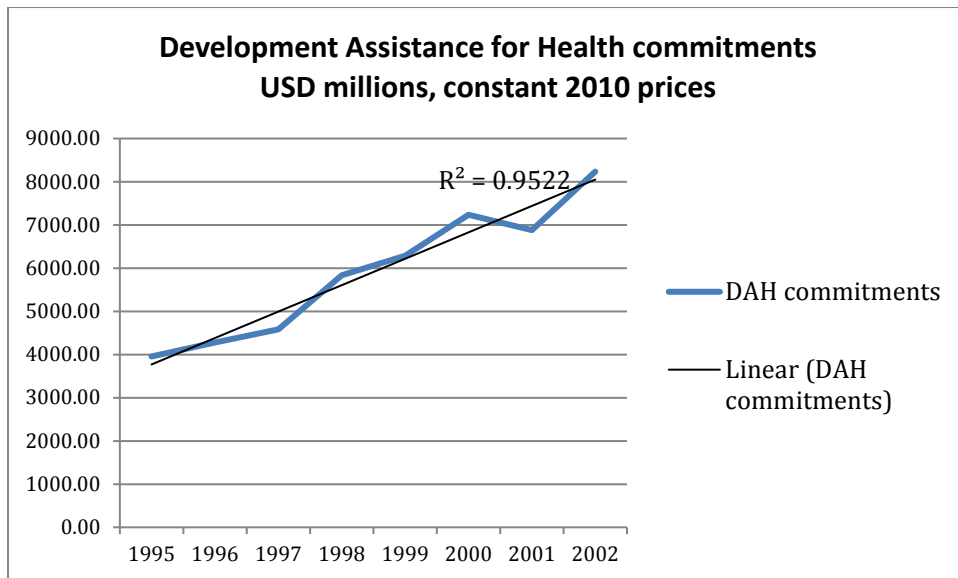
In the years 1995-2002, aggregate donor commitments to global health, including donor countries’ bilateral and multilateral commitments and the Gates Foundation’s commitments to the Global Fund, rose from \$3.96 billion to \$8.23 billion. Below is a

⁴¹⁵ I included 2002 to ensure a better ‘best-fit’ trend line for the pre-Global Fund era as DAH commitments dipped in 2001 due to the global recession and from the U.S. in the aftermath of September 11th which occurred before the U.S. Congress approved the budget for the following fiscal-year (FY). Given U.S. President Bush’s support for the creation of a global fund during the G8 Genoa Meeting, I do not think it is an overreach to maintain that the U.S. FY2002 budget would have contained higher DAH commitment levels in the absence of the September 11th attacks. I also subsequently show DAH from 1995-2002 subtracting the Global Fund pledges (or donor commitments in 2002) to provide an alternative comparative.

graphical depiction of what development assistance for health (DAH) commitments looked like from 1995-2002 (blue line). One can see that absent the aberration of 2001, explained above, DAH donor commitments rose rapidly, more than doubling from 1995 to 2002, with a compound annual growth rate (CAGR) above 11%.⁴¹⁶ The linear regression line (black line), or the ‘best-fit line’ for this data set, demonstrates how steadily DAH rose over the period as is evident in the R^2 statistic value $> .95$.⁴¹⁷ The closer R^2 is to 1, the ‘better,’ from an algebraic perspective; the linear regression explains the variance between the actual data and the best-fit line – and the best-fit line then can be expected to be more robustly predictive of the future trajectory. The rapid and largely consistent double-digit growth year-over-year in DAH suggests that it is worth questioning whether the donor resources pledged to the Fund before its founding and in its first year, in 2001-2002, would still have flowed to global health. Below is the graph showing what DAH commitments, including those to the nascent Global Fund, looked like from 1995-2002.

⁴¹⁶ Author’s own calculation using standard CAGR formula. $CAGR = ((\text{ending value}/\text{beginning value})^{(1/\# \text{ of years})} - 1)$. Here: $((8234.78/3955.4)^{(1/7)} - 1) = 11.04\%$.

⁴¹⁷ Simple linear regression calculated using excel function ‘LINEST’ which calculates the best-fit line using the least squares method. R^2 is a statistic generally used to predict future outcomes on the basis of a historical trend line though it also elucidates how close an approximation the ‘best-fit line’ is of the observed data. The closer R^2 is to 1, the closer the ‘best-fit line’ is to capturing the actual trend line of the data versus a simple average of the sum of all the data points/ # of data points.



Source: Author's own calculations, OECD CRS database, Gates Foundation⁴¹⁸

Donor commitments to global health, excluding the Global Fund: 1995-2002

In the years 1995-2002, aggregate donor commitments to global health, including donor countries' bilateral and multilateral commitments and the Gates Foundation's commitments, excluding commitments made to the Fund in 2001-2002, rose from \$3.96 billion to \$7.29 billion. Below is a graphical depiction of what DAH donor commitments minus commitments to the Fund looked like from 1995-2002 (blue line).

One can see once again that absent the aberration of 2001, DAH donor commitments, even excluding monies committed to the Global Fund, rose rapidly, increasing more than 180% from 1995 to 2002, with a compound annual growth rate (CAGR) above 9%.⁴¹⁹ The linear regression line (black line), or the 'best fit line' for this data set, again demonstrates how steadily DAH rose over the period; the R^2 value $> .92$.⁴²⁰

Although the sample size is significantly too small to extrapolate conclusions, from comparing the relative best fit lines and R^2 values of this data set and the preceding

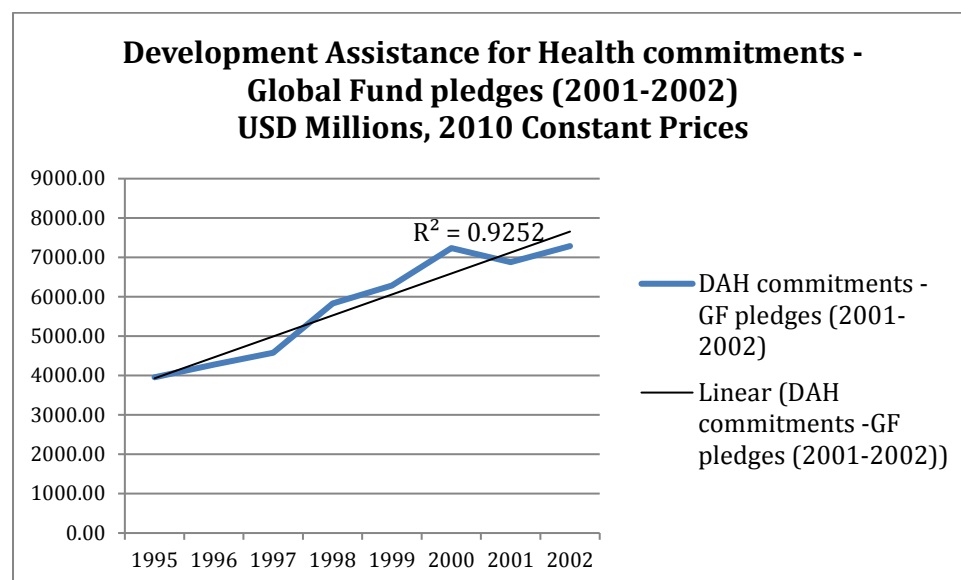
⁴¹⁸ Author's own calculations, simple linear regression calculated using excel function 'LINEST.'

⁴¹⁹ Author's own calculation using standard CAGR formula = $((\text{ending value}/\text{beginning value})^{1/\# \text{ of years}}) - 1$. Here: $((7287.62/3955.4)^{(1/7)}) - 1 = 9.12\%$.

⁴²⁰ Simple linear regression calculated using excel function 'LINEST.'

data set, it is interesting to note that the R^2 for DAH commitments excluding monies pledged to the Fund is smaller than the R^2 for DAH commitments including pledges to the Fund over the same period. If the data set were notably larger,⁴²¹ we could interpret the relatively higher R^2 as representing a more robust trend line and that the exclusion of the monies pledged to the Fund in the second data set weakens the trend line. We could further surmise, then, that at least some, if not all, of the donor resources pledged to the Fund in 2001-2002 would still have flowed to global health, with or without the Fund's creation, and likely even to efforts targeting HIV/AIDS, TB and/ or malaria through alternative channels.

Here is the graph showing what DAH funding looked like from 1995-2002 in terms of donor commitments with the 2001-2002 Global Fund pledges removed:



Source: Author's own calculations, OECD CRS database, Gates Foundation⁴²²

Projecting forward donor commitments to global health using the 1995-2002 trend line, both including and excluding commitments to the Global Fund

⁴²¹ A 'N,' or number of data points, of greater than 30 generally considered sufficiently sizeable to extrapolate statistically significant calculations.

⁴²² Author's own calculations, simple linear regression calculated using excel function 'LINEST.'

To truly test the ‘predictability’ of the best-fit lines from the simple linear regression calculations in the above graphs, we need to project forward both trend lines through 2009 and compare those projections to the actual DAH data. Even though Fund pledge data is available through 2011, I have chosen 2009 as the terminal year for these analyses because, as of November 2012, 2009 is the last year for which there is reliable CRS data available in OECD database.

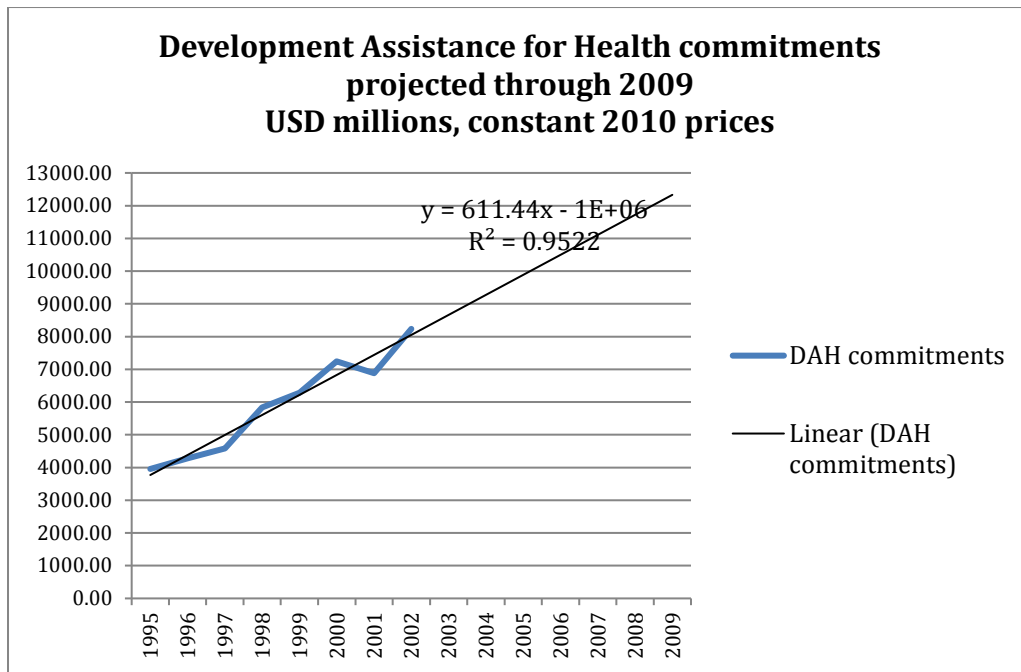
In the first analysis, the predicted value in 2009 of DAH commitments, including Fund pledge data from 2001-2002, is \$12.3 billion,⁴²³ an increase in DAH of 168% from 2002 and a more than three-fold increase from 1995. As discussed above, the high R^2 at $>.95$ for the 1995-2002 data range translates into an expected high degree of certainty around the future projections, meaning that more than 95% of observed data should be ‘explained’ by the forward-projected trend line.⁴²⁴

Here is what DAH commitments, including Fund pledges, projected forward through 2009⁴²⁵ looks like using the resulting linear regression trend line from 1995-2002:

⁴²³ The linear regression equation for this data set is $y = 611.44x - 1E+08$, effectively $y = 611.44x$ given $-1E+08$ equals 1. The value for 2009 is determined by calculating y when $x = 2009$ which translates into \$12.284 billion.

⁴²⁴ As there are only 15 data points (more than half of which are projections), we cannot calculate a valid confidence interval, even at 90%, as 15 is only 50% of what is generally considered the minimum number of data points for a statistically-valid calculation.

⁴²⁵ As of December 2012, only data through 2009 available.



Source: Author's own calculations, OECD CRS database, Gates Foundation⁴²⁶

In the second analysis, the predicted value in 2009 of DAH commitments, excluding Fund pledge data from 2001-2002, is \$10.7 billion,⁴²⁷ still a forecasted 46% increase from 2002 and a more than two and a half increase from 1995 – yet only 87% of the 2009 terminal value in the first analysis. As discussed above, the still relative high R^2 at $>.92$ for the 1995-2002 data range, even if lower than the R^2 in the previous analysis, still means that we would expect the projected trend line to track the observed data with $<8\%$ variance.

Yet, we know more than \$940 million in DAH commitments are not included as that is the sum of donor pledges to the Fund in those years, not to mention the additional exclusion of donor commitments to the Fund in subsequent years.⁴²⁸

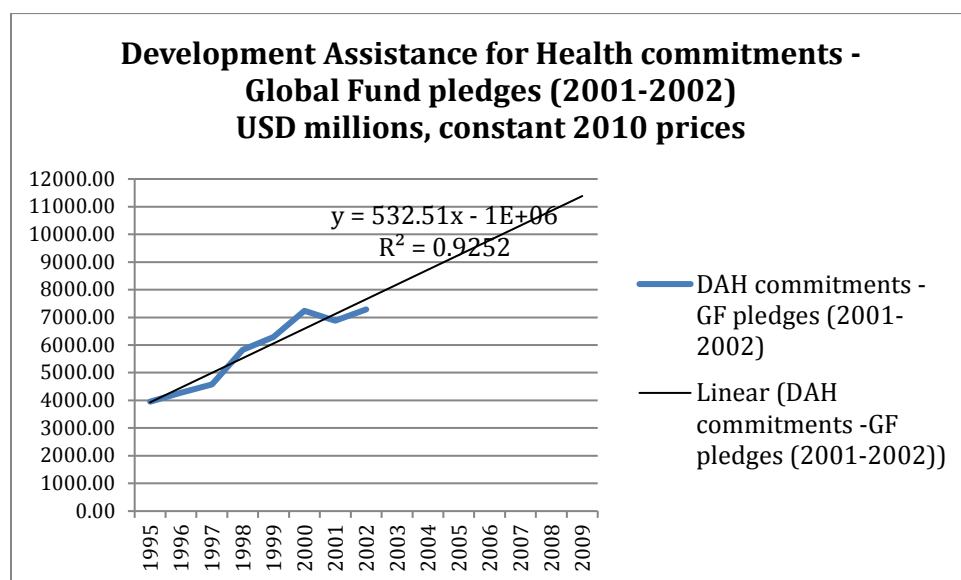
⁴²⁶ Author's own calculations, OECD CRS queries, simple linear regression calculated using excel function 'LINEST.'

⁴²⁷ The linear regression equation for this data set is $y = 532.51x - 1E+06$, effectively $y = 532.51x$ given $-1E+06$ equals 1. The value for 2009 is determined by calculating y when $x = 2009$ which translates into \$10.699 billion.

⁴²⁸ In 2002, it was reported and the Global Fund itself often cited that it had received \$1.3 billion in pledges. The Global Fund database, however, only includes \$947.17 million.

Regardless, based on these calculations, Fund pledges accounted for 13% of DAH commitments in 2009.

Here is what DAH commitments projected forward through 2009 looks like using the resulting linear regression trend line from 1995-2002 excluding commitments to the Fund in 2001-2002:



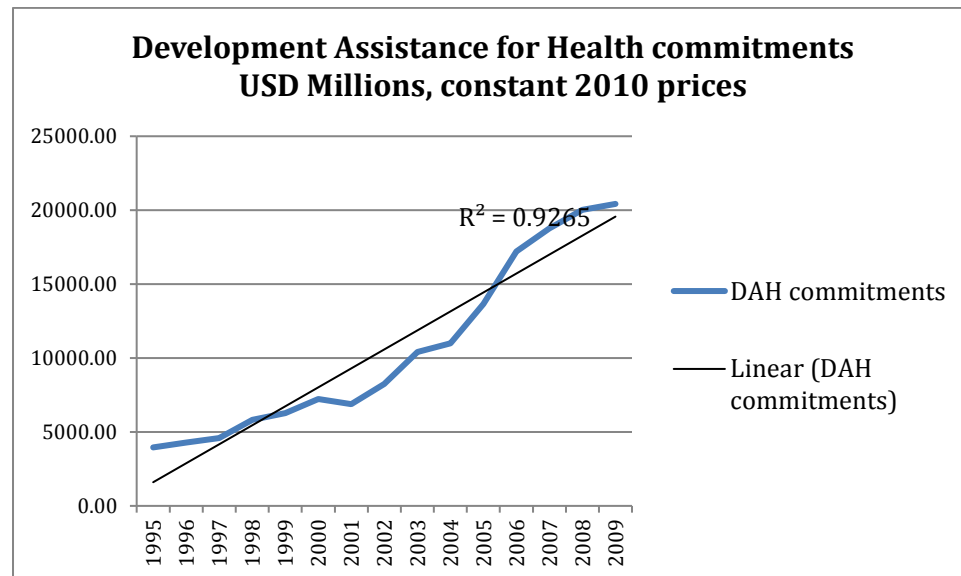
Source: Author's own calculations, OECD CRS database, Gates Foundation ⁴²⁹

Despite the relatively high R²s above, the actual data from 2003 – 2009 defied all expectations, in spectacular fashion. Not surprisingly, R² in this instance is less than .95, computed as .93, reflecting the undulations visible on the graph below. Interestingly this R² is not meaningfully different than the R² from the 1995-2002 DAH calculations minus the Global Fund pledges in 2001-2002, though that is only an interesting side note as neither are particularly ‘good-fits.’ Given DAH increased by almost 250% between 2003 and 2009, it is understandable that the linear regression for the entire period is not ‘a good fit.’ Nor given the observed data is it surprising that the predictive value of the 1995-2002 regression for 2009 of \$12.1

⁴²⁹ Author's own calculations, simple linear regression calculated using excel function ‘LINEST.’

billion (in the first graph) fell well below the actual \$20.4 billion in DAH seen in 2009.

Here is what actually happened to DAH commitments from 1995-2009:



Source: Author's own calculations, OECD CRS database, Gates Foundation, USAID/PEPFAR⁴³⁰

What share of the increase in DAH commitments can arguably be attributed to the entrance of the Global Fund on the DAH stage?

Given the massive expansion in DAH from 1995-2009 and specifically from 2003-2009, corresponding to the period we projected forward previously, the question becomes how much of this variance from trend can be attributed to the Global Fund's emergence? Between 2003-2009, the Fund received pledges in excess of \$15.9 billion (in excess of \$16.8 billion if 2001-2002 is included). Those pledges to the Fund accounted for 14.29% of the aggregate new commitments made in those years, a total close to \$111.5 billion. The Gates Foundation's \$9.97 billion committed between 2003-2009 accounted for 8.94% of the more than doubling of DAH over the period, whereas Gates committed only \$1.75 million to global health in 1995, the first

⁴³⁰ Author's own calculations, simple linear regression calculated using excel function 'LINEST.'

year of analysis above.⁴³¹ While pledges to the Global Fund alone contributed more than the Gates Foundation's total commitments to DAH between 2003-2009, the U.S. pledged (and contributed) far more than the two combined, including the U.S. pledges to the Fund. Between 2003-2009, the U.S. pledged more than \$40.4 billion to DAH, more than \$24.68 billion of which came through PEPFAR. Indeed, the U.S. committed more resources than it ever had before; PEPFAR committed \$18 billion in its first five years, through 2008, alone – \$3 billion more than originally authorized by Congress.⁴³² The U.S. accounted for 40.79% of the DAH swell between 2003 and 2009. Although the CRS breaks out the U.S.' ODA and the Fund's received commitments and, as such, there should not be any double counting, even after erring on the conservative side and removing the more than \$4.1 billion U.S. Fund pledges from the calculation, the U.S.'s commitments represent more than 37% of the additional DAH from 2003 to 2009.⁴³³

From these first analyses, it seems clear that the Fund made a significant contribution to DAH but not an unparalleled one – and that its arrival in January 2002 was possibly less significant an event for DAH than President George Bush's inauguration a year earlier.⁴³⁴ It is also true that even removing the Global Fund's more than \$3 billion in pledges in 2009, DAH would have by then more than doubled from its 2002 levels. To understand what discernable difference the Fund made to DAH headline numbers and how it may have influenced the DAH trend line from its inception forward – as unexpected as it was – we need to know more. The

⁴³¹ Author's own calculations.

⁴³² PEPFAR, 'Fact Sheet: Celebrating Life: Fifth Annual Report to Congress on PEPFAR 2009', (2009 [cited 30 October 2012]), p.1; available http://www.pepfar.gov/press/fifth_annual_report/ PEPFAR, 'The U.S President's Emergency Plan for AIDS Relief (PEPFAR): Fiscal-Year 2009: PEPFAR Operational Plan Update, November 2010,' (2010 [cited 30 October 2012]), p. 10; available www.pepfar.gov/documents/organization/124050.pdf

⁴³³ Author's own calculations.

⁴³⁴ For a detailed presentation and analysis of PEPFAR's contributions to global health and DAH, see IOM's 2013 evaluation cited earlier.

subsequent analyses will help provide the additional evidence to assess the Fund's contribution to DAH beyond the dollars pledged to it.

How Good is the Global Fund at Securing Real Cash from Donors? Determining the Pledge / Contributions Ratio

From 2001/2002-2005, every pledge donors made to the Fund converted into cash contributions, with the Fund in certain early years seeing total contributions in excess of total pledges due the same year. Interestingly, this dynamic of remarkable initial success – the WHO average from 2004-2006, as mentioned earlier, was 80% – received no attention until Aidspan pointed it out as an aside in a December 2012 report on donor's average annual pledges to the Fund for 2011-2013 as a percentage of their respective 2011 gross national income.⁴³⁵ Even the Fund did not mention that achievement in any of their early Annual Reports.⁴³⁶

In 2006, the Global Fund achieved close to perfect pledge to contribution conversion: less than two hundredths of one percentage was not paid on time and all from one erstwhile donor: Nigeria. Still, even with Nigeria's relatively insignificant missing funds, contributions to the Fund in 2006 exceeded total expected pledges given private Foundation support that exceeded previous pledges and the advent of Product (RED)'s support that year. Since 2006, however, the Fund has not had a year in which every pledge translated, on schedule, to cash contributions

To determine how ably the Fund converted pledges into contributions, we need to examine the contribution-to-pledge ratio in each year and in aggregate over its first decade. As mentioned earlier, the Fund provides pledge and contribution data by donor as well as by date of pledge, date of contribution and what pledges that were

⁴³⁵ Bernard Rivers, 'Donors to the Global Fund: Who Gives How Much?' (12 December 2012 [cited 14 December 2012]); available <http://www.aidspace.org/page/other-publications>

⁴³⁶ See Global Fund, *Annual Reports 2002-3 –2005*.

due in a given year were not paid on time. It counts contributions received against the year for which the donor made a specific pledge, enabling a more accurate picture of the contribution-to-pledge ratio than is possible with the CRS data. For contributions not tied to a pledge, like those from (RED), the Fund only counts those monies as contributions and does not add a 'dummy variable' for an equivalent pledge amount meaning in certain years, the contribution-to-pledge ratio exceeded 100%.

In contrast to the Fund, the CRS data is a snapshot in time, regardless of the timing of individual commitments. That means that a disconnect exists between when a multi-year pledge is recorded in full by an organisation that reports to CRS, e.g., in 2006, and when the organisation receives disbursements in instalments, e.g., 2006, 2007 and 2008. Also, whereas the Fund has collected pledge and contribution data from inception, CRS has only collected disbursement data, analogous to the Fund's contribution data, from 2002. As mentioned in Chapter Three, the CRS data lags in time considerably; at the time of this writing, reliable CRS commitment, or pledge, data and disbursement, or contribution, data is only available through 2010. Additionally, the rapid rise in DAH that began in 2001-2002 exacerbates the challenge of comparing disbursements to commitments in any given year; by definition, commitments swelled first, meaning that the denominator in any disbursement to pledge ratio would be expected to be far greater in some years than the numerator. As a comparison to CRS data is not a particularly robust one.

Still, as context, below is the CRS commitment and disbursement data from 2002-2010. Even with the rapid rise in DAH, the average commitment/disbursement ratio of 83.5% exceeds the mid-period WHO watermark.

	2002	2003	2004	2005	2006
Commitments	7,715,600	9,700,778	10,030,237	12,500,496	15,426,789
Disbursements	6,236,657	7,331,417	8,299,860	10,634,903	11,947,459
Commitments - Disbursements	1,478,943	2,369,361	1,730,377	1,865,593	3,479,330
Commitments/ Disbursements	80.8%	75.6%	82.7%	85.1%	77.4%

	2007	2008	2009	2010
Commitments	16,872,251	18,066,240	20,423,911	19,016,492
Disbursements	13,645,188	15,016,694	17,025,399	18,212,263
Commitments - Disbursements	3,227,063	3,049,545	3,398,512	804,229
Commitments/ Disbursements	80.9%	83.1%	83.4%	95.8%

	Total 2002-2010
Commitments	129,752,793
Disbursements	108,349,840
Commitments - Disbursements	21,402,953
Commitments/ Disbursements	83.5%

Source: OECD CRS database, specifically commitment and disbursement from 'Health, Total' (CRS codes 12110-12281) and 'Population Policy/ Programs & Reproductive Health, Total' (CRS codes 13010-14081)⁴³⁷

From 2001-2011, the Fund converted more than 96% of its pledges into contributions. Even removing the slight skew of (RED)'s contributions,⁴³⁸ the Fund converted more than 95% of its donor pledges into contributions,⁴³⁹ a ratio far higher than the WHO's average of 80%. At least in this instance, the Fund clearly has a unique and enviable track record.

Here is what the Fund pledges and contributions data from 2001 – 2011 looked like:

⁴³⁷ Author's own calculations.

⁴³⁸ Project (RED) does not make pledges, only contributions, and as such is only counted by the Fund for its contributions not for its pledges.

⁴³⁹ (RED) accounted for .84% of total contributions received from 2001-2011.

	2001-2002	2003	2004	2005	2006
Pledges	947,168,464	930,089,681	1,527,267,776	1,508,394,016	2,035,844,340
Contributions	956,954,685	936,786,499	1,527,957,303	1,509,050,847	2,047,924,757
Contributions - Pledges	9,786,221	6,696,819	689,527	656,831	12,080,416
Contributions / Pledge	101.0%	100.7%	100.0%	100.0%	100.6%

	2007	2008	2009	2010	2011
Pledges	2,675,455,497	3,042,114,519	3,349,116,611	3,656,586,508	3,092,704,846
Contributions	2,719,937,722	3,110,098,109	3,197,165,983	3,289,358,009	2,606,151,913
Contributions - Pledges	44,482,224	67,983,591	-151,950,628	-367,228,499	-486,552,933
Contributions / Pledge	101.7%	102.2%	95.5%	90.0%	84.3%

	Total 2001-2011
Pledges	22,764,742,257
Contributions	21,901,385,827
Contributions - Pledges	863,356,430
Contributions / Pledge	96.2%

Source: Global Fund Contribution-To-Date raw data, which also includes pledge information, downloaded 23 May 2012, author's own calculations⁴⁴⁰

Note: Unlike the OECD/DAC data, the Fund does not convert into constant dollar terms so each year's data are expressed in the real, or nominal, dollars amounts.

Interestingly, until 2009, total government contributions to the Fund either met or exceeded government pledges. In 2009, government contributions were 94.6% of government pledges, a percentage that dropped to 88.8% in 2010 and 82.5% in 2011.⁴⁴¹ This is not surprising given the prevailing financial crisis and global recession as the earlier citation from the OECD noted. The equivalent foundation ratio, meanwhile, did not drop below 100% in any year. This is largely a comment on the Gates Foundation as it represented 75.9% of total foundation pledges to the Fund from 2001-2011 and 75.6% of total foundation contributions over the same period.⁴⁴²

The first private sector pledge was not made until 2008, though the Fund received its first significant private sector contribution, from (RED), in 2006. Given (RED)'s importance to the Fund's private sector donor demographic and its policy of not making pledges or even forecasts of pledges, aggregate private sector contributions have always been at least 250% of private sector pledges; in 2008,

⁴⁴⁰ Global Fund, 'Contributions-To-Date,' (2012 [cited 23 May 2012]), author's own calculations.

⁴⁴¹ Ibid.

⁴⁴² Author's own calculations. Total foundation pledges from 2001-2011 equalled \$1,079,652,122 and total foundation contributions equalled \$1,083,059,241. Gates both pledged and contributed \$819,365,000 from 2001-2011 to the Global Fund.

private sector contributions were more than 750% private sector pledges.⁴⁴³ It is hardly surprising then that the private sector has loomed large in the Fund's narrative. Determining whether or not those staggering percentages reveal a strong funding partner for the Fund is the next task of this chapter.

Non-Bilateral DAH Funding

To understand the significance of non-bilateral funders, including the private sector, to the Global Fund on a relative and comparative basis, we have to first understand the importance of private funders – foundations, corporations, individuals and other sources – to DAH broadly. The Gates Foundation invariably looms large in any assessment of non-bilateral actors in DAH. Indeed, as of 2009, the only non-bilateral or multilateral organisation counted in the CRS database is the Gates Foundation. As noted in Chapter Three, Institute for Health Metrics and Evaluation (IHME) collects and estimates data for entities that do not report to CRS. In its 2011 DAC Report on Multilateral Aid, the OECD mentioned the private sector only once, stating that its work shows that DAC members deliver aid primarily to specific disease or intervention programmes, like the Global Fund, and citing the IHME's work that shows private funding NGOs.⁴⁴⁴ The Gates Foundation does not appear once in the 2011 DAC Report.

In an effort to establish a baseline of non-bilateral funders, IHME, for example, collates data from individual NGOs and, when necessary, extrapolates NGO expenditures from publicly available sources. Given both the intensive nature of such work and the relative paucity of reliable NGO data, IHME historically incorporates in its dataset at least the 20 U.S.-based NGOs with the most significant overseas health expenditures, or disbursements; when robust data exists from other U.S. NGOs,

⁴⁴³ Ibid, author's own calculations. For example, total private sector pledges were \$10,000,000 in 2008 while total private sector contributions were \$77,971,621.

⁴⁴⁴ OECD/DAC (2011), p. 20.

IHME also incorporates their health expenditures.⁴⁴⁵ IHME also estimates Development Assistance for Health (DAH) by source of funding and not only by channel of assistance. This distinction is important given dollars that originate from a bilateral donor, like the US, or a multilateral organisation, like WHO, could flow through NGOs. In 2010, for example, IHME estimated that 38.7% of DAH flowed through NGOs with the US providing an even greater share of its DAH through NGOs: 52.9%.⁴⁴⁶ We are interested in where funding originated from and what proportion of DAH is non-bilateral in origin. Those are better comparatives to the non-bilateral funding flowing to the Global Fund, from Foundations, the private sector and individuals. IHME calls this distinction appropriately ‘DAH by source of funding,’ vs. ‘DAH by channel of assistance.’

To determine a benchmark of private contribution levels to DAH to assess whether or not the Global Fund has a comparable or uniquely strong private funding dimension, I first pulled IHME’s data of non-bilateral funding for DAH from 2001-2010;⁴⁴⁷ IHME has not yet validated later years’ data. IHME aggregated data includes both cash and in-kind contributions. ‘Corporations’ includes private company contributions to NGOs, foundations and to multilateral organisations like the Fund. ‘Other’ encompasses contributions made to the same group by private individual and private foundations (e.g., a family foundation). I then calculated total

⁴⁴⁵ Non-US private foundations and NGOs as well as private companies’ contributions were not included due to an absence of sufficient data. In disclosure, in IHME’s December 2011 report, the Clinton Foundation ranked sixteenth with \$216.7 million in adjusted overseas health expenditure. In IHME’s January 2013 report, the Clinton Foundation ranked sixth with \$442.75 million in adjusted overseas health expenditure. IHME, ‘Financing Global Health 2012: The End of the Golden Age?’ (2013 [cited 16 April 2013]); available http://www.healthmetricsandevaluation.org/sites/default/files/policy_report/2011/FGH_2012_chapter_4_IHME.pdf

IHME, ‘Financing Global Health 2011: Continued Growth as MDG Deadline Approaches’ (2011 [cited 24 April 2012]); available <http://www.healthmetricsandevaluation.org/publications/policy-report/financing-global-health-2011-continued-growth-mdg-deadline-approaches>
IHME (2013), Methods Annex, p. 31-35.

⁴⁴⁶ IHME (2013), Main Report, pp. 38-39

⁴⁴⁷ IHME (2013), Annex B: Statistics, pp. 58-59.

non-bilateral funding as well as the Gates Foundation, Corporations and ‘Other’ as percentages of total DAH to determine the importance of each to DAH. In an effort to establish the relative importance of non-bilateral funding to the DAH swell over the same period discussed earlier in this chapter, I calculated the CAGR for each constituent part of non-bilateral funding, total non-bilateral funding and then total DAH, which differs in the IHME dataset because it is now updated to include 2010 data it deems reliable whereas CRS has not yet released its 2010 DAH report, a longer lag time, as of early 2013, than in previous years.⁴⁴⁸

Non-bilateral DAH grew at 9.3% between 2001-2010, though the Gates Foundation’s 14.6% CAGR, with its DAH contributions more than tripling over that time period, accounts for the majority of the growth. DAH overall, interestingly, experienced more robust growth with an 11.2% Compound Annual Growth Rate (CAGR);⁴⁴⁹ as IHME pointed out in its 2011 report, DAH grew at a rate of 13% from 2004-2008 and then dropped to 6% annually between 2008-2010, a decline it too attributed to the financial crisis.⁴⁵⁰ Corporate contributions grew at 7.5% while ‘other’ a proxy for individual giving directly or through formalised mechanisms like family foundations, grew at 6.6%.⁴⁵¹ Non-bilateral DAH total as well as all its constituent demographics peaked in 2008 and declined successively in both 2009 and 2010; IHME cited that decrease as negatively impacting DAH channelled through NGOs over the same period.⁴⁵² 2008 also marked the year in which non-bilateral funders

⁴⁴⁸ OECD/DAC released its 2009 DAH report in December 2011, signalling its confidence in the OECD CRS data for 2009. It similarly released its 2008 DAH report in December 2010, making it notable that as of 2 May 2013, OECD/DAC had not yet released its 2010 DAH report.

⁴⁴⁹ Author’s own calculations.

⁴⁵⁰ IHME (2011), Main Report, p. 13.

⁴⁵¹ Author’s own calculations.

⁴⁵² IHME (2011), Main Report, p. 13.

comprised its largest relative share of DAH funding at 20% and the most significant year for corporations at 2.8%.⁴⁵³

Interestingly, in the 2009 *Lancet* article ‘Financing of global health: tracking development assistance for health from 1990 to 2007,’ the authors assert that ‘private sources of funding were responsible for ... 26.7% in 2007’ of Development Assistance for Health (DAH).⁴⁵⁴ That is significantly higher than the 16.7% assessed from the raw data available from the published IHME dataset. The discrepancy likely results from a recalculation of in-kind private contributions by IHME in 2011 that influenced the assessment of 2009 and subsequent years as well as the recalibration of earlier years. As of October 2012, the Ravishankar *et al.* article in the *Lancet* was the last scholarly article published looking at DAH by funding channel and funding source.

Non-bilateral DAH:

Non-bilateral DAH funders	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gates Foundation	501.36	549.86	626.99	452.66	727.88	872.55	1,170.03	1,915.16	1,813.79	1,711.11
Corporations	183.81	209.33	248.3	362.13	453.33	394.99	450.17	698.28	553.01	353.15
Other*	1,173.37	1,110.79	1,183.23	1,258.20	1,573.38	1,751.41	1,936.41	2,324.15	2,127.42	2,088.71
total non-bilateral	1,858.54	1,869.98	2,058.52	2,072.99	2,754.59	3,018.95	3,556.61	4,937.59	4,494.22	4,152.97
total DAH	10,817.05	12,440.11	13,257.86	14,602.32	16,813.36	18,411.58	21,276.90	24,724.44	25,445.08	28,159.76
% non-bilateral of total DAH	17.2%	15.0%	15.5%	14.2%	16.4%	16.4%	16.7%	20.0%	17.7%	14.7%
% Gates F'ation of total DAH	4.6%	4.4%	4.7%	3.1%	4.3%	4.7%	5.5%	7.7%	7.1%	6.1%
% Corporations of total DAH	1.7%	1.7%	1.9%	2.5%	2.7%	2.1%	2.1%	2.8%	2.2%	1.3%
% Other of total DAH	10.8%	8.9%	8.9%	8.6%	9.4%	9.5%	9.1%	9.4%	8.4%	7.4%

Note: In millions USD, constant 2010 prices.

Source: IHME DAH Database 2012, author's own calculations

	CAGR 2001-2010
Gates Foundation	14.6%
Corporations	7.5%
Other*	6.6%
total non-bilateral	9.3%
total DAH	11.2%

Source: IHME DAH Database 2012, author's own calculations⁴⁵⁵

⁴⁵³ Author's own calculations.

⁴⁵⁴ Nirmala Ravishankar, *et al.*, ‘Financing of global health: tracking development assistance for health from 1990 to 2007,’ *Lancet*, (2009), vol. 373, p. 2117.

⁴⁵⁵ Author's own calculations, IHME database.

The average non-bilateral funding percentage from 2001-2010 was 14.6% and the ‘Corporations’ and ‘Other’ averages were 7.5% and 6.6%, respectively. Given the Global Fund’s asserted strong ties to the private sector and innovative funding mechanisms,⁴⁵⁶ as well as to the Gates Foundation and foundations, it would be surprising if the private funding support, particularly from the private sector, to the Global Fund did not at least equal, if not exceed, the non-bilateral DAH funding percentage.

We turn now to see if the Fund’s experience matched expectations. Before we look at the its record, it is important to expand on what Chapter One only briefly touched on, the considerable expectations from inception that the Fund’s would harness significant new, non-bilateral sources of funding.

Non-Bilateral Funding to the Global Fund

2000-2002: Early expectations of Private Funding

The Global Fund was not the first international organisation to solicit support from private companies or private foundations, nor was HIV/AIDS the first disease that private companies or foundations worked to eradicate. Between 1922-1934, the Rockefeller Foundation provided approximately \$2 million dollars to the League of Nations Health Organisation, in large part to support small pox vaccination campaigns.⁴⁵⁷ Similarly, private companies and foundations working through Global Fund grantee country-coordinating mechanisms (CCM) were not the first private actors to directly tackle infectious diseases. Research has shown malarial control by various private companies and public-private ventures proved crucial to their successes in the early 20th century, from copper mining companies in Northern Rhodesia to tea plantations in Malaysia to dredging operations in the Panama

⁴⁵⁶ Rifat Atun *et al.* ‘Innovative financing for health: what is truly innovative.’

⁴⁵⁷ Paul Weindling, ‘Philanthropy and World Health: The Rockefeller Foundation and the League of Nations Health Organisation’, *Minerva*, (1997) vol. 35, no. 3, p. 272.

Canal.⁴⁵⁸

By the late 20th century, there existed broad acceptance that a country's health influenced a country's wealth, including its gross domestic product (GDP) today and its economic growth rate tomorrow. Work by academics like John Gallup and Jeff Sachs in their paper 'The Economic Burden of Malaria,' published in 1998,⁴⁵⁹ and the World Bank and OECD provided the rationale for this acceptance.⁴⁶⁰ The private sector, not surprisingly, had become more involved in global health over time, engaging in fights particularly against infectious diseases in the developing world, largely because of concerns around their employees' and consumers' health.⁴⁶¹ In the late 1990s, the UN system entered the debate when Dr. Gro Bruntland, then WHO Director-General, asserted that 'only when all MDGs are obtained will one MDG be reached,' meaning that only when health, development, education were tackled coherently could sustainable progress be achieved on any given one goal.^{462 463}

By the 21st century, HIV/AIDS was a growing concern to businesses across the world, particularly in high-prevalence countries in sub-Saharan Africa. In 2000, UNAIDS along with the Global Business Council on HIV/AIDS and the Prince of

⁴⁵⁸ Martin S. Alililio, Ib C. Bygbjerg & Joel G. Berman, 'Are Multilateral Malaria Research and Control Programs the Most Successful? Lessons from the Past 100 Years in Africa,' *American Journal of Tropical Medicine and Hygiene*, Supplement: The Intolerable Burden of Malaria II: What's New, What's Needed, (2004) vol. 71, no. 2.

The Health and Environment Linkages Initiative (HELI), WHO, 'Malaria control: the power of integrated action, p. 6 (2012 [cited 20 June 2012]); available <http://www.who.int/heli/risks/vectors/malariacontrol/en/index8.html>.

⁴⁵⁹ John Luke Gallup and Jeffrey D. Sachs, 'The Economic Burden of Malaria,' Center for International Development at Harvard, (1998 [cited 2 January 2012]); available http://www.earth.columbia.edu/sitefiles/file/about/director/pubs/mal_wb.pdf

⁴⁶⁰ As one example see: World Bank Group, *World Development Report 1994: Infrastructure for Development* (New York: Oxford University Press, 1994).

⁴⁶¹ Josh Michaud, 'Global Health's Private-Sector Revolution,' *World Politics Review* (14 December 2010 [cited 26 June 2012]); available <http://www.worldpoliticsreview.com/articles/7328/global-healths-private-sector-revolution>

⁴⁶² I consistently heard Dr. Gro Harlem Bruntland state this in public speeches during Summer 2002 when I worked in her office as an intern.

⁴⁶³ Dr. Bruntland's first major effort was the Commission on Macroeconomics and Health. HIV/AIDS factored prominently into its work. See *Report of the Commission on Macroeconomics and Health*, Presented by Jeffrey D. Sachs, Chair, to Gro Harlem Brundtland, 20 December 2001 (Geneva: WHO, 2001).

Wales Business Leaders Forum published the first significant report on HIV/AIDS and the private sector, 'The Business Response to HIV/AIDS: Impact and Lessons Learned.' It asserted that: 'For many businesses the impact of HIV/AIDS is already severely constraining their ability to be competitive, while for others the potential risks are significant.' More than a decade later, this seems obvious. The report cited evidence across Southern Africa of a causal relationship between HIV/AIDS and declining worker productivity and ultimately, for local companies and multinationals alike. It also offered examples of how companies like Levi Strauss and Standard Chartered Bank responded effectively in the U.S. and Europe to HIV/AIDS in the early 1980s through a mix of HIV education and health insurance coverage for its employees, and, when appropriate, helping to educate their consumers and communities.⁴⁶⁴

For a UN report, it is surprisingly granular, providing a checklist of best-practice company policies and offering contact information for potential partners to help companies respond to HIV/AIDS. The main body of the report concludes with what its views on how the private sector should engage in fighting HIV/AIDS, from contributing material resources to skills-based resources such as monitoring and measurement capabilities to their customer bases and their relationships to governments. The report recognises companies may find it 'easier if they can use non-financial resources' as contributions.⁴⁶⁵ That sentiment was not prescient. For its first decade, the Fund maintained a strong aversion to accepting non-financial contributions. Despite Annan's clear intention to create a fund to tackle HIV/AIDS

⁴⁶⁴ Kieran Daly, 'The Business Response to HIV/AIDS: Impact and lessons learned,' UNAIDS, The Global Business Council on HIV&AIDS and The Prince of Wales Business Leaders Forum (2000 [cited 24 May 2012]), pp. 13-16, 30-40; available http://www.unaids.org/en/media/unaids/contentassets/dataimport/publications/irc-pub05/jc445-businessresp_en.pdf

⁴⁶⁵ Ibid. p. 36-40.

through a public-private partnership model and the enthusiasm evident for such a plan in advance of the G8 Okinawa meeting that year, the 2000 report contains no mention of a global fund to fight HIV/AIDS. An absence the eventual scant private support of the Fund makes all the more interesting in retrospect.

The 2000 report also recognised the (soon to-be-renamed) Global Business Council on HIV/AIDS (GBC) as the mechanism through which business had engaged to work together on HIV/AIDS.⁴⁶⁶ In its first incarnation, GBC met in 1997, prompted by UN Secretary-General Kofi Annan's efforts to enfranchise the private sector in the fight against HIV/AIDS. It predates the Global Compact, the effort the UN launched in 2000 to broaden businesses' definition of corporate social responsibility to include engagement on global issues.⁴⁶⁷ Yet it did not become meaningfully animated until former U.S. Ambassador to the UN Richard Holbrooke, the main proponent of UN Resolution 1308, assumed the leadership role in 2001. Holbrooke built the membership from fewer than a dozen companies in 2001 to 105 at the start of 2003 and more than 190 by 2005.⁴⁶⁸

In late 2001 and early 2002, the GBC published a set of papers outlining what it believed the private sector's role in combating HIV/AIDS could and should be; given Annan's general approbation of the GBC as well as statements from Holbrooke himself, it is not a stretch to assume the GBC's views closely aligned with those of at least Annan personally and likely those of the larger UN apparatus.⁴⁶⁹ In its most substantial report in its early years, GBC proposed that the private sector's greatest contributions to the fight against HIV/ AIDS would be to 'speak out publicly about

⁴⁶⁶ Ibid. p. 40.

⁴⁶⁷ For more on the origins and history of the Global Compact, see United Nations Global Compact, United Nations Global Compact Annual Review – Anniversary Edition (2010; cited 5 January 2013); available http://www.unglobalcompact.org/docs/news_events/8.1/UNGC_Annual_Review_2010.pdf.

⁴⁶⁸ PBS Frontline, 'Interview Richard Holbrooke,' (7 March 2005 [cited 19 January 2013]); available: <http://www.pbs.org/wgbh/pages/frontline/aids/interviews/holbrooke.html>

⁴⁶⁹ Clinton, pp. 48-49.

the urgency of the crisis' and 'educate' employees and customers. It also maintained that 'business has too often been an untapped partner,' offering examples of business that were 'real partners,' such as Coca-Cola providing logistics support to bring HIV/AIDS education materials to hard-to-reach places in Africa and the global consultancy McKinsey that was working with developing countries on comprehensive HIV/AIDS strategies.⁴⁷⁰

Roughly around the same time, amid discussions of what shape a global fund should take and then in the Fund's early days, academics and policy analysts began to ask questions about the private sector's relationship to HIV/AIDS. A June 2001 literature review of 'HIV/AIDS and the Private Sector,' found that HIV/AIDS had clearly negatively impacted certain companies' workforces and bottom lines, with the literature suggesting that skilled workers, at that time, were more likely to contract the virus and that certain countries and industries, such as mining, were disproportionately hard-hit. Not surprisingly given the distribution of HIV/AIDS infections at the time of the literature survey, the authors found that although there was a growing awareness of the costs associated with HIV/AIDS around the world, research revealed a significantly higher level of concern in companies based in or with substantial operations in sub-Saharan Africa and Southeast Asia. It also cited a number of sobering predictions from the literature surveyed, including that Kenya's GDP was forecast to be 14.5% lower in 2005 than it would have been absent HIV/AIDS and that the annual per capita income growth rate in sub-Saharan Africa as a whole would be .3% lower as a direct consequence of HIV/AIDS. Yet, the authors noted more research was needed, as was more reportage in the business press, citing their own

⁴⁷⁰ Global Business Council on HIV/AIDS, 'Leading the Business Fight Against HIV/AIDS,' AmFAR, (2002 [cited 24 March 2012]); available <http://www.kintera.org/atf/cf/%7BEE846F03-1625-4723-9A53-B0CDD2195782%7D/GBC%20Brochure%202002.pdf>

Anne-Christine d'Adesky, 'Global AIDS – The Private Sector Starts to Take Notice,' (April 2003 [cited 26 June 2012]); available www.amfar.org/GlobalLink

research that showed that: ‘Since 1997, the combined number of full articles on HIV/AIDS in the Harvard Business Review, Forbes Magazine, Fortune and Money Magazine is just 11. The New York Times, on the other hand, published 17 articles on the subject in the *month* this survey was conducted.’⁴⁷¹

A Brookings Policy Brief on HIV/AIDS in 2001 details the threats an unabated AIDS epidemic poses to developing countries’ development, growth, security (both on militaries and peacekeeping forces), health systems and societies, building on a World Bank study in 2000 that contended South Africa’s GDP would be 17% lower in 2010 than it would have been without AIDS, costing the economy \$22 billion over the subsequent decade.⁴⁷² In 2002, UNAIDS declared that both companies based in high-prevalence countries and multinationals that operated within them had realized that HIV/AIDS was negatively impacting both their employees and their consumers, offering a sobering prediction: HIV/AIDS- related absenteeism, productivity declines, health-care expenditures, and recruitment and training expenses in several southern African countries could cut profits by 6-8%, for local and multinational businesses alike.⁴⁷³

In the statement following the United Nations General Assembly’s Special Session on HIV/AIDS (UNGASS HIV/AIDS) in June 2001, the General Assembly clearly stated that ‘Contributions to the Fund will be mobilized from public and private sources, with a special appeal to donor countries, foundations and the business community, including pharmaceutical companies, philanthropists and wealthy individuals.’ It went on to say that ‘The Assembly also committed itself to launching, by 2002, a worldwide fundraising campaign -- conducted by the Joint United Nations

⁴⁷¹ David E. Bloom, *et al.*, ‘HIV/AIDS and the Private Sector – A Literature Review,’ June 2001, p. 3. Emphasis in the original.

⁴⁷² As qtd. in Erica Barks-Ruggles, Meeting the Global Challenge of HIV/AIDS,’ Policy Brief #75, (Washington, D.C.: Brookings Institution, 2001), p. 2.

⁴⁷³ UNAIDS, Fact Sheet 2002: The Impact of HIV/AIDS (WHO: Geneva, 2002), p. 1.

Programme on HIV/AIDS (UNAIDS) and other partners --- aimed at the public and private sector, to contribute to the HIV/AIDS and health fund.’⁴⁷⁴ At inception, the Global Fund’s potential bilateral and non-bilateral donors were given equal billing.

The enthusiasm about private actors supporting global health and enabling PPPs to flourish was not confined to the UN. Even the World Economic Forum (WEF), which the *Financial Times* has referred to as a gathering of ‘capitalism’s high priests,’⁴⁷⁵ launched its Global Health Initiative (GHI) at its January 2002 annual January 2002. WEF brought together a diverse group of corporate luminaries for the steering committee, including Coca-Cola, Pfizer and ExxonMobil.⁴⁷⁶ WEF intended its programme to catalyse intra-private sector collaboration in the global health arena as well as facilitate public-private cooperation. Whether WEF succeeded is not a question this thesis will answer. Regardless of its (mixed) subsequent record, Global Health Initiative appearance on the stage in early 2002 further demonstrates that global health public-private partnerships were indeed in vogue.

The Elusive Private Sector

In the World Bank’s 2011 evaluation of its relationship to the Fund, it notes that the Fund ‘has undertaken a strong effort to identify and mobilize new resources, including private and foundation sources,’ specifically citing the Product (Red) Initiative launched in 2006, the Debt2Health effort begun in 2007 and the \$30 million Chevron commitment in 2008.⁴⁷⁷ Yet the World Bank report never questions why at the time of its writing, in late 2011, there had not been a new significant private sector

⁴⁷⁴ UN Press Release GA/9888, ‘With unanimous adoption of ‘battle plan’ for fight against HIV/AIDS, Assembly concludes historic three-day special session,’ (27 June 2001 [cited 2 January 2012]); available <http://www.un.org/News/Press/docs/2001/ga9888.doc.htm>

⁴⁷⁵ As one example, see Raymond Colitt, ‘Lula to woo capitalism’s high priests at Davos,’ *Financial Times*, 26 January 2005.

⁴⁷⁶ Funders Concerned About AIDS, ‘Corporate update: aids is your business,’ WEF (September 2003 [cited 12 January 2012]), p.1; available <http://www.weforum.org/issues/global-health>.

⁴⁷⁷ World Bank/IEG, p. 64.

commitment or contribution since Chevron's initial commitment in 2008 and then its increased commitment in 2010. This is particularly surprising given the relationship of the World Bank to the Global Fund. Although the Fund is one of more than 1000 donor contribution accounts the Bank manages, it is the largest one. The Bank also acts as a trustee for the Global Environmental Facility, among others, responsible for the funds each receives but not for their subsequent use.⁴⁷⁸ Still, given the Bank's scrutiny of its relationship with the Fund, it is surprising that the Bank's evaluation did not more directly call out the relative paucity of private sector funds sitting in the Fund's account.

The World Bank was not the only multilateral that perpetuated the narrative of the Global Fund has being built on a robust multi-sectorial funding base. The 2010 OECD/DAC Report on Multilateral Aid, recognises that new global funds, particularly in health, 'were created by donors to focus on achieving the results that significant resource transfers were deemed to have failed to produce,' and that such funds, 'financed by private donors and governments were established to address specific goals.'⁴⁷⁹ In its description of the Fund, the report notes that by late 2010, 'individual contributions from close to 50 countries, as well as private foundations, corporations and individuals,' had donated to the Fund with the new 'efforts underway to bring in more funding from the private sector and through innovative financing mechanisms.'⁴⁸⁰ The recognition that new strategies were needed to attract more private sector funding is the closest this OECD/DAC Report, or any OECD/DAC Report, comes to critiquing the robustness of the 'private' dimension in the Fund's 'public-private partnership' identity. Still, the global health example the

⁴⁷⁸ OECD/DAC, '2010 DAC Report on Multilateral Aid,' p. 52.

⁴⁷⁹ Ibid. p. 63.

⁴⁸⁰ Ibid. p. 142.

report cites is the Fund, holding it up as a potential model for future funds targeting the causes and effects of climate change.⁴⁸¹

Independent evaluations or commentaries of the Fund in its first decade largely ignored the gap between the public conceptualisation of the Fund as a strong public-private partnership and the actual levels of non-public support and demographics of its funders. While the Fund's Five-Year Evaluation published in 2009 noted that 'the private sector is marginally involved' and recommended that the Fund 'should in particular increase its efforts to engage the private sector,' it also asserted that 'there has been unprecedented and largely successful participation of... the private sector... in the Global Fund model.'⁴⁸² Neither the Evaluation itself nor any published reactions or critiques to it by Aidsplan, in *The Lancet* or elsewhere noted that the private sector could not be both 'marginal' and 'successful' in its engagement with the Fund.

As a more recent example, in a Center for Strategic & International Studies report entitled 'Righting the Global Fund' published in February 2012, authors Stephen Morrison and Todd Summers, two long-time Fund observers⁴⁸³ and commentators, did not once mention the role of the private sector – private companies or multinational corporations – in 'righting' the Fund. In the section 'Financial Forecasting and Donor Reliability,' the only non-state entity mentioned is the Gates Foundation. Even while recognizing that the 'U.S., European and Japanese budgets – the source of most of Fund financing – [are] under tremendous downward pressure,'⁴⁸⁴ Morrison and Summers do not propose private sector funding as part of a

⁴⁸¹ Ibid. pp. 63,142.

⁴⁸² Macro International, 'Synthesis,' pp.15, 33, 35.

⁴⁸³ Subsequent to publishing this paper, in 2012, Todd Summers joined the Global Fund's Strategy, Investment and Impact Committee, later becoming chair of the committee, a position which as of October 2013 he still held.

⁴⁸⁴ J. Stephen Morrison & Todd Summers, 'Righting the Global Fund,' p. 12.

potential solution. Rather, the authors propose the Fund strengthening its relationship with various bilateral donors, including the U.S., France, Germany and the United Kingdom, and constituencies within those donor countries, particularly the U.S. Congress.⁴⁸⁵

In Aidspace's 2009 'Beginners Guide to the Global Fund,' (its last pre-2012 reforms), its chapter 'Funds Raised by the Global Fund,' states upfront that most Fund monies come from donor countries. Yet, the Fund's self-appointed 'watchdog,' does not analyse why it had not been more successful in raising funds from non-bilateral donors. Aidspace's guide even calls out 'many of the world's best known brand-name companies' for participating in (RED), including 'GAP, Dell, Apple, American Express and Motorola.'⁴⁸⁶ Neither in a discussion about (RED) or elsewhere, however, does Aidspace question why these companies or others are not supporting the Fund at the levels initially anticipated by the Fund's founders or even why they are not giving to the Fund directly. In terms of private individuals, another anticipated source of funding initially, Aidspace noted that individual contributions comprised 'less than one thousandth of 1%' of the total. Instead of viewing this relatively small percentage as a comment on the Fund's inability to attract individual support (although one could argue it would be valid to see the Gates Foundation's contributions as Bill Gates' individual support), Aidspace concluded it was not that individuals were ungenerous but rather a positive reflection on the Fund's success raising monies from a 'variety' of other sources.⁴⁸⁷ The 'variety' of sources Aidspace refers to in 2009 is notably lacking in 'variety.' In 2009, when Aidspace released its

⁴⁸⁵ Ibid. pp. 13-14.

⁴⁸⁶ David Garmaise, 'A Beginner's Guide to the Global Fund,' (2009 [cited 24 April 2012]), p. 26; available www.aidspace.org

⁴⁸⁷ Ibid. p. 27.

Guide, >94% of monies received and 96% of monies pledged came from bilateral donors.⁴⁸⁸

In the Fund's first decade, Aidspace published only one substantial article on the Fund and private contributions. A comprehensive search of Aidspace's archives in May 2012 that yielded 914 distinct articles, opinion pieces and commentaries revealed only 183 mentions of the 'private sector,' 72 mentions of 'private foundation' and 28 mentions of 'private company.' Almost all 'private sector' and 'private company' results related to CCM composition in a given grant, principal recipient affiliation for a grantee or simply a description of a Fund Board Member's background or of the Fund itself as being a private foundation under Swiss law. None of the 26 articles⁴⁸⁹ that were dedicated in part or full to examining the Gates Foundation's or Bill Gates' relationship with the Fund included even a mention of what a singular place the Gates Foundation occupied given that it was the only significant non-bilateral funder to the Fund.⁴⁹⁰ In July 2010, Aidspace did publish 'Global Fund Seeks to Increase Contributions from Corporations and Foundations,' which stated that the 'Fund aims to increase private contributions to 10% in the coming years.' The article highlights the different ways in which the private sector could contribute to the Fund, including serving on country-coordinating mechanisms or as principal recipients, but it never mentions or explains how the Fund planned to more productively engage the private sector (or the Fund's lack of such a strategy).⁴⁹¹

A curious oversight for the self-appointed Fund watchdog.

⁴⁸⁸ Ibid, p. 25 and author's own calculations.

⁴⁸⁹ 39 articles emerged from the 'Gates' and 'Gates Foundation' searches, only 26 were wholly or partially about the Gates Foundation.

⁴⁹⁰ Searches conducted on 27 May 2012 using the 'advanced search function' on <http://www.aidspace.org/search>. Search terms included 'private foundation,' 'private,' 'private company,' 'private sector,' 'Gates,' 'Gates Foundation,' among others.

⁴⁹¹ David Garmaise, 'Global Fund Seeks to Increase Contributions from Corporations and Foundations,' GFO, Issue 128, 14 July 2010.

One exception to this common lack of scrutiny around the role of the private sector in the Fund from Aidsplan and others was a Center for Global Development (CGD) report in 2006 in advance of the Fund selecting its next Executive Director. While recognizing that ‘traditional’ bilateral donors including the United States, Japan and various European countries would likely remain the Fund’s bedrock contributors and heralding the Fund’s willingness to experiment with ‘non-traditional approaches,’ including UNITAID and Project (RED), the CGD report called for the Fund to strengthen its outreach to the private sector. CGD recognised that even in 2006, four years after the Fund’s founding, its public-private identity was yet to be realized. The CGD report cited reasons for the private sector’s unwillingness to more robustly support the Fund: an inability to earmark donations to specific programmes or countries; a refusal to accept in-kind or non-pecuniary contributions, such as legal advice or pharmaceuticals; and, that generally the Fund was ‘hard to do business with.’⁴⁹²

This general analytical disregard of private funding as a force – or as a notably absent force – is not confined to those examining the Global Fund. As one example, in the Council on Foreign Relations (CFR) and Milbank Memorial Fund’s 2004 paper, ‘Addressing the HIV/AIDS Pandemic: A U.S. Global AIDS Strategy for the Long Term,’ the private sector is not mentioned once. This is surprising as CFR published this paper two years after the Fund’s advent and one year after PEPFAR began. In its discussion of the Fund, the authors only reference it to mention that Congress mandated that U.S. contributions could never comprise more than 1/3 of the Fund’s funding in a given year (something this thesis will address in more detail in

⁴⁹² Report of the Global Fund Working Group, CGD, ‘Opportunities for the New Executive Director of the Global Fund: Seven Essential Tasks,’ (26 October 2006 [cited 7 July 2012]), p. 22; available <http://www.cgdev.org/publication/challenges-and-opportunities-new-executive-director-global-fund-seven-essential-tasks>

subsequent chapters).⁴⁹³ As another example, in CGD's 2007 report 'Following the Money Toward Better Tracking of Global Health Resources,' the private sector never appears. In CGD's discussion of the then-current state of data and challenges in resource tracking and recommendations for more reliable resource tracking in the future, the private sector as a public health resource provider or data source is never mentioned,⁴⁹⁴ even though CGD's report was published five years after the Fund, a purported public-private partnership, was founded.

Most surprising of all though is the Global Fund itself. In the many different iterations of its website reviewed from January 2011 – October 2012, the Global Fund consistently heralded 'the unprecedented' role the private sector played in the fight against AIDS, tuberculosis and malaria.⁴⁹⁵ Indeed, the launch of (RED) and Chevron's commitment of \$30 million over three years received significant billing in the Annual Reports from 2006 and 2008, respectively, largely because of their uniqueness;⁴⁹⁶ in 2008, for example, Chevron's \$10 million was 0.32% of total pledges and .33% of total contributions to the Fund.⁴⁹⁷ Chevron's initial pledge was by far the largest single private sector company pledge in the Fund's first decade; it increased its total pledge, or what the Fund called its 'investment' to \$55 million in 2010.⁴⁹⁸ In the Fund's first decade, Chevron contributed \$38 million or 0.84% of total contributions and its pro-rata pledge equated to 0.80% of total pledges.⁴⁹⁹

⁴⁹³ Council on Foreign Relations and Milbank Memorial Fund, 'Addressing the HIV/AIDS Pandemic: A U.S. Global AIDS Strategy for the Long Term,' (New York: CFR, 2004), p. 1.

⁴⁹⁴ The Global Health Resource Tracking Working Group, CGD, 'Following the Money Toward Better Tracking of Global Health Resources,' (May 2007 [cited 8 July 2012]); available <http://www.cgdev.org/publication/following-money-toward-better-tracking-global-health-resources>

⁴⁹⁵ As of October 31, 2012. Interestingly, I noticed in April 2013, the Global Fund introduced a new page devoted specifically to the 'Private Sector and Nongovernment Donors,' with (RED), the Gates Foundation and Chevron, among others, called out as specific funders, with specific background on each entity's financial contributions.

⁴⁹⁶ Global Fund, *Annual Reports 2006, 2008*.

⁴⁹⁷ Author's own calculations.

⁴⁹⁸ Global Fund News Release, 'Chevron increases total investment to \$55 million in the Global Fund to Fight AIDS, Tuberculosis and Malaria,' (5 October 2010 [cited 2 January 2012]); available

In the Fund's first decade, (RED), a mechanism to channel a percentage of profit from affiliated (RED) products, was by far its most significant source of private support for the Fund, though only from 2006, when Bono and others founded (RED) under Bono's ONE Campaign. In (RED)'s 2012 announcement of its next generation of (RED) products, General Manager of the Global Fund Gabriel Jaramillo acknowledged explicitly what the High-Level Panel report had left out: 'As the global economy threatens public sector funding, more than ever we need innovative fundraising models like (RED).' Jaramillo then continued on to praise (RED) as a mechanism 'which has done so much to align the private sector to our goals.'⁵⁰⁰ Yet, although the more than \$183 million (RED) raised from 2006-2011 through (RED) t-shirts, cell phones, music downloads, American Express purchases to fight AIDS is a sizeable sum, it is a small fraction of Fund monies, equalling 1.09% of total contributions from 2006-2011.⁵⁰¹ Jaramillo's praise while politically understandable – many of (RED)'s backers, including Bono, are among the Fund's most notable celebrity supporters – does not reflect the real impact of the contributions as can be seen when comparing (RED)'s contributions to total contributions, nor does it establish a link between (RED)'s contributions and any additional subsequent private sector contributions, or pledges, as Jaramillo implies.

Feachem and Kazatchkine, like Jaramillo, frequently praised (RED) as an innovative mechanism supporting the Fund. (RED) was the only source of funding comprising more than 1% of contributions in some years that did not originate from current or past Board Members. It also was the only example in the Fund's first

<http://www.theglobalfund.org/en/mediacenter/newsreleases/2010-10-05-Chevron-increases-total-investment-to-USD-55-million-in-the-Global-Fund-to-Fight-AIDS-Tuberculosis-and-Malaria/>

⁴⁹⁹ Author's own calculations.

⁵⁰⁰ (RED) Press Release. '(RED)Rush To Zero Campaign Launch,' (2012 [cited 22 May 2012]); available <http://www.joinred.com/press-releases/redrush-to-zero-campaign-launch/>

⁵⁰¹ Author's own calculations.

decade of the Fund accepting earmarked donations. All of (RED)'s monies fund grants in Ghana, Lesotho, Rwanda, South Africa, Swaziland and Zambia, chosen for their high mother-to-child transmission rates in 2006. The Secretariat frequent praise for (RED) contrasted to the Board's general presumption that the Fund's unwillingness to allow private companies to earmark contributions was the major impediment to securing more private sector dollars. Given that juxtaposition, it is surprising that the Secretariat did not advocate for more flexibility in accepting earmarked private donations. We would expect an agent like the Secretariat to encourage its principal to adopt such policies as they would both advance the core work of the Fund and decrease, even if only moderately, the Secretariat's reliance on its Board. There is no evidence from the Board record – from Meeting Reports, ED Reports or otherwise that this occurred from (RED)'s kick-off through early 2012.⁵⁰²

Between (RED)'s launch and Chevron's initial pledge, in April 2007, the Fund Board selected Rajat Gupta, former managing director of McKinsey & Company, as its new Chair, the first private sector representative to hold that position. His predecessors included Dr. Carol Jacobs, Chairwoman of the National Commission for HIV/AIDS of Barbados and Tommy Thompson, the U.S. Secretary of Health and Human Services.⁵⁰³ In the Global Fund's press release announcing Gupta's and the new vice-chairwoman's election, outgoing Chair Dr. Jacobs said, 'The Global Fund was created as a public/private partnership and today we have taken that a significant step further... by choosing representatives from the private

⁵⁰² Author's own assessment.

⁵⁰³ Global Fund News Release, 'Global Fund Turns to Private Sector for New Chair –Southern Civil Society Leader Chosen as Vice Chair,' (26 April 2007 [cited 2 January 2012]); available [http://www.theglobalfund.org/en/mediacenter/newsreleases/2007-04-26 Global Fund turns to private sector for new Chair - Southern civil society leader chosen Vice-Chair/](http://www.theglobalfund.org/en/mediacenter/newsreleases/2007-04-26%20Global%20Fund%20turns%20to%20private%20sector%20for%20new%20Chair%20-%20Southern%20civil%20society%20leader%20chosen%20Vice-Chair/)

sector and civil society to lead a multi-billion dollar international financial institution.⁵⁰⁴

The question of whether to accept in-kind donations arose repeatedly at Board Meetings, with the private sector Board Member and the U.S., among others, invariably advocating in favour of such a decision. At the Eighth Board Meeting, the Private Sector delegate said accepting in-kind donations would enable the Fund to more quickly build itself as a Public-Private Partnership but the weight of opinion was against Mr. Gupta, with other voices saying accepting such donations would push the Fund away from being a financing mechanism. Executive Director Feachem makes a rare appearance in a Board debate, supporting in-kind donations provided WHO would manage such commodities, maintaining the Fund lacked the capacity to do so. The Board took no action at the Eighth Meeting.⁵⁰⁵

More than four years later, at its Eighteenth Meeting in 2008, the committee – not the Secretariat – that the Board had asked to develop a policy for in-kind donations proposed a three-tiered policy for the Fund. It suggested different parameters for services, health commodities and non-health commodities (e.g., training materials). The U.S. delegate proposed the Fund adopt a policy to enable it to accept any necessary in-kind donations in specific emergency circumstances. The Board eschewed the U.S. suggestion as well two of its committee's three recommendations, voting only to adopt a policy to accept service donations.⁵⁰⁶ The Board heard in the Secretariat's regular fundraising updates that the private sector persistently over years comprised only a small percentage of pledges and

⁵⁰⁴ Global Fund News Release, 'Global Fund turns to private sector for new Chair - Southern civil society leader chosen Vice-Chair,' (26 April 2007 [cited 2 January 2012]); available http://www.theglobalfund.org/en/mediacenter/newsreleases/2007-04-26_Global_Fund_turns_to_private_sector_for_new_Chair_-_Southern_civil_society_leader_chosen_Vice-Chair/

⁵⁰⁵ See Global Fund, 'Report of the Eighth Board Meeting.'

⁵⁰⁶ See Global Fund, 'Report of the Eighteenth Board Meeting.'

contributions. Yet, that fact only rarely entered into wider conversations the Board had about the private sector, including those around in-kind donations.

Yet, despite the dissonance between the language around the private sector as a true partner and the donor demographics, in the High-Level Panel report, neither the private sector nor any single private company or foundation is mentioned in a fundraising context; not even the Gates Foundation comes up with regards to fundraising. Although it acknowledges country-coordinating mechanisms' ability to 'galvanize everyone and bring Government, charitable groups, the private sector, donor agencies, and affected populations to the same table,'⁵⁰⁷ and discusses Fund Board composition, there is no mention of the Fund's success or failure to enfranchise the same groups in funding itself and its work. Over time, the Secretariat too came to define the private sector more as an in-country partner, publishing reports on private sector representation on CCMs or private sector co-financing pledged to CCMs as part of their applications.⁵⁰⁸ The High-Level Panel's positioning is more surprising than the Secretariat's. Although its report's introduction focuses on 'The Global Fund in the New Economic Reality,' the report itself contains no discussion on or recommendations for strengthened fundraising, regarding the private sector or otherwise.⁵⁰⁹ Given the 'new economic reality' referred to the constraints national governments faced from 2008 due to a combination of lower revenues, the global financial crisis and political pressure for austerity, a turn to the private sector or private foundations would have been understandable, even expected given the Fund's rhetoric over time.

What does the data reveal?

⁵⁰⁷ HLP, p. 20.

⁵⁰⁸ As one example, see Global Fund, 'Analysis of Private Sector Contributions in Round 8 and 9: Opportunities for Co-Investment,' (2010 [cited 3 July 2012]); available <http://www.theglobalfund.org/en/civilsociety/reports/>)

⁵⁰⁹ Author's own assessment of the HLP report.

In the Global Fund's first decade, bilateral donors accounted for 94.9% of total pledges and 93.8% of total contributions received.⁵¹⁰ Aggregate private sector pledges have never accounted for more than 0.5% of total commitments with a first-decade average of 0.2%, not surprisingly given that for the Fund's first six years, the private sector made no pledges to it and that (RED) does not make pledges to the Fund which means that the private sector pledge absolute dollars and percentages will always be considerably below the private sector contribution absolute dollars and percentages. From 2001-2011, private sector pledges totalled more than \$41.24 million while total private sector contributions totalled more than five times that, exceeding \$224.33 million (a discrepancy accounted for by (RED) remitting to the Fund but never pledging to it). The private sector accounted for 1.03% of Fund monies received in its first decade, reaching a high water mark of 2.5% in 2008. In 2011, private sector contributions represented 1.2% of total contributions.

Total foundation support proved more significant to the Global Fund, averaging 4.9% of total pledges and 5.2% of total contributions over the Fund's first decade. Although both the pledge and contribution percentages are more than twenty times the private sector average, each is a relatively small percentage compared to traditional bilateral donors. Gates' support oscillated significantly over the years, from zero dollars in 2005 to a high of >99% of total foundation support in 2006.⁵¹¹ The Gates Foundation accounted for >87% of the Fund's total foundation support over its first decade not including the Affordable Medicines for Malaria programme

⁵¹⁰ Defined for the purposes of this analysis as 2001/2002 thru December 2011. I downloaded the data set in late May 2012 such that the data for 2011 would be complete as the Fund estimates a 3-4 month lag to update its databases. I also wanted to see whether any significant upticks in late 2011 funding occurred as any indication of donors' early reactions to the 2011 High-Level Panel's report and resulting reform efforts, events that will be addressed in subsequent chapters. There were no significant late upticks.

⁵¹¹ In 2006, for example, when the Gates Foundation pledged and contributed \$100 million to the Fund, the Fund received only \$250,000 in pledges from non-Gates Foundation foundations.

(AMfM). Including the AMfM, Gates' contributions represented 71.6% of total foundation support because of UNITAID's significant support for the AMfM.

One (relatively) brief note about UNITAID, the international drug purchasing facility established in 2006 by the governments of Brazil, Chile, France and the UK and housed at WHO. They created UNITAID on the premise that through guaranteed volume purchases it could convert the market dynamics for second-line and paediatric ARVs, other treatments and diagnostic tools needed to fight HIV/AIDS, TB and malaria, from high price low volume to high volume low price models, as others had done in first line ARVs.⁵¹² Those markets have undergone remarkable transformations. Through 2011, UNITAID had raised \$1.6 billion, \$1 billion from a levy charged to all international tickets outbound from France and the remainder from bilateral and foundation funders. UNITAID channels funding through 10 implementing partners, one of which is the Fund.⁵¹³ In 2007, UNITAID contributed \$38.69 million to the Global Fund to directly support 42 Round 6 grants' Phase I efforts across 37 countries.⁵¹⁴ In 2008 and 2009, UNITAID contributed \$65 million each year to the Fund's AMfM, an effort in the mould of UNITAID, intended to use volume to drive down the cost and increase the availability of ACTs.⁵¹⁵ Given that UNITAID's funding comes from a mix of individuals via the airfare tax, bilaterals and foundations, largely Gates, it is difficult to know how best to categorise it. I have chosen to classify UNITAID as a foundation. UNITAID's support to the Fund translates into 0.78% of total contributions to the Fund, including the AMfM, and

⁵¹² In disclosure, Clinton Foundation helped lead the first adult ARV negotiations in 2002-2003.

⁵¹³ In disclosure, another is the Clinton Foundation.

⁵¹⁴ Because of different accounting, the Fund shows the money contributed in 2007 whereas UNITAID shows it making the contribution to the Fund in 2008.

⁵¹⁵ The Fund and UNITAID both show the inflow/ outflow of these monies in 2009 and 2010. UNITAID, 'Support To Global Fund Round 6,' including Main Terms of Agreement and supporting documents (2006 [cited 11 October 2012]); available <http://www.unitaid.eu/en/projects-mainmenu-3/cross-cutting-issues/support-to-global-fund-round-6-mainmenu-127>

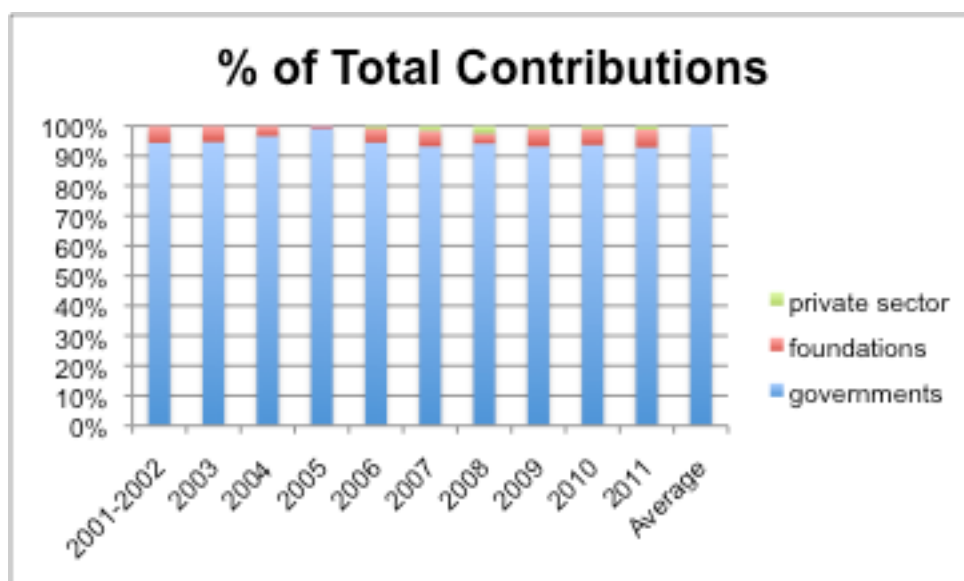
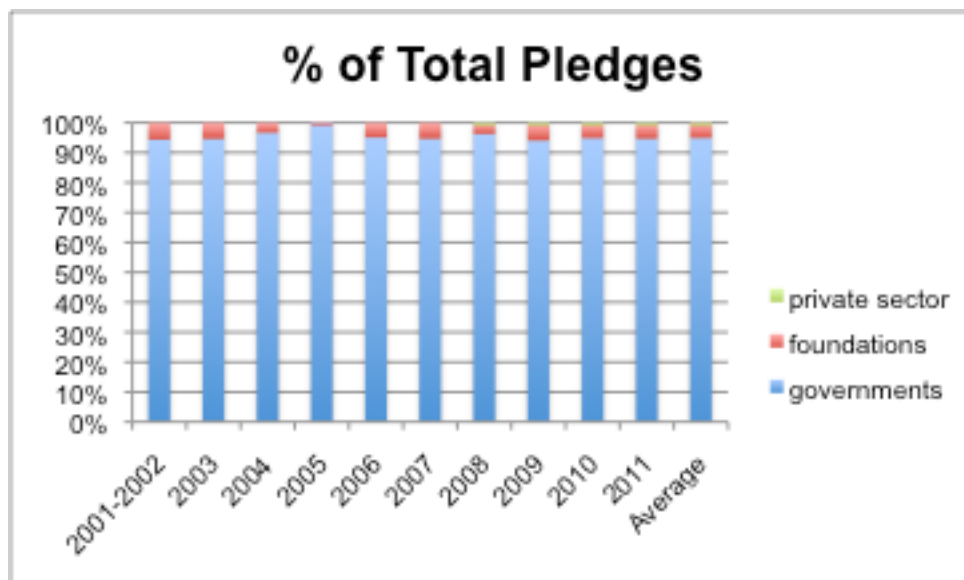
14.4% of total foundation support. Together, UNITAID and Gates accounted for more than 85% of total foundation monies the Fund received from 2001-2011.

UNITAID and the Fund's Debt2Health programme are its two significant examples of 'innovative financing mechanisms.'⁵¹⁶ The Fund's Debt2Health, introduced in 2007 and first utilised in 2008 by Germany, is effectively a debt swap arrangement between creditor countries and debtor countries in which the creditors agree to forego interest payments on a country's debt on the condition that the debtor country invests the monies saved in a Fund grant. As of the end of 2011, two creditor countries had utilised the Debt2Health mechanism: Australia, with Indonesia, and Germany with Côte d'Ivoire, Egypt, Indonesia and Pakistan. The Fund counts the saved interest payments as contributions by Australia and Germany. The Debt2Health contributions represented .28% of total contributions from 2001-2011, or more than \$37 million. Together, 'innovative financing mechanisms' - UNITAID and Debt2Health – represented 1.05% of aggregate first decade contributions to the Fund.

Below is a visual breakdown of all pledges over the Fund's first decade. To avoid double counting, 'innovative mechanism' is not included as a variable.

⁵¹⁶ I did not count (RED) as an innovative mechanism as the Fund itself considers it a private sector partner and (RED) was not the first to contribute a portion of a particular product or set of products to a specific cause. For example, Newman's Own from 1982 donated its profits to a series of U.S.-based charities.

As of January 2013, on the Fund's webpage dedicated to 'Innovative Financing,' a third mechanism, the Dow Jones Global Fund 50 Index, is listed. As it had not taken effect before January 2012, I do not include it.



Source: Global Fund, author's own calculations⁵¹⁷

Both the private sector and foundation funding percentages are well below the 38.7% of Development Assistance for Health (DAH) that the Institute for Health Metrics and Evaluation, as mentioned earlier in this chapter, estimated flowed through NGOs. The Global Fund private and foundation pledge and contribution percentages are even below the much lower figure of 16%, the most-recently available three-year OECD average for DAC member countries DAH commitments

⁵¹⁷ Author's own calculations, Global Fund, 'Contributions & Pledges raw data' (May 2012)

to NGOs, either as core funding to NGOs or bilateral aid channelled through NGOs.⁵¹⁸ Foundation and private sector monies even combined are lower than the DAC member countries' commitments specifically targeting HIV/AIDS and other sexually-transmitted diseases (17%), malaria (15%) and TB (6%).⁵¹⁹ In other words, DAC member countries give a higher percentage of their health aid to NGOs, the predominate channel for non-bilateral disbursements of DAH in recipient countries, than foundation or private sector funding represents of total pledges or contributions to the Global Fund over the same time period, or any given year of the Fund's history.

Although the Fund views itself as 'an innovative financing institution,'⁵²⁰ the OECD counts it as a multilateral organisation, alongside WHO, UNAIDS, the World Bank and others. Over 2007-2009, an average of 77% of all reported DAC TB aid and 71% of malaria aid flowed through multilateral channels, whereas only 26% of HIV/AIDS and sexually-transmitted diseases control aid did. As the 2011 OECD/DAC Report on Multilateral Aid noted, removing the U.S. from the equation dramatically changes that percentage dramatically given the sheer size of PEPFAR; without the U.S. commitment data, 89% of remaining OECD/DAC contributions targeting HIV/AIDS and sexually-transmitted diseases flowed through the Global Fund alone.⁵²¹ From the corresponding raw data, we can extrapolate that 70% of Development Assistance for Health earmarked for TB commitments were pledged through the Fund from 2003 – 2010 with a three-year average over 2007-2009 of 63%.⁵²² Similarly, slightly less than 65% of designated malaria DAC commitments

⁵¹⁸ The Gates Foundation began reporting to CRS in 2010 and, as such, the three-year average over 2007-2009 would not reflect Gates' commitments, one reason why the DAH figures vary so widely.

⁵¹⁹ DAC, 2011 DAC Report on Multilateral Aid, 2012, p. 20-21.

⁵²⁰ Global Fund, 'About the Global Fund,' a consistent description appeared from January 2011-May 2013 (cited 5 May 2013); available <http://www.theglobalfund.org/en/about/>.

⁵²¹ DAC (2011), p. 21.

⁵²² Author's own calculations. CRS TB DAC commitment data downloaded 27 August 2012,

were pledged to the Fund from 2003-2010 with a three-year average over 2007-2009 of 63%.⁵²³

Thus, from a funding perspective, the Global Fund is by any measure rather conventional. Its funding unmistakably and overwhelmingly comes from traditional bilateral donors. Although GAVI raised significantly smaller amounts than the Fund, its experience contrasts sharply to the Fund's. Between 2000-2010, 39% or \$1.24 billion of GAVI's funding came from non-bilateral sources, albeit that is a euphemism for the Gates Foundation as it provided 97.7% of non-bilateral support. Furthermore, one of GAVI's 'innovative mechanisms' accounted for an additional 36% of the monies it raised in its first ten years. GAVI mobilised \$1.86 billion from the International Financing Facility for Innovation mechanism (IFFIm), which effectively securitises long-term pledges from bilateral donors,⁵²⁴ converting the pledges into usable cash resources by selling bonds in the capital markets. Additionally, GAVI raised just under \$43 million through the Advance Market Commitment (AMC), through which donors committed to purchase new pneumococcal vaccines at a price that covers development costs and provides some, but not a great deal of profit for the drugs' manufacturers and on the provision that they only be distributed in low- and middle-income countries.⁵²⁵ Still, GAVI, like the Fund, is largely dependent on bilateral donors. Moreover, GAVI is even more dependent on the Gates Foundation than the Global Fund is. Even IAVI and related HIV/AIDS-vaccine initiatives are largely funded by the public sector, despite the strong business case for such investments; 83% of aggregate funding for a HIV/AIDS

⁵²³ Author's own calculations. CRS Malaria DAC commitment data downloaded 27 August 2012.

⁵²⁴ Currently, the UK, France, Sweden, Norway, the Netherlands, Spain, Italy and South Africa.

⁵²⁵ GAVI Alliance, 'Funding and finance' (2012 [cited 7 July 2012]); available

<http://www.gavialliance.org/funding/>

GAVI Alliance 'Cash received by GAVI 2000-2010 (31 December 2010 [cited 3 May 2013]); available <http://www.gavialliance.org/funding/donor-contributions-pledges/>

vaccine in 2011 came from the public sector, 13% from the philanthropic/foundations sector and only 4% from the private sector.⁵²⁶

The expectations that the Global Fund would catalyse new sources of funding and spark innovative financing to support its own innovative model did not materialise in its first decade. Given the volatility in Gates' support for the Fund and the reticence of the private sector to provide cash contributions, one could argue that early hopes of a coalition of bilateral, private and foundation funders were misplaced. At the Fund's beginning, there were great expectations that a broader coalition of funders would lead to a more data-driven and accountable organisation. A broad coalition of funders did not emerge for the Fund. Whether the Fund has been particularly data-driven and accountable – even absent such a coalition – is the work of the next chapters.

The absence of a record suggesting the Secretariat pushed forward its own fundraising agenda, even when the Board failed to provide one, means the expected agency slack is not evident. What is clear, however, is that PEPFAR and not the Fund became the U.S.'s principal avenue to combat HIV/AIDS. While the U.S. represents a third of the Fund's support, the Fund on a relative basis is less important to PEPFAR. In 2011, for example, U.S. funding for HIV/AIDS totalled \$5.4 billion. If we take the total U.S. 2011 contribution, much of which it delivered in 2012, of \$1.05 billion and assume 56%⁵²⁷ targeted HIV/AIDS, then approximately 11% of US dollars for HIV/AIDS flowed through the Global Fund.⁵²⁸ As seen in the below, with

⁵²⁶ HIV Vaccines and Microbicides Resource Tracking Working Group (2012), p. 4.

⁵²⁷ The % of Funds dedicated to grants primarily focused on HIV/AIDS; this is the methodology KFF and UNAIDS use to track HIV/AIDS flows.

⁵²⁸ As of May 2012, the U.S. had contributed \$636.6 million of its pledged \$1.05 billion for 2011 to the Fund. As the aggregate funds received for 2011 as of May 2012 totalled \$2.396 billion, the U.S. was prohibited from contributing its full pledged amount given the restrictions in the PEPFAR legislation against the U.S. ever accounting for more than 1/3 of Fund funding. By June 2012, contributions to the Fund for 2011 had crossed \$3 billion and the U.S. contribution for 2011 in reaction rose to \$1.05b.

the exception of FY2004, the U.S. contribution to the Fund never represented more than 15% of its total contributions to the fight the disease.⁵²⁹

US HIV/AIDS funding (in \$, millions)

U.S. Government Programme/ Agency	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total*	810	1487	1643	2263	2654	3699	5028	5488	5574	5440
US Cont. to GF for HIV/AIDS**	168	181	257	232	287	380	453	537	558	585
% GF of US HIV/AIDS funding	21%	12%	16%	10%	11%	10%	9%	10%	10%	11%

Source: Various CRS Reports, Global Fund 'Contributions Data' May 2012 & July 2012⁵³⁰

Conclusion

From 2003, the U.S. pursued its interest in containing HIV/AIDS principally through PEPFAR. It sought to have the least possible distance between itself and its most important agent in the fight against HIV/AIDS, PEPFAR, not the Global Fund. A principal's decision to lessen the length of a delegation chain, choosing to be a singular principal rather than part of a collective principal, coheres with what principal-agent theory might predict. The Secretariat may not have seized or created its own advantage vis-à-vis its Board but arguably the U.S. never gave it a chance. The U.S. created PEPFAR barely a year after the Fund made its first grants and, as will be seen in a later chapter, remained unambiguous about the conditions under which it provided its monies to the Fund. Principal-agent theory suggests to us that we might expect to observe the Secretariat creating or exploiting agency 'slack,' but this is not borne out in Board records. From the first meetings in 2002 through early

⁵²⁹ Note: The US FY starts October 1 the previous year and ends September 30 in the calendar year of the FY. The Fund tracks contributions on a calendar-year basis. Although a timing discrepancy clearly exists, the numbers in this table tie together with the data discussed earlier in this chapter with the exception of 2011. I am using a May 2012 Fund data set for the earlier analyses but here complement that with a July 2012 CRS report to capture the June 2012 contribution the U.S. made to the Fund for 2011 to ensure greater comparability with data drawn from various CRS reports. One additional note, the PEPFAR authorisation permits the US to withhold 5% of Fund appropriations for bilateral technical assistance for Fund grantees. Given that, the U.S. contributions the Fund received are lower than the numbers the CRS reports cite on U.S. Fund contributions (another reason I rely on the Fund data).

⁵³⁰ Raw data drawn from CRS Reports analysing U.S. contributions to the Fund, with the most recent report from July 2012, and from Fund contribution data, downloaded May 2012.

2012, the Secretariat voice emerges in the rare fundraising discussions generally to ask or even exhort the Board to focus on securing funds more consistently, never to offer its own strategy alongside or in place of the relevant committee or the larger Board itself.⁵³¹

Additionally, the Board assumed until December 2010 that all pledges would be converted into contributions, an unsophisticated forecasting approach that left it vulnerable to making grant decisions at financing levels far in excess of its likely resources and another area where the Secretariat might have asserted itself through providing an alternative methodology earlier. In 2012, the Board adopted a risk-weighted forecasting model and entertained different financing approaches. Still, as of this writing in late 2013, replenishment remained central, with a fourth replenishment slated for December in Washington, D.C., and chaired by the U.S., another example of keeping the Fund close.

Chapter Six will further elaborate on how what happened well beyond Geneva affected the Secretariat, often in ways far more subtle than the non-delegation of fundraising authority to the Secretariat and far more constraining of Secretariat influence than even Congressional appropriation math implies.

⁵³¹ Author's own analysis.

Chapter 5: Evidence and Performance at the Global Fund

International institutions' role in lessening information asymmetries among states is frequently cited, along with facilitating economies of scale and scope, as why states choose to cooperate initially and why institutional arrangements often follow.⁵³² Shared information can reduce uncertainty about states' preferences and their behaviour, making cooperation and the institutions that facilitate it ultimately more effective for states than the alternative.⁵³³ Information collection has been described as the 'least intrusive' of the kinds of centralisation that international institutions generally entail, in large measure because 'centralising information collection usually has little if any effect on who controls an institution.'⁵³⁴ This information collection function is seen as particularly crucial because of the underlying assumption that no one member state could gather equivalent quantity or quality of data on its own or would want to bear the costs of doing so. One analysis of the United Nations Treaty Series, encompassing all formal international agreements concluded since World War II, found 'collection of information' among the most frequently delegated tasks by states to international organisations.⁵³⁵

From a principal-agent perspective, an informational advantage is assumed to give the agent important autonomy from its principals.⁵³⁶ The World Bank, for example, has been found to utilise its informational advantage to influence the decision-making of even the most powerful member states on its Board.⁵³⁷ If the

⁵³² Keohane (1984).

⁵³³ Robert Axelrod & Robert O. Keohane, 'Achieving Cooperation Under Anarchy: Strategies and Institutions,' in Kenneth A. Oye, ed. *Cooperation Under Anarchy* (Princeton: Princeton University Press, 1986).

⁵³⁴ Barbara Koremenos, Charles Lipson & Duncan Snidal, 'The Rational Design of International Institutions' *International Organization* (2001) vol. 55 (4) Autumn 2001, pp. 771-772.

⁵³⁵ Barbara Koremenos, 'When, What and Why Do States Choose To Delegate?' in *Law and Contemporary Problems*, (2008) vol 71(151), p. 164.

⁵³⁶ Gary J. Miller, 'The Political Evolution of Principal-Agent Models,' *Annual Review Political Science*, (2005) vol. 8, p. 203-225.

⁵³⁷ Koremenos, Lipson & Snidal (2001), p. 790.

Global Fund Secretariat collected more and better-quality data about disease burdens, interventions and Fund grants than its principals, under classic principal-agent theory, we would expect the Secretariat to have relatively more autonomy and a greater ability to influence its Board's direction.

Conversely, a principal wanting to reduce its agent's autonomy would work to reduce the information asymmetry between itself and its agent. For example, a principal wanting to deny its agent an informational advantage would work to develop its own informational pipeline to acquire information of equal or greater quality and quantity than its agent. Recognising this possibility, an agent would then be expected to work harder to create a legitimate, sustained informational advantage. Both this chapter and the next explore the relationship between information and the Fund's evolution, on two dimensions. This chapter investigates whether the Fund made funding decisions on the technical merit of grant proposals and grant performance or whether other factors are perceptible in the record of Board funding decisions. Chapter Six asks whether developing countries can be asserted to have had ownership over Fund grants (the vaunted 'country-ownership') and an influence equal to that of donors on the Fund Board.

'Technical merit' in this context has two aspects: 'evidence-driven' decisions and performance-based decisions. In both cases, technical merit potentially reduces the discretion of decision makers and agents alike. I use 'evidence-driven' to describe all the data that the Fund collected around grant proposals to assess whether the Board made Phase I decisions based chiefly on such data or if other forces are perceptible. 'Performance-based' relates to what influenced Phase II decisions. The Fund defined performance narrowly to include only factors related to a particular grant's

performance.⁵³⁸ In contrast, PEPFAR judges success against aggregate input, output and outcome targets across focal countries, which is interesting given how soon after the Fund's commencement the U.S. initiated PEPFAR. The stricter the test for performance, the less discretion there is.

In advance of each Round, the Board set terms of reference to guide the Technical Review Panel's (TRP) Phase I funding recommendations whereas approved grants' principal recipients negotiated their individual performance targets and metrics with the Secretariat. Principal Recipients (PRs) subsequently self reported against those, audited by local fund agents and loosely overseen by the Secretariat. A persistent criticism of the Fund throughout its first decade, including in the Five-Year Evaluation⁵³⁹ and AusAid's March 2012 assessment,⁵⁴⁰ was that it relied more on process measurements (e.g., frequency of on-time PR reporting) and inputs or outputs (e.g., number of bednets procured or distributed) than outcomes or impact (e.g., number of malaria cases averted or related number of additional school days attended).⁵⁴¹ Again, while interesting, critiquing the relative validity of Fund metrics is not a central question this thesis addresses.

In this thesis, I am interested in what the public record reveals about evidence-driven and performance-based decision-making at the Fund in practice, as opposed to other, more political factors influencing Fund decisions. In theory, for the first 10 Rounds, the TRP made evidence-driven, though not performance-based,

⁵³⁸ Value-for-money did not become a formal term of reference until in advance of Round 11, which the Fund cancelled in 2011.

⁵³⁹ As one example, Macro International, 'Synthesis,' p. 31.

⁵⁴⁰ AusAid, 'Australian Multilateral Assessment March 2012: Global Fund to Fight AIDS, TB and Malaria,' (2012 [cited 2 November 2012]), p. 3; available www.ausaid.gov.au/publications

⁵⁴¹ At least one academic paper from 2002-2012 argued that while the Fund continued to rely on process, input and output measurements, in successive Rounds, it looked to incorporate more outcome-based measurements, at least in malaria. See: Jinkou Zhao *et al.*, 'Indicators Measuring the Performance of Malaria Programs Supported by the Global Fund in Asia, Progress and the Way Forward,' PLoS ONE, (19 December 2011 [cited 3 March 2012]); available <http://www.plosone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0028932;jsessionid=0570218FD7355024A6641BC292283BA4>

recommendations to the Board for Phase I funding and the Secretariat and TRP made performance-based recommendations to the Board concerning Phase II funding.

This chapter focuses on three specific questions. First, did the Global Fund Board approve grants for Phase I funding in an identifiably evidence-driven manner? Second, did the Secretariat rigorously and consistently collect data to ensure Board Phase II decisions could indeed be based on Phase I performance? Third, did the Board approve or reject Phase II funding for grants based on performance, or are other factors observable? The presumption in principal-agent theory is that evidence or performance-based decisions reduce the discretion of principals as the agent is less susceptible to donor preferences or intra-donor politics and more likely to be an expert than its principals, in turn, granting it relatively greater discretion. We would think then that the Secretariat would work to safeguard the prioritisation of evidence and performance over politics. We would also think that as it collected more and better data about grant performance to inform the Board's Phase II and eventually Phase I decision-making, its influence would increase over time.

Ideally, I would examine each individual decision the Board made that defined evidence and performance for the Fund, such as setting the TRP's terms of reference or making individual grant funding decisions, to test whether a shared commitment to technical merit endured or other motives could be perceived. In the Fund's case, however, individual policy and funding decisions are often lumped together in Board Meeting reports and rarely are individual Board Members identified. This opacity stands in contrast to the value the Fund's founders placed on transparency,⁵⁴² in part because transparency provides protection against other, more political rationales and also because it helps NGOs and civil society hold institutions like the Fund that claim

⁵⁴² Clinton, pp. 95, 109.

decisions are made through inclusive, deliberative processes accountable.⁵⁴³ What information the Board and the Secretariat made available, and how that enables or inhibits various analyses, is discussed as relevant below.

What is Performance-Based Funding (and what is it not)?

The Global Fund's founders, unlike the architects of GAVI or PEPFAR, codified performance-based funding (PBF) in the Fund's guiding principles at inception.⁵⁴⁴ In its first decade, PBF was often articulated as being a defining feature of the Fund, particularly within the Fund itself. Executive Director Feachem, for example, said in late 2005 that 'Global Fund credibility rested on its execution of performance-based funding of which Phase II was the point of proof.'⁵⁴⁵ Other significant HIV/AIDS funders, notably PEPFAR, the Fund's largest donor, as well as other public-private partnerships like the Global Environmental Facility did not primarily derive their legitimacy from a commitment to PBF.

PEPFAR's original 2003 authorisation legislation articulated three goals, set clear budget allocations against those goals and defined four high-level targets against which PEPFAR would measure its success (e.g., treatment for 2 million people in the first five years). Unlike the Fund's guiding principles, accountability does not appear as a core goal for PEPFAR. Among its original principles were both 'apply best practices' and 'ensure the most effective and efficient use of resources' but the two are not linked; for PEPFAR, performance would not necessarily predict, or preclude, funding. This formula did not change in the 2008 reauthorisation legislation.⁵⁴⁶

⁵⁴³ Woods & Narlikar, 'Governance and the Limits of Accountability: The WTO, the IMF and the World Bank,' (2001) *International Social Science Journal*, Vol. 53 (170), p. 57.

⁵⁴⁴ Although the Board adopted a new strategy at its Twenty-Fifth Meeting in November 2011, the Fund's founding principles did not change.

⁵⁴⁵ Global Fund, 'Report of the Twelfth Board Meeting,' p. 4

⁵⁴⁶ Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008, P.L. 110-293, 110th Cong., 2nd Sess. (July 30, 2008)

Multiple studies, including GAO reports, a 2012 RAND Report and the 2013 Institute of Medicine (IOM) PEPFAR audit, found no discernable link between what programmes PEPFAR funded one year and prior programmatic performance nor between PEPFAR itself and the budgets Congress approved for it.⁵⁴⁷ The first year performance-based funding appeared as an option – and not a requirement – for PEPFAR implementing agencies⁵⁴⁸ and partner governments was 2011.⁵⁴⁹ The 2013 IOM audit, for example, found ‘relatively little’ evidence of performance-based funding, noting Rwanda and Cote d’Ivoire as exceptions.⁵⁵⁰ Even if PEPFAR had made performance-based funding a priority, it would be impossible to verify with public data. Detailed PEPFAR contracts do not exist in the public domain nor does PEPFAR’s decision criteria to understand how it has determined which programmes to invest in, scale or dismantle.⁵⁵¹ Similarly, while Congress made clear that PEPFAR would be accountable to it, no evidence exists that Congress has actually done so. There is nothing in the Congressional record that indicates the relative performance of PEPFAR implementing agencies (e.g., USAID) influenced PEPFAR’s future budget allocations.⁵⁵² The Global Fund was supposed to be different, not only from PEPFAR, which it predated, but from organisations that preceded it, particularly the World Bank and WHO.⁵⁵³

According to a 2010 Center for Global Development study, performance-based funding (PBF) under the World Bank’s Africa Multi-Country AIDS Program (MAP) functions to reward good grant management rather than programmatic

⁵⁴⁷ Sebastian Linnemayr, *et al.* Value for Money in Donor HIV Funding, p. 35.

⁵⁴⁸ Such as USAID or the U.S. Centers for Disease Control.

⁵⁴⁹ OGAC, PEPFAR: FY2012 Country Operational Plan Guidance (Washington, DC: OGAC, 2011).

⁵⁵⁰ IOM (2013), pp. 9-72,73.

⁵⁵¹ The most recent effort to increase transparency of U.S. foreign aid programmes died at the end of 2012. The sponsors of The Foreign Aid Transparency and Accountability Act of 2012 (S. 3310 & H. 3159) failed to secure a full Congressional vote before the term ended.

⁵⁵² Sebastian Linnemayr *et al.*, p. 35.

⁵⁵³ Clinton, pp. 113-115.

performance; quick disbursement times and accurate documentation matter more than achieving treatment targets. However, PBF was not a core area of focus or source of legitimacy for the MAP team.⁵⁵⁴ Similarly, PBF and independent review are absent from GAVI's original goals and principles. Although they include a commitment to accountability, whether for GAVI or its grantees or both, remains unspecified. Perhaps that lack of clarity explains why a Gates Foundation-funded study in 2009 found GAVI 'hesitant' to require that recipient countries robustly monitor and evaluate programmatic performance and equally hesitant, even when such data existed, to act on the results.⁵⁵⁵

In contrast to PEPFAR, MAP and GAVI, the Global Fund's architects envisioned independent evidenced-based decision-making and PBF not as ancillary activities but ones central to the Fund's identity. Yet, for all the Fund's rhetorical emphasis on impact and outcomes vs. inputs or outputs as defining performance, the Five-Year Evaluation determined that PBF remained a work-in-progress. It noted that grants' indicators were 'far removed from the outcome-level data originally anticipated in the PBF model.'⁵⁵⁶ It faulted grantees' inadequate data systems, resulting poor data quality and the Secretariat's inability to ameliorate those challenges, cautioning the Fund that the continuum of measurement and

⁵⁵⁴ Nandini Oomman, *et al.*, 'Are Funding Decisions Based on Performance? A Comparison of Approaches as Practiced by the Global Fund to Fight AIDS, Tuberculosis and Malaria, the U.S. President's Emergency Plan for AIDS Relief, and the World Bank's Multi-Country AIDS Program for Africa in Mozambique, Uganda, and Zambia,' CGD (2010).

⁵⁵⁵ Agbakwuru Chinedu, Joanne Beswick, 'A Comparison of The Global Fund and The GAVI Alliance with Emphasis on Health System Strengthening,' p. 37 (2009 [cited 27 May 2012]); available sihp.brandeis.edu/ighud/PDFs/GF-GAVI-Comparison-May-2009.pdf

In November 2011, the GAVI Board formally approved the introduction of PBF, tied to immunisation coverage and equity. As 2013 is the earliest GAVI recipient countries would receive a portion of their funds under GAVI's PBF scheme, it is too soon to assess GAVI's implementation of PBF at a country or global level.

⁵⁵⁶ Macro International, FYE Study Area Two, p. 71.

accountability would need to look different in the Fund's future for PBF to be a reality.⁵⁵⁷

Yet nowhere in the Five-Year Evaluation's more than 1000 pages across study areas and its synthesis does it holistically discuss how the Board defined performance policy-wise nor the various data the Board received to inform its Phase I and Phase II funding decisions. Incongruously, it found the Fund's PBF efforts 'unprecedented' and 'unrivalled' in the global health ecosystem and concluded that the Fund funding decisions and disbursed monies based on strict criteria that governed a 'robust' and 'independent process.'⁵⁵⁸

The World Bank's evaluation found the monitoring and evaluation systems necessary for PBF working well in only half of the Fund recipient countries it visited. Yet it did not proceed to address the implications of significant data quality challenges at the country-level or in the Secretariat's own data collection, for PBF more broadly. The Bank's report did not interrogate whether or not an independent, evidenced-based process governed grant decision-making, taking for granted that it did.⁵⁵⁹ The 2011 DFID review found the Fund 'results-focussed' with a 'very high' quality of information while the 2012 AusAid review found the Fund's PBF had been 'successful,' if burdensome.⁵⁶⁰ In a rather different assessment than DFID's or AusAid's, and more in-line with the Five-Year Evaluation, the High-Level Panel (HLP) cited the Fund's own data quality audits showing 'mixed' results in terms of data collection and use.⁵⁶¹ Yet, it also did not then segue into the next question – how

⁵⁵⁷ Macro International (2009b), pp. 31-32.

⁵⁵⁸ Ibid, p. 10, xxvi.

⁵⁵⁹ World Bank/IEG, p. 116-117.

⁵⁶⁰ DFID, 'Multilateral Aid Review: Assessment of the Global Fund to fight AIDS, TB and Malaria,' (2011 [cited 4 January 2012]), p. 3; available

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67603/GFATM.pdf

AusAud, p.7.

⁵⁶¹ HLP, pp. 40-41.

could the Fund's PBF have integrity if the data it was predicated on was inconsistent and incomplete?

There is no robust pre-existing work showing evidence of political rather than evidence or performance influencing Fund decision-making. However, some suggestion exists. For example, based on a series of interviews conducted from 2002 – 2006, Brown found many implementing country Board Members concerned that donor Board Members convened before Board meetings, in 'order to solidify their debate strategy' which resulted in a chronically 'unfair advantage.'⁵⁶² Although Brown never explicitly addresses data or the Fund's evidence base in his paper – the only published scholarly work exploring these questions as of early 2013 – he does discuss how individual donor states individually or collectively used the threat of funding freezes to prevail in policy debates at the Board level. Brown infers such unity stemmed from the pre-Board caucuses donor states held to share information about the Fund and its grants. There is no evidence of such threats in any published documentation (even anonymously) or in Aidspace's reporting; it is possible such conversations occurred only in Executive Sessions and, as such, no public record exists.⁵⁶³

None of the existing literature – including Aidspace's multiple analyses of grant disbursements, Radelet and Siddiqi's 2007 Lancet article analysing factors correlated to grants' performance ratings or the Fund's own 2010 *Innovation and Impact* reviewing all grants through the end 2009 – seeks to answer the questions this chapter addresses. Similarly, no one has asked whether or not Board Members had access to different, higher quality or more timely information than the Secretariat and, if so, what questions that raises about the role, and power, of the Secretariat. This is

⁵⁶² Brown (2010), p. 522-523.

⁵⁶³ Author's own assessment of all Board documentation, First – Twenty-Fifth Board Meetings.

particularly notable because of the Fund's unique institutional shape as addressed in Chapter Six.

Was Phase I Decision-making evidence based?

Phase I decision-making by the Global Fund involved six main elements: determining country eligibility; application guidelines; pre-screening by the Secretariat; the Technical Review Panel (TRP)'s technical assessment and resulting funding recommendations to the Board; and, the Board's acceptance or rejection of the TRP's recommendations. For each, over the Fund's first decade, the Board determined clear rules governing the roles of the TRP, the Secretariat and itself, rather than making individual grant-level decisions.

Determining country eligibility

The Board determined eligibility along two criteria, income and disease burden. At its May 2002 Meeting, it committed to fund technically sound proposals from countries 'in greatest need,' defined as the poorest countries with the highest disease burden. In-line with the Fund's ambition to remain lean and focused on grant financing, the Board looked not to the Secretariat to determine income levels or disease burden but rather to the World Bank for the former and UNAIDS and WHO for the latter. Regarding income eligibility, initially it excluded only the OECD/DAC member countries.⁵⁶⁴ At its October 2003 meeting, the Board decided upper-middle income countries (UMI) could only apply in the forthcoming Round 4 if they faced a high current disease burden or if they were part of a regional application in which the majority of countries were not UMI.⁵⁶⁵ There is no evidence from the Board Meeting

⁵⁶⁴ Global Fund, 'Report of the Second Meeting of the Board,' pp. 15-16.

⁵⁶⁵ See Global Fund, 'Report of the Sixth Meeting of the Board.' Only two individual UMI qualified, Botswana for HIV, TB and malaria and Gabon for malaria.

Reports or relevant Board Committee Meeting Reports of the Secretariat influencing, or even weighing in, on these early decisions.⁵⁶⁶

At the April 2006 Board Meeting, the relevant Board committee proposed expanding eligibility to enfranchise UMI countries with vulnerable populations experiencing HIV infection rates above 5% and UMI small island states.⁵⁶⁷ The Board approved the latter but not the former, a relatively rare example of the Board not adopting a committee's recommendations in total.⁵⁶⁸ In its first twenty-five Board meetings, the Board adopted most decision points recommended by its committees. But, when dissonance arose, it often resulted from disagreements around eligibility or funding decisions, the core business of the Fund. In this instance, the committee Chair thanked various Board Members for their contributions but made no mention of the Secretariat or Executive Director (ED). It is clear from Board documents that both Feachem and Kazatchkine expressed their views in their ED reports, rarely engaging in debates. This apparent tradition persisted even after the Board granted the ED *ex-officio* status, an elevation we might have thought from a principal-agent perspective the ED would have taken as an opportunity to more forcefully push the Secretariat's interests, whether around having more discretion in determining eligibility or increasing its budget.⁵⁶⁹

The question of whether or not the Fund should dedicate funding specifically to vulnerable populations, regardless of country income level, was a question the Board returned to repeatedly, partly because as one delegate mentioned at the October

⁵⁶⁶ As one example, see Global Fund, 'Report of the Seventh Meeting of the Board,' p. 12-14, for the UMI eligibility debate and decision.

⁵⁶⁷ Vulnerable populations included prostitutes, injectable drug users, MSM, among others.

⁵⁶⁸ Author's own assessment.

⁵⁶⁹ Global Fund, 'Report of the Thirteenth Board Meeting,' p. 29-30. Also see, Global Fund, 'Report of the Executive Director to the Thirteenth Board Meeting.'

2006 Board Meeting, such decisions were ‘political’ as much as technical.⁵⁷⁰ The Secretariat is largely absent from these discussions and delegates are almost never identified, making politics difficult to perceive. At the April 2007 Board Meeting, various Members probed UNAIDS on the recommended guidelines for funding HIV/AIDS grants in UMIs and why it believed the Fund was the best-positioned organisation to support such work. Although UNAIDS had worked with the Secretariat on the guidelines, there is no record of the Board engaging with the ED. Ultimately, the Board voted in a rare roll call to expand eligibility with Round 8 to include UMIs’ vulnerable populations within strict criteria, including whether HIV/AIDS adversely impacted population life expectancy and if external funding was required.⁵⁷¹

Following strong feedback from the Technical Review Panel (TRP) after Round 10,⁵⁷² the Board moved at its April 2011 Meeting, after years of discussion, to establish a targeted funding pool for grants focused on the ‘most at-risk populations.’ Before the Board’s final decision, the donor constituency⁵⁷³ proposed only lower- and upper-middle income countries with moderate or low overall disease burdens be eligible. Unidentified implementing countries objected and the amendment ultimately was withdrawn.⁵⁷⁴ The emphasis on applicants demonstrating a growing government share of funding over time to ensure sustainability and limit the risk that Fund financing would crowd out domestic spending, a donor priority, stayed, over implementing countries’ objections.⁵⁷⁵ The creation of dedicated funding provided an

⁵⁷⁰ Global Fund, ‘Report of the Fourteenth Board Meeting,’ p. 36.

⁵⁷¹ Global Fund, ‘Report of the Fifteenth Board Meeting,’ pp. 34-36.

⁵⁷² See Global Fund, ‘Report of the TRP and the Secretariat on Round 10 proposals.’

⁵⁷³ Unclear from the Board Report if it was all or part of the donor constituency.

⁵⁷⁴ Unclear how many or which individual implementing countries, though, at least, a blocking majority of four.

⁵⁷⁵ For more on this question, see Gorik Ooms, *et al.*, ‘Crowding out: are relations between international health aid and government health funding too complex to be captured in averages only?’ *Lancet*, (2010), 375: 1403-1405.

uncommon response to criticisms from the Partnership Forum that the Fund had failed to sufficiently address the vulnerable populations' needs.⁵⁷⁶ It also, as of 2013, has yet to be put into effect.

As with previous eligibility proposals and debates, the Secretariat is invisible. The ED, Deputy ED and Chief of Operations, all of whom presented in the relevant meetings, did not appear to have contributed to these debates, at least as is reflected in the Board record. Given his varied experiences with the Fund, this is most surprising regarding Kazatchkine since he likely had more information, at least anecdotally, than any one else on the Board about which grants had succeeded and why.⁵⁷⁷ Other *ex-officio* members such as UNAIDS and WHO were often commended by the Board Chair for their contributions to eligibility debates⁵⁷⁸

The Board's eligibility decisions were evidence-driven insofar as they related to thresholds of income and disease burden. They were not immune, however, from political forces as seen in the debates around whether higher income countries with vulnerable populations ought to be eligible for Global Fund financing. It is equally clear that past performance did not factor in to the Board's decisions; there is no sign from any Board documentation that the Board even considered whether past performance should factor into future eligibility. There is equally no evidence the Secretariat ever made such a suggestion. Were that to have been the case, we would certainly expect to have seen the Secretariat contribute more robustly to the eligibility debates.

Application guidelines

⁵⁷⁶ Global Fund, 'Report of the Twenty-Third Board Meeting,' pp. 11-13.

⁵⁷⁷ Author's own assessment of all Board documentation, from the Nineteenth – Twenty-First Board Meetings.

⁵⁷⁸ As one example, see Global Fund, 'Report of the Twenty-Third Board Meeting,' pp. 11-13. See also, 'Report of the TRP and Secretariat to the Board,' submitted to the Twenty-Second Board Meeting.

Issuing a call for new proposals and launching a new round, like determining country eligibility, consistently remained a Board prerogative from inception through 2012. This is notable, as other aspects of the grant process were devolved to the Secretariat at different times and then later reclaimed by the Board. For the first three Rounds, for example, the Secretariat, with input from the Board, wrote the Fund's 'Guidelines for Proposals.' In line with the prerogative of 'country-ownership,' in the Fund's early years there was no one set application form. At its October 2003 Meeting, the Board determined that as the core business of the Fund was grant making, guidelines 'should be the responsibility of the Board.' It moved guideline writing to one of its committees, and put the Secretariat on par with WHO and UNAIDS: to offer input.⁵⁷⁹ In his report to the same meeting, the Executive Director acknowledged proposal guidelines needed improvement and shared that the Secretariat had already solicited input from country-coordinating mechanisms (CCMs) and the Board itself to do that work;⁵⁸⁰ clearly the Board decided that was insufficient.

The Board retained control of the guidelines even as it expanded the number and type of pathways by which CCMs could apply to the Fund. In April 2007, when it approved National Strategy Applications (NSA) for Round 9, the Board formally delegated authority to a committee for determining NSA guidance, charging it to: consider the corresponding national strategy, with a budget and the proposed grant's role in that strategy and budget. The Board also created an independent review mechanism – independent of the CCMs applying and the Secretariat infrastructure – to first approve the NSAs before a CCM could submit it. The Board tasked another

⁵⁷⁹ Global Fund, 'Report of the Sixth Board Meeting,' pp. 12-13.

⁵⁸⁰ Global Fund, 'Report From the Executive Director,' submitted to the Sixth Board Meeting, p. 3.

committee with understanding the NSA's budgetary implications for the Fund. The Board gave no formal role to the Secretariat in the NSA assessment process.⁵⁸¹

The most significant exception to tight control by the Board of grant guidelines revolved around the Rolling Continuation Channel (RCC), approved by the Board in November 2006. Opposed to the rounds-based channel, the Board created the RCC to be by-invitation only, and charged the Secretariat with developing a methodology to resolve which grants could apply for RCC funding, based on strong historical performance and high likelihood of future impact. Yet, even while empowering the Secretariat, the Board provided its own definition of strong performance⁵⁸² and delegated authority to a committee to approve any RCC proposal form. In other words, the Board constrained the Secretariat's ability to write the proposal form at both the front and back ends of the process. The Board also made clear that RCC funding requests would have lower priority in resource-constrained times than Phase II renewals and funding of Extraordinary Requests (discussed subsequently). Still, in the almost three years the RCC existed, it opened space for the Secretariat to write RCC applications that would potentially maximize disbursements or cement relationships with partner countries. Yet, there is no evidence this occurred.

In 2007, the Board accepted a committee recommendation that it empower the Secretariat to consolidate related existing and new grants on a voluntary basis, streamlining performance evaluation for both grantees and the Secretariat.⁵⁸³ It was not until its December 2010 Meeting, however, that the Board empowered the Secretariat to simplify application forms that CCMs and implementing country Board

⁵⁸¹ Global Fund, 'Report of the Fifteenth Board Meeting,' pp. 12-17.

⁵⁸² Factors included receiving a majority of 'A' ratings over the preceding 18 months and evidence of a measureable impact on its target population's disease burden.

⁵⁸³ See Global Fund, 'Report of the Fourteenth Board Meeting,' and 'Report of the Fifteenth Board Meeting.'

Members alike had long said were burdensome. Less than a year later, in the same breath as it reproached the Fund for its historically onerous guidelines and application, the High-Level Panel praised the Secretariat for reducing by half the total number of pages in advance of Round 11.⁵⁸⁴

The Technical Review Panel (TRP) offered substantial input to the Board and Secretariat on how it believed the guidelines could elicit more technically sound proposals – and shorten the application.⁵⁸⁵ The TRP’s frustration at the Secretariat’s and the responsible Board committees’ failures to incorporate its feedback on the Guidelines is often surprisingly clear in the Board record. In the TRP’s Round 7 Report, for example, it said bluntly that most proposals failed ‘because of the way the proposal is put together,’ not for technical reasons, an observation it noted it had made repeatedly to the Board.⁵⁸⁶ Greater clarification around the roles and responsibilities of CCM members was another frequent area of repeated TRP criticism.⁵⁸⁷ Thinly veiled critiques of both the Secretariat and Board are not difficult to discern throughout the TRP’s reports.

Transparency, particularly around guidelines and CCM composition, proved contentious for the Fund. The TRP, for example, supported the U.S.’s push for more transparency around CCM membership at the November 2008 Meeting, against the Secretariat’s opposition. At a minimum, Kazatchkine asked for more time before the Board mandated such transparency, arguing the then resource constrained environment made such actions difficult, without articulating why it would be so costly to put online documents it must already have had: Fund guidelines required membership rosters be included in grant applications. Since the Board already had

⁵⁸⁴ HLP, p. 24.

⁵⁸⁵ The TRP offered feedback in every report, all of which became public following the HLP and are available here: <http://www.theglobalfund.org/en/fundingdecisions/> (as of August 2013)

⁵⁸⁶ Global Fund, ‘Report of the Sixteenth Board Meeting,’ p. 7.

⁵⁸⁷ See Global Fund, ‘Report of the TRP on Round 7’ and ‘Report of the TRP on Round 8.’

access to all applicant information, it is unclear why the Secretariat thought keeping such information private would better advance its interests with the Board, even with the implementing bloc. The Board passed the decision point as suggested by the U.S..⁵⁸⁸

That decision marked a departure from earlier Board decisions. At its April 2002 Board Meeting, the Northern NGO Board Member advocated that approved proposals be made publicly available to facilitate ‘an ongoing learning process’ for existing and potential Fund grantees. Other delegates expressed concerns around confidentiality and worried that prospective applicants might reproduce successful proposals, regardless of whether technically appropriate to their individual contexts. The Board authorised the Secretariat to share the TRP’s assessment criteria publicly but restricted sharing the TRP’s reasoning behind specific decisions to only the applicant country-coordinating members (CCMs) and Board delegations. It asked that the Secretariat share with the Board all inquiries made by individual Board delegations related to proposal review.⁵⁸⁹ The Board wanted optimum transparency among itself, but not to outsiders. This is not surprising from a principal-agent perspective; the collective principal’s individual members would not want any one member to try and influence the whole through its shared agent, the Secretariat.⁵⁹⁰

Also at its April 2002 Meeting, the Board determined its decisions would be made public, except in undefined sensitive situations, but that deliberations would not be. There is a marked difference in the subsequent Board Meeting Reports. Delegates, however, remained rarely identified by name or country.⁵⁹¹ The Board never mandated such transparency, nor that Member attendance or delegation lists be

⁵⁸⁸ Global Fund, ‘Report of the Eighteenth Board Meeting,’ p. 17.

⁵⁸⁹ Global Fund, ‘Report of the Second Meeting of the Board,’ pp. 19-20.

⁵⁹⁰ Ibid. p. 20.

⁵⁹¹ Global Fund, ‘Report of the Third Meeting of the Board,’ pp. 14-15

made public. At its October 2003 Meeting, the Board moved further away from transparency, deciding the Secretariat should not single out individual countries in its press briefings, to avoid any unnecessary stigma.⁵⁹² From a principal-agent perspective, to underscore the Secretariat's self-identification as performance-based funding's caretaker, we might have expected it to advocate Board Members be identified by name. Alternatively, we might have expected to see it oppose such transparency to protect its relationship with implementing country Board Members. As was its tradition, on this issue, the Secretariat again remained silent.

After a density of transparency-related debates in 2002-2003, the Board ignored questions of transparency for years. At its April 2008 Meeting, several unnamed delegates expressed their desire for more disclosure and detail within Board Reports, including delegates' names alongside their comments. Rapporteur Luis Riera Figueras, from the European Commission delegation, concurred, but worried, 'attributing each intervention could take away from the goal of giving more detail about the debate itself.' He went on to ask the Board to grant him the right to work with the Secretariat to decide which sections of the report should include attributions.⁵⁹³ The Board agreed but did not address this issue again, and Board Reports did not change in their general lack of attribution.

The Board's move away from its original commitment to transparency coupled with its subordinating the Secretariat under various committees might have opened space for the Secretariat to provide country-coordinating members (CCMs) and others with information through alternative channels. There is no evidence this happened, at least not systematically. The Secretariat did not, for example, release guidance for CCMs on navigating proposal guidelines or highlight what had changed

⁵⁹² Global Fund, 'Record of the Sixth Board Meeting,' p. 24.

⁵⁹³ Global Fund, 'Report of the Seventeenth Board Meeting,' p. 4.

versus a previous Round; it left such work to Aidspan, even directing CCMs on the Fund's website throughout the first 10 rounds to Aidspan guides.⁵⁹⁴ With the exception of Round 9, Aidspan published a new guide for each Round.⁵⁹⁵ This is particularly surprising as in principal-agent relationships, it is assumed that even when an agent lacks formal mechanisms to influence its principal, it is able to establish influence in other ways. Providing such a service to CCMs could have been such an indirect way, particularly for implementing countries on the Board whose primary point of access for information about the Fund was the Fund itself (a dynamic addressed more at length in Chapter Six).

Indeed, from a principal-agent perspective, we might have expected the Secretariat to pre-empt Aidspan or at least assert itself once Aidspan moved away from reportage and commentary on the Fund to providing published guidance for CCMs and others. Coupled with Aidspan's unparalleled access to Board meetings and the Secretariat, this raises the question of whether Aidspan was a servant of the Secretariat or the Board. Further, DFID was Aidspan's most significant funder in the Fund's first decade. Two of the other five donors listed on Aidspan's site were also significant Fund supporters: Norad and GIZ.⁵⁹⁶ Yet, there is no evidence in Aidspan's reporting through 2012 it was a mouthpiece for the Fund's funders, its Board or its Secretariat. It was often critical of donors, the Secretariat and the Board alike.⁵⁹⁷

⁵⁹⁴ As of July 2013, the Fund had removed the Guidelines for Rounds 1-10, NSA and the RCC. Historically, on those relevant webpages, the Fund provided a link to the Aidspan site mentioned previously.

⁵⁹⁵ For a list of Aidspan Guides related to Fund applications, see Aidspan's webpage 'Guides to the Global Fund,' (2012 [last cited 22 July 2012]); available <http://www.aidspan.org/page/guides-global-fund>

⁵⁹⁶ As of July 31, 2012; available <http://www.aidspan.org/page/donors>

⁵⁹⁷ Author's own review of all Aidspan publications, published between 2003 (its start) and 25 July 2012, including GFO Issues 1-190.

The process to develop the application guidelines was not clearly evidence-driven nor particularly transparent. The Technical Review Panel (TRP) reports were not published until after the HLP in 2011. Therefore, there was no Round, National Strategy Application or Rolling Continuation Channel funding opportunity in the Fund's first decade in which country-coordinating mechanisms could access the TRP's feedback on guidelines to better align their applications with TRP preferences. What is clear is how often the Board asserted itself in directing the Secretariat in guidelines' writing and how rarely the Secretariat was visible in those discussions. This is notable as this was one of the few in which the Board delegated quasi-authority to the Secretariat, albeit not for long.

Determining Country Coordinating Mechanism (CCM) eligibility/ Pre-screening

In contrast to the above, pre-screening for CCM eligibility and the completeness of a CCM application were formally delegated authorities the Secretariat retained. From the beginning, the Technical Review Panel supported this arrangement, reasoning that the Secretariat would accumulate information about CCMs over time and therefore was best able to the job.⁵⁹⁸ The Board determined that with a few exceptions, only CCMs could apply for Fund grants; exceptions included applicants from a country lacking the requisite institutions for complete CCM membership, for example a functional Ministry of Finance (e.g., Palestinian territories) or one not fully in command of its territory (e.g., Somalia in Round 3). For the first four Rounds, the Board evolved a set of recommendations for CCMs, which it hardened in advance of Round 5 into requirements:

- Requirement No. 1 – All CCMs are required to show evidence of membership of people living with and/or affected by the diseases.

⁵⁹⁸ Global Fund, 'Report of the Second Meeting of the Board,' p. 10.

- Requirement No. 2 – CCM members representing the non-government sectors must be selected by their own sector(s) based on a documented, transparent process, developed within each sector.
- Requirement No. 3 – CCMs are required to put in place and maintain a transparent, documented process to solicit and review submissions for possible integration in to the proposal.
- Requirement No. 4 – CCMs are required to put in place and maintain a transparent, documented process to nominate the Principal Recipient(s) (PR) and oversee program implementation.
- Requirement no. 5 – CCMs are required to put in place and maintain a transparent, documented process to ensure the input of a broad range of stakeholders, including CCM members and non-members, in the proposal development and grant oversight process.
- Requirement No. 6 – When the Principal Recipients and Chair or Vice-Chair of the CCM are the same entity, the CCM must have a written plan in place to mitigate the inherent conflict of interest.⁵⁹⁹

For Rounds 1 – 10, the Secretariat pre-screened applications to determine whether or not CCMs (and when relevant, non-CCMs) were eligible to apply. If CCM applications were complete, the Secretariat would forward them to the TRP. Although the proportion of applicants that were screened out is disclosed in the TRP reports to the Board, the reports have been available only since late 2011. As of May 2012, the Secretariat’s pre-screening protocols were still not available on the Fund website.⁶⁰⁰

Seeing the pre-screening criteria would be useful as the percentage of applications deemed ineligible by the Secretariat varied widely from a high of 41% in Round 5 to a low of 10% in Round 10.⁶⁰¹ While this three-quarters drop is significant, it was not linear. In Round 7, for example, Brazil, Fiji and the Republic of Congo’s CCMs were screened out whereas in Round 10, proposals from Albania, Belarus, Bhutan and Bolivia were deemed ineligible. The Secretariat disqualified CCMs most often because they had not met the requirements governing Principal Recipient

⁵⁹⁹ Global Fund, ‘Report of the Ninth Board Meeting,’ pp. 9-10.

⁶⁰⁰ As of 16 May 2012.

⁶⁰¹ Author’s own calculations, as drawn from all Reports of the TRP and Secretariat to the Board on Rounds 1-10.

selection.⁶⁰² It also would be beneficial to know why in Round 8 the Secretariat screened in all proposals despite the Technical Review Panel reproaching it for unequal judgment, claiming certain unnamed CCMs did not comply with all minimum requirements. It implied such inconsistency was why the Secretariat Screening Review Panel had for the first time failed to reach consensus.⁶⁰³ Nevertheless, the Board did not alter the Secretariat's authority in pre-screening or give it different direction.

Its position in pre-screening could have created opportunities for the Secretariat to establish deeper ties with CCMs since it could determine their very existence. Unlike CCMs, the Secretariat had access to all Technical Review Panel (TRP) documentation, including what technical assistance the panel thought would have helped CCMs write stronger, more complete proposals. (Technical assistance will be addressed in the subsequent chapter.) There is no example in the public domain of the Secretariat offering such guidance to prospective applicants, despite the TRP's entreaties.⁶⁰⁴ Given the three-quarters drop between Rounds 5 and 10 in ineligibility, as deemed by the Secretariat, it is possible the Secretariat provided more informal feedback than is apparent from Board documentation or individual grant applications.

Whereas the agent is often the mechanism by which principals learn on-the-ground intelligence, at the Fund the Partnership Forum – the convenings every 24-30 months of stakeholders from governments, NGOs and the private sector involved in

⁶⁰² See Global Fund, 'Report of the Round 10 Screening Review Panel,' 'Report of the TRP and the Secretariat on Round 10 Proposals,' 'Report of the TRP and the Secretariat on Round 9 and Annexes,' 'Report and Presentation of the TRP on Round 7.'

⁶⁰³ See Global Fund, 'Report of the TRP on Round 8,' particularly including references to Screening Panel Report Round 8.

⁶⁰⁴ Author's own assessment of all available grant applications online (2012 [cited 4-7 July 2012]); available <http://portfolio.theglobalfund.org/en/Home/Index>, none of which mentioned the Secretariat's assistance.

the Fund – theoretically served this purpose. Additionally, the Affected Communities’ representative was a presence at the Board from the beginning, first as an observer and then with full voting rights starting in March 2004. Even drawing only on the few Board Reports in which Board Members are identified, the Affected Communities’ member was an active participant. The Fund’s structures to enfranchise historically absent voices with Board membership for implementing countries, affected communities, donor countries, the private sector and foundations arguably left less room for the Secretariat.⁶⁰⁵

Neither the Partnership Forum nor the Secretariat through mid-2012 published guidance on what constituted a CCM. Doing so should not have contravened the Board’s prohibition on publishing details surrounding deliberations (which pre-screenings arguably were) or calling out countries by name. Yet, the Secretariat ceded this space too to Aidspan as it published guides on CCM members’ roles and responsibilities and how to build an effective (and presumably successful) CCM.⁶⁰⁶ It also made periodic unsolicited recommendations to the Fund on how to best support CCMs.

In May 2011, the Board strengthened the language around some of the minimum requirements and added a new category: ‘standards.’ Although not mandatory, the standards marked the first time the Board articulated a set of best practices for CCMs, including term-limited Chairs and Vice-Chairs, minimum participation levels for NGOs and the presence of private sector representatives. From the Board debates of 2010 and the relevant committee report at the May 2011 Meeting, it is clear implementing countries prevailed over donors by arguing mandatory standards would be onerous. The Secretariat was unusually engaged in

⁶⁰⁵ Global Fund, ‘Decision Points,’ submitted to the Twenty-First Board Meeting & ‘Report of the Twenty-First Board Meeting.’

⁶⁰⁶ Again, Aidspan ‘Guides to the Global Fund.’

these debates, opposing implementing countries and advocating for the more strict requirements it had helped developed with the relevant Board committee.⁶⁰⁷

It is difficult to determine if pre-screening was evidence-driven as the criteria are not in the public domain and there was no appeal process for being screened out (as existed for CCMs who wanted to appeal a TRP assessment). There are no press releases on the Fund's website reacting against accusations of unfair disqualification by a CCM nor could I find any press articles from applicant countries to that effect through extensive online searches.⁶⁰⁸ Different 'winners' emerged at various points in these debates, at times donors, at times implementing countries. The TRP, however, clearly felt frustrated, as Round after Round, it often repeated feedback to the Board and Secretariat regarding CCM qualification and application robustness and, Round after Round, while the Board largely accommodated its recommendations, the Secretariat rarely did, arguably failing to utilise that information to strengthen its position vis-à-vis implementing countries on CCMs or the Board. There is no record of the Secretariat offering similar commentary either in a formalised or ad hoc fashion following any pre-screening or Round, on the application guidelines or otherwise.⁶⁰⁹

The Technical Review Panel (TRP)

WHO relies heavily on expert advice in various areas, from determining guidelines around clinical trials to how best to deal with new influenza strains.

WHO's Director-General sets the terms of reference for expert panels, selects the panel members and oversees the writings of reports and any new resulting policies.

⁶⁰⁷ Global Fund, 'Report of the Portfolio and Implementation Committee,' submitted to the Twenty-Third Board Meeting, particularly Annex 1. See also Global Fund, 'Report of the Twenty-Third Board Meeting' and 'Decision Points of the Twenty-Third Board Meeting,' particularly Decision Point 17.

⁶⁰⁸ Conducted periodically throughout May and June 2012, using search terms such as 'global fund CCM disqualified,' 'unfair prescreening results global fund CMM,' among others; search conducted only surveying English-language sources.

⁶⁰⁹ Author's own assessment of all Board documentation, First – Twenty-Fifth Meetings.

The WHO Secretariat operates in a manner that increases its potential information advantage vis-à-vis its governing body. In contrast to WHO, the Global Fund's Board, not the Secretariat, oversees the TRP. The Board updates the TRP's terms of reference in advance of every funding round, hires TRP members, pays their stipend from Global Fund monies and, as seen above, reacts to their recommendations.

Unlike the IMF, in which the Executive Board can only approve a loan after receiving a formal recommendation from the IMF staff, the Secretariat has no role in the technical assessment of grant proposals. Given this dynamic and history, we would expect the Secretariat to establish a close relationship with the TRP, both to influence its work and to constrain its ability to influence its Board. The Secretariat was well-positioned to do this as it facilitated the work of the TRP, an arrangement structurally to its advantage. The Board expanded the TRP over time to accommodate expertise on gender equality, challenges facing sexual minorities and health systems strengthening, among others, and to ensure regional diversity and balance.⁶¹⁰ The issue of TRP term limits and qualifications consumed significant time for the Board, particularly in 2006.⁶¹¹ The introduction of term limits and addition of new experts only created further opportunities for the Secretariat to increase the TRP's reliance on it, by providing the institutional memory it lacked. There is no evidence this occurred.

In 2001, the U.S. did not want a strong UN role at the Fund, while developing countries did, particularly to support in-country operations. This dispute led to one of the most interesting aspects of the Fund: UN technical support at country-level and

⁶¹⁰ For example, see decision made in May 2009 to expand the TRP from 35 to 40 members: Global Fund, 'Report of the Nineteenth Board Meeting,' pp. 12-14.

⁶¹¹ For a glimpse into the intensity of TRP term limit debates on the Board, see Global Fund, 'Report of the Thirteenth Board Meeting,' particularly p. 31.

the prohibition of UN officials on the TRP.⁶¹² This arrangement likely was intended to protect the TRP from being too burdened by UN agencies' histories and to protect the TRP's process from political interference, as was the Fund's subsequent decision to sequester the TRP in a hotel away from Geneva when they were assessing proposals.

Interestingly, 'additionality,' the idea that funds raised would be additional to existing monies for health and not repurposed, and one of the Fund's Guiding Principles, never became a TRP term of reference. Whenever the question surfaced, as it did at the June 2004 Meeting, the Board concluded it was too difficult to evaluate.⁶¹³ At that same meeting, UNAIDS, the Bank and WHO⁶¹⁴ offered to provide financial and programmatic information to the Fund to help inform TRP assessments about additionality at a country level, if not globally. It is not difficult to infer from subsequent TRP reports and presentations that this did not occur.⁶¹⁵ Perhaps this is more a comment on other organisations not wanting to be more transparent with the Fund than they were with one another, their funders or the public. Regardless, after 2004, the Board did not formally address additionality. Even the never utilised, and significantly expanded, Round 11 TRP terms of reference contained no mention of additionality. Unlike 'coordination,' additionality is absent from the 2011 Consolidated Transformation Plan and High-Level Panel recommendations.

More surprising is that the Technical Review Panel (TRP) did not have access to the regular assessments Local Fund Agents performed of principal recipients. Nor did the TRP have access to which individual principal recipients the Fund's own

⁶¹² Clinton, pp. 78-79.

⁶¹³ Global Fund, 'Report of the Eighth Board Meeting,' p. 14.

⁶¹⁴ Stop TB and Roll Back Malaria, both then housed at WHO, were constituted in part to also play coordinating roles in their respective disease areas.

⁶¹⁵ Author's own assessment, all TRP Board documentation, First – Twenty-Fifth Board Meetings.

Inspector General was currently investigating. The reticence of the Secretariat and the failure of the Board to mandate such transparency was presumably an effort to avoid having an applicant burdened by past poor performance or unfounded suspicions. For an organisation defined by its commitment to performance-based funding thru Phase II contingency funding, this arrangement challenges the validity of the Fund's performance-based funding claims. The Board continued to define performance only within a grant from Phase I to Phase II and not across grants, even those being proposed by the same country-coordinating mechanism tackling the same disease.

Although past programmatic performance never became a TRP term of reference, in 2011, the Board determined that the Secretariat should incorporate CCMs' funding history into its eligibility assessments. By funding history the Board meant past financial performance, particularly whether or not a CCM's previous grants experienced high levels of underspending. This was seen as a proxy for whether or not applicants had a history of requesting more money than they could efficiently deploy.⁶¹⁶ This was the first instance of the Board sanctioning incorporating past grant performance in Phase I decision making, albeit around financial and not technical performance. There is no evidence of Kazatchkine or Secretariat staff engaging in this debate.⁶¹⁷

Through the Fund's first decade, the Board charged the TRP with assessing proposals individually on programmatic but not budgetary criteria. A proposal's budget was not considered, despite repeated TRP feedback that it believed proposal budgets were insufficiently detailed and often over-estimated likely costs. In reaction

⁶¹⁶ Global Fund, 'Report of the Twenty-Third Board Meeting,' p. 12.

⁶¹⁷ Author's own assessment of all documents relating to the Twenty-Third Meeting.

to that feedback, starting with Round 9, the Board tasked local fund agents – not the Secretariat –to provide budget analyses for all proposals above \$40mm.⁶¹⁸

As mentioned in Chapter One, depending on the specific criteria governing individual Rounds, the TRP rated each application based on the following summary schematic:

- Approved (Category 1): Approved proposal requiring no or minor modifications
- Approved (Category 2): Approved provided clarifications are met within a limited timeframe (6 weeks for the applicant to respond, at most 6 months to obtain the final TRP approval should further clarifications be requested). The primary reviewer, secondary reviewer as well as TRP Chair and/or Co-Chair need to give final approval. The TRP utilised sub-categories 2A and 2B to distinguish between those needing relatively less and more time to respond
- Rejected (Category 3): Not recommended in present form but encouraged to re-submit
- Rejected (Category 4): Not recommended

The TRP's reports following each Round detailed the modifications or clarifications it thought grants needed to make to increase their likelihood of success, in the current or future Rounds. Within each Round, the TRP's feedback on similar applications is remarkably consistent. No published paper nor the independent evaluations previously mentioned has ever questioned the integrity of the TRP assessments (even if many have questioned their terms of reference).

It would be difficult to overstate the impact the TRP's feedback had on Board's decisions, particularly relating to application guidelines and the TRP's own terms of reference. In 2006, after Round 6, the TRP even congratulated itself, noting a systematic improvement in quality of applications, which the TRP Chair surmised resulted from the improved clarity of guidelines 'allied to the acceptance of comments made by the TRP on previous applications.'⁶¹⁹

⁶¹⁸ Global Fund, 'TRP's terms of reference for Round 10;' available <http://www.theglobalfund.org/en/trp>

⁶¹⁹ Global Fund, 'Report of the TRP to the Board on Round 6' and 'Report of the Fourteenth Meeting of the Global Fund Board,' p. 8.

As another example, the TRP repeatedly called out health system strengthening as an area in which applicants perpetually struggled. When the Board decided in that starting in Round 8, the Fund would finance designated health system strengthening programmes, it requested its relevant committee revise the TRP's terms of reference in consultation with the TRP, not the Secretariat. Thus the Board strengthened one of its agents, the TRP, relative to another, the Secretariat. These decisions seemed to follow a zero-sum dynamic: as the TRP's mandate expanded, the Secretariat's shrunk. The only mention of the Secretariat was when the Board requested it to 'communicate clearly' to CCMs on what constitutes health system strengthening.⁶²⁰ Yet careful searching on the Fund's website revealed little health systems strengthening guidance from the Secretariat. The oldest relevant document on the Fund website dates from January 2009, more than a year after the Board's directive and it focuses on the joint Global Fund/GAVI health systems funding platform to harmonise health systems metrics.⁶²¹ The Secretariat provided no further formal written guidance on health systems strengthening for Rounds 8, 9 or 10 or otherwise from 2008-2010.

Search results from 2011 and 2012 offer stark juxtaposition. It appears the Fund's new strategy process launched in December 2010 and the High-Level Panel's rebuke less than a year later on the Secretariat's poor communication with CCMs resonated. More than two-dozen entries relate to health systems strengthening. Results include fact sheets, direction on metrics and even guidance for implementation. Aidspace, not surprisingly, wrote extensively about health systems strengthening from the beginning.

⁶²⁰ See Global Fund 'Report of the Sixteenth Board Meeting.'

⁶²¹ Global Fund 'Supporting Country-led and Results-focused National Health Strategies Health Systems Funding Platform,' (January 15, 2010 [cited 7 July 2012]), from the Global Fund search function, search terms included 'health systems strengthening' and 'HSS.'

Another area in which the Secretariat lagged in analysis and transparency related to grants' sub-recipients, the sub-contractors principal recipients relied on to carry out the bulk of grant implementation. As CCMs did not specify sub-recipients until negotiating the grant with the Secretariat, this was an area in which the Secretariat had a structural informational advantage, albeit from a process the High-Level Panel labelled as 'put[ting] the cart before the horse.'⁶²² It was not the first to point out this incongruence. The Five-Year Evaluation and various Inspector General reports made similar observations and Board Members regularly voiced concerns around sub-recipients' capacity and capability. Yet, until 2011, the Secretariat did not require that local fund agents audit sub-recipients nor was I able to find any Secretariat reports on sub-recipients.⁶²³ As sub-recipients remained fairly consistent grant-to-grant, the burden on local fund agents would have been consistent and finite, making the Secretariat's exclusion of sub-recipients from local fund agents' scope of work all the more puzzling.⁶²⁴ The Technical Review Panel (TRP) too was frustrated about its inability to assess sub-recipients' appropriateness. In its Round 10 Report, it used its most forceful language yet on the lack of visibility into sub-recipients, recommending future applicants provide clearer descriptions of the roles it projected for sub-recipients.⁶²⁵

Another, and likely larger, frustration for the TRP rested in the Secretariat's refusal to provide it with grant performance scorecards. Such a position again reveals the rather narrow definition of performance the Fund employed. It prevented the TRP from turning the performance of one grant from a country-coordinating mechanism into evidence to inform its assessment of a new application from the same country-

⁶²² As two examples see: HLP, p. 25 & Global Fund, 'Office of the Inspector General: Report on Lessons learnt from the country audits and reviews undertaken,' (2009).

⁶²³ Search of Fund website, 2 December 2012.

⁶²⁴ For more on LFAs and SRs see HLP pp. 45-47.

⁶²⁵ Global Fund, 'Report of the TRP and Secretariat to the Board on Round 10,' p. 13.

coordinating mechanism. Had the Secretariat assumed a different posture, it could have demonstrated a more comprehensive stewardship of performance-based funding across its portfolio instead one constrained within a given grant. However, the Board never required the Secretariat to share grant scorecard information with the TRP. Given that, we can assume it either shared a similar conceptualisation of performance-based funding or it did not want to undermine the Secretariat in one of the few informational advantages it possessed.

In contrast, the Board granted the Five-Year Evaluation (FYE), which it had commissioned, access to all existing grant scorecards.⁶²⁶ Additionally, the Fund's technical partners, including UNAIDS and WHO, allowed greater access to the FYE than they had ever provided to the Technical Review Panel or Secretariat. The FYE recommended the Secretariat require principal recipients and sub-recipients to use standardised monitoring and evaluation protocols to enable the Secretariat to better monitor and compare performance across grants.⁶²⁷ In the Fund's first decade, there is no evidence the Secretariat created and instituted such standardised protocols. In 2006, after the Board granted disproportionately greater access to the FYE, we might expect the Secretariat attempt to acquire information at least equal to the FYE. Yet no evidence exists of that then, or subsequently.⁶²⁸ Perhaps it did not try out of concerns that its technical partners – many of whom were the Fund's most significant donors – would not welcome such efforts.

Interestingly, the Secretariat worked to protect the TRP's informational advantage. Perhaps there is a simple personal reason for this. Michel Kazatchkine served on the TRP before he became the Fund's Executive Director. Although often

⁶²⁶ See Macro International, SA1, p. 70.

⁶²⁷ Macro International, SA1, p. xxix.

⁶²⁸ Extrapolated from two sources: Global Fund, 'Summary Report of the TERG,' to the Fourth Board Meeting, pp. 2-4 and 'Summary Report of the TERG,' to the Seventh Board Meeting, pp. 4-6.

in opposition to one another as seen above, the Secretariat and TRP coordinated efforts to keep TRP documents non-public. At its April 2007 Meeting, unspecified Board Members pressed the TRP Chair on why he remained trenchantly opposed to the public release of proposal review forms and clearly were not wholly satisfied with his responses. The Board partly disregarded the joint TRP-Secretariat opposition, deciding that ‘from Round 7, all eligible proposal applications’ would be published. However, it also partly agreed with the TRP and Secretariat, deciding not to publish TRP assessments and its Reports to the Board.⁶²⁹ Both TRP’s assessments and Board reports were put on the Fund website after the High-Level Panel released its final report in September 2011.⁶³⁰ Previously, substantial scrutiny of the TRP’s process was difficult, to the TRP’s advantage. The Secretariat possibly supported the TRP’s position because then it also would be able to keep its own information collection – including detailed grant scorecards for example – confidential, similarly problematizing significant scrutiny of its work.

As previously mentioned, the TRP’s engagement in shaping the Fund, even with all its frustrations, is evident from Board Reports. Following Round 9, for example, the TRP concluded most proposals did not adequately demonstrate value-for-money, because the proposal form failed to ask for it and the guidelines failed to define it. The TRP requested the Secretariat make both clear for Round 10.⁶³¹ Yet, the Board did not codify value-for-money as a formal term of reference for the TRP or direct the Secretariat to define it until 2011, notably for the Board’s delayed reaction to TRP feedback.⁶³²

⁶²⁹ Global Fund, ‘Report of the Fifteenth Board Meeting,’ p. 37.

⁶³⁰ TRP reports were not on the Global Fund in October 2011 and were by December 31, 2011.

⁶³¹ See Global Fund, ‘Report of the TRP and the Secretariat on Round 9 Proposals,’ pp. 15-16.

⁶³² For a recent discussion of value-for-money, see: Sebastian Linnemayr, *et al.* Value for Money in Donor HIV Funding. See also Nandini Oomman, Steven Rosenzweig, & Michael Bernstein, ‘Are

Many, if not most, of the significant changes to the Fund application over time resulted from TRP feedback and commentary. Not infrequently, as discussed above, the TRP repeatedly requested that the Secretariat provide clearer guidance in a given area.⁶³³ If this is evidence of the Secretariat asserting itself by ignoring the TRP recommendations, it is not likely such behaviour increased its autonomy vis-à-vis the Board or helped build trust among applicants, a possible alternative source of authority.

Board approval of TRP recommendations

If we accept that the TRP approved grants on technical merit, then, the Board's decision-making was evidence-driven and performance-based. The Board approved 100% of the TRP recommendations and never approved a grant the TRP had not recommended, well above the 95% threshold I articulated in Chapter Three as necessary for a strong correlation between TRP recommendations and Board approval.⁶³⁴ There is no record in any Board Meeting Report of any Board Member asking for changes beyond those the TRP already had proposed as conditions for Board approval or had flagged for the Secretariat to include in its subsequent negotiations with the principal recipients.⁶³⁵ Although the IMF's Board rarely has turned down or modified a conditional loan arrangement recommended by the IMF

Funding Decisions Based on Performance?' The 2013 IOM PEPFAR review also contains a discussion of value-for-money pertaining solely to PEPFAR.

⁶³³ As an example, see Global Fund, 'Report of the TRP and Secretariat on Round 9 Proposals,' p. 19.

⁶³⁴ Author's own assessment of all Board Meeting documents, including all TRP reports and presentations, through the Twenty-Fifth Meeting.

⁶³⁵ Ibid.

In 2004, Rivers wrote: 'Clearly, there were some Category 1 or 2 proposals that some board members did not like, or that came from countries with governments that some board members did not like.' This is the only such mention of Board dissent at the TRP approval juncture in the GFO or Aidsplan other publication library in the Fund's first decade. See Rivers, 'Round 4 – How it Works,' GFO, Issue 18, 24 February 2004.

Staff, it occasionally has, something the Global Fund's Board did not do in its first decade.⁶³⁶

Few independent analyses have examined the relationship between TRP recommendations and Board decisions. This is interesting because like a judiciary, the Fund's legitimacy rests in part on the reasoning behind its decisions and how that reasoning is consistent or evolves over time. Perhaps the absence of inquiry is attributable to the non-public nature of TRP reports until 2011 and, as of August 2013, the still non-public nature of TRP decision memos. The 100% approval rate also could help explain the lack of questions though it could also have spurred more questions. Only the Five-Year Evaluation, the Theiner paper mentioned in Chapter Two and Brown's work, probe the TRP-Board relationship. None address whether the proposals were using the best metrics to focus grants' efforts on measurable outcomes or impact, versus process or inputs. The Five-Year Evaluation concluded that the TRP based its decisions on quality of proposal. Brown alternatively concluded that donors influenced the TRP's decision-making through formal and informal means.⁶³⁷

Brown did not dispute the Board's alignment with the TRP's judgements, rather arguing that the Board designed the TRP in form and function in a way that predisposed the TRP to align with what the Board would be predisposed to approve, a technical tautology. Yet, as Brown does not clearly articulate what he means by 'formal,' his argument is difficult to assess. If formal means within Board discussions about grant funding, no publicly available data corroborates the conclusions he drew. Unlike with Phase II discussions as we will see, there is not a single example of a grant application being discussed from any Board Meeting

⁶³⁶ Copelovitch, p. 56, quoting, Erica Gould, *Money Talks: The International Monetary Fund, Conditionality, and Supplementary Financiers* (Palo Alto: Stanford University Press, 2006), p. 286.

⁶³⁷ See Brown (2010).

Reports or Aidspan's extensive coverage of Board meetings.⁶³⁸ Aidspan itself noted this absence, pointing out in 2008 that over the first seven Rounds, the Board had never discussed an individual proposal at the Board level.⁶³⁹ It is of course possible such discussions occurred in Executive Sessions and, as such, no public record exists.⁶⁴⁰

Brown offers examples of informal influence, including donors architecting the TRP's terms of reference and member selection. But little resides in the public domain that supports Brown's critique that these only reflected donor preferences. From Board Meeting Reports and Aidspan's coverage, identified donor and implementing country blocs both generally pushed to expand the overall TRP terms of reference and supported adding experiential diversity to the TRP. We know from a 2006 PEPFAR Report on the Fund that the U.S. advocated a focus of Fund resources on implementers with strong financial and management expertise.⁶⁴¹ One study from 2006 did discern a correlation between the TRP's recommendations and 'strong organisations' with demonstrated 'financial and organisational management skills,'⁶⁴² which may have informed the U.S.'s position. But, the Board never voted to change the TRP's terms of reference to preference recipients with a stronger track record, and never rendered performance-based funding to be more than Phase I to Phase II funding.

The only compelling proof for Brown's conclusions, and interestingly unavailable to him at the time of his research, relates to the U.S. The U.S. delegation

⁶³⁸ Author's own assessment of all Board documentation, First – Twenty-Fifth Board Meetings.

⁶³⁹ Aidspan, 'Providing Improved Technical Support to Enhance the Effectiveness of Global Fund Grants,' (28 March 2008 [cited 25 May 2012]), p. 10; available http://www.aidspan.org/gfo_article/aidspan-white-paper-emproviding-improved-technical-support-enhance-effectiveness-global-

⁶⁴⁰ As of January 2013, the Fund had still not made public any Executive Session Meeting Reports that may exist.

⁶⁴¹ As an example, see PEPFAR 'Fiscal-Year 2006 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria.'

⁶⁴² Garmaise (2006), pp. 5, 15.

revealed at the April 2007 Board meeting that it had run a parallel audit of all TRP decisions and agreed with every single recommendation the TRP had made. This revelation is nowhere to be found in the Board Report from that meeting (the Fifteenth) but rather appears in the Five-Year Evaluation, and not in the main Board presentation but rather in supporting documentation.⁶⁴³ The Evaluation also wondered whether any parallel process ‘raises the prospect that the TRP’s independence could be called into question by a delegation...that did not agree with ... specific decisions.’⁶⁴⁴ Neither Feachem nor Kazatchkine raised similar questions in their reports to the Board. Under principal-agent theory, we might expect the Secretariat to claim any opportunity to raise questions about the potential compromise of a Fund process, even one it did not oversee, to underscore its position as the guardian of the Fund’s guiding principles and ethos. Instead, the Secretariat worked to maintain the inscrutability of the TRP’s processes outside the Fund, including vis-à-vis non-Board Member implementing countries.

Evaluations by Aidspace found that TRP decisions were rooted in approving strategies that have had or will have ‘a meaningful impact on preventing further infections,’ – one of the TRP’s terms of reference – particularly in HIV/AIDS.⁶⁴⁵ Given the non-public nature of TRP decisions until late 2011, only a person (like Bernard Rivers of Aidspace) or an organisation (like the independent Technical Evaluation Reference Group that conducted the Five-Year Evaluation) granted extraordinary access could have performed such analyses. We might again have

⁶⁴³ Five-Year Evaluation Summary and Synthesis Reports submitted to the Board available on the Nineteenth Board Meeting webpage: <http://theglobalfund.org/en/board/meetings/nineteenth/documents/> contrasted to the full Five-Year Evaluation materials available only on the TERG FYE webpage: <http://theglobalfund.org/en/terg/evaluations/5year/>.

⁶⁴⁴ Macro International, SA1, p. 73.

⁶⁴⁵ See David McCoy & Kelvin Kinyua ‘Allocating Scarce Resources Strategically – An Evaluation and Discussion of the Global Fund Grant Disbursements,’ and Garmaise (2010).

expected the Secretariat to advocate for equal access for country-coordinating mechanisms, for example, to demonstrate its commitment transparency and facilitating country-ownership. Yet, repeatedly, until forced by a crisis of confidence and identity, the ED opposed all such efforts.⁶⁴⁶

Funding prioritisation

Unlike the recurrent conversations around eligibility, funding prioritisation emerged at the Board only when funding shortfalls were projected. The expectation was that all grants the TRP rated 1, 2A or 2B would receive funding. When the Fund's available resources were inadequate to cover the total cost of proposals the TRP recommended and the Board approved, as in Rounds 8 and 9, the Board decided to fund Categories 1 and 2A immediately and Category 2B grants individually, in descending order of merit as determined by the TRP. Eventually, all Round 8 and 9 Category 2B grants received funding. There is no evidence the Secretariat contributed to these discussions.⁶⁴⁷

In 2008, for Round 8, the Board decided it in addition to providing funding to grants in descending order of quality, as judged by the TRP, it also adjusted all grants down 10% as an 'efficiency saving' (without the grants having any baseline from which to demonstrate improved efficiency). Additionally, for the first time, the Board applied the comprehensive funding policy to Phase II, and decided to fund only 75% of all approved Phase II grants' amounts. Although Japan raised concerns about this approach and ultimately opposed it, a first for the Japanese delegation in the Board record, the Board approved this decision by consensus with Japan not voting.⁶⁴⁸

⁶⁴⁶ As an example, see various debates contained in Global Fund, 'Report of the Fifteenth Board Meeting.'

⁶⁴⁷ See relevant debates in: Global Fund, 'Report of the Sixteenth Board Meeting,' 'Report of the Seventeenth Board Meeting,' 'Report of the Eighteenth Board Meeting,' 'Report of the Nineteenth Board Meeting.'

⁶⁴⁸ Global Fund, 'Report of the Eighteenth Board Meeting,' p. 18.

For Rounds 1 - 9, the Board remained faithful to the principle of demand-driven grant funding, resisting efforts by the U.S. and other donors to convert to a supply-driven funding model. Even in April 2008, when the Board Chair requested that the Board and Secretariat offer ideas for how the Fund could ‘take a more active role in shaping its portfolio of grants,’ given the contracting ODA environment, a supply-driven approach was not seriously considered.⁶⁴⁹ Repeatedly, the Board directed the TRP to approve grants regardless of available funds, even adjusting in 2006 its comprehensive funding policy by calculating the Fund’s resource base in grant not calendar years.⁶⁵⁰ After Round 9, the second consecutive round and fourth overall,⁶⁵¹ in which the Fund had been unable to immediately finance all TRP-approved grants, the Board abandoned the pure demand-driven funding model. It capped the total amount of money that could be committed in Round 10 but eschewed limiting individual grant amounts.⁶⁵²

At its April 2010 Meeting, while considering Round 10, the Board directed the TRP to rate grants at a more granular level by application component so that it could decide to fund the highest quality components of various proposals versus only the proposals with the highest average quality. The Board Report noted that unspecified ‘serious reservations remained’ about this new approach, possibly because of the deeper Board intervention more detailed assessments could have enabled. Recognising the significant funding shortfall the Fund faced, the Board moved back toward demand-driven funding, suspending its comprehensive funding policy for Round 10. At the December 2010 Meeting, the Board once again accepted all TRP recommendations, including the ones centred on individual components the TRP

⁶⁴⁹ Global Fund, ‘Report of the Seventeenth Board Meeting,’ p. 3.

⁶⁵⁰ Global Fund, ‘Report of the Twelfth Board Meeting,’ pp. 12, 22.

⁶⁵¹ Rounds 5,6,8,9.

⁶⁵² See Global Fund, ‘Report of the Twenty-First Board Meeting.’

found worthy in grants otherwise judged unsatisfactory.⁶⁵³ Even policy changes that could have disrupted the perfect correlation between Board approvals of Phase I funding and TRP recommendations didn't.

Insofar as the Board approved all TRP recommendations, based on terms of reference it mandated in advance of each Round and iterated based on TRP feedback (and Board preferences) then Phase I decisions were evidence-driven. They were decidedly not performance-based as the Board never granted the TRP access to grant performance scorecard data or grant audits. They were also decidedly Board-driven, evident in the Board's hiring of the TRP, setting their terms of reference and deciding funding prioritisation, all without Secretariat input. These collectively opened space for others to fill, purposefully and not, as Chapter Six explores.

Briefly: Post approval negotiation

At its Second Meeting, the Board, despite 'some disagreement,'⁶⁵⁴ delegated authority to the Secretariat to negotiate and enter into agreements with a grant's principal recipient, including budget allocations, disbursement schedules, performance metrics and defined grounds for grant termination.⁶⁵⁵ The Board made clear that it was the country-coordinating mechanism's responsibility to identify the principal recipient for a given grant, in consultation with both the Secretariat and the World Bank as the Fund's trustee, and subsequently signed off on by the grant's designated local fund agent. In the Bank's ensuing Trustee reports given at every Board Meeting, however, there is no indication the Bank played any role in principal

⁶⁵³ Global Fund, 'Report of the Twenty-First Board Meeting,' pp. 6-8.

⁶⁵⁴ Ibid, p. 32.

⁶⁵⁵ Report of the Second Meeting of the Board, p. 26.

recipient selection.⁶⁵⁶ The Bank apparently was uninterested in a substantive role with the Fund, even when provided such an opportunity.

The Board remained actively engaged in defining and redefining the Secretariat's responsibility for grant negotiation, despite having formally devolved that power to it. In 2004, for instance, the Board determined the normal time from grant approval to the Secretariat and principal recipient signing a grant agreement should be 6 months, with a provision that if an agreement is not signed 12 months after initial approval, the Board would consider its approval abrogated unless convinced otherwise.⁶⁵⁷ The Board asked the Secretariat to provide 'improved estimates' of the time anticipated from approval to signing, starting with Round 3.⁶⁵⁸ The impact of these decision materialised quickly. At the April 2005 Board Meeting, Feachem reported that approved grants had been cancelled with Iran and North Korea because the time horizon was breached; the Secretariat had been unable to resolve questions around sub-recipients. Additionally, North Korea did not grant the local fund agent a visa within a year.⁶⁵⁹ The challenge of long-lead times was one the Board repeatedly addressed.

Included in the Secretariat's negotiation responsibilities was ensuring that the country-coordinating mechanism answered all outstanding TRP questions. Yet, the Board granted the TRP, not the Secretariat, authority to determine whether or not it was satisfied with the answers. If not, the Secretariat could not proceed in its negotiations. If yes, the TRP's role in Phase I concluded. Through its negotiations, the Secretariat again would have had an opportunity to develop a specialised

⁶⁵⁶ Author's own review of all Board documentation (including Trustee Reports), from First – Twenty-Fifth Meetings.

⁶⁵⁷ The challenge of converting all approved grants in a timely manner – and at all - existed from the beginning. In Round One, for example, the TRP approved 58 proposals with the Secretariat signing only 55 grant agreements within 18 months.

⁶⁵⁸ Global Fund, 'Report of the Meeting of the Board,' p. 25.

⁶⁵⁹ Report of the Tenth Meeting of the Board, p. 6.

knowledge inaccessible to the TRP or Board. Given how little is public about Fund grant negotiations with principal recipients and related conversations with country-coordinating mechanisms, it is impossible to know what insights the Secretariat might have gained.

Principal recipients defined the information the Secretariat would collect and local fund agents would verify. Even though the Secretariat negotiated individual grant agreements and provided progressively more specific guidance on metrics, driven by TRP feedback, no evidence from the Fund's first decade exists that it significantly influenced individual grant's performance protocols. Nor is there any evidence that the Secretariat conducted or shared any analyses with the TRP or Board on what aspects of its grant negotiations generally proved most challenging. The High-Level Panel (HLP) noted more than 40 % of eventual grant weaknesses were 'apparent' before an agreement was signed. It concluded that while the TRP and local fund agent reviews could have been more robust, the Secretariat too could have ameliorated some, if not all, of those challenges in its negotiations.⁶⁶⁰

At the November 2008 Board Meeting, the U.S. proposed that any principal recipient under investigation by the Inspector General should be prohibited from signing a new grant agreement with the Secretariat. Kazatchkine reproached the U.S. for conflating investigations and audits, asserting that grant negotiation was fundamentally about 'risk mitigation,' with the Secretariat the appropriate locus for addressing issues raised in on-going audits, not the Inspector General. This forceful engagement by the Secretariat was rare. Various unnamed delegates responded that the Board was responsible for mitigating the Fund's risk, implying the Secretariat was not. Kazatchkine argued that at a minimum the U.S. proposal was premature as the

⁶⁶⁰ HLP, p. 11.

Secretariat was developing a risk mitigation framework. Unidentified delegates asked for more clarification, while others asserted that such a decision conveyed their commitment to performance-based funding. The Board approved the U.S. proposal.⁶⁶¹ This impinged on the Secretariat's negotiating authority. With existing data, it is impossible to quantify how significant this constraint was in practice.

With the exception of the friction between the Inspector General and the Secretariat, an examination of the Secretariat's relationship with the Board through the lens of the grant process reveals a largely passive agent, asserting itself only occasionally. Any systematic efforts to increase its discretion, if they existed, remain obscure in Board Reports and other Board documentation. As the Executive Director or Secretariat staff more broadly spoke infrequently in public settings and published rarely, there are scant additional public sources to mine for evidence of Secretariat preference or influence on the Board. Perhaps the Secretariat's quietness at the Board level was a strategy to protect what authority and discretion it already possessed, understandable given the Board's early rescinding of its Phase II decision-making power. The analyses below at least suggest that might have been case. The lack of transparency at many junctures makes it an impossible question to answer.

Did the Global Fund collect performance data to adequately inform Phase II decisions?

While it is clear that Phase I decisions were largely evidence-driven, questions around performance are more challenging to answer. From inception, the grant scorecard's main feature was its overall rating, a composite of the grant's performance against the metrics negotiated between the principal recipient and the

⁶⁶¹ Global Fund, 'Report of the Eighteenth Board Meeting,' pp. 18-19

Secretariat. Its grading scale remained largely unchanged in the Fund's first decade: A (met or exceeded expectations), B1 (has not met expectations, but has been adequate), B2 (Grant performance has been inadequate, but potential has been demonstrated) and C (Grant performance has been unacceptable); after the Five-Year Evaluation, the Secretariat began distinguishing between A1 and A2 grants. Like much around the Fund's performance-based funding, it is unclear from the Secretariat and Board documentation whether this distinction emerged from grants' self-reporting or the Secretariat's judgement. As mentioned at earlier, as of late 2012, the Fund had only published one PBF brief, in 2009.⁶⁶²

In theory, the Secretariat updated grant scorecards quarterly, based on principal recipients' performance reports, themselves historically focused on input and output metrics. The Board had charged the Secretariat to consider grants' aggregate ratings – regardless of focus – alongside force majeure contextual factors (e.g., wars, draughts) in making Phase II funding recommendations. While the Board and Secretariat supported more outcome-oriented measures in-line with the Paris and Busan declarations over time, the grant scorecard did not significantly change.

The Board also asked the Secretariat for increasing amounts of information about the grant portfolio. At its April 2007 Meeting, the Board requested the Secretariat produce an annual analysis of the Fund's grant portfolio and an analysis of terminated grants. Such work would have better equipped the Secretariat and the Board both to recognise any shared characteristics among previously terminated grants. At the April 2008 Board Meeting, Kazatchkine reported that the Board had approved 572 grants with a total value of \$10.7 billion, of which \$5.5 billion had been

⁶⁶² See Global Fund, 'Performance-Based Funding At The Global Fund,' (November 2009 [cited 2 November 2012]). Last search of online Global Fund archives conducted 2 November 2012, terms included 'performance-based funding,' 'performance based funding,' 'PBF.'

disbursed across 136 countries.⁶⁶³ Yet, at that same meeting, there is no record of the Secretariat providing an analysis of terminated grants or providing a more detailed report on the Fund's grant portfolio. Kazatchkine only delivered the summary he and his predecessor had long provided the Board.⁶⁶⁴ Why did the Secretariat not follow up on the Board's directive then or at any subsequent point in the Fund's first decade? Could it not provide the answer because it lacked the information or because performing the requested analyses would have been too onerous? From a principal-agent perspective, the Secretariat's reticence to share portfolio analyses is not surprising, doing so could have been construed as ceding 'turf.' Until recently, World Bank Board Members often found Bank staff unwilling to provide proposal information, which likely included the applicant's Bank loan performance history.⁶⁶⁵

Only prompted by donors withholding funds and a public outcry around the Inspector General's fraud findings in late 2010-2011, did the Board seriously revisit questions around Phase II. Perhaps its relaxed posture in late 2010 resulted from its decision in 2008 directing the Secretariat to devise a new grant performance rating and disbursement-decision methodology in reaction to the Five-Year Evaluation's (FYE) recommendations (although little changed). In the Fund's first five years, the Board made more formal decisions on performance-based funding than any other topic and paid significantly less attention to it in the subsequent few years.⁶⁶⁶

Lack of attention to performance-based funding (and opacity) also characterised the Secretariat's public posture. It published only one comprehensive review of its performance ratings, *Innovation and Impact*, in 2010. Although certain

⁶⁶³ Global Fund, 'Report of the Executive Director to the Seventeenth Board Meeting,' p. 5.

⁶⁶⁴ Author's own assessment of all Seventeenth Board Meeting documents.

⁶⁶⁵ Daniel L. Nielson & Michael J. Tierney, 'Delegation to International Organizations: Agency Theory and World Bank Environmental Reform,' (2003) International Organization, Vol. 57 (2), p. 252.

⁶⁶⁶ Macro International, Synthesis Report, p. 54 and author's own assessment of all Board documentation, Seventeenth – Twenty-Fifth Meetings.

country-coordinating mechanisms have public websites, as of July 2012, most did not. It is interesting to wonder had the Secretariat been stronger, would it have been more engaged in analysing and sharing grant performance details, at least with the Board and in encouraging, or at least supporting, country-coordinating mechanisms doing so on an individual basis. It was not until the arrival of Gabriel Jamarillo that the Board itself started to receive regular updates on Phase II data as part of his General Manager reports. The Board received its first ever Phase II update in Jaramillo's report to the Twenty-Sixth Board Meeting in May 2012.

As mentioned in Chapter Three, the grant portfolio in May 2012 contained significant data gaps and duplications. There were only 522 distinct grant entries despite Kazatchkine reporting to the Board in March 2011 that the Fund had disbursed funds to 890 grants from 2002 – end of March 2011. As Round 10 grants should have been added to the database in the interim, the gap between the database and what Kazatchkine said is substantial; 40% of the expected performance ratings were missing. Of those in the database, more than 25% lacked any performance rating. In all, more than 50% of the grants the Secretariat had at some point reported as receiving at least one disbursement did not have a performance rating in the grant portfolio, either because the grant itself did not appear or because the grant had a N/A rating. Although there is no discernable pattern among the grants with a N/A rating, no Round 10 grant has an alphabetical rating.

The only grants that seem disproportionately underrepresented are those from Round 10, not wholly surprising, as it was the most recent funding round. Otherwise, no discernable pattern emerges among the missing data.⁶⁶⁷ There are, however, notable absences, including a Round 3 Bolivia Malaria grant and a Round 4 Sierra

⁶⁶⁷ Author's own analyses in being able to identify at least 300 of the missing grants from the database.

Leone Malaria grant, both of which were denied Phase II funding when they received No-Go recommendations in early 2007. Both grants to Palestine/ West Bank and Gaza as well as various grants to Afghanistan are also missing from the data set.⁶⁶⁸ The Round 4 Sierra Leone Malaria grant at least has a No-Go recommendation in the Performance Report accessible through the Sierra Leone country-coordinating mechanism webpage.⁶⁶⁹ The only record the Bolivian Round 3 grant existed and received a No-Go decision is in the Decision Points from the Fifteenth Board meeting when the Board rendered a no-go decision for Phase II funding; there is no mention of it Bolivia's country page or any of the Excel downloads.⁶⁷⁰

Given that the Board had approved Round 10 in December 2010, and the maximum allowed time between proposal and grant agreement is 12 months, it is safe to assume even Round 10 grants in the portfolio should have had included at least one rating.⁶⁷¹ Some N/A ratings are arguably more noticeable than others. For example, certain Round 1 grants that received Phase II funding, such as a Nigeria HIV/AIDS grant, are listed as still being in Phase I with a N/A rating – despite the grant completing its full term years before.⁶⁷² It is impossible to determine from the grant portfolio which grants currently faced suspended funding, if any, because of pending Inspector General investigations or other Secretariat concerns, e.g., around political stability. Similarly, it is impossible to determine from the database which grants received a No Go Board decision regarding Phase II funding. For example, a Round 1 HIV/AIDS South Africa grant that received a No Go decision in 2005 is listed with

⁶⁶⁸ Missing grants include: Afg-506-G06-M & ETH-708-G.

⁶⁶⁹ Grant: SLE-405-G03-M (last accessed 6 December 2012); available <http://portfolio.theglobalfund.org/en/Grant/Index/SLE-405-G03-M>

⁶⁷⁰ Grant: BOL-306-G05-M.

See Global Fund, 'Decision Points,' submitted to Fifteenth Board Meeting.

⁶⁷¹ HLP, p. 23.

⁶⁷² Grant: NGA-102-G01-H-00.

a N/A rating, not a No Go decision or even the last rating it had received (B2). The same is true for a Round 6 Sri Lanka TB grant.⁶⁷³

Another puzzle are the grants approved for Phase II funding but which are listed as having \$0 Phase II disbursements, despite no evidence of a Board decision to suspend funding. As of October 2012, comparing the individual grant webpages to the aggregate portfolio download, 10 grants emerge in this intersection, including four Round 1 Zambian grants (two HIV/AIDs, one Malaria and one TB), a Round 2 Romania TB grant, a Round 2 Guinea Malaria grant, a Round 3 HIV/AIDs Yemen grant, a Round 6 TB DRC grant, a Round 8 Ecuador Malaria grant and a Round 8 Malaria grant. All are listed as receiving Phase II funding, either with a Go or Conditional Go decision. What happened in these grants? Why are there budgets but no disbursements, why do some have more recent ratings but no disbursements and why do others lack both ratings and disbursements? These answers are unknowable given current data.⁶⁷⁴

The lack of easily accessible and comparable data hinders legitimate inquiries from outside observers as well as from resource-constrained recipient countries. It also calls into question the Fund's commitment to operate in a transparent manner. Although the World Bank report found the Global Fund 'to be the most transparent' of its partners,⁶⁷⁵ the above calls into question not the relative transparency of the Fund but its absolute performance against the standards set in its guiding principles. It also raises again the issue of why the Secretariat did not push for greater

⁶⁷³ Grants: SAF-102-G02-C & SRL-607-G08-T.

Global Fund, 'Independent Review: South Africa, HIV and TB – Round 1 – Rev. 1,' submitted to Eleventh Board Meeting.

Global Fund, 'Investing in Bolivia (Plurinational State),' (2012 [cited 12 December 2012]); available portfolio.theglobalfund.org/en/Grant/List/BOL

⁶⁷⁴ Author's own calculation based on complete survey of all grant-level data available on the Global Fund website, completed 30 October 2012; available <http://portfolio.theglobalfund.org/en/Search/Index>

⁶⁷⁵ World Bank/IEG, p. 8.

transparency, something which might have bolstered its position as a resource for implementing countries in particular, those on the Board and not.

Arguably the Secretariat's own passive, reactive style more than any Board decision encumbered its ability to be the expert on Fund grants. Although the Five-Year Evaluation found the Secretariat did not 'utilise a hands-off approach to grant oversight,'⁶⁷⁶ it determined that it did not track performance consistently, because performance assessments were burdensome and filled out inconsistently.⁶⁷⁷ The Bank found poor data quality and performance-definition (again, input-focused) issues in half the Fund countries it visited, translating into performance-based funding not working well.⁶⁷⁸

The High-Level Panel echoed concerns around grants' metrics (e.g., too input not outcome-focused) and, as mentioned above, concluded from its Secretariat interviews that the majority of challenges grants ultimately faced presented during the negotiation and implementation phases.⁶⁷⁹ In other words, problems became apparent while grants were the Secretariat's responsibility. Radelet and Siddiqi's found that grants with applications that the TRP rated a Category 1 were more likely to subsequently be rated A by the Secretariat. As they point out, this could mean that the TRP was particularly prescient in identifying grants likely to succeed against their plans or that the TRP's ratings influenced the Secretariat's grant assessments.⁶⁸⁰ As of late 2012, public data does not enable a similar updated analysis to be performed.

In *Innovation and Impact*, the Secretariat examined the credibility of its grant data, finding 52% of its grants had strong data quality, meaning close to half lacked

⁶⁷⁶ Macro International, FYE SA2, p. 80.

⁶⁷⁷ Macro International, FYE Summary, p. 10.

⁶⁷⁸ World Bank/IEG, pp. xxix, 46-49.

⁶⁷⁹ HLP, p. 11.

⁶⁸⁰ Radelet & Siddiqi, 'Global Fund grant programmes: an analysis of evaluation scores.'

robust data.⁶⁸¹ Yet, that latter observation is not made in the report nor does the report pose questions as to why more than 7 years after the Fund's launch such a high percentage of grants could not reliably track their performance. Neither does it wonder why only 3% of the 436 grants it reviewed for Phase II funding had received a C rating.⁶⁸² Later, the report says that from 2005 - 2008, 12 % of funds from poorly performing grants were reallocated to better performing grants; it is unclear if this is from the 3% of C rated grants. Nowhere does it say how many or what percentage of overall grants were recommended as No Go for Phase II funding or actually were terminated.⁶⁸³ These are significant omissions. The Board failed to press any of these questions with the Secretariat when it presented the report to it in November 2009.⁶⁸⁴ For all the attention the Board paid at various points to performance-based funding in concept, particularly in early years, it paid scant attention to the quality or consistency of the data the Secretariat collected until the crisis of late 2010-2011. Even when the TRP tried to incorporate grant performance data in its assessments, the Board and Secretariat thwarted its efforts.

As the Five-Year Evaluation pointed out and the High-Level Panel echoed, performance was not consistently well defined or tracked by the Secretariat. Partly because individual grants articulated their own definitions of performance and partly because the Secretariat's daily grant management work often occurred informally, a challenge exacerbated by a history of frequent Secretariat staff turnover.⁶⁸⁵ It is difficult to determine who benefitted from this idiosyncratic approach and the accompanying lack of transparency, except, possibly implementing countries that

⁶⁸¹ Global Fund, *Innovation and Impact* (Geneva: Global Fund, 2010), p. 14.

⁶⁸² *Ibid.*, p. 45

⁶⁸³ *Ibid.*, p. 67

⁶⁸⁴ See Global Fund, 'Report of the Executive Director to the Twentieth Board Meeting.'

⁶⁸⁵ HLP, p. 13. Additionally, the Five-Year Evaluation pointed to high staff turnover as one of the Global Fund's four key risks.

lacked the capacity to measure performance – whether inputs, outputs, outcomes or impact – in a way that would satisfy certain donors. At least, possibly that is what the Secretariat presumed.

As we cannot answer yes to the question of whether the Fund consistently collected performance-level data, we have to answer no. We are then left to wonder how an organisation so focused on performance-based funding and a Secretariat that should have been concentrating on stewarding a strong definition of performance fell short on all accounts.

Did the Board approve Phase II funding based on performance?

The evidence suggests the Board conceptualised performance over time (even fluidly). Before turning to the data, it is important to recognise how tortuous the process by which the Board codified Phase II procedures was and additionally how palpable the accompanying friction was between donor and implementing blocs. While the Transitional Working Group (TWG) had made clear in 2001 a formal Phase II process would govern whether grants received a second funding tranche, it left the Board to decide the shape of that process.⁶⁸⁶

The Board did not seriously address Phase II procedures until 2004, and only then because Round 1 grants were approaching their two-year mark. At its March 2004 Meeting, a Board committee chair recommend its committee define Phase II decision-making criteria and the Board delegate Phase II decision-making authority to the Secretariat.⁶⁸⁷ Certain unidentified delegates made a motion calling for the Board, not the Secretariat, to make Phase II decisions. The Board rejected this, and delegated such authority to the Secretariat. Some Board Members maintained that as

⁶⁸⁶ Clinton, pp. 78-87.

⁶⁸⁷ Global Fund, 'MEFA Report to the Seventh Board Meeting: Policy to Continue Grant Funding beyond the Initially Committed Two Years,' Annex 4.

the Board had already approved grants for 5 years, it was perfectly acceptable for the Secretariat better to determine Phase II funding, and would protect the process from the risk of politicisation.⁶⁸⁸

At its June 2004 Board Meeting, certain Members again spoke out against delegating Phase II authority to the Secretariat.⁶⁸⁹ The U.S. asserted any decision ‘should fully reflect the key role of the Board in fiduciary matters,’ agreeing with other unnamed donor delegates who had already spoken. The U.S. further suggested that an appropriate Board role would ‘be by means of a passive review, with the recommendation of the Secretariat to be approved unless 3 or more constituencies interjected.’ In response, the French delegate said she could support a ‘light review’ process while another unnamed delegate expressed hesitancy on so soon reversing a previous Meeting’s decision.⁶⁹⁰

At the same meeting, the Canadian, Indian – representing South-East Asia – and the Communities delegates all robustly advocated prioritising Phase II funding over new grants. A set of new questions arose – not attributed to any delegation – around the Fund’s ethical obligations to continue to provide treatment, particularly ARVs, to patients beyond the five-year grant term or when Phase II funding was denied. The Secretariat’s only recorded comments clearly reflect its view that the Board needed to make final decisions on all Phase II questions, regardless of the decision; Feachem’s frustration with the Board’s mercurialness is unmistakable. (The June 2004 is one of the two Board Reports with many identified comments).

Ultimately, the Board requested the Secretariat explore options around continuity of

⁶⁸⁸ Global Fund, ‘Seventh Board Meeting Report,’ pp. 6-7.

⁶⁸⁹ While Dr. Mögedal is not identified by name in the Board report, the MEFA Chair and the Point Seven Delegation Member were variously identified. Comparing Committee records and Board attendance records allows us to identify Dr. Mögedal by name, a rarity in examining the Fund.

⁶⁹⁰ Global Fund, ‘Report of the Eighth Board Meeting,’ pp. 8-9.

services working with all Board committees. The Board left unchanged the Secretariat's authority to make Phase II decisions.⁶⁹¹

At the November 2004 Board Meeting, the Board considered a proposal that the Secretariat make Phase II decisions with Board oversight for a year, as a trial period. The presenting Board committee effectively recommended the Board constrain the grant of authority it had given to the Secretariat less than a year before.⁶⁹² The TRP Chair expressed his view that the TRP be brought in to help resolve any technical questions during Phase II deliberations, something the Board supported, implying it perceived the Secretariat not suited to such work. Ultimately, the Board decided to revoke its decisions from the Seventh Meeting. It resolved the Secretariat, working with the TRP on technical matters, would make recommendations to the Board on Phase II decisions but would not have the authority any longer to make Phase II decisions itself. The Board also determined that email Phase II votes were acceptable. Unlike other decisions that required a coalition of at least four Board Members from the donor and implementer blocs, the Board decided that four delegates from either group together could block No Go decisions. It deferred deciding what the protocols should be around continuity of care.⁶⁹³ 2004 saw the Secretariat secure and then lose the right to make funding decisions, instead having to settle for making funding recommendations to the Board. How much influence its recommendations would wield would soon be tested.

⁶⁹¹ Ibid. pp. 8-10.

⁶⁹² In 2004, the Board met three times, in March, June and November.

⁶⁹³ Global Fund, 'Ninth Board Meeting Report,' pp. 18-20. This Board Report was the second and last in which identifying information about Board Members based on delegation, committee membership or name was consistently included. Whether this was the Rapporteurs' choice or the result of a lack of subsequent censuring by the Secretariat, which posted the Board Reports, is unclear. In prior and subsequent Board reports, delegates rarely are identified. Only in a few instances is there a record of a Board Member asking to be identified for the record.

Between its November 2004 and April 2005 Meetings, the Board agreed with 100% of the Secretariat's recommendations on grants that should receive Phase II funding and failed to agree with 75% of those it deemed not worthy of additional Fund resources. Not surprisingly, the April 2005 Meeting witnessed extensive Phase II deliberations.⁶⁹⁴ In his report, Feachem said the Secretariat had reviewed 36 grants and recommended 4 as 'No Go.' Thus far, the Board had voted on the recommendations electronically, agreeing only with one No Go judgment and sending the other three back for further consideration. This Board's assertion of its authority was unmistakable. Upon further review, the Secretariat revised one recommendation to 'Conditional Go' due to 'additional information,' maintaining its 'No Go' recommendations on the other two. At its April 2005 Meeting, the Board failed to reach consensus on the Secretariat's updated recommendations. There was not a formal vote and it is not clear from the Report whether only one bloc effectively blocked a No Go decision or whether the disagreement with the Secretariat was more widely shared. The Board determined to send the two grants in question back to their country-coordinating mechanisms, providing each the opportunity to address the Secretariat's concerns.⁶⁹⁵

At the same meeting, Feachem made unusually pointed comments in his presentation about the Board not possessing sufficient grant-level information to make informed Phase II funding decisions. He also resuscitated the question of where Phase II authority should reside, making his most forceful argument to-date for the Secretariat to make Phase II decisions without Board oversight. Feachem maintained

⁶⁹⁴ Until July 2013, all documents from the Tenth Board Meeting, with the exception of the ED's Report and the Press Release following the Meeting, were missing from the Fund website. This included the Ninth Board Report. At some point during July 2013, the Fund posted all Tenth Board Meeting documents. This was the only meeting with so many associated documents absent over the course of my research from 2011-2013.

⁶⁹⁵ A Honduras Round 1 HIV/AIDS grant and a Senegal Round 1 HIV/AIDS grant, see Global Fund, 'Decision Points, Tenth Board Meeting,' p. 13.

that ‘renewal decisions should be made by the Secretariat alone, given that each grant had originally been approved in principle for up to five years.’ He continued, calling out the U.S. delegate for insisting on Board control, ‘presumably because he was concerned the Secretariat would be too lenient.’⁶⁹⁶ It is unclear if this was intended to be ironic as it was the Board, not the Secretariat, that pushed for more leniency both in advance of and at the April 2005 Meeting, advocating that grants facing a potential No Go decision receive a second or even third chance to avoid that fate. The Board did not readdress its earlier decision, effectively ignoring Dr. Feachem’s critique.

Although Feachem did not prevail in putting Phase II decision-making back on the agenda, in other areas the Secretariat gained greater autonomy. The Board granted the Secretariat the discretion to continue funding for grants up to 6 months if Phase II assessment took longer than anticipated. The Secretariat would maintain this funding authority, at least, through the Fund’s first decade.⁶⁹⁷

Simultaneously, the Board constrained the Secretariat’s influence in another key area. For the Fund’s first few years, as codified in the Board’s operating procedures, the Board Chair, Vice Chair and Committee Chairs consulted with the Executive Director to propose committee members. From April 2005, the Board and committee leadership alone discussed and nominated specific members for committee positions.⁶⁹⁸

While the Board’s removal of the Secretariat’s role in committee selection process was not subsequently readdressed at the Board, the September 2005 Meeting saw the first reports from the Ethics Committee of Phase II lobbying efforts, though the source of the allegations, the parties accused of lobbying and the grants’ fates are not disclosed. To ensure all country-coordinating mechanisms (CCMs) had an equal

⁶⁹⁶ See Global Fund, ‘Report of the Executive Director to Tenth Board Meeting.’

⁶⁹⁷ Author’s own assessment of all Board documentation through the Twenty-Fifth Board Meeting.

⁶⁹⁸ Global Fund, ‘Decision Points,’ submitted to the Tenth Board Meeting, pp. 15-16.

opportunity to make their case and diminish the likelihood of individual lobbying efforts, the Board decided the Secretariat would notify all CCMs facing a No Go recommendation, giving them four weeks to respond before the Secretariat submitted its recommendation to the Board.⁶⁹⁹

At the same meeting, a few delegates expressed concerns around the termination of a Myanmar grant, worried it was due to political reasons, not technical ones (and though not evident in the Board Report, possibly reflecting a larger concern about U.S. influence on the Board). Feachem reassured the Board that the grant had been terminated for technical reasons alone; the Board asked the Secretariat for a report on the Myanmar situation. No such report exists in subsequent Board Meeting materials. The Board also further limited the Secretariat's grant oversight role, deciding that if it rejected a Secretariat 'No Go' recommendation twice, an independent panel would be called to make a recommendation to the Board. Although the Board would consider whether or not the independent panel's judgments would be binding, it ultimately decided, again, that it alone would make funding decisions.⁷⁰⁰ In its pre-Board Meeting convening, one of the Board committee chairs had requested the Secretariat provide background on the Myanmar termination and a paper outlining its criteria governing grant suspension and termination.⁷⁰¹ Presumably the Board's decisions pre-empted this; I could find no record of such a report subsequently submitted by the Secretariat to the relevant committee or full Board. Not until the Board approved a new Evaluation Strategy in November 2011 did it introduce plans for post-mortems on successful or terminated

⁶⁹⁹ Global Fund, 'Report of the Eleventh Board Meeting,' pp. 22-24.

⁷⁰⁰ Ibid, p. 25.

⁷⁰¹ Global Fund, 'Report of the Portfolio Committee,' submitted to the Twelfth Board Meeting, p. 3.

individual grants as well as country-wide grant reviews.⁷⁰² None of these new policies took effect before the end of the Fund's first decade.

The December 2005 Board Meeting Report contains the most contentious Board conversation around a single grant in the Fund's first decade. In his report, Feachem reminded the Board of the importance of performance-based funding (PBF) to the Fund's credibility and discussed the ways in which the Secretariat was strengthening its PBF methodology. All of this reads like a preamble to the ensuing Board conversation around whether or not the Board would vote to terminate the South African lovelife grant. It also reveals a Secretariat demonstrating more muscular behaviour toward the Board, likely in an effort to maintain control over at least the structure of PBF.⁷⁰³

The TRP provided a summary of the lovelife review, much of which was not disclosed in previous Board Meeting Reports. The South African country-coordinating mechanism requested Phase II funding in February 2005. The Secretariat had made two successive 'No Go' recommendations, both of which the Board had repudiated, before and during the April 2005 Meeting, though there is no record of these decisions in the Board documents. The Board again rejected Phase II funding for lovelife at its September 2005 Meeting, rejecting its own recently constituted independent review mechanism, created to resolve any disagreements between itself and the Secretariat.

At the December 2005 Board Meeting, the TRP recommended a Conditional Go for lovelife with a reduced budget to reflect concerns about the grant's management. Delegates expressed concern about the slow progress of improvements

⁷⁰² The World Bank/IEG review also recognised the Secretariat's failure to report on terminated or completed grants, calling this gap 'conspicuous.' World Bank/IEG, p. 51.

⁷⁰³ Until November 2013, I was unaware that my father President Bill Clinton attended an event with former South African President Nelson Mandela for lovelife in 2002: <http://madiba.mg.co.za/article/2002-01-01-mandela-clinton-link-hands-against-aids>.

and persistent weaknesses in the South African country-coordinating mechanism, despite the Board's providing multiple opportunities for it to strengthen its governance through the various No Go recommendations it had denied. Others expressed respect for the work of the TRP. A formal roll call vote was called and the motion to continue funding was defeated. We don't know what the Southern and Eastern African delegate said during this debate; this Board Report does not identify individual delegates by name, country or committee affiliation. South Africa was a Board Member at the April 2005 Meeting but Angola held the Southern Africa seat at the next two meetings when lovelife was discussed. As the Board documents do not contain delegation lists for those meetings, we do not know whether a South African represented attended but it is likely one did.⁷⁰⁴ We also don't know the final tally of the roll call vote or which delegates voted for or against continued funding.

Whether prompted by the extended time it took the Board to resolve lovelife Phase II funding or not, the Board finally solidified Phase II funding protocols at its December 2005 Meeting, making decisions on questions of authority as well as more quotidian mechanics. It reaffirmed that four objections in a single voting group can block a No Go recommendation. The Board also formalised the procedures around notifying country-coordinating mechanisms of pending No Go recommendations, a move the Board Reports show implementing countries advocated for and donors at least did not oppose. It also charged the Secretariat or TRP (the latter when more technical matters were in question) with presenting Phase II recommendations at the beginning of every month, which the Board would then vote on electronically with a no-objection basis. Votes not received by the tenth of the month would be counted as

⁷⁰⁴ The Board Members document from the Eleventh Board Meeting incorrectly lists South Africa as the current occupant of the Eastern and Southern Africa Board seat. The person later listed and welcomed by the Chair in the Board report was the Angolan Deputy Minister of Health, Dr. Jose Viera Dias Van-Dúnem.

agreeing with the Secretariat or TRP's suggestions. Most of the Phase II decisions through mid-2012 occurred via electronic voting. The Board also clarified that the Secretariat, not the Board or its committees, would convene and facilitate independent review panels when after two Board rejections of Secretariat or TRP 'No Go' recommendation.⁷⁰⁵ The ability to select the independent review panel members stands as one of the few instances in which the Secretariat increased its authority over any process related to Phase II decision-making.

At the same meeting, the Board formally requested that the Secretariat inform Board Members and technical partners (presumably including PEPFAR), as well as country-coordinating mechanisms (CCMs), before placing countries on the early alert or warning list. The Board also decided that Board constituencies that opposed Secretariat recommendations 'would provide a written explanation that is made available,' to the Board, CCMs and the public.⁷⁰⁶ I could find no example of this ever occurring in Board documents or elsewhere.

Although not acknowledged as such at the time, the most significant decision the Board made at its December 2005 Meeting was relaxing stringent performance-based funding parameters, and granting the Secretariat discretion in certain situations. This resolved the Fund's position on 'continuity of services,' an issue first taken up almost two years earlier. The Board decided that CCMs receiving a 'No Go' judgment could apply for an 'Extraordinary Request' for funding to ensure continuity of services for up to two years, provided the CCMs could demonstrate no other funding was available. 'Continuity of service' was largely synonymous with continued ARV treatment and the Global Fund Board, like so many other funders, decided it did not want poor grant performance to translate into denial of treatment.

⁷⁰⁵ Global Fund, 'Twelfth Board Meeting Report,' pp. 23-26.

⁷⁰⁶ Ibid, p. 25 and author's own assessments of all Board documentation, First – Twenty-Fifth Board Meetings.

The Board charged the Secretariat with reviewing such requests and making recommendations to the Board, which it made clear it would be biased toward accepting.⁷⁰⁷ Similarly, in 2008, the Board granted the Secretariat the authority, overseen by a Board committee, to continue programmatic funding – and setting the upper limit spending –to ensure ‘ethically responsible closure’ in instances of ‘unanticipated termination.’⁷⁰⁸

Whether these approaches were advocated for predominately by the Communities delegate or a larger group is unknowable from Board Reports. What is clear is that performance-based funding (PBF) was not immune to political pressures. Although the Board would make minor adjustments to the policy over the coming years, it never questioned its fundamental premise nor the flexibility it later gave to the Secretariat to grant CCMs an additional quarter before determining Phase II recommendations, even when delegates occasionally wondered whether or not such a policy undermined the Fund’s commitment to PBF.⁷⁰⁹ For all of Feachem’s forcefulness about PBF, neither he nor Kazatchkine ever spoke against continuity of service funding or timing elasticity, perhaps because these were rare examples of funding the Secretariat controlled.

In April 2006, the Secretariat reported to the Board that it had blocked 12 of its 14 No Go recommendations through electronic voting and had approved only the No Go recommendations for a Senegal Round 1 Malaria grant and a Pakistan Round 2 Malaria grant.⁷¹⁰ The overall 85.7% disagreement rate even topped the 75% from the previous year.⁷¹¹ It is unclear if the Pakistani delegate had voted; Pakistan had

⁷⁰⁷ Global Fund, ‘Twelfth Board Meeting Report,’ pp. 9-13.

⁷⁰⁸ Global Fund, ‘Report of the Seventeenth Board Meeting,’ pp. 7-9.

⁷⁰⁹ Global Fund, ‘Report of the Fourteenth Board Meeting,’ p. 19.

⁷¹⁰ Global Fund, ‘Report of the Thirteenth Board Meeting,’ pp. 6-7 and ‘Operations Update,’ submitted to the Thirteenth Board Meeting, p. 6.

⁷¹¹ Author’s own calculation.

represented the Eastern Mediterranean region from the First thru the Eleventh Meetings. Nowhere in the Board record from the Fund's first decade is there evidence of a debate around whether delegates should recuse themselves when a grant from their country was in question.

Also at its April 2006 Meeting, the Board addressed two Round 1 HIV/AIDS Nigeria grants. It had twice rejected the Secretariat's 'No Go' judgments based on poor performance. As expected, the Board Members that voted against the Secretariat's recommendation are not listed by name in the Board Report. Less commonly, their reasons for opposition are included: that the CCM and others attested that after an inauspicious start, the grants had made measurable progress. An independent review panel offered the Board two options: cancel both grants and encourage the Nigerian CCM to reapply in the next Round or discontinue one and give the other a 'Conditional Go,' with stringent conditions attached. The Board denied Phase II funding to both grants.^{712,713} Compared to the previous lovelife conversation, the Board's deliberations were relatively brief. The process however had not been brief around the Nigerian grants. At its next meeting, the Board recognised its existing performance-based funding mechanism was inefficient, deciding that if it rejected an initial 'No Go' recommendation, it would no longer ask the Secretariat and TRP to reconsider but rather send the question immediately to the independent review panel it had already set up.⁷¹⁴ And, at its April 2007 Meeting, the Board resolved that blocking a Secretariat No Go recommendation, like other Fund

⁷¹² See Global Fund, 'Report of the Independent Review Panel,' submitted to the Thirteenth Board Meeting and 'Report of the Thirteenth Board Meeting.'

⁷¹³ Strangely the IRP report is watermarked/ stamped with 'document part of an internal deliberative process of the Fund and as such cannot be made public.' But clearly it was as of December 2012 – though I cannot determine when it became so from the Global Fund website.

⁷¹⁴ See Global Fund, 'Report of the Fourteenth Board Meeting.'

decisions, would require a coalition of at least four Board Members from both the donor and implementing blocs.

Following the flurry of decisions between 2006-2007, the Phase II protocols largely stabilised. In the years to come, however, the application of performance-based funding was arguably imperceptible. Different Global Fund sources have the Secretariat and TRP either making one or zero 'No Go' recommendations on 215 grant renewals from mid-2007 thru mid-2010.⁷¹⁵ There is no instance of a single Phase II recommendation even being discussed at the Board in this period. Additionally, no grants were terminated by the Inspector General, a power the Board granted it in 2008.⁷¹⁶

In August 2010 via electronic voting, a Round 6 TB grant from Sri Lanka inauspiciously became the first to be denied Phase II funding in more than three years. Although the Board made this decision via electronic voting and as such there is no Board level discussion recorded, Aidspan reported unnamed delegates opposed the recommendation, disputing the Secretariat's rationale that Sri Lanka had performed poorly against 10 of its 12 metrics.⁷¹⁷ Still, the Secretariat recommendation prevailed as it similarly had the previous month when it recommended the Board waive all conditions previously imposed on two Round 5 Niger grants because of the then on-going civil war.⁷¹⁸ Those decisions do not appear to have been contentious, unlike the ones from previous years around stopping disbursements or altering conditions under which funding could continue.

⁷¹⁵ Author's own assessment of all Board documentation, Seventeenth – Twenty-Second Meetings. It is possible a Cote d'Ivoire malaria grant received a No Go recommendation that was then reversed. Neither relevant Board documentation nor Aidspan reporting is clear on this issue.

⁷¹⁶ Global Fund, 'Report of the Eighteenth Board Meeting,' p. 18.

⁷¹⁷ David Garmaise, 'Board Rejects Request for Phase 2 Funding from Sri Lanka,' GFO, 24 Sep 2010, Issue 130

⁷¹⁸ Grants: NGR-506-G04-M & NGR-506-G05-T. Niger experienced a coup in February 2010, though this is not explicitly called out in the Board documents. See Global Fund, 'Electronic Decision Points,' submitted to the Twenty-Second Board Meeting, p. 10.

We would have expected more tension to manifest in late 2010, when donors began privately applying pressure to the Fund, or at least by early 2011 when the pressure on the Fund to demonstrate good stewardship of donor resources became public. We also would expect the Board to approve all Secretariat No Go recommendations – and the number of recommendations to increase. Yet, it is not clear this happened. In March 2011, the Secretariat informed the Board and the Central African Republic CCM that it planned to recommend against Phase II funding for its Round 7 HIV grant. In July, after the Central African Republic CCM had responded to its concerns, the Secretariat remained firm in its No Go recommendation. Surprisingly, the Board decided to extend Phase I funding for an additional six months. In making its decision for this Phase II-lite, the Board offered a dual rationale: to allow the Inspector General to perform a more detailed audit based on the Secretariat’s concerns and report to the Board, i.e., not the Secretariat first, and to enable the grant to demonstrate improved performance.⁷¹⁹ The Central African Republic grant proved an exception. In the first three months of 2012 – the last months of the Fund’s first decade – the Board agreed with the Secretariat’s No Go recommendations, voting to decline Phase II funding for three grants: a Round 8 Guyana Malaria grant, a Round 8 Gabon HIV grant and a Multi-Country Africa Rolling Continuation Channel Malaria grant.⁷²⁰

If one assumes that the Secretariat was less susceptible to political forces than the Board, one litmus test of whether grant performance rather than – or at least more than – other considerations drove Phase II funding decisions would be how frequently

⁷¹⁹ Global Fund, ‘Electronic Decision Points,’ submitted to the Twenty-Fifth Board Meeting, p. 8.

⁷²⁰ See Global Fund, ‘Electronic Decision Points,’ submitted to the Twenty-Sixth Board Meeting.

the Board deviated from the Secretariat's Phase II recommendations.⁷²¹ Such an analysis would also help further our understanding of the principal-agent dynamics between the Board and the Secretariat. Unfortunately, it is also impossible with the information in the public domain; individual Secretariat Phase II recommendations are not consistently included in the Board record. Most Phase II decisions after the initial tranche in 2005 were made by the Board via electronic voting in-between formal Board Meetings. Not until the 20th Board Meeting in April 2010, however, are electronic decision points published on the Global Fund Board Meeting webpages; neither, as of March 2013, are they available elsewhere on the Fund website. Before April 2010, Board and Secretariat Phase II disagreements are only evident when they appear in Board Meeting records or Aidspace reports.

When Jaramillo told the Board in May 2012 that from 2004-mid-2007, the Board made 10 No Go judgments on 264 renewal decisions, from mid-2007-mid-2010 it made 0 No Go judgments on 215 renewals and from mid-2010-March 2012, it made 10 No Go decisions on 90 renewal decisions, he did not include the Secretariat's recommendations in those tallies. Looking through the various Board documents, including electronic decision points, I can identify the 20 grants Jaramillo referred to in his report. What is not clear, however, is where grants like Zambia's Round 4 HIV fit in Jaramillo's schematic. In April 2010, via electronic voting, the Board determined to discontinue the Zambian Round 4 HIV grant's funding because the principal recipient had failed to achieve the conditions on which the Board earlier

⁷²¹ The Board was aware both it and the Secretariat could be vulnerable to political pressures, particularly around Phase II decisions. The most explicit conversation in this area occurred at its Tenth Meeting.

had based Phase II approval.⁷²² Why did it make the distinction of discontinued funding versus termination? There is no explanation provided.

One aspect of the Fund's Phase II procedures that the Board did not seriously consider changing in its first decade was the cadence of Phase I (2 years) and Phase II (3 years). The Secretariat generally started compiling performance data to inform its Phase II recommendations at a grant's 18-month mark, a juncture in which impact and outcome would have been challenging to measure, and were not even expected. Most grants did not begin to evaluate outcome or impact metrics until their third year, i.e., during Phase II. Despite periodic conversations at the Board about the Fund's performance-based funding being heavily process-oriented, the Board did consider changing its funding paradigm until 2012.⁷²³

Phase II and Terminated Grants – what the data tells us

In its first decade, the information that the Secretariat made public lagged the collecting of it, regardless of quality or quantity. In 2005, the Secretariat began publishing grant scorecards and grant performance reports but did not do so retroactively; as of May 2012, grant scorecard data was not available for Phase I of Rounds 1, 2 and 3. In 2006, with Round 6, the Secretariat began publishing grant agreements and, in 2007, with Round 7, the Secretariat began publishing the grant proposals recommended for funding by the TRP, but not the unsuccessful ones until 2007. The Secretariat opposed all of these Board decisions to progressively make more grant data available.⁷²⁴ Its continued rejection of transparency makes sense only if it believed its interests resided in protecting implementing countries and its own operations from significant scrutiny. Grant performance data was accessible to the

⁷²² Grant ZAM-405-G12-H. See Global Fund, 'Electronic Decision Points,' submitted to the Twenty-First Board Meeting, p. 23.

⁷²³ In 2013, the Fund announced a new, yet to be defined (as of July 2013) funding architecture.

⁷²⁴ As an example, see Global Fund, 'Report of the Fifteenth Board Meeting,' p. 35.

Board from the beginning so the Secretariat's positions did not protect an asymmetrical informational advantage related to the Board but rather to implementing countries and the public, which are the constituencies through which the Secretariat could potentially have increased its influence on the Board, albeit indirectly. Regardless, this is not what occurred.

As of October 2012, after examining all Global Fund Board documents, the online Global Fund grant portfolio and all other Global Fund publications from 2001 onward, including the High-Level Panel's Report, I could not find a one consolidated list anywhere of No Go Phase II recommendations or decisions. I also could not find a single list of grants the Board terminated or discontinued funding for reasons other than a failure to secure Phase II funding, including related to fraud. While the Global Fund did not have a central archive in its first decade, it did have a grant portfolio database the Secretariat claimed to update regularly.⁷²⁵

The absence of one informational port of call even hinders those with access to non-public sources. Bernard Rivers of Aidsplan, whom the Global Fund Board granted observer status well before the first Board discussions of Phase II occurred, relied on his 'own calculations' to discern which grants received a No Go decision or which were terminated for other reasons. Rivers published his last such list in 2010. In the accompanying commentary, he notes that no grant from mid-2007 to mid-2010 that had received a C rating received a No Go decision, despite the Fund itself categorising C grants as 'unacceptable,' and a historical correlation between C ratings and No Go decisions. When Rivers asked the Secretariat whether Fund policy had changed, it said no, but offered no explanation for the ostensible shift.⁷²⁶ As of May

⁷²⁵ The Secretariat stopped updating the portfolio in December 2012 in advance of a projected data overhaul in 2013.

⁷²⁶ Bernard Rivers, 'Is the Global Fund Living Up to Its Principles?' GFO, Issue 127, 24 June 2010. As of July 2012, this was the last list Aidsplan or GFO published concerning No Go or terminated grants.

2012, the grant portfolio showed 20 grants with a most recent rating of C, only 45% of which received a No Go judgment. The other 55% received ‘Conditional Go’ Board decisions, with the Board imposing budget haircuts along with financial and performance conditions. There is no evidence the full Board addressed questions of how C ratings correlated, or did not, to No Go decisions. Various committees considered the question but never pursued it.⁷²⁷

Below is a table I compiled from various Fund sources listing all grants whose last rating was a C, as of May 2012 (and often long before):

⁷²⁷ Author’s own assessment based on a review of all Board documents, including all committee documents, for the First - Twenty-Fifth Board Meetings, as well as all Aidspan GFO Issues through July 2012 (GFO Issue 190).

Timing	Board Decision	Country	Round	Last rating
Feb 2005	No Go	Senegal	1	C
Sept 2005	Conditional Go	Senegal	1	C
April 2006	No Go	Pakistan	2	C
April 2006	No Go	Nigeria	1	C
April 2006	No Go	Nigeria	1	C
May 2006	Conditional Go	Guinea	2	C
Oct 2006	Conditional Go	Guinea Bissau	4	C
Oct 2006	Conditional Go	Comoros	2	C
Jan 2007	No Go	Uganda	2	C
Jan 2007	No Go	Uganda	2	C
March 2007	No Go	East Timor	3	C
Oct 2007	Conditional Go	MC Americas (CRN+) ⁷²⁸	4	C
July 2008	Conditional Go	Bangladesh	5	C
Feb 2009	Conditional Go	Cameroon	5	C
Nov 2010	Conditional Go	Zambia	7	C
Nov 2010	Conditional Go	Zambia	7	C
Jan 2011	Conditional Go	Malawi	7	C
Jan 2011	Conditional Go	Tanzania	7	C
Jun 2011	No Go	Haiti	7	C
Feb 2012	No Go	Gabon	8	C

Source: Fund grant portfolio download, May 2012, supplemented by author's count of all individual Global Fund grant websites⁷²⁹

The lack of correlation between C ratings and No Go Board decisions is evident in the above, only further deepening the mystery as to why.

While the Secretariat never provided to its Board or the public a list of grants terminated at Phase II or otherwise, it did give such a list to the Congressional Research Service (CRS). In an appendix to its July 2011 report, 'The Global fund to Fight AIDS, Tuberculosis and Malaria: Issues for Congress and U.S. Contributions

⁷²⁸ MC = Multi-country. CRN+ is the name of a CCM.

⁷²⁹ Global Fund grant portfolio available: <http://portfolio.theglobalfund.org/en/Home/Index>.

from FY2011 to the FY2012 Request,' the CRS includes the only list of terminated and No Go decision grants from the Secretariat itself in any publicly available source as of May 2012. The list provided by the Secretariat separates grants into four categories: Termination, Suspension, Principal Recipient Change and No Go. Of those, only the Principal Recipient Change category was the prerogative of the Secretariat, rising to the Board level only when part of a larger discussion around funding.

Here is the list in the CRS Appendix, absent the Principal Recipient change entries:

Timing	Board Decision	Country	Round
Aug. 2005	Termination	Myanmar	2
Aug. 2005	Termination	Myanmar	3
Aug. 2005	Termination	Myanmar	3
Dec. 2010	Termination	Mali	7
Jan. 2004	Suspension	Ukraine	1
Jan. 2005	Suspension	Ukraine	1
Aug. 2005	Suspension	Uganda	1
Jan. 2006	Suspension	Ukraine	1
Nov. 2006	Suspension	Chad	2
Nov. 2006	Suspension	Chad	3
Aug. 2006	Suspension	Uganda	2
Aug. 2007	Suspension	Uganda	2
Sept. 2009	Suspension	Mauritania	5
Dec. 2010	Suspension	Mali	6
Dec. 2010	Suspension	Mali	6
Dec. 2010	Suspension	Mali	8
Feb. 2005	No Go	Senegal	1
Dec. 2005	No Go	South Africa	1
Apr. 2006	No Go	Nigeria	1
Apr. 2006	No Go	Nigeria	1
Apr. 2006	No Go	Pakistan	2
Jan. 2007	No Go	Boliva	3
Feb. 2007	No Go	Uganda	2
Feb. 2007	No Go	Uganda	2
Mar. 2007	No Go	Timor Leste	3
Jun. 2007	No Go	Sierra Leone	4
Aug. 2010	No Go	Sri Lanka	6
Oct. 2010	No Go	Zanzibar	6
Feb. 2011	No Go	Mauritania	6
Feb. 2011	No Go	Mauritania	6

Source: CRS, Sent to CRS from the Secretariat⁷³⁰

What is striking about each section above is how short it is given the hundreds of grants that had undergone Phase II assessment by 2011 and the hundreds more that were still in Phase I. Yet even the above, the only public such list, is buried in a CRS report Appendix without accompanying explanations.

⁷³⁰ Tiaji Salaam-Blyther, 'The Global Fund to Fight AIDS, Tuberculosis, and Malaria: Issues for Congress and U.S. Contributions from FY2001 to the FY2012 Request,' (2011), CRS, R41363, pp. 27-29.

Below is a set of tables I formulated based on all public data from the Global Fund and complemented by other public sources.⁷³¹ I do not include grants that were terminated, suspended or received No Go decisions after March 2012.⁷³² Often, I had to gather data even around one grant from different sources, including the portfolio database, individual grant scorecards, Board Meeting documents, Board Electronic Decision Points and Office of Inspector General reports. This collation was necessitated by different aspects of the Fund responsible for a grant's changing circumstances at different junctures. For example, the Board may have decided to suspend funding based on an Inspector General recommendation but if the grant made the requisite changes, the Secretariat then would reinstate funding. As of July 2012, neither the grant portfolio database nor any other source provided one view of when and why various decisions were made to start or reinstate a grant's disbursements.

I split the consolidated list I compiled into three sections – termination, suspension and Phase II No Go decision. The rows highlighted in purple are from March 2011- March 2012, and would not have been included in what the Fund sent CRS given the 3-6 month time lag on data collection. The ones in grey are those not included in what the Fund sent to CRS.

⁷³¹ Survey of all Fund documentation and Aidspace archives as of 2 November 2012; May 2012 grant portfolio.

⁷³² Aidspace's list includes a Gabon Malaria Round 4 grant as receiving a No Go judgment but I could not find it in any Fund documents, nor could I find a record of the grant itself, no initial grant agreement or subsequent grant scorecards. There is, however, a Gabon Malaria Round 4 grant that did receive Phase II funding (GAB-404-202-M). Presumably this was a mistake on Aidspace's part as it is difficult to believe the Fund completely scrubbed its records of a grant's existence.

Grant termination:

Timing	Initial Board Decision	Country	Round	Reinstated (Yes or No) and other comments
Aug. 2005	Termination	Myanmar	2	N/A. Gov't introduced travel restrictions that would have inhibited UNDP's (the PR's) ability to implement grant.
Aug. 2005	Termination	Myanmar	3	
Aug. 2005	Termination	Myanmar	3	
Aug. 2010	Suspension	Zambia	4	No.
Dec. 2010	Termination	Mali	7	N/A. Terminated after initial suspension.
Dec. 2010	Termination	Gabon	5	N/A. Terminated after failed to meet Phase II conditions.
Dec. 2011	Termination	India	9	N/A. No disbursements ever made and no record of why grant was terminated.
Dec. 2012	Termination	Nigeria	8 & 9	N/A. No Board or OIG record of why grants terminated though each listed as terminated by Dec 2012.

Excluding the Nigeria grant, the Fund terminated 7 grants in its first decade.

Excluding the pre-emptive termination of the India grant in Round 9, the Board terminated 6 grants in its first decade that were in process. Perhaps this would not be surprising for an institution predicated on performance-based funding if it were to have utilised suspension as a frequent tool to encourage stronger grant performance or Phase II No Go decision to effectively terminate grants at the two-year mark. There is little evidence that particularly the latter happened, even when we fill in the blanks left in what the Secretariat sent to CRS, for example adding the Gabon 5 grant the Board voted electronically to terminate in 2010.

Grant suspension:

Timing	Board Decision	Country	Round	Reinstated (Yes or No) and other comments
Jan. 2004	Suspension	Ukraine	1	Yes & No. Consolidated 3 grants into one with one PR.
Jan. 2005	Suspension	Ukraine	1	
Aug. 2005	Suspension	Uganda	1	Yes.
Jan. 2006	Suspension	Ukraine	1	Yes & No, see above.
Nov. 2006	Suspension	Chad	2	Yes.
Nov. 2006	Suspension	Chad	3	Yes.
Aug. 2006	Suspension	Uganda	2	Yes, suspension lifted but both received No Gos (see below).
Aug. 2007	Suspension	Uganda	2	
Aug. 2009	Suspension	Zambia	2	Yes with partial PR consolidation. Although called a delay in disbursement and not a suspension, the 'delay' lasted a year so I included here.
Aug. 2010	Suspension	Zambia	3	
Aug. 2011	Suspension	Zambia	5	
Aug. 2012	Suspension	Zambia	6	
Sept. 2009	Suspension	Mauritania	5	Yes, after reimbursement.
Sept. 2009	Suspension	Philippines	2,3,5,6	Yes, after reassignment of PRs.
Aug. 2010	Suspension	Zambia	4	No.
Nov. 2010	Suspension	China	Unclear	Yes, after Fund delegation reached agreement with China CDC (the PR). See discussion in Chapter Six.
Dec. 2010	Suspension	Mali	6	
Dec. 2010	Suspension	Mali	6	Yes, for both Round 6 malaria grants, after transferring to a new PR.
Dec. 2010	Suspension	Mali	7	No (see above).
Jan. 2011	Suspension	Cote d'Ivoire	All rounds	Yes. Technically a disbursement freeze- not suspension - because of instability.
Mar. 2011	Suspension	Mali	8	
May. 2011	Suspension	Haiti	RCC 1	No. No record in Board documents, only in grant-specific documentation.
Jul. 2011	Suspension	Nigeria	All rounds	
				Yes. No record in Board documentation of freeze in disbursements, only in OIG reports on Nigeria and in the Nigerian media

The Fund clearly used suspension more frequently than termination or Phase II No Go decisions (as we will see). As the above lays out, most suspended funding was restored, suggesting suspension may have been an effective performance-based funding tool. There is insufficient information in the public domain to verify that.

No Go Decisions

Timing	Board Decision	Country	Round	May 2012 Rating from Portfolio or last Grant Scorecard if not in Portfolio
Feb. 2005	No Go	Senegal	1	C. Listed in Phase I, N/A rating.
Dec. 2005	No Go	South Africa	1	B2. Listed in Phase I, N/A rating, despite the Board addressing this grant (lovelife) in many meetings (see discussion above).
Apr. 2006	No Go	Nigeria	1	
Apr. 2006	No Go	Nigeria	1	C. Listed in Phase I, N/A rating.
Apr. 2006	No Go	Pakistan	2	C. Listed in Phase I, N/A rating.
Jan. 2007	No Go	Bolivia	3	B2. No record in May 2012 grant portfolio. No Go decision in Decision Points from the Fifteenth Board Meeting.
Feb. 2007	No Go	Uganda	2	
Feb. 2007	No Go	Uganda	2	B2. Listed in Phase I, N/A rating.
Mar. 2007	No Go	Timor Leste	3	C. Listed in Phase I, N/A rating.
Jun. 2007	No Go	Sierra Leone	4	B2. No record in May 2012 grant portfolio. No Go decision in the Sixteenth Board report.
Aug. 2010	No Go	Sri Lanka	6	
Oct. 2010	No Go	Zanzibar ⁷³³	6	B2. Listed as in Phase II, N/A rating.
Feb. 2011	No Go	Mauritania	6	B2 for both Malaria grants. No record of either in May grant portfolio. No Go decision in Electronic Decision Points for the Twenty-Third Board Meeting.
Feb. 2011	No Go	Mauritania	6	
Mar. 2011	No Go	Guyana	8	B2. Listed in Phase I, B2 rating
Jun. 2011	No Go	Haiti	7	C. No record in May 2012 grant portfolio. No Go decision in Electronic Decision Points for the Twenty-Fifth Board Meeting.
Jul. 2011	No Go	Zambia	7	
Feb. 2012	No Go	Gabon	8	B2. Listed as Phase I, B2 rating.
Feb. 2012	No Go	MCA ⁷³⁴	RCC	B2. No record in May 2012 grant portfolio or in Board documentation. No Go decision attached to its grant profile.
Mar 2012	No Go	Guyana	8	
				B2. Listed as Phase I, B2 rating. No Go decision in Electronic Decision Points for the Twenty-Sixth Board Meeting.

⁷³³ As previously mentioned, the Fund treated Zanzibar as a distinct CCM and country from Tanzania.

⁷³⁴ MCA = Multi-country Africa, the name of the grant's CCM.

The Fund did provide CRS with a full picture of No Go judgments, perhaps because these were a matter of public Board record. Regardless, the above list raises questions similar to those others have posed – how could performance-based funding be valid when used so infrequently? Were Fund grantees particularly good at writing and implementing grants? It is also indisputable that the Secretariat provided the CRS with incomplete information. Whether this was carelessness or deliberate withholding of information is unclear – and makes little sense given the existential pressure the Fund faced at the time from the U.S. and other donors. Still, what it did share was more extensive than anything it had ever provided publicly.⁷³⁵

The withholding of grant information imposed limitations on the Board's, grantees' and the public's understanding of what the Fund believed correlated to stronger grant performance. The incompleteness and scattered nature of what information was available meant that whenever someone would have a question about the grant portfolio and grant ratings, whether a Board Member, a CCM Member or a reporter, the Secretariat would be the only reliable source for Fund information. Under principal-agent theory, this behaviour is understandable in that it protected its informational advantage, which depended not on asymmetric information about its grants so much as on controlling access to information. It exercised that advantage through what it shared, as seen in the CRS vignette, and what it failed to share, even with its own Board, for example the absence of a post mortem on the Myanmar terminations, despite multiple Board requests. Whether purposeful or not, the Secretariat had ensured that all scrutiny of the Fund, including of its grant portfolio, depended on its active cooperation.

⁷³⁵ Global Fund, 'Electronic Decision Points,' submitted to the Twenty-Third Board Meeting.

From what data we do have available to us, the Board approved more than 96% of the Secretariat's and TRP's Phase II recommendations, above the 95% threshold posited in Chapter Three as 'proof' that the Board made funding decisions on a grant's technical merit more than other factors, such as seeking concessions from fellow Board Members or the grantees themselves. But this is based on significantly incomplete data. Normally when confronted with data gaps, we could substitute the mean of the existing data for the missing data. Given the enormity of missing data and the wide dispersion of the existing data, that is not a sound approach here.

Perhaps what appears to be so is. Perhaps the TRP, as suggested by Fund Board Members and outside observers alike, was uniquely good at selecting grants initially. Or possibly the Secretariat was uniquely good at negotiating grant agreements biased toward real, measurable success (even if the measuring itself proved challenging for grantees and was often too process-based). If not, then factors beyond performance likely influenced Phase II funding, from the clearly political, as it would appear to have been the case in the lovelife deliberations, to the arguably more humanitarian as the 2011 Central African Republic decision likely was.

Conclusion

In the Global Fund's first decade, the Board did make Phase I decisions based on evidence. The TRP consistently applied its criteria and the Board accepted all of its funding recommendations, both affirmatively and negatively. However, the Fund could have strengthened its evidence-driven decision-making in few key areas. The Fund could have permitted, over the objections of the U.S., technical partners to serve on the TRP, ensuring the most current thinking from UNAIDS and WHO were embedded in the TRP process. This also would have facilitated input from technical partners into the TRP's assessments, including around additionality, something the

Fund unsuccessfully struggled to secure through voluntary cooperation. Additionally, the Board could have required country-coordinating mechanisms to include their proposed metrics as part of their applications, allowing the TRP to judge not only how grants planned to implement programmes but also how they would hold themselves accountable against their goals. Such a decision would have removed that element from the Secretariat's remit but edified the TRP's assessments and likely the grant's prospects for good performance. Finally, and most crucially, the Board could have mandated or the Secretariat could have volunteered to provide grant performance scorecard data and local fund agent audits covering country-coordinating mechanisms' on-going and completed grants. Performance data could have become additional evidence to help inform the TRP's evaluations, enabling the TRP to better understand country-coordinating mechanisms' relative strengths and weakness and to better inform any conditions the TRP would make grant approval contingent upon. The Board actively discouraged or prohibited all of the above, often with the Secretariat in agreement, maintaining it did not want to prejudice the TRP's process.

The Board also made performance-based decisions for Phase II insofar as we can deduce given the missing data. But this process too could have been strengthened and likely was victim to more factors influencing Phase II decisions than apparent around Phase I. The strong pushback from the Board on Phase II No Go recommendations in the first few years likely translated into the absence of Secretariat No Go recommendations for more than three years from 2007-2010, even though a number of grants as seen above received C ratings in that period. Perhaps thought the Secretariat had insufficiently compelling data to prompt it from making a No Go recommendation and also to help explain why the Board was so resistant in the early years. The Secretariat defined performance for its performance-based funding

recommendations through process metrics, not outputs and certainly not outcome or impact measurements. As the Secretariat started Phase II assessments at 18 months, this approach was inevitable, arguing for the Board to have re-examined its assumptions around the timing of Phase II or at a minimum the expectations it placed on performance-based funding.

In examining both the evidence- and performance-based decision-making dynamics at the Fund, an interesting institutional dynamic emerges. The Board prevented any agency accumulation of power or discretion, a likely inevitable result of its decision to split the technical assessment through the TRP from the Secretariat; this arrangement also precluded synergies from developing across the grant process, for example on metrics across the assessment, negotiation and monitoring phases. This also partly clarifies why the Secretariat was so surprised in late 2010 by the Inspector General's reports. The splitting of assessment (TRP), negotiation (Secretariat) and monitoring (local fund agent) meant quite a lot could be lost in those gaps; clearly certain challenges, at least, were missed. It is impossible not to wonder if the TRP had been part of the Secretariat, would the Fund have been institutional stronger, as an agent vis-à-vis the Board, as better equipped to make evidence-driven, performance-based and smarter funding decisions and better able to prevent and detect fraud.

Chapter 6: Who ‘Owned’ Country-Ownership at the Global Fund?

The Global Fund’s founders’ transparent ambition was to create a new type of International Organisation (IO). They envisioned an IO in which developing countries’ voices and interests were of equal weight to those of donors in setting the Fund’s direction. They intended that developing countries – not bilateral donors, multilateral institutions or development contractors – would write and implement the grants the Fund would finance. Philosophically these were conceived of – even if not articulated as such at the time – as the two, mutually supporting halves of ‘country-ownership.’ Parity on the Board was expected to provide implementing countries an ownership unique among IOs of the Fund’s governance. Empowering country-coordinating mechanisms (CCMs) to write grant applications and oversee grant implementation was intended to insure Fund’s monies would be ‘owned’ at the country level, not from Geneva, New York or Washington. Deciding the Secretariat would not develop an in-country presence or provide technical assistance to grant applicants or implementers was conceived in part as further guaranteeing legitimate country-ownership. In this logic, the Secretariat could not influence grant writing because it would not be at the table.

To determine if implementing countries ‘owned’ the Fund’s governance at least equally with donors and owned the grant process more than donors or the Secretariat, we need to answer three questions. First, did implementers and donors have equal influence on the Board? Second, did the Global Fund Secretariat acquire an in-country presence? Finally, did CCMs remain country-driven and free from traditional donor pressures and Secretariat interference?

Did implementers and donors have equal influence on the Board?

Traditionally, IOs' governing bodies are comprised only of member governments and often in arrangements giving greater influence to donor governments. In the World Health Assembly (WHA), the governing body of the WHO, every member government has one vote. While Djibouti and the U.S. have an equal vote, various studies have shown the U.S. exerts more influence in shaping both the WHA's agenda and the ultimate outcomes at WHA meetings, even regarding those decision that require a two-thirds majority.⁷³⁶ The IMF is governed by an Executive Board comprised of twenty-four member states. In contrast to the WHA, member states' voting power on the IMF Board is directly proportional to their IMF contribution quotas. As of May 2012, the U.S. holds 16.75% of the votes on the IMF Board. The IMF's five largest contributors hold collectively 37.37% of the votes.⁷³⁷ As many of the IMF's non-lending decisions require supermajorities of 70-85%, the US or a subset of the largest IMF contributors hold effective veto power. Lending decisions require only a simple majority but the Board has a long-standing preference for making such decisions consensually giving the U.S. an effective veto over those decisions as well.⁷³⁸

As discussed in Chapter One, the Global Fund Board was structured to provide equal voting power to traditional donor and recipient countries and, at least as notable, to enfranchise non-state actors with voting rights, a first for a major IO. By 2012, the Board included representatives from eight donor countries, a private foundation and the private sector. Together, these ten comprised the 'donor' bloc.

⁷³⁶ For an analysis of WHA agenda setting, see Tomomi Kitamura *et al*, 'World Health Assembly Agendas and trends of international health issues for the last 43 years: Analysis of World Health Assembly Agendas between 1970 and 2012' (2013) *Health Policy*, Vol. 110 (2), pp. 198-206 May 2013.

For more on current WHA membership and which decisions require simple majorities to pass and which require two-thirds majorities, see: <http://www.who.int/mediacentre/events/governance/wha/en/>

⁷³⁷ For more on current and historical IMF quotas and voting share, see:

<http://www.imf.org/external/np/sec/memdir/eds.aspx>.

⁷³⁸ Copelvitch (2010), pp. 55-56.

Representatives from seven implementing countries, a ‘northern NGO, a ‘southern NGO’ and from the ‘Communities’ afflicted with at least one of the Fund’s three diseases, comprised the ‘implementing’ bloc. The Board also had six non-voting *ex officio* members: the Fund’s Executive Director (ED); representatives from UNAIDS, WHO, the World Bank; one representative from Roll Back Malaria (RBM), Stop TB or UNITAID and one from Switzerland as required under Swiss law. In 2004, the Board unanimously voted to give the Communities Member full voting rights and added a donor seat through reorganising donor constituencies to maintain the requisite parity. In May 2009, at the suggestion of then-Board Chair Rajat Gupta, of the Private Sector delegation, the Board expanded its *ex officio* members to include the ED and a representative from the technical partners not then included, enabling both UNAIDS and RBM/Stop TB/ UNITAID to serve simultaneously. Although various delegates expressed concerns about further expanding the Board, the decision point passed unanimously.⁷³⁹ Knowing whether donors or implementers were more hesitant would elucidate whether implementers saw additional technical partners, even in *ex officio* positions, as more likely to bolster their positions or undermine their interests. In this instance, as in most, Board Members remain unidentified and such knowledge remains inaccessible.

From inception, Fund bylaws permitted every delegation to name their Board Member, Alternate and Focal Point according to their own rules. Periodically, Board Members would urge greater transparency and consistency in how delegations selected Board Members. Although neither the comments in Board Reports nor their echoes in the High-Level Panel’s (HLP) critiques about Board Members specifically targeted any one bloc, multi-country implementing delegations were their likely target.

⁷³⁹ Global Fund, ‘Report of the Nineteenth Board Meeting,’ p. 9.

Donors were often in delegations with a more finite number of countries, with evident, albeit not explicit, protocols governing regular transitions from one country to another to hold the Board seat.⁷⁴⁰ Implementers meanwhile were in delegations with many countries and there are few discernible patterns in Board Member rotation. In April 2002, the Board decided each constituency could have up to five delegates in Board Meetings, with a live video stream set up in a separate room for additional delegates and Secretariat staff to observe Board proceedings; clearly this had different implications for implementing delegations with many countries versus the single-country donor delegations.⁷⁴¹

In contrast to the member states', the NGO and Communities delegations had open selection processes. We would not expect governments, whether donors or implementers, to open their selection processes to public scrutiny. The longer times individuals served as Board Members and regular cadence of transitions that broadly typified the NGO, Communities and multi-state donor delegations provided not just greater continuity but also the ability to develop an institutional memory. Transparency into implementing countries' selection processes would have provided only more information to donors without a commensurate consistency in those processes to help foster greater institutional memory among the implementers. Regardless, neither greater transparency nor consistency developed among the implementing country delegations in the Fund's first decade. Rather the more frequent turnover within implementing countries' delegations left the broader implementing bloc with significantly less institutional memory and at an information disadvantage to donors that by definition only grew over time.⁷⁴²

⁷⁴⁰ Author's own assessment of all Board documentation, First – Twenty-Fifth Meetings.

⁷⁴¹ Global Fund, 'Third Board Report,' p. 12.

⁷⁴² HLP, pp. 26-27.

Another asymmetry between donors and implementers manifested in the representatives each sent to the Board. Donors tended to designate mid-level officials from Development or Foreign Ministries who often had HIV/AIDS in their portfolio and could therefore, presumably, devote significant time to the Fund's governance and who entered their Board responsibilities with pre-existing relevant expertise. One exception was U.S. Secretary of Health and Human Services Tommy Thompson, the first U.S. Board Member. Implementing delegations tended to select Ministries of Health, people who by definition had larger remits than most of their donor counterparts and who additionally as the HLP pointed out, often lacked dedicated staff to support their Fund roles, making the prospect of dedicated time on Fund matters more dim.⁷⁴³ These discrepancies did not go unnoticed. The Five-Year Evaluation concluded ineffective representation, uneven attendance and communication difficulties explained the uneven participation across constituencies.⁷⁴⁴ The HLP repeated those findings, elucidating how little had changed. This is not surprising examining the Board Meeting Reports from the intervening years. There is no record of the Board having a serious conversation about all of the factors necessary to enable full participation.

One additional challenge not mentioned in the Five-Year Evaluation or HLP was the lack of transparency the Fund provided into who had attended which Board Meetings and in what capacity. There is no one list, as of October 2012, on the Fund's website of past Board Members, nor of course, Alternates or Focal Points. It is only possible to create a matrix of who has served on the Board and for how long by reading all Board documents, extrapolating at times Board attendance from the Board Chair's remarks as to who is being welcomed to the Board or thanked for their

⁷⁴³ HLP, p. 27.

⁷⁴⁴ FYE, SA1, pp. xv, 17

service. It is also impossible to know how many people were in the Boardroom or privy to the Board's conversations at any given meeting. The lack of transparency only further exacerbated implementing countries' lack of institutional knowledge. There was no one public source incoming implementing country Board Members could access to learn about the history of the Fund's Board or individual Board Members or delegations. The Fund did not enable individual Board Members to compensate for the lack of institutional knowledge in their delegations or broader bloc.

To have a full picture of Board attendance and more importantly, greater transparency into the governance of the Fund in its first decade, the below would need to exist in the public domain for the First – Twenty-Fifth Meetings:

1. Board delegation including all Members, Alternatives, Focal Points other attendees. Currently, lists for the First and Third Meetings are unavailable⁷⁴⁵ as are list for the Twenty-Third and Twenty-Fifth Meetings⁷⁴⁶
2. Comments in Board Reports identified by delegation or Board Member name (exceptions include the Eighth and Ninth Board Meetings Reports)

Given the dearth of data, I do not focus on the Alternates or Focal points as units of analysis. Alternates, Focal Points and other members of the delegation should not be ignored; often it was the people in those positions who served on Board committees. However, even looking at all the committee documentation, it is impossible to determine who served on which committees at what times.

Over the first 25 Board Meetings, roughly corresponding to the Fund's first decade, there were 480 possible Board Member positions. I am confident I have matched 473 to the people who held those seats (whether or not they attended the

⁷⁴⁵ Extrapolated from reading various Board Reports.

⁷⁴⁶ Inferred from the 2011 Annual Report and from whom the Board Chair welcomed at the Twenty-Fourth Board Meeting and said goodbye to at the Twenty-Third Meeting. The Five-Year Evaluation had access to more data than exists in the public domain as it commented that 200 different people had occupied the three key positions across delegations from the Second thru Fifteenth Meetings. Of public sources, only the Ninth Board Meeting contains what appears to be full delegation lists.

meetings). At least 113 different individuals served on the Global Fund Board in its first decade.⁷⁴⁷ The longest serving individual Board Member was actually from the implementing bloc: Dr. Huang Jiefu (22 meetings) from the Western Pacific region, synonymous with China as no other country ever held that seat.⁷⁴⁸ Other long-serving Board Members include the private sector delegation's Rajat Gupta (17), the European Commission's Lieve Fransen (15) and the Canadian Ernest Loevinsohn who first represented Canada, UK and Switzerland, then Canada, Germany and Switzerland following the 2004 reorganisation and then later the Gates Foundation (15 meetings as a Board Member, more as an Alternate or Focal Point).⁷⁴⁹ All of the above are from the donor bloc except Dr. Jiefu.

The U.S., Japan, China, the European Commission, France, Italy and the Gates Foundation held Board seats at all 25 meetings. Of those, only the U.S. and Japan had formally designated Board seats the entire time. The European Commission first shared a seat with Belgium and Austria and following the 2004 reorganisation with Finland, Belgium and Portugal. Although it shared a seat before and after the Board reorganisation, the European Commission attended all meetings, with very little turnover in its delegation. France initially shared a seat with Germany, Luxembourg and Spain and post 2004 reorganisation with Spain.⁷⁵⁰ Starting with the Twenty-Fourth Meeting in September 2011, France had a dedicated seat. The Gates Foundation in theory represented the larger private foundations

⁷⁴⁷ I use 'at least' because there are a few instances in which the Board Participants document lists Members as undeclared or TBA (e.g., the U.S. did not have a formally designated Board Member at the First Meeting but was in attendance as is evident from the Board Report and the Italian Board Member is listed as TBA at the Fifteenth Meeting while Italy made clear during the press maelstrom in 2011 it had never missed a Board Meeting).

⁷⁴⁸ Interestingly, there was also notable consistency, as far as I can infer, among the Chinese Focal Points with often one person serving in that position for a minimum of four Meetings.

⁷⁴⁹ Author's own analysis of all Board documentation, First – Twenty-Fifth Meetings.

⁷⁵⁰ Spain never held a Board seat. It served as its delegation's Alternate Board Member from the Sixteenth – Twenty-Third Meetings.

delegation but while other foundations' representatives often served as Alternates, only the Gates Foundation ever held the Board seat.

In terms of portfolio responsibilities, the donor representatives' responsibilities varied more than the HLP implied, even within member delegations. Secretary of Health and Human Services (HHS) Thompson represented the U.S. at the first 10 Board Meetings. After PEPFAR's launch in 2003, Mark Dybul, inaugural head of PEPFAR, joined the American delegation and Randall Tobias, Dybul's successor, succeeded Thompson on the Fund Board. HHS Special Advisory Bill Steiger followed Tobias, serving for three years, building on his multi-year tenure as the U.S. Focal Point. PEPFAR chief Eric Goosby began representing the U.S. at the 20th Meeting.⁷⁵¹ Although the U.S. Board seat shifted between HHS and the State Department, where PEPFAR is housed, every U.S. delegate had global health somewhere in his/her portfolio.

Japan's Board Members all came from the Ministry of Foreign Affairs with mid-level positions in either multilateral cooperation or global issues. Japan sent eight different delegates, by far the most of any donor constituency. The European Commission, Canadian/German/Swiss and 'Point Seven' delegations⁷⁵² broadly speaking sent global or population health specialists. The UK sent relatively more senior delegates, including for five years whomever served as its Ambassador to the UN in Geneva. Only France sent designated HIV/AIDS specialists consistently, to fourteen meetings (including the three in which Michel Kazatchkine served as the French Board Member and Vice Chair of the Board). The private sector had only two representatives in the Fund's first decade; the second served as the Alternate before

⁷⁵¹ The State Department sent a non-PEPFAR official to the Nineteenth Meeting as the US delegate.

⁷⁵² Point Seven included Norway, Denmark, Ireland, Netherlands, Sweden and later Luxembourg

ascending to the Board seat.⁷⁵³ Donor delegations experienced less turnover and generally greater continuity within delegations.

Norway's HIV/AIDS Ambassador Dr. Sigrun Mögedal's history on the 'Point Seven' delegation is illustrative of the roles one person often had within one donor constituency. Dr. Mögedal served on the Point Seven delegation from at least the Third meeting, when she is first mentioned in the Board Report as co-Chair of the Procurement and Supply Management Task Force, to the Twentieth Meeting. She held different committee positions throughout and served as the Point Seven Board Member at the Fifteenth Meeting, a position she held for two years. She continued as a member of her delegation for at least one additional meeting.

Nowhere though was the institutional knowledge likely stronger than within the U.S. delegation. Additionally, no other delegation was as close to the Fund, literally. In his first opening statement as Chair of the Global Fund Board, Thompson announced the U.S. would be opening an office in Geneva.⁷⁵⁴ Two years later, at the April 2005 Board Meeting, according to the Board Meeting Report, Thompson⁷⁵⁵ shared with the Board that the U.S. Congress had made 25% of its contribution contingent on the creation of an Office of Inspector General, which he immediately proposed. Executive Director Feachem opposed the U.S. but the Board voted in favour of the U.S. proposal – it is hard to imagine how it could have done otherwise given that U.S. contributions represented 1/3 of the Fund's purse. This event is not recorded in the Board Report though Aidspan reported the Board agreed to create an Inspector General because of pressure from the U.S..⁷⁵⁶ The absence of such a

⁷⁵³ Dr. Brian Antony Brink of Anglo American.

⁷⁵⁴ Global Fund, 'Report of the Fourth Board Meeting Report,' Annex 3.

⁷⁵⁵ Although Thompson is not named, it was his last meeting as the U.S. Board Member and as the Board Chair

⁷⁵⁶ Aidspan, 'Global Fund Inspector General,' GFO, Issue 43, 24 April 2005.

historical record and lack of robust Board Reports disproportionately impacted implementing countries who would later serve on the Board or apply for Fund grants.

Imposing an Inspector General on the Secretariat was not the only way in which the U.S. constrained Secretariat autonomy nor were Board Meetings the only mechanism by which the U.S. worked to advance its interests. Following the November 2008 Meeting, as mentioned in Chapter Two, the U.S. began publishing its views on Fund Board decision points, as required by PEPFAR's 2008 reauthorisation.⁷⁵⁷ These were in addition to the annual reports PEPFAR submitted to Congress on its relationship to the Fund annually.⁷⁵⁸

In its 2006 Report, PEPFAR stated that the U.S. had voted No when presented with the Secretariat's Conditional Go on a Kenya grant up for Phase II renewal, after consulting with U.S. government staff in Kenya. Despite the U.S. securing 'at least six other donor-bloc delegations' support,' the Secretariat, in the U.S.'s view, decided 'to view the No vote instead as support for the approval of the grant.' The U.S. delegation had 'expressed strenuous objections' and PEPFAR did not mince words, saying it 'view[ed] this incident as part of an occasional pattern of Secretariat circumvention of the institution's stated policies, making decisions on its own that properly belong to the Board.' Clearly PEPFAR's concerns were heard as it concludes the part of its report on the Secretariat by noting it later adopted 'a tougher stance against non-performing grants,' including 'withholding disbursements when conditions were not met.'⁷⁵⁹ It is hard to imagine a clearer rendering of principal-agent friction or a principal ultimately bending its agents to its point of view. Here, the principal achieved its desired outcome after the agent first acted as if it had more

⁷⁵⁷ See: Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008.

⁷⁵⁸ PEPFAR submitted annual reports with one exception (2009-2010 one report).

⁷⁵⁹ PEPFAR, 'PEPFAR Fiscal-Year 2006 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria,' (2007), p.11.

discretion or agency slack than in reality it possessed. This vignette is also told only from the principal's perspective. There is no record of a debate around a Kenyan grant in the Fifteenth Board Meeting Report, no reference in any Secretariat report to the Fifteenth Board Meeting and no evidence of a relevant electronic decision points from between the Fourteenth and Fifteenth Meetings or the Fifteenth and Sixteenth Meetings.⁷⁶⁰

PEPFAR's 2007 report contains a similar anecdote. The Secretariat had told the Board in 2005 that the unspent amounts of the terminated grants in Myanmar (mentioned in Chapter 5) would be returned to the Fund. The U.S. later learned that the Secretariat 'reversed this decision – with no notice to the Board – and signed a phase-out agreement with UNDP,' the grants' principal recipient. As with the Kenyan grant, the 'U.S. delegation strongly objected,' urging the Secretariat and the relevant Board committee to strengthen guidelines for recovering unspent money following grant terminations. The PEPFAR report closes this particular section noting that '[c]onsistent with statutory requirements, the U.S. Government will also deduct from our FY2007 contributions to the Global Fund an amount equal to expenditures to Government entities in Burma.'⁷⁶¹ Not the full amount but an unmistakable signal. This too is absent from the relevant Board Meeting Reports. More tellingly, there is no mention of any disagreements around grant renewals between the U.S. and the Secretariat in PEPFAR's 2008, 2009-2010 or 2011 reports.⁷⁶² The withheld funding seems to have had the effect PEPFAR likely hoped for: ensuring the Secretariat followed the Board's directives, and the U.S.'s positions,

⁷⁶⁰ Author's own assessment of relevant Board documentation, Fourteenth-Sixteenth Meetings.

⁷⁶¹ PEPFAR, 'PEPFAR Fiscal-Year 2007 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria,' pp. 10-11.

⁷⁶² See PEPFAR, 'PEPFAR Fiscal-Year 2008 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria,' 'PEPFAR Fiscal-Years 2009-2010 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria,' 'PEPFAR Fiscal-Year 2011 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria.'

in letter and spirit. Whether or not it also had a chilling effect on the Secretariat's recommendations is unknown.

The annual PEPFAR reports do not always enhance visibility into Board proceedings. Like Board Reports, they rarely mention individual Board Members, even anonymously. For all of the attention paid to increasing capacity of country-coordinating mechanisms (CCMs), discussed below, the U.S. appeared to pay no attention to augmenting implementing country capacity on the Board. This appears true of other donors. As one example, GTZ/GIZ, the German development agency, published extensively on individual country relationships it had, but neither its own reports nor the Board Reports contain examples of Germany even considering efforts to bolster implementing country delegations' capacity.⁷⁶³

This is not surprising from a principal-agent perspective. We would not expect the U.S., Germany or other donors to foster a challenge to their supremacy by increasing implementing countries' ability to advance their interests. Arguably donors need not have worried. The only exception to the churn within delegations and inattentiveness to institutional knowledge building that broadly defined implementing countries' delegations was China. While Vietnam and Cambodia also fell under the Western Pacific Region rubric and received substantial grant monies from the Fund, neither sat on the Board. Nor do they seem to have even had a presence at the Fund in any meaningful way. For all 25 Meetings, Chinese representatives held the Board seat, Alternate position and Focal Point.

Beyond China, few implementing delegations attempted to institute consistency. In the Eastern Mediterranean delegation, Pakistan attended 18 meetings, 11 as a Board Member, sending its Minister of Health to seven of those meetings.

⁷⁶³ Author's own assessment of all English language documents relating to the Global Fund, of which there were more than 100, on the GIZ website, as of December 2012: <http://www.giz.de/en/>.

The West and Central Africa delegation sent eight people from four different countries to serve as Board Members, but the transitions, with a couple of exceptions, occurred at regular intervals within and across countries. For the first seven meetings, a Nigerian served as the Board Member, followed by a Cameroonian for eight meetings, with only two people serving as each country's Board Member; often, the countries that would hold the next Board seat were members of the delegation for preceding meetings. Those were the exceptions.

Most implementing country delegations struggled to engage consistently, as the experiences of the Latin American & Caribbean and the Southeast Asian delegations exemplify. Each had seven different Board Members from six different countries over the Fund's first decade and rarely does it appear from what committee and delegation lists are available that an incoming Board Member served on the delegation previously, at all or for more than one meeting. All of which made any acquisition of institutional knowledge challenging. However, the High-Level Panel charge that implementing countries sent largely Ministers of Health without delegation support was broadly but not universally true. Four of the seven Latin American Board Members had portfolios focused on HIV/AIDS and led delegations in which Alternates and Focal Points came from their same countries.⁷⁶⁴ For other delegations this was not the case.⁷⁶⁵

Turnover and delegation diversity were not the only hurdles to equal Board participation implementing countries faced. Particularly in the Fund's first years, documents were available only in English, a challenge recognised by the Board but one it did not mitigate for years. There also is no evidence from Board documents of

⁷⁶⁴ Drawn from a Google search conducted 2 January 2013 in Spanish and English of those individual country's delegations, date limited to the weeks before and after each Board Meeting.

⁷⁶⁵ One exception I found was at the Sixteenth Board Meeting, the Member and Focal Point were both from Burundi.

countries ever participating in any language other than English at Board Meetings. Although this is not uncommon among IOs, the Fund was supposed to be different and yet, in many ways, was the same as its predecessors. As of January 2013, the Fund still did not have its Board documents – or its grant proposal forms – available in the six languages of the UN.⁷⁶⁶ In 2004, various implementing countries – unnamed but identified as such – noted that the English-only First Partnership Forum documents made it difficult for them and others to participate fully.⁷⁶⁷ The Board was sympathetic but did not mandate the Secretariat begin translating all documents out of the Partnership Forum or otherwise. Neither does it appear that the Secretariat volunteered to do so, surprising given it might have enhanced its position with implementing Board Members. Regardless, the English-only approach made broader participation at the Board and on Board committees more problematic for many implementing countries.

In April 2005, the Board decided delegations could not send substitutes from another constituent country in its group to serve as a proxy Board Member. This too posed a greater hardship for implementing countries given the relative paucity of qualified people in a smaller, less developed country relative to donors and how frequently, as mentioned early, Ministries of Health, with more demands on their time, served as implementing bloc Board Members. At the same meeting, the Board voted against the Secretariat's recommendation that the Executive Director (ED) help develop the size and membership slates of various committees.⁷⁶⁸ If we believe – despite the previous anecdote – that the ED/Secretariat would have been more sympathetic to implementing countries and committed to advancing their elevated engagement, at a minimum, this decision constrained the Secretariat's role and, a

⁷⁶⁶ Search conducted 2 January 2013.

⁷⁶⁷ Global Fund, 'Report of the Ninth Board Meeting,' pp. 3, 5, 8.

⁷⁶⁸ Global Fund, 'Report of the Tenth Board Meeting,' pp. 10-11.

maximum, removed an opportunity to develop implementing countries' capacity to advance their interests.

Implementing countries also had fewer opportunities to meet outside Board meetings, whereas many of the donor Board Members had other regularly scheduled meetings, for WHO, UNAIDS or otherwise.⁷⁶⁹ It is clear from the Board documents that some unnamed delegates saw the Fund Board as nested within a larger global health landscape. At the April 2005 Meeting, for example, the unnamed Ethics Committee Chair noted that two unspecified Board Members were also on the WHO Executive Committee and could work together to change any WHO rules that proved particularly frustrating to the Fund's work.⁷⁷⁰ While there is no recorded response from the WHO Board Member in that instance, technical partners were far from passive participants. Again, at the same Meeting, the World Bank representative said the Bank's Board was frustrated that different people representing the same countries expressed different opinions on the same issues at Bank versus Fund Board Meetings.⁷⁷¹ There was no resolution on this point but it did reveal again the many fora open to donors for discussion, debate and potential alignment of interests.

Donor Board Members also met outside Board Meetings to specifically discuss the Fund. For example, more twenty Fund donor governments convened in Durban in 2006. As Aidspan reported, the meeting's primary purpose was for the Secretariat to report to donors on the Fund's progress thus far.⁷⁷² There was no mention of this meeting in the Board Reports from 2006. Donor Board Members also accompanied the Secretariat to its meetings with technical partners, including

⁷⁶⁹ At times in the Board Reports, delegates refer to other meetings or other work they're engaged in together. Although the comments are rarely identified, they are most likely from donors.

⁷⁷⁰ Global Fund, 'Report of the Tenth Board Meeting,' pp. 7-8.

⁷⁷¹ Ibid, p. 16.

⁷⁷² Bernard Rivers, 'Donors Meet to Review Global Fund Progress,' GFO, Issue 61, 5 July 2006.

PEPFAR and the Bank; there is no evidence implementing countries similarly attended (we don't know if they were invited).⁷⁷³

The Board's September 2005 decision to transition to two meetings per year versus the three or four meetings annually that had characterised the Fund's calendar up to that point further limited the opportunities for implementing countries to engage with the Fund, or with one another about the Fund. Yet, there is no evidence implementing countries opposed this decision, or even that the Board discussed it. The decision appears in the Board Report as one brief paragraph and an ensuing decision.⁷⁷⁴

Implementing countries were not impervious to the density or implications of donor interactions; that was the crux of Brown's work discussed in Chapter Two, a frustration that there was a parallel donor process at the Fund more akin to traditional IOs than the Fund's original vision. We do not have to rely on hearsay (Brown's interviewees all remain anonymous). In June 2004, the delegate from East and Southern Africa – a rare identification of a specific Board Member – remarked that 'delegations such as theirs were constrained in there (sic) attempts to meet on key issues that impact on their constituencies because of resource constraints' and made a formal proposal that the Fund provide the required resources for that purpose. Two unnamed Members reminded the Board that it had previously resolved (though I could find no record of this) that the Fund would not provide financial assistance to delegations beyond the support necessary to ensure every delegation was represented at every Board meeting. The motion failed.⁷⁷⁵ It would be five years before the Board would change course and provide such funding.

⁷⁷³ For example, at the Thirteenth Board Meeting, a delegate made reference to attending such a meeting, particularly on donor coordination.

⁷⁷⁴ Global Fund, 'Report of the Eleventh Board Meeting,' pp. 31-32.

⁷⁷⁵ Global Fund, 'Report of the Eighth Board Meeting,' p. 37.

For much of the Fund's first decade, implementing countries were even at a relative disadvantage to the Northern and Southern NGO members. In December 2005, the Secretariat proposed taking over the civil society Board support position previously paid for by a private Foundation.⁷⁷⁶ It is a lonely comment, and not only for the lack of Board response. There is no any mention of an equivalent position of support for implementing countries nor ever a suggestion by the Secretariat it support such a position. Such a suggestion, even if unlikely to have been passed by the Board, might have increased the Secretariat's position with implementing countries, and through that, its influence on the Board. Another lapse surprising from a principal-agent perspective.

Similar to the NGOs, the Communities delegations also received significant financial and in-kind support from outside the fund. For example, in November 2011, the Open Society Foundation released a report based on research it had funded and conducted jointly with the Affected Communities delegation.⁷⁷⁷ The report focused on the Fund's recent heightened attention to risk management and its impact on civil society implementers, including groups representing affected communities; implementing country governments only are mentioned in relation to civil society.⁷⁷⁸ It is clear from Board Reports, Fund archive searches, Aidspace/GFO archive searches and Google searches that not only did the Secretariat not provide similar research or administrative support to implementing countries, no private benefactor arose either.

Even China, the one implementing country that was a consistent Board presence, and one of inarguably more importance to donors at the end of the Fund's

⁷⁷⁶ Global Fund, 'Report of the Twelfth Board Meeting,' p 15.

⁷⁷⁷ Different groups refer to this Board seat differently, 'Affected Communities' and 'Communities Living with HIV/AIDS, TB and Affected by Malaria' are the same group.

⁷⁷⁸ Heather Benjamin & Open Society Foundations, 'Examining the Impact of Global Fund Reforms on Implementation: Results of the Global Fund Implementers Survey November 2011,' (2011 [cited 20 December 2012]); available <http://www.opensocietyfoundations.org/reports/examining-impact-global-fund-reforms-implementation>

first decade than at the beginning, appears to have been unable to advance its interests consistently at the Board. In November 2010, the Secretariat wrote the China Center for Disease Control, the PR for all Chinese grants, that it was suspending disbursements for one of its HIV/AIDS grants because of concerns around mismanagement of funds and disenfranchisement of civil society partners; China had failed to direct 35% of its grant through civil society sub-recipients as it had pledged it would. Yet, this was not reported at the December 2010 Board Meeting in Kazatchkine's ED report, not in the Secretariat's formal response to Office of Inspector General findings concerning grant investigations, not in the Inspector General's own report and not in any of the committee reports. Nor is there any mention of this issue in the Board Meeting Report. It is similarly absent from the subsequent Board Meeting in May 2011, with one exception: in its report to the Board, the Inspector General criticised the Secretariat for conducting an 'enhanced financial review' of Chinese grants and failing to inform its office until after communicating to the principal recipient. The Inspector General asserted that the Secretariat's actions questioned its authority to conduct grant audits.⁷⁷⁹

The issue first surfaced publicly not from the Fund but in an April 2011 staff report for the U.S. Senate Committee on Foreign Relations investigation into the fraud allegations then plaguing the Fund. The press coverage from the *New York Times* in May 2011 focused on the tensions within the Chinese CCM between government and non-governmental actors and the tensions at the Board around whether or not to continue funding upper-middle income countries.⁷⁸⁰ Yet the Board

⁷⁷⁹ Author's own assessment of all documentation related to the Twenty-Second and Twenty-Third Board Meetings. Global Fund, 'The Office of The Inspector General Progress Report for November 2010-March 2011,' submitted to the Twenty-Third Board Meeting, pp. 17-18.

⁷⁸⁰ Sharon LaFraniere, 'AIDS Funds Frozen in China in Grant Dispute,' *New York Times*, 21 May 2011, A4.

had already decided, as mentioned in the previous chapter, to set an upper threshold limit of 10% of total grants for upper-middle income grantees, over protests by unnamed delegations, likely those most affected such as China. As the *Times* piece makes clear, the Secretariat only agreed to reinstitute grant disbursements following unspecified concessions by the Chinese principal recipient. The U.S., on the other hand, felt strongly Fund financing should stop altogether.⁷⁸¹ Perhaps the Secretariat's conditions were the result of a compromise with the U.S. Although it is impossible to know for sure, it is hard to imagine the Secretariat acting against the U.S.'s expressed interests given the climate surrounding the Fund in early 2011 and the Secretariat's previous experiences around the Kenyan and Myanmar grants. It is also unlikely that the U.S. would not have made known any significant disagreement with the Secretariat and there is no mention of this incident in any of the U.S. reports following Board Meetings in 2010 and 2011, nor in the annual PEPFAR reports to Congress covering 2010 and 2011.⁷⁸²

Implementing countries did not lose on every issue, though winning often required patience. In late 2009, the Board finally approved financial support to facilitate implementing countries' communications and convenings, including travel, in-between Board Meetings. The Board set a budgetary limit of \$80,000 per annum per delegation and countries were required to apply for the available resources starting in 2010. The Board delegated approval and oversight to the relevant committee. There are no recusal protocols in the decision point or accompanying document, setting up a strange dynamic in which individual implementing countries could apply for funding and then participate in approving disbursements to

⁷⁸¹ U.S. Congress, Senate Committee on Foreign Relations, *Fraud and Abuse of Global Fund Investments at Risk Without Greater Transparency*, committee print, A Minority Staff Report, 112th Cong., Sess., April 5, 2011, S. Prt. 112-17.

⁷⁸² Author's own assessment of all available PEPFAR documents as of December 2012.

themselves.⁷⁸³ It also created the possibility that the Board could be deciding whether to fund a grant application while its committee was considering whether to fund support for the same country's delegation. Such potential tensions were ones donors would never have to confront.

In other areas, it is hard to perceive implementing countries' influence, whereas it is all too easy to see donors' influence. Perhaps this was most clear in the drawn out process to select Feachem's Executive Director successor. After Feachem announced he planned to step down, the Board formed a nominating committee at its April 2006 Meeting to identify potential candidates to replace him, making clear it planned to do so in a non-political open and competitive manner.⁷⁸⁴ After 20 hours of debate over two days at its subsequent meeting, the Board adjourned having not made a decision. Although the Board documents reflect the challenge of securing Dr. Feachem's successor, they do not disclose a slate of nominees or any particular disagreements. At a special meeting of the Board in February 2007 – of which there is no published agenda or Board record, only a subsequent press release – the Board appointed Michel Kazatchkine as Feachem's successor.⁷⁸⁵ A Reuters article published the week before the Board met – that the Secretariat notably did not dispute – reported that the nominating committee had not favoured Kazatchkine, rather suggesting Dr. David Nabarro, a highly regarded WHO official then overseeing the UN's avian flu response and while British, someone with a reputation of being apolitical.⁷⁸⁶ Kazatchkine also was only just eligible for the ED position. He had

⁷⁸³ Global Fund, 'Report of the Twentieth Board Meeting,' Annex 3.

⁷⁸⁴ Global Fund, 'Report of the Thirteenth Board Meeting,' pp. 21-23.

⁷⁸⁵ Global Fund, 'Professor Michel Kazatchkine selected as Executive Director of the Global Fund,' (8 February 2007 [cited 2 January 2012]); available http://www.theglobalfund.org/en/mediacenter/newsreleases/2007-02-08_Professor_Miche_Kazatchkine_selected_as_Executive_Director_o_the_Global_Fund/

⁷⁸⁶ Reuters, 'UN's Nabarro tipped to head global AIDS fund,' (1 Feb 2007 [cited 3 January 2012]); available <http://www.reuters.com/article/2007/02/01/idUSL01119923>

served as the founding chair of the TRP and then as a Board and head of the French delegation for three meetings, the last in December 2005. When the Board first discussed Feachem's replacement in November 2006, it would have had to amend its policies to select Kazatchkine; the Fund's bylaws prohibited the hiring of a Board Member or TRP Member within a year of their departure. Given the Board could not first agree, Kazatchkine became viable only as the deliberations progressed. There was an equal representation of donors and implementers on the nominating committee. Yet, the Board did not follow its committee's recommendation, instead turning to a prominent donor's – France's – likely choice.

Donors attended more frequently, had greater consistency in their delegations, met more regularly, communicated through a variety of channels not dependent on the Fund and, even, opened offices to liaise with the Secretariat as the U.S. did from 2004 onward. Even without proverbial bricks and mortar at the Fund, it is hard to imagine how the implementing countries could have equalled the donors' influence over the Fund. Even if they had met outside Board meetings, communicated frequently and built an institutional knowledge base, implementing countries could not make equal threats of withholding resources. Donors' relative influence likely increased as they gave a larger portion of their development assistance for health (DAH) to the Fund over time. In 2000, the U.S. gave its most significant multilateral DAH contributions to UNICEF and the World Bank/IDA. In 2007, the Fund received a greater share of U.S. DAH contributions than either received that year or than both collectively had in 2000.⁷⁸⁷ In 2009, Canada channelled more than 70% of its

In disclosure, I interned for WHO Director-General Dr. Gro Brundtland in 2002 and worked closely with Dr. Nabarro.

⁷⁸⁷ N. Ravishanker *et al.*, 2009, 'Financing of global health: tracking development assistance for health from 1990 to 2007,' *Lancet* 373: 2113-24.

multilateral DAH through the Global Fund. In 2010, the analogous figures for the UK, Germany and the European Commission were all above 50%.⁷⁸⁸

After the Fund decided in 2003 that no Member delegation could enforce its national laws on Fund's policies – intended to insulate the Fund from PEPFAR's original requirement that one-third of all funds including contributions to the Fund target abstinence-only programmes – very few visible disagreements occurred within the donor bloc. By contrast, friction among the implementing bloc periodically became evident even in the generally banal Board reports, particularly between China and NGO Board Members.⁷⁸⁹ The diversity intended to strengthen the implementing bloc vis-à-vis donors instead became a structural disadvantage.

Given the above factors, it is not surprising how frequently the donor positions prevailed at the Board, such as denying funding for implementing countries' convenings, and specifically, how frequently U.S. positions specifically prevailed, such as creating an Inspector General. Alone, equal membership on the Board proved insufficient to enable implementing countries to equally participate with donors in steering the Fund through its first decade.

Did the Global Fund acquire an in-country presence?

Some IOs have a presence in most member countries, like WHO which has offices in 150 countries, high-income and low-income alike, Canada and Cameroon.⁷⁹⁰ Some IOs like the IMF have offices predominately in recipient countries – for example, in Gabon but not Germany.⁷⁹¹ Others do not have a formal country presence but their staffs spend significant and predictable time in countries, effectively creating a light-touch country presence. For example, UNAIDS

⁷⁸⁸ SEEK, Technical Assistance Profiles for the UK, Germany and European Commission.

⁷⁸⁹ Author's own assessment of all Board documentation, First – Twenty-Fifth Board Meetings.

⁷⁹⁰ As of December 2012: http://www.who.int/countryfocus/country_offices/en/

⁷⁹¹ As of December 2012: <http://www.imf.org/external/country/ResRep/index.aspx#G>

Secretariat staff, including its Executive Director, visit many of the most AIDS-affected countries annually for monitoring, to provide technical assistance and, in theory, to help coordinate AIDS-related efforts.⁷⁹² The Global Fund never opened offices in implementing countries, but that does not mean it did not acquire a lite-touch country presence along the lines of the UNAIDS.

Tensions around how the Secretariat should be organised and where and how its staff should spend its time manifested themselves early. At its April 2002 Board Meeting, various unnamed Board members expressed concerns about how top-heavy the Secretariat had become, reminding the Executive Director of the importance of remaining 'lean.' Those discussions revealed Board concerns that the Secretariat was looking to manage too much of the grant process, instead of relying on other Fund instruments, like local fund agents, as well as technical partners; delegates urged the development partners among them to increase support and assistance to CCMs at all stages of the grant life cycle.⁷⁹³

While the Board remained committed to the Secretariat's remaining in Geneva, at its October 2003 Meeting, it did approve of a coordinating role for it across bilateral development partners, such as GTZ,⁷⁹⁴ NORAD⁷⁹⁵ and CIDA⁷⁹⁶ and multilateral organisations, sometimes with specific direction, such as encouraging the Secretariat to facilitate linking its grants to World Bank funding in Malawi or the pre-existing multi-donor coordination efforts in Zambia.⁷⁹⁷ The Board repeatedly made clear that it expected the Secretariat to do that work from Geneva, working through CCMs. When the Board approved the Secretariat's 2004 budget at the following

⁷⁹² UNAIDS, 'How We Work,' (2012 [cited 4 May 2013]); available <http://www.unaids.org/en/>

⁷⁹³ Global Fund, 'Report of the Third Board Meeting,' pp. 19, 28-29.

⁷⁹⁴ Germany Development Agency, forerunner to current GIZ

⁷⁹⁵ Norwegian Development Agency

⁷⁹⁶ Canadian International Development Agency

⁷⁹⁷ Global Fund, 'Report of the Sixth Board Meeting,' p. 6.

meeting, it made clear that the relevant Board Committee retained authority to approve, or not, any additional funds for the Secretariat. There was no level of discretionary spending for the Secretariat, even to engage in the concertina work its Board had asked of it; there was no line item in the Secretariat's budget for traveling to Malawi or Zambia, nor was there any item for hosting coordination meetings. It is unclear how the Board or the Secretariat thought any coordination could be accomplished without infrastructure or dedicated resources to support intensive travel. Also, requiring committee approval prevented the Secretariat from adopting a UNAIDS like light touch country presence while also enabling the Board to approve or not the Secretariat venturing into conversations with bilateral and multilateral partners.

As exemplified in its reports, the Board continued to push the Secretariat to collaborate with other partners, urging the ED to recognise the Fund was 'only one of a number of significant players' in the 'global village' of efforts mustered to fight AIDS, TB or malaria and that it needed to cooperate.⁷⁹⁸ Both Feachem and Kazatchkine repeatedly pointed out to the Board that the Secretariat lacked the capacity necessary to catalyse authentic harmonisation at the local or global levels. For example, at the April 2006 Board Meeting, Feachem said that while he agreed with the need for increased development assistance alignment and harmonisation, efforts to facilitate that 'created a significant additional burden for the Secretariat.' He went on to point out that such work fell outside 'the original operational mandate of the Secretariat, creating the possibility of mission creep away from the Global Fund's

⁷⁹⁸ Global Fund, 'Report of the Twelfth Board Meeting,' p. 5.

model as a financing instrument,⁷⁹⁹ and that they would use UNAIDS country visits and regional offices to support in country work when needed.⁸⁰⁰

The Secretariat repeatedly pointed out the high transaction costs it and principal recipients would incur pursuing aid harmonisation work. In 2008, Kazatchkine asked the Board to avoid any decisions that would increase pressure on the Secretariat staff, referencing earlier exhortations by the Board that the Fund become the health aid conductor and the commensurate operational stress that had ensued on the Secretariat.⁸⁰¹ Delegates persisted in pressuring the Secretariat to be a leader in harmonisation efforts. In 2010 – when the Fund was facing significant resource constraints – the Board asked the Secretariat to develop a communication strategy around global efforts to build health systems capacity and maximising investments globally for women and girls.⁸⁰² One reaction of the Secretariat to this pressure was to advocate for fewer but larger grant proposals to spur harmonisation by CCMs and their technical partners at the country level. The Board recognised that this strategy did lead technical partners to better align their programmes (even if the TRP worried it also led to homogenisation across proposals), particularly in TB. Yet, even following such recognition, the Board did not require CCMs thru grant protocols to demonstrate such alignment (instead urging them to do so) or empower the Secretariat to arbitrate such alignment thru pre-screening protocols (only asking it to rewrite Phase II guidelines to require greater clarity around TB-HIV scaleup but not the role collaborations or partnerships would play). There is no evidence of the Secretariat engaging in these conversations or resulting decisions. Even the Memoranda of Understanding the Secretariat was negotiating with various partners,

⁷⁹⁹ Global Fund, 'Report of the ED to the Thirteenth Board Meeting,' p. 13.

⁸⁰⁰ Global Fund, 'Report of the Thirteenth Board Meeting,' p. 6.

⁸⁰¹ Global Fund, 'Report of the Seventeenth Board Meeting,' p. 6.

⁸⁰² As one example, see Global Fund, 'Board Retreat Report' submitted to the Twenty-Second Board Meeting.

including Stop TB, at the time of those discussions, were given greater attention when introduced by a committee chair than when the Secretariat had mentioned them.⁸⁰³

In general, throughout the Fund's first decade, the Secretariat argued for maintaining and not expanding its mandate, while stressing to the Board if its mandate were to be expanded, it would require expanded resources. In late 2010, Board Members 'strongly endorsed' more of a country-team approach to grant management, though one again based out of Geneva, and provided more resources to the Secretariat to support that approach. In conjunction, the Board bolstered local fund agents with more resources and made CCM guidelines more strict after a 'vigorous debate,' a rare example in the Board reports implying intense disagreement within the Board.⁸⁰⁴ Yet even with the additional resources, there is little evidence the Secretariat engaged more intensely with CCMs. Based on budgets submitted to the Board and all Board documentation from 2010 – early 2012, the Secretariat's distribution of staff or resources did not substantively change; presumably then, neither did the distribution of its time.⁸⁰⁵

The Secretariat was acutely wary of even the perception of an in-country presence. The April 2005 Board Meeting saw an intense discussion of funding for CCMs to enable CCMs to secure the technical assistance they assessed their grants required. Certain delegates argued such support should come from development partners, not the Fund, with another arguing for Secretariat staff supporting capacity building for CCMs. Feachem opposed additional funding, worrying it would compromise the Fund's posture as a financing entity, even if it originated from development partners. The Board disagreed and voted to provide financial resources

⁸⁰³ Global Fund, 'Report of the Eighteenth Board Meeting,' particularly pp. 5, 21, 25.

⁸⁰⁴ HLP, p. 43.

⁸⁰⁵ Author's own analysis of all proposed budgets to the Board and then finalised high-level budgets included in Annual Reports for 2001-2011.

for technical assistance when partners were unable to do so, charging the Secretariat to help structure those arrangements.⁸⁰⁶ For all the Secretariat's concerns, implementing countries already felt the Fund's presence, through the local fund agents that audit their grants and the presence of CCMs. Although the Fund originally envisioned CCMs being pre-existing institutions or groups of institutions under a different name, few countries had qualified institutions in place in 2002. One analysis showed that eight of twelve Fund recipient sub-Saharan African countries had created CCMs distinct from any pre-existing institutions.⁸⁰⁷ The Secretariat may not have been on the ground but recipient countries felt the Fund's presence.

In March 2010, the Secretariat introduced a dashboard to help CCMs with their grant oversight functions – based on the template that the U.S.-funded Grant Management Solutions, a technical assistance partner discussed below, had already used in the technical support it provided to CCMs around the world.⁸⁰⁸ In April, the Secretariat released its inaugural CCM Newsletter. Kazatchkine declared in the first issue that it 'provides a new vehicle through which CCM members can share lessons learned and best practices with their counterparts in countries around the world.'⁸⁰⁹ Providing a forum in which CCMs could share with one another and one that could serve as a direct line from the Secretariat to all CCMs without prejudice was the closest the Secretariat came to establishing regular presence with CCMs – and those efforts remained rooted in Geneva. It is hard to assess what value CCMs attached to the newsletter. Probably not much - it is not mentioned once by the High-Level Panel

⁸⁰⁶ Global Fund, 'Report of the Tenth Board Meeting,' pp. 9-13.

⁸⁰⁷ Clare Dickinson and Nel Druce, 'Perspectives Integrating Country Coordinating Mechanisms with Existing National Health and AIDS Structures: Emerging Issues and Future Directions,' *Global Health Governance*, (2010) Vol. IV, No. 1, p. 4.

⁸⁰⁸ Bernard Rivers, 'Global Fund Provides CCMs with New Tool for Grant Oversight,' *GFO*, Issue 116, 11 March 2010.

⁸⁰⁹ Global Fund, 'CCM Newsletter' (2010 [cited 2 February 2012]); available <http://www.theglobalfund.org/en/ccm/>

as helping either to mollify CCMs who felt poorly supported by the Secretariat or helping to clarify the roles of different actors on CCMs.

The High-Level Panel and others wondered if Secretariat staff had visited more grants, the Fund would have had a better sense of CCMs' and grants' common risks and weaknesses.⁸¹⁰ One study from late 2011 found that when facing challenges, 28% of sub- and sub-sub recipients of grants reached out to their PRs while smaller percentages (15-17%) reached out to their Secretariat contacts, CCMs or technical partners.⁸¹¹ Other reports over time found similar results: those implementing the grants often did not look to the Secretariat in Geneva for direction. Board documents and the Secretariat's high-level budget included in the Global Fund annual reports corroborate how little the Secretariat travelled to visit grantees.⁸¹² From a principal-agent perspective, we might have expected the Secretariat to advocate more for its ability to visit its CCMs and grants, not less. Perhaps it believed if it hewed to its Geneva-based identity, it would gain more authority and discretion. There is no evidence of that strategy in the Board documents or elsewhere and certainly no evidence that if it existed, it succeeded. The Secretariat indeed remained in Geneva as its founders intended, and largely leaving others to fill the technical assistance needs at every stage of the grant process, with consequences that largely went unexamined by the Secretariat or outside the Fund.

By mid-2012, the Secretariat had undergone a series of reorganisations and grown considerably from its starting base of 12 full-time employees, supplemented by short-term consultants.⁸¹³ In its first five years, the Secretariat staff was anywhere from 130% to 200% the size it had been the previous year, reaching just shy of 300 in

⁸¹⁰ Both the HLP and World Bank/IEG reports raised this.

⁸¹¹ Benjamin, p. 13.

⁸¹² Author's own assessment of budgets included in Board documents.

⁸¹³ The majority from McKinsey & Company.

2007. Some of this early growth resulted from a reorganisation in 2004 when the Fund restructured its grant oversight by geography, instead of by Round and disease. The anticipation in 2009 of the 2010 severing of the Fund's Administrative Services Agreement (ASA) with the WHO also accounted for some of the Fund's staff growth. Other growth the High Level Panel and others attributed to duplication, redundancy and poor internal communications.⁸¹⁴ By March 2012, at the beginning of the first wave of serious reforms and at the end of the Fund's first decade, Secretariat staff numbered 617, down from 667 only three months earlier.⁸¹⁵

Whether duplicative or not, the staff growth was confined to Geneva. In its first decade, the Secretariat did not acquire an in-country presence but still imposed constraints on implementers, through CCMs and local fund agents, without providing the commensurate technical assistance, or facilitating information sharing across implementers. An established in-country presence by the Secretariat itself, performing the same functions, likely would not have imposed more costs on grantees. Certainly, CCMs repeatedly said they saw little difference between the Fund and other IOs. A less outsourced approach by the Secretariat, or a more traditional approach to grant monitoring, might have lessened the informational asymmetry implementing countries, even those on the Board, confronted.

Jaramillo introduced a more intensive grant overview approach at the beginning of the Fund's second decade. He created five regional divisions, including two dedicated to high impact countries in Africa and a third to high impact countries in Asia. A designated team was assigned to each of the 20 high impact countries and the average staff per grant increased by 50%. Each grant across the entire portfolio

⁸¹⁴ HLP, p. 31.

⁸¹⁵ Global Fund, 'Report of the Board Retreat March 2012,' provided to the Twenty-Sixth Board Meeting.

for the first time received a dedicated point person at the Secretariat. Within three months of Jaramillo's arrival, 75% of the Secretariat staff was focused on grant management; this ratio is notable given it had never previously exceeded 50%.⁸¹⁶ This shift brought the Fund closer to the 70-80% ranges the High-Level Panel had pointed out is common at other multilateral financing institutions.⁸¹⁷ Whether or not this new approach will be perceived as compromising the Fund founders' original vision that the Fund not develop even a proxy in-country presence as a shield against infringing country-ownership or achieve the contrary, more robust country-ownership in grants and by implementing countries on the Board is yet to be seen.

Did CCMs ensure 'country-ownership'?

In its Framework document, the Fund vows to 'base its work on programs that reflect national ownership and respect country-led formulation and implementation.'⁸¹⁸ Yet, the Framework does not include a definition of country-ownership. Neither did the Board nor Secretariat articulate one definition of country-ownership at any point. The Fund instead allowed countries to own their own definition of country-ownership. The closest any Fund body came to defining country-ownership probably came in an article Kazatchkine co-authored when he was Executive Director: 'Promoting country-ownership and stewardship of health programs: The global fund experience.' It contained a set of assertions, with very few supporting examples, on how the Fund had strengthened country-ownership, highlighting the Fund's insistence on including government and non-governmental actors in the planning, implementation and oversight of grants through CCMs and the

⁸¹⁶ Global Fund, 'Board Retreat Progress Report by General Manager Jaramillo.'

⁸¹⁷ HLP, p. 31.

⁸¹⁸ Global Fund, 'Framework Document.'

Fund's encouragement for local technical capacity sufficient to generate strong grant applications.⁸¹⁹ The article appeared nowhere on the Fund's website.

Both GAVI and the Fund, the 21st century's first new international organisations, focused on country-ownership. Unlike the Fund, country-ownership was a goal for GAVI, not a part of its institutional definition.⁸²⁰ Like the Fund, GAVI had no one definition. The World Bank, IMF and other IOs increasingly focused on ownership at the end of the 20th century, albeit also without an agreed-upon definition. At times, ownership seemed to be primarily about increasing recipient countries' influence over the aid they received. At other times, it seemed more about ensuring the decisions recipient countries made with that aid were sufficiently inclusive and transparent to reassure donors and their constituencies in Washington, London or Berlin.⁸²¹ The aid harmonisation conferences held in the Fund's first decade in Paris (2005), Accra (2008) and Busan (2011)⁸²² positioned country-ownership as necessary to achieve harmonisation though whether that emphasis was more about increasing local capacity or reassuring donors remained unclear. There is no evidence the Fund Board discussed the country-ownership deliberations at the various harmonisation conferences. In contrast to spending little time discussing the definition country-ownership, the Board did dedicate significant time, as seen in Chapter Five, defining and redefining country-coordinating mechanisms, the instrument intended to facilitate country-ownership, however defined.

⁸¹⁹ R. Atun & M. Kazatchkine, 'Promoting country-ownership and stewardship of health programs: The global fund experience,' *J. Acquired Immune Deficiency Syndrome*, (2009), 52(Supp 1), S67-68.

⁸²⁰ As one example of a GAVI country-ownership discussion, see: GAVI, 'Third Board Meeting,' Oslo, Norway, 13-14 June 2000, pp. 13, 17.

⁸²¹ For a discussion of this tension contemporaneous with the Fund's founding, see: David Craig and Doug Porter, 'Poverty Reduction Strategy Papers: A New Convergence,' *World Development*, (2003) Vol. 31 (1), pp. 53-69, particularly p. 60.

⁸²² In the declarations emerging from each, country-ownership is referred to as alignment, meaning donors aligning their funding with recipients' programmatic goals.

The Secretariat meanwhile spent considerable time analysing CCM composition, at least initially. In 2005, the Secretariat published what would be its last such analysis, covering Rounds 1-4. Recipient government representatives comprised 33-38% of total CCMs' membership in the Fund's early years, multilateral agencies 13-15% and bilateral agencies 5-6%. These overall averages obscure the extent of bilateral participation. In Round 1, USAID served on 35% of CCMs, GTZ 11%, JICA 5%. For Round 2 grants, as the number of CCMs rose from 38 to 91, USAID served on 26%, DFID 12%, the French Cooperation Agency on 10%, JICA on 9% and GTZ also on 9%. On the 78 successful CCMs in Round 4, USAID served on 42%, the French Cooperation Agency 21%, GTZ 15%, DFID 13%, JICA 14% and Peace Corps 3%;⁸²³ through USAID and the Peace Corps, the U.S. sat on close to half of CCMs. WHO and UNAIDS routinely served on more than three-quarters and one-half of CCMs respectively. Neither in this report or elsewhere does the Secretariat wonder whether the inclusion of bilateral and multilateral agencies on CCMs weakened the central mission of CCMs: to enable recipient countries to 'own' their grant writing and implementation.⁸²⁴

CCM composition attracted scrutiny beyond the Fund as well in its early years, including from PEPFAR and the U.S. Congress; the balance between governments and NGOs, including faith-based organisations, even came up in Feachem's testimony to Congress in 2003 when he had been called to discuss Myanmar.⁸²⁵ Yet, in the Fund's later years, questions about the consequences of CCMs including multilateral and bilateral agencies remained unasked and CCM composition drew less

⁸²³ The report's Round 3 demographic breakdown mirrors its Round 2 breakdown. Author's independent verification revealed the Round 2 graph to be correct.

⁸²⁴ Global Fund, *Analyses of CCM Membership at Rounds 1 – 4*. Undated document. Downloaded via the Global Fund search function 11 June 2012.

⁸²⁵ Bernard Rivers, 'Feachem testifies about CCMs,' GFO, Issue 10, 12 June 2003.

Secretariat and Board scrutiny.⁸²⁶ Even reports such as the one from the NGO International Treatment Preparedness Coalition in 2008, which asserted that government officials and their allies far outnumbered local NGOs and other non-state actors on CCMs, failed to garner Board attention, even from NGO or Affected Communities Board Members.⁸²⁷

Each PEPFAR report on the Fund addresses U.S. Government Memberships on CCMs, generally under the title ‘Additional U.S. Efforts to Improve Global Fund Effectiveness.’ Interestingly, the statistics grow less exact over time. For example, the 2005 report contains figures similar to those above that in Round 2, U.S. Government personnel sat on 26% of CCMs, in Round 3, 42%, Round 4, 47%.⁸²⁸ By the 2008 report, released in 2010, PEPFAR adopted a softer approach, emphasising the U.S. government’s efforts to ‘help oversee and improve grant performance through membership in CCMs,’ without specifying on how many CCMs its people served.⁸²⁹ In 2011, looking back at 2009 and 2010, PEPFAR said U.S. Government officials served on ‘at least’ 48 CCMs and played an observer on at least 6 others.⁸³⁰ This is more precise than before but still not the same exactness that characterised earlier reports, notable given that this information would have been knowable by PEPFAR, even if it were non-PEPFAR, for example Centers of Disease Control personnel, on the CCMs.

GIZ provided a list of the CCMs on which its personnel served. In 2012, that included Benin, Cameroon, Democratic Republic of Congo, Guinea, Madagascar,

⁸²⁶ Author’s own assessment of all Board documentation, from the Seventeenth (first of 2008) – Twenty-Fifth Meetings.

⁸²⁷ International Treatment Preparedness Coalition, ‘CCM advocacy report: making Global Fund country coordination mechanisms work through full engagement of civil society,’ (2008 [cited 2 February 2012]); available <http://www.hivpolicy.org/Library/HPP001531.pdf>

⁸²⁸ PEPFAR, (2005), p. 17

⁸²⁹ PEPFAR, (2010), p. 13.

⁸³⁰ PEPFAR, ‘PEPFAR FY 2011 Report on the Global Fund to Fight AIDS, Tuberculosis and Malaria,’ p. 7.

Nepal, Niger, Rwanda, Zimbabwe and that other German agencies had someone serving on the CCMs of Togo and Kyrgyzstan.⁸³¹ Similar to PEPFAR, GIZ recognised this was only a snapshot of its broader engagement with Fund grants. Indeed, by early 2013, more than half the list had changed.

The French and Japanese websites relating to the Global Fund, unlike GIZ, are not in English. Given that, and the inconsistent tracking evident in both PEPFAR and GIZ/GTZ reporting, I determined I needed to read through every grant agreement or failed grant proposal on the Fund website, take the most recent for each CCM and map out CCM membership as best as I could assess it as of 2012 (or the most recent submission). I did not include countries that had once been eligible but became ineligible for Fund monies (e.g., Croatia or Chile) because of a rise in income. I also excluded multi-country CCMs that had no active grants as of 2012. I did include Somalia even though their most recent grant agreement and proposal somehow lacked a CCM participant list. I counted 123 different individual country CCMs and then 13 active multi-country CCMs.⁸³² Looking only at the individual country CCMs, the U.S. had 88 people on 68 different CCMs or on more than 55% of CCMs. USAID represented the bulk with 62 staff serving on 29 CCMs, followed by unspecified US Embassy personnel, PEPFAR and then the Centers for Disease Control (CDC). Some countries had representatives from different parts of the U.S. Government, like South Africa with someone from PEPFAR and the Embassy and Thailand with two people from USAID and one from the CDC. If we include multi-country CCMs, the U.S. then has 91 people on 78 CCMs or 57%. The Lao, Mali and South Sudan CCMs had U.S. Vice Chairs, at least as of their most recent Fund grant agreement. Even the

⁸³¹ Drawn from a review of GIZ/BACKUP Newsletters through June 2013, last available: <http://www.giz.de/expertise/downloads/giz201306-en-backup-news.pdf>.

⁸³² For example, the multi country Western Pacific CCM has representatives from the governments of or/and NGOs from: Tuvalu, Nauru, Micronesia, Tonga, Kiribati, Vanuatu, Cook Islands, Marshall Islands

Chinese CCM had a U.S. representative, from the CDC.

The U.S. undeniably had the most significant involvement but it was far from alone in being a donor presence on CCMs. In some instances, multiple donors served on the same CCM. Both the U.S. and French government, for example, had staff on the Cambodian CCM. In total, the French had 23 people serving on 20 different individual CCMs, 16% of individual country CCMs. The German government had 15 people on 15 different CCMs or 12% of the total, and acted as a PR in Guinea Bissau and Afghanistan. The European Union/ Commission (listed differently on different applications) had 14 people on 14 different CCMs and Japan had 8 people on 8 different CCMs or less than 6% of the total. AusAid served as the Chair or Vice-Chair on a few CCMs, all of which were in its region. Some CCMs list World Bank or UNAIDS officials. No Gates Foundation representative is listed on any CCM.

If, for example, we had more visibility into who drafted and edited grant applications, we would know more about how influence worked within CCMs and within the U.S. and other donor apparatuses. What is clear is that the U.S. and other donors had more clarity into CCMs than the Fund did or could have had. Members of the Fund Board had more and better information than the Secretariat. The principal knew more than its agent and even within the principal, that information was not equally distributed. Collectively and individually most Fund donor Board Members knew more about the business of the Fund than their implementing country, NGO or foundation colleagues. Either in recognition and acceptance of or in ignorance of that dynamic, CCM composition did not feature prominently in the Consolidated Transformation Plan adopted in late 2011 nor in Jaramillo's first report to the Board

in May 2012.⁸³³

Technical Assistance: how 'local' were grant's conceptualisation, writing and implementation?

The rationale for CCMs had a logic of its own – mechanisms to foster wide-spread participation across different sectors in implementing countries. They were also intended to create structures to build up local expertise over time. For this reason, the evolution of technical assistance to CCMs is an important one to explore. Unlike WHO, the Fund did not begin as a technical agency and, for most of the Fund's first decade, the Board and Secretariat equally defended this proscription. Technical assistance is often how IOs diminish asymmetries in information and capacity, underscore their expertise and then assert their authority. It also, as Abbot and Snidal note, can shape states' interests and even their identities,⁸³⁴ a development that occurs partly through the supply-driven nature of most technical assistance. Recipient countries accept what donors or multilateral agencies offer, not necessarily what they themselves want.

The Secretariat solicited bilateral agencies on the Board and beyond to offer grants technical assistance and to alert the Secretariat of any challenges they observed in those grants.⁸³⁵ The Secretariat appeared unaware of the potential risk such technical assistance posed to its authority. The disbursements the Fund made to grants originated largely from bilateral donors and the technical assistance arrangements the Fund brokered largely relied on bilateral donors. The Fund's principals held many of the roles not only traditional to a principal, but also to an agent. The Secretariat did not even have the authority to determine what technical

⁸³³ Although in Jaramillo's report he does mention the need to work with technical partners to identify the highest impact interventions (p. 10)

⁸³⁴ Abott & Snidal, p. 14.

⁸³⁵ As examples see: Global Fund, 'Report of the Fourteenth Board Meeting,' pp. 21-22 & 'Report of the Ninth Board Meeting,' p. 21.

assistance was permissible. The Board set the parameters governing what technical assistance CCMs could accept and what Fund monies could be used to support, settling on the below in advance of Round 5:

‘Technical Assistance may be used for costs directly related to technical or management assistance to support core CCM functions including civil society participation, program oversight and alignment with other national bodies ... Limitations: (i) CCM funding cannot be used for costs associated with writing of proposals ... (ii) Terms of reference for consultants hired by the CCM must include a specific clause prohibiting the writing of proposals.’⁸³⁶

When the Board first decided in 2004 to enable CCMs to apply for Round 5 funds and repurpose previous Rounds’ funds to explicitly finance technical assistance, it proposed that the Secretariat monitor the usage of those funds. Executive Director Feachem opposed that arrangement, proposing instead Local Fund Agents, a recommendation the Board accepted.⁸³⁷ The Secretariat once again did not capitalise on an opportunity to develop specialised knowledge, even around the technical assistance provision other multilaterals and bilaterals would provide.

Unlike the Secretariat, Aidspan included technical assistance guidance in each of the guides it published in advance of new Rounds, basing their substance on the Technical Review Panel (TRP) reports to the Board and what its staff had heard from CCMs and the Secretariat. In 2004, it published its first dedicated technical assistance guide for CCMs, providing details on 170 organisations in 40 countries, a document the Global Fund website long linked to as a reference for CCMs. In advance of Round 6, Aidspan offered to review CCMs’ applications free of charge and while making clear it would not comment on the technical quality of the proposals, it would help ensure their completeness – presumably including whether or

⁸³⁶ Global Fund, ‘CCM Funding Guidelines Round 10,’ & Author’s own assessments of what previous CCM guidance must have been based on Aidspan guides and articles. As of July 2012, previous Rounds’ guidance taken down from the Fund’s website.

⁸³⁷ See Global Fund, ‘Report of the Eighth Board Meeting.’

not they appropriately, in Aidspan's estimation, included technical assistance.⁸³⁸

Over time, the Board evolved what technical assistance it would permit Fund resources to finance. In April 2005, the Board expanded what technical assistance CCMs could use Fund monies to support, but limited this greater permissibility to countries in which no Fund partner was available to provide such support. Not all partners concurred with that restriction. In a rare identified comment, the World Bank representative made clear it would not be providing pro bono technical support. A far from insipid debate ensued, a notable departure from the general prosaic nature of Board Reports. Certain unnamed delegates argued for enhanced technical assistance coming from Fund partners only, another unnamed delegate argued for the Secretariat staff to provide it and Feachem expressed hesitancy that such clear language would imply a technical assistance 'entitlement' existed.⁸³⁹ Yet, after such intensity – and repeated exhortations by the TRP that unspecified partners needed to provide higher quality guidance and technical assistance⁸⁴⁰ – technical assistance largely faded as an issue of policy over the next few years.⁸⁴¹

For all of the initial hesitancy evident in 2005, a year later, Feachem disclosed to the Board that the Secretariat had brokered technical assistance from UNDP and GTZ for three CCMs. This followed Aidspan's reporting that the Secretariat had facilitated technical assistance between CCMs and multilaterals, particularly Stop TB which had agreed to provide support for all Category 3 Round 4 TB grants looking to

⁸³⁸ Aidspan 'Sources of Fund-Related Technical Assistance,' GFO, Issue 31, 22 August 2004 & 'CCM Guide,' 2006

⁸³⁹ See Global Fund, 'Report of the Tenth Board Meeting.'

⁸⁴⁰ For example, following Round 9, the TRP recommended 'partners provide guidance and technical assistance to applicants in order to adequately address gender issues in future proposals.' Global Fund, 'Report of the TRP Secretariat on Round 9,' Annexes, p. 16.

⁸⁴¹ While largely critical, occasionally TRP reports lament homogeneity, for example after Round 8 regarding their observed formulaic nature of all TB grants, possibly a result of improved technical assistance.

resubmit in Round 5.⁸⁴² Feachem also shared with the Board in 2005 that the U.S. had decided a portion of its annual contributions to the Fund could be used to help ‘restructure and build the capacity of CCMs.’⁸⁴³

What the Secretariat appears to have not shared with the Board is what the Board had asked for in 2004: a set of recommendations to guide communications and work related to technical assistance, for bilaterals, multilaterals and CCMs.⁸⁴⁴ Perhaps it was too challenging to differentiate between providing guidance on technical assistance and the direct provision of it. Indeed the TRP Chair suggested as much in 2006, recognising a ‘very fine line’ existed, and maintaining it was ‘inappropriate’ for the Secretariat to engage in technical assistance.⁸⁴⁵ The Five-Year Evaluation took a different approach, asserting that the Secretariat had acquired responsibility for technical assistance by facilitating relationships between CCMs and technical assistance providers, without building the necessary monitoring mechanisms to fully discharge that responsibility.⁸⁴⁶ As of July 2012, the Secretariat had not developed such monitoring capabilities.

The Five-Year Evaluation (FYE) found the Fund’s patchwork approach had failed, not surprisingly, to create a sustainable or efficient system for securing or accessing technical assistance. It went on to charge that by the Secretariat simultaneously not offering technical assistance and promoting partners’ provision of it, the Secretariat had created a perception among recipients that it had given technical partners an ‘unfunded mandate.’ The FYE singled-out the U.S.-government backed programmes, calling them the ‘best model,’ praising their focus, efficiency and quality-assurance. It found GTZ (now GIZ), in contrast, narrowly focused on

⁸⁴² Aidspan, ‘Sources of Fund-Related Technical Assistance.’

⁸⁴³ Global Fund, ‘Report of the ED to the Thirteenth Board Meeting,’ p. 3

⁸⁴⁴ Global Fund, ‘Report of the Ninth Board Meeting,’ p. 22.

⁸⁴⁵ Global Fund, ‘Report of the Fourteenth Board Meeting,’ p. 10.

⁸⁴⁶ Macro International, SA2, pp. x, 109.

HIV/AIDS and working with a limited numbers of partners. Its most stringent judgment for a technical partner fell on UNAIDS for bypassing the Fund when it provided technical assistance to Fund grants. UNAIDS may have skirted the Fund because it, like others, believed the Secretariat cloistered rather than shared information, as it at times alluded to in and outside of Board Meetings.⁸⁴⁷ Still harsher criticism focused on the lack of technical assistance for sub-recipients and sub-sub-recipients, those that implemented most of a grant's work.⁸⁴⁸ It faulted the Fund for this, not its main technical partners.⁸⁴⁹ The FYE found no technical partner fostering country-ownership, but it failed to mention or fault the Fund for not requiring them to do so.⁸⁵⁰

In contrast to the Fund's own technical partners – including Board Members – the FYE team had access to unpublished data from UNAIDS and WHO's TBTEAM and Roll Back Malaria (RBM). UNAIDS calculated, for example, that in Rounds 5 and 6 alone, 85% of all successful HIV/AIDS grants received UN/WHO support. In Round 6, TBTEAM provided technical assistance to every successful TB grant and 57% of CCMs that had received technical assistance from RBM through workshops or partnerships received funding, a far higher percentage than the 13% of which did not receive RBM guidance and did not receive funding.⁸⁵¹

The Secretariat never published any such analyses nor is the data necessary to

⁸⁴⁷ As one example, see UNAIDS, '29th Meeting of the UNAIDS Programme Coordinating Board,' (2011 [cited 29 June 2013]), p.3; available http://www.unaids.org/en/media/unaids/contentassets/documents/pcb/2011/12/20111122_UNAIDS%20Technical%20Support%20.pdf

⁸⁴⁸ In disclosure, one of the positive examples of this mentioned in the FYE is the Clinton Foundation, on p. 88 of SA2. I was not aware of this until I read the FYE.

⁸⁴⁹ Macro International, SA2, pp. 103-106.

⁸⁵⁰ The Fund's decision in 2006 to require its grantees to purchase 2nd-line TB drugs through Stop TB likely created a complicated technical assistance relationship. I hope future work examines the dynamics present when a grantee is procuring commodities and assistance from the same entity.

⁸⁵¹ Macro International, SA1, p. 80.

Author's own calculations based on the data in: Global Fund, 'Report of the TRP and the Secretariat on Round 6 Proposals,' p. 12.

perform such analyses public. Ideally every grant application would include what technical assistance the CCM received from whom and every grant agreement at least a forecast of what technical assistance would be used in the years ahead, listing likely providers. They do not. Given that, I compiled a matrix of the countries that received technical assistance from the following public data: GTZ/GIZ ‘selected countries,’ from 2002 onward; technical assistance from 2009-2012 from GTZ/GIZ; technical assistance through the PEPFAR focus countries programme (2004-2008), partnership countries programme (2009 onward) and bilateral countries programme (2009 onward); U.S. direct technical assistance from 2006; direct technical assistance from France since 2011; from Japan thru 2011 and from the UK thru 2011.⁸⁵² I made the provision of technical assistance binary as it is too difficult to quantify the difference in GTZ/GIZ providing support to many grants and the continuous support PEPFAR focus countries received. Clearly this is an imperfect approach as a greater intensity of support may have had a greater impact, particularly on either encouraging or discouraging more country-ownership over time. This approach provides 453 unique data points, representing thousands of technical assistance interactions. It is impossible to organise even this imperfect data by disease component.⁸⁵³

What emerges from this data approach is that more technical assistance did not necessarily ensure greater success. Tanzania and Thailand each applied successfully 11 times. Tanzania received technical support from 10 different providers and Thailand only from 2. Yet their success rates were almost identical, with Thailand’s slightly better at 55% than Tanzania’s 52%. What is clear is the prominence of the U.S. in Fund technical assistance. The U.S., through PEPFAR, its

⁸⁵² I also included the multilateral UNAIDS and Stop TB programmes.

⁸⁵³ Author’s own assessments of all Global Fund-related documentation; all English-language available documents from: DFID, GIZ, France, EC, JCIP; and, SEEK Technical Assistance profiles for European Commission, France, Germany, Japan, United Kingdom.

dedicated Fund-technical assistance programme and Stop TB, funded almost two-thirds of technical assistance relationships.⁸⁵⁴

Whether from a lack of analyses or a shared interest between the U.S. and other donors to avoid deep scrutinising of technical assistance to reveal its pre-eminence, technical assistance faded from Board view for a few years. It did not re-emerge as an area of substantial Board attention until late 2008. Although the rhetoric had been strong – Kazatchkine called technical assistance partnerships a high priority in 2007 – little happened until the Board confronted the FYE’s harsh critiques.⁸⁵⁵ Yet, the Board then posed a peculiar question: How much leverage does the Global Fund have in deciding the technical assistance needs of implementers and the appropriate technical assistance providers? The Board either believed the Fund lacked sufficient leverage to mandate technical partners agree to specific roles under its direction or that donors and multilaterals on the Fund’s Board wanted to continue providing technical assistance unencumbered by the Fund. Here was an instance in which recipient country Board Members could have injected what technical assistance would be most useful to them individually and to the implementing bloc more broadly. If the implementers could not have ‘owned’ the technical assistance from the ground up, they may have at least tried to ‘own’ it from the Board down. There is no evidence such a discussion occurred in 2008 or thereafter.

The sole mention in the public Board record from 2002-2012 of possible divergent interests between technical assistance providers and the Fund came years earlier. In 2004, after one unnamed delegate emphasised the importance of focusing technical assistance on building expertise in implementing countries, another unnamed delegate replied that not all those who provide technical assistance shared

⁸⁵⁴ The U.S. has long been Stop TB’s predominate funder.

⁸⁵⁵ Global Fund, ‘Report of the ED to the Fifteenth Board Meeting,’ p. 11.

that goal.⁸⁵⁶ 2004 also saw the only example of a Board Member directly requesting technical assistance when the Eastern Mediterranean delegate said that its regional overall success rate remained very low at 5% and requested technical assistance for proposal development. No response from bilateral or multilateral Board Members is recorded.⁸⁵⁷ In 2008, the Board's technical assistance working group recommended that 'bilateral partners in country sitting on CCMs should be encouraged to view their role as a [technical assistance] liaison,'⁸⁵⁸ to the Fund and Board. There is no suggestion that implementing country Board Members could play a similar role.

In 2009, McKinsey, a consultancy, presented to the Board a study the Gates Foundation had commissioned on what technical assistance was being provided and what was working. In background document McKinsey provided, it is clear that of what McKinsey could confirm as technical assistance directly related to Fund grants, barely more than one-third was budgeted in the grants themselves, just under what McKinsey could quantify as originating from the U.S. alone.⁸⁵⁹ It is also clear, given the abundance of question marks in the McKinsey slides, how much it could not confirm around the quantity (or the quality) of technical assistance flowing to Fund grantees, even with its access to non-public sources at the Fund and from the technical partners it was charged with scrutinising.⁸⁶⁰

For the same Board meeting, the Secretariat submitted a paper outlining its perspective on technical assistance. It recognised that the 'country-driven principle – as well as being a purely financing mechanism – left technical assistance and the

⁸⁵⁶ Global Fund, 'Report of the Ninth Board Meeting,' p. 21.

⁸⁵⁷ Ibid. p. 13.

⁸⁵⁸ See Global Fund, 'Report of the Global Fund Board Retreat on Partnerships,' submitted to the Eighteenth Board Meeting, p.3.

⁸⁵⁹ McKinsey, 'Briefing Document for Global Fund Pre-Board Session on Technical Assistance,' (May 4, 2009 [cited 7 July 2012]); available

<http://www.theglobalfund.org/en/board/meetings/nineteenth/documents/>

⁸⁶⁰ Ibid. pp. 4-5.

relationship with its providers undefined,’ and, as a result, too often technical assistance was supply- rather than country-driven.⁸⁶¹ When the Secretariat’s paper discusses the U.S. and GTZ (now GIZ) efforts to provide short and longer-term technical assistance, the Secretariat expresses no views on how their efforts may be mitigating or aggravating the supply-driven technical assistance dynamic; no other bilateral or multilaterals are mentioned.⁸⁶² The Board did not mandate a specific role for the Secretariat in defining technical assistance at that meeting or thereafter.⁸⁶³

While largely ignoring the Secretariat’s role, the Board debated, at the same meeting, whether to provide more support to CCMs to enable CCMs to better ‘define their own needs.’⁸⁶⁴ It voted to raise the total available funding for CCMs to \$8 million in 2010 (up from \$6 million in 2009) and to raise it further in 2011 to \$12 million.⁸⁶⁵ While the Secretariat supported expanded funding, Executive Director Kazatchkine ‘noted that 50% of funds to CCMs did not come from the Global Fund and emphasized that alternative sources of funding should continue.’ He went on to ask ‘the representatives of bilateral agencies around the table to increase their support of CCMs.’⁸⁶⁶ This is surprising from a principal-agent perspective. We might expect the Secretariat to encourage less funding, not more, and advocate for its own technical assistance resources. Failing that, we might anticipate the Secretariat starting its own technical assistance programme. In June 2009, it did just that.

A month after the May 2009 Board Meeting, the Secretariat began offering supply-chain management support to principal recipients (PRs), specifically in forecasting, developing and managing their supply chains. PRs paid for these

⁸⁶¹ Global Fund, ‘GF Technical Assistance,’ submitted to the Nineteenth Board Meeting, p. 1.

⁸⁶² Ibid.

⁸⁶³ Author’s own assessment of all Board documentation related to the Nineteenth Board Meeting.

⁸⁶⁴ Global Fund, ‘Report of the Nineteenth Board Meeting, p. 11.

⁸⁶⁵ Ibid. p. 15-16.

⁸⁶⁶ Ibid. p. 12.

services, providing a new budget stream to the Secretariat, an opportunity for the Secretariat to further establish its own identity and grow its authority. Principal-agent theory holds that when an agent develops more resources independent of its principal, its independence increases in parallel. However, in the programme's first eighteenth months – the only period for which there is publicly-available data⁸⁶⁷ – only 4 PRs had engaged with the Secretariat on supply chain management.⁸⁶⁸ Perhaps because of this paucity of PR engagement, the Board record reflects no lengthy conversations between the Board and the Secretariat nor within the Board itself about the Secretariat's supply-chain technical assistance efforts. Neither are they ever mentioned in PEPFAR's annual reports on its relationship to the Fund, whether at the Secretariat or CCM level.⁸⁶⁹

At the Portfolio and Implementation Committee Meeting before the full Board Meeting in April 2010, the Secretariat proposed a radical departure for the Fund on technical assistance. It advocated establishing a technical assistance advisory group, creating a technical assistance financing facility housed at the Secretariat and developing in-house expertise on managing and evaluating technical assistance. The committee rejected all proposals. It suggested instead building capacity in-country directly through CCMs and suggesting a 5% reserve from all Fund contributions to support technical assistance along the lines of PEPFAR.⁸⁷⁰ During this period, the U.S. served as Chair of the Portfolio and Implementation Committee.⁸⁷¹ Later that year, the Secretariat introduced the U.S.-designed dashboard mentioned previously

⁸⁶⁷ As of January 2013.

⁸⁶⁸ Global Fund, 'Procurement Support Services Progress Report: June 2009-December 2010,' (2011 [cited 22 August 2013]); available <http://www.theglobalfund.org/en/procurement/vpp/>

⁸⁶⁹ Author's own assessment of all Board documentation through the Twenty-Fifth Meeting and all PEPFAR reports through 2012.

⁸⁷⁰ Global Fund, 'Report of the Portfolio and Implementation Committee,' to the Twenty-First Board Meeting, Revision 2, p. 6-7.

⁸⁷¹ PEPFAR, 'PEPFAR Fiscal-Years 2009-2010 Report on the Global Fund,' p. 13.

and it directed CCMs and others to one of the following: the CCM team at the Global Fund, their UNAIDS representative or PEPFAR's Global Fund Technical Assistance Coordinator.⁸⁷² The Secretariat made itself only one option and had spent the previous eight years pushing the other alternatives. The CCMs were already accustomed to working with UNAIDS or/and PEPFAR and might be expected to continue those relationships. There is no evidence CCMs reached out to the Secretariat or that beyond the supply-chain work mentioned above, the Secretariat worked to increase its visibility around technical assistance. Outside of supply-chain management, as of July 2012, only two non-Board documents primarily focused on technical assistance appeared on the Fund website. One written by UNAIDS does not even mention the Fund. The other by the Secretariat focused on technical assistance guidance for Health Systems Strengthening for Round 9, a rather narrow focus.⁸⁷³

As seen in the Five-Year Evaluation, McKinsey report and by the Secretariat's own admission, bilaterals dominated technical assistance from the Fund's early days. Beginning in 2005, the U.S. appropriations for PEPFAR set aside 5% of U.S. contributions to cover the cost of technical assistance to Global Fund grantees.⁸⁷⁴ In 2006, those monies funded programmes training CCMs and principal recipients on their appropriate roles and how to manage a Fund grant. In that first year, PEPFAR funds supported CCMs and principal recipients in at least sixteen countries.⁸⁷⁵ In

⁸⁷² Global Fund, 'CCM Oversight Strengthening and Grant Dashboard Introduction,' p. 3.

⁸⁷³ See: Global Fund, 'TA for HSS: Global Fund Round 9,' (2009 [cited 2 January 2012]); as of 2 November 2013, no longer available on the Fund website.

UNAIDS, 'Making the Money Work UNAIDS Technical Support to Countries,' (2007 [cited 3 March 2012]); available

http://www.unaids.org/en/media/unaids/contentassets/dataimport/pub/report/2007/jc1388-makingmoneywork_en.pdf

Search conducted 13 July 2012. Terms included: 'technical assistance,' 'technical support,' 'technical HIV/AIDS,' 'technical AIDS,' 'technical TB,' 'technical malaria.'

⁸⁷⁴ While the U.S. made contributions to the Fund from an array of appropriations, PEPFAR was by far the largest.

⁸⁷⁵ Author's own count from 'The Capacity Project History' (2012 [cited 3 February 2013]); available http://www.capacityproject.org/index.php?option=com_content&task=view&id=122&Itemid=90

2007, the U.S. created Grant Management Solutions (GMS), formalising its mechanism to provide short-term technical assistance to Fund grantees. Unlike the Fund that at times was hamstrung in its ability to communicate in multiple languages, GMS offered technical assistance in multiple languages. In its 2011 Annual Report, GMS said that CCM governance and grant oversight represented 40% of its projects and by the end of its fourth year, it ‘had started or completed 227 assignments in 73 countries.’⁸⁷⁶ PEPFAR gave GMS a five-year \$61 million budget.⁸⁷⁷

The U.S. was not alone in channelling money directly to CCMs though how donors did so varied. The European Commission did not have a Global Fund-dedicated technical assistance mechanism. Rather, it encouraged grantees to apply through pre-existing development channels with technical assistance funds available, for example its Development Cooperation instrument.⁸⁷⁸ DFID did not have a PEPFAR equivalent but had a more formalised process than the EC. It provided dedicated technical assistance funding that could be used for Fund grants and assigned DFID-funded advisors to work with CCMs and others on needs assessments, metrics, CCM governance and other areas.⁸⁷⁹ Japan had Global Fund-dedicated technical assistance funding but, in contrast to the other major Fund donors, limited technical assistance almost exclusively to government principal recipients (PRs). More than 96% of the \$141 million Japan gave in technical assistance in the Fund’s first decade went to implementing government PRs.⁸⁸⁰

⁸⁷⁶ Grant Management Solutions, ‘Annual Report 2011,’ (2012 [cited 8 July 2012]); available www.gmsproject.org/news/upload/Global_RepPY4-annual-report-final_annexes_Feb2012.pdf

⁸⁷⁷ Ibid. p. 9.

⁸⁷⁸ See SEEK, ‘Technical Assistance Profile European Commission.’

⁸⁷⁹ See DFID, ‘Towards Zero Infections: The UK’s Position Paper on HIV/AIDS in the Developing World,’ 2011.

⁸⁸⁰ Government of Japan, ‘JICA and the Global Fund,’ (2012 [accessed 21 January 2012]); available http://www.jica.go.jp/english/news/field/2011/20110607_01.html

France formalised its model in the image of PEPFAR in 2011. In 2009, it gave significant support (\$9.4 million) for technical assistance around HIV/AIDS alone, much dedicated to Fund grants. Two years later, it launched the ‘initiative 5% Fonds mondial’ to provide technical assistance to Fund CCMs at a level of 5% of the total French contribution to the Fund. Unlike the U.S., France designated fourteen priority countries in sub-Saharan Africa (most Francophone) plus Afghanistan, Haiti, and the Palestinian Territories as receiving preferential treatment in technical assistance provision and funding allocation. It committed to up to €18 million per year,⁸⁸¹ more than the American per annum commitment.

The first country to provide technical assistance to Global Fund grantees formally was Germany. Starting in 2002, GTZ (now GIZ) began providing assistance through GTZ Backup, a mechanism it created whose core function was to support Fund grantees at the local level. Unlike France, Germany explicitly disavowed earmarking a percentage of GTZ’s budget for technical assistance, perhaps because GTZ Backup spending levels were small compared to PEPFAR’s historic rates or France’s pledges; Backup spent €10.4 million between 2007 and 2012. Or, perhaps because Germany, like the EU, was making significant investments in technical assistance benefitting Global Fund beneficiaries even if not specifically oriented to their programmes; in 2010, technical assistance accounted for 41% or over \$190 mm of Germany’s bilateral health spending. By the end of 2011, Germany had provided technical assistance to more than 70 countries,⁸⁸² more than 46% of countries that had

⁸⁸¹ See:

Government of France, 2011, Press Release ‘XIXE Conference Ambassadeurs’ (2012 [cited 2 December 2012]); available http://www.diplomatie.gouv.fr/fr/ministere_817/evenements_11561/conference-ambassadeurs_17120/xixe-conference-ambassadeurs-31-aout-2-septembre-2011_21189/xixe-conference-ambassadeurs-intervention-henri-raincourt-2-septembre-2011_94958.html

SEEK, 2012, Technical Assistance Profile France

⁸⁸² See GIZ, ‘German BACKUP Initiative,’ ‘Results’ and ‘BACKUP Quick Facts.’ (2012 [cited 2 July 2013]); all available <http://www.giz.de/expertise/html/7192.html>

received a Global Fund grant.⁸⁸³ For the U.S., the figure is at least 80 countries, or more than 52%, based on the GMS list and the roster on Capacity Project, the forerunner to GMS.⁸⁸⁴ Technical assistance did not necessarily translate into CCM membership. For example, Germany was not listed on Bhutan's CCM, even though it is clear from the GIZ website that it provided significant technical assistance to it.

Challenges in defining or providing technical assistance challenges have not been confined to the Global Fund. The OECD in its 2012 Better Aid Effectiveness in the Health Sector Progress and Lessons report called out UNAIDS' technical assistance for remaining supply- not demand-driven, and that donors continued to provide the bulk of technical assistance through bilateral not multilateral channels.⁸⁸⁵ This is not surprising from a principal-agent perspective. We would expect donors to prefer controlling technical assistance support rather than pooling resources together and diluting what could facilitate longer-term and deeper relationships with individual recipient countries. Such behaviour exemplifies 'leap-frogging' a phenomenon normally observed when agents 'leapfrog' their subagents; here it is the Fund's principals that leapt over their agent, the Secretariat.

Conclusion

The Global Fund was created to be a different type of IO – one that would still enable a bloc of donors to stop an action but one that would enable a bloc of recipients to do so as well, and one that would remove the ability of any one donor to sway the Fund consistently. This is not what happened. The Board structure was insufficient to give implementers a voice or influence equal to donors. There were

⁸⁸³ By my count, through Round 10, 151 countries, as recognised by the Fund, had received funding through single or multi-country grants.

⁸⁸⁴ See 'The Capacity Project History' and Grant Management Solutions, 'Annual Report 2011.'

⁸⁸⁵ OECD, *Aid Effectiveness in the Health Sector Progress and Lessons 2012* (Paris: OECD, 2012) pp. 33-35.

even firsts among equals; principals – the donors – emerged from the ostensible principal, the Board. The U.S.’s positions on Global Fund Board decisions are knowable from 2005 onward from different sources. I could only find one instance in which the U.S. did not fully support a Board decision.⁸⁸⁶

The Fund’s focus – from the Board and Secretariat alike – on the Secretariat remaining lean and in Geneva ensured the more immediate intended outcome: that the Fund did not formally develop an in-country presence. That alone, however, was insufficient to ensure the larger principle: that the Fund’s structures would promote and protect country-ownership. Close investigation reveals bilaterals directly engaged with grants at the country-level, a dynamic masked by the focus on the Secretariat.

Evidence also exists of heavy donor presence on many country-coordinating mechanisms (CCMs). Principal-agent theory leads us to believe that agency slack increases as the delegation chain grows longer between a principal, the Fund Board, and subsidiary agents, such as CCMs or principal recipients. To ameliorate that challenge, the Fund Board, or more precisely the donor members of the Board, embedded their own staff in CCMs. Just about a third – 36.7% – of the 136 active single-country and multi-country CCMs did not have someone from the European Union/Commission or a member of the U.S., French, German, Japanese or Australian governments on their CCM. (Some are not surprising; Syria, Iran and North Korea all lack a donor presence).⁸⁸⁷

Most CCMs or principal recipients received technical assistance, often from donors, an additional and hidden channel of influence. Technical assistance in and of itself could not call into question the integrity of the grantees’ country-ownership,

⁸⁸⁶ Relating to what products and services the Fund could accept in-kind. See PEPFAR, ‘U.S. Government Positions on Decision Points for the 18th Board Meeting of the Global Fund,’ p. 2.

⁸⁸⁷ Author’s own work. Table of CCMs with donor participation available in the appendices.

particularly given the emphasis most donors placed on short-term technical assistance. The presence of donors on CCMs and the provision of longer-term technical assistance through those relationships, however, is a different matter. Still, even with donor presence on almost two-thirds of CCMs, CCM membership remained overwhelmingly local. Does the presence of a donor, particularly in an era in which donor coordination and harmonisation is frequently stressed, undermine the country-ownership of the Global Fund grant process? It remains an open question until the information necessary to answer it (e.g., what roles did donors play in the conceptualising, writing and implementing of grants) becomes available.

In the Fund's first decade, the different structures of the Fund's Board, Secretariat and grant architecture were insufficient to change the underlying power dynamics between donors and recipients, or between a principal and its agent. This is partly because agency loss didn't increase through the chain of Board – Secretariat – CCM as principal-agent theory might expect. In the Fund's reality, the principals served as part of the CCMs, and at times, served as the CCM's agent, the principal recipients; power did not diffuse down and knowledge travelled up, from a PEPFAR staff person on a CCM to the PEPFAR head serving on the Fund's Board. Principals circumvented their agent.

Conclusion: Reflections & Looking to the Future

This thesis has assessed the Global Fund's record in its first ten years against a set of core expectations it carried from inception: that it would raise unprecedented monies for HIV/AIDS, TB and malaria from an unprecedented coalition of supporters; that evidence and performance would drive its funding decisions; and, arguably most profoundly, that donors and implementers would work equally together to chart the Fund's course on the Board while implementers alone would own the business of writing and implementing Fund grants. The record is decidedly mixed as the work in this thesis establishes.

Chapter Four probed whether the Fund raised more money, from more sources and more reliably than its predecessor institutions. The Fund's creation helped focus funding for its constituent diseases but whether those monies would have still flowed to HIV/AIDS, TB and malaria or broader global health concerns remains an open question, particularly with the advent of the U.S. PEPFAR programme in 2003. (RED) would not have existed in the absence of the Fund and while hundreds of millions of dollars galvanized for the Fund is notable, it amounted to about one percentage of Fund contributions from 2006 – 2011 (its first five years). A broad coalition of private sector supporters did not materialise. The Fund did perform disproportionately well in converting pledges to contributions. Its 96% conversion over its first decade far exceeded the 80% average that WHO had calculated for development assistance for health or the 83.5% I calculated from OECD data as the development assistance for health conversion ratio over the same time period.

The Fund did not invent performance-based funding but it was the first significant international organisation to make a constitutional commitment to it. The dearth of public data makes assessing the Fund's record against that commitment

challenging. From what data does exist, the Board made evidenced-based decisions around Phase I, or initial grant funding for two years, in its first decade, as seen in its perfect approval rate of its Technical Review Panel's (TRP) recommendations. The Board also made performance-based decisions for Phase II, continued grant funding for three years, insofar as we can infer from what data exists. The evidence of periodic pushback from the Board on the Secretariat's Phase II funding recommendations, notably only when it proposed discontinuing funding, and the more than 50% of missing performance ratings (in contrast to the now-public grant applications and TRP assessments) however makes this a relatively more tenuous analysis. What is clear is that given the missing data, we cannot conclude the Secretariat collected data in a sufficiently robust way to inform their Phase II recommendations, perhaps explaining the Board's disagreements, though perhaps other, more political forces influenced their decisions. Given current data, we cannot reliably know.

Perhaps the heaviest expectation was that the Fund would be a different type of international organisation than the World Bank or even UNAIDS. The equal balance between donors and implementers on the Fund's Board was intended to give equal voice and influence to implementers, a first for formalised international cooperation. Equality of enfranchisement proved insufficient to guarantee equality of participation. The Fund being a purely financing mechanism with a Secretariat remaining rooted firmly in Geneva and not acquiring a country-presence was understood to help promote country-ownership and be a surety against the Fund engaging in supply-driven technical assistance. The research reveals that Secretariat's absence in-country and in technical assistance provision opened space for donors to fill the roles that secretariats in other organisations traditionally do.

Donor engagement through technical assistance, actively encouraged by the Secretariat, was only one channel of influence for donors. A likely stronger channel was their presence on country-coordinating mechanisms (CCMs), which were created to write grants and oversee their implementation. Close investigation uncovers a heavy donor presence on CCMs. As of 2012, more than 60% of active CCMs have at least one donor. The U.S. had a presence on more than 50% of active CCMs. Donors circumvented the Secretariat, over funding Rounds, across diseases and around the world.

In the Fund's first decade, we found a principal that never delegated real authority to its agent. We found an agent granted little discretion in carrying out its mandate and one that never had (or took) the opportunity to develop an informational advantage vis-à-vis its principal. There were also first among equals on the Board. The donor Board Members effectively disintermediated the Secretariat through providing bilateral technical assistance to CCMs and developing a sustained informational advantage through their presence on CCMs. A secretariat is often seen as an ally to recipient countries. In the Fund, the Secretariat was not positioned to be an ally and donors exerted considerable influence over Fund processes through bilateral mechanisms. Implementing countries did ask for more resources to coordinate between Board meetings that the Board (presumably led by donors) did not approve. Yet, there is no evidence the implementing countries on the Fund's Board argued for less donor presence or more Secretariat engagement through technical assistance or otherwise. Country-ownership is a powerful idea. Donor rhetoric in support is insufficient to helping implementing countries achieve it, as often they do not believe it is in the best interest of their development assistance, as the Fund's first decadal experience demonstrates.

Writing in late 2013, it is clear the Fund's second decade will look very different than its first. The Fund no longer will hew to a Rounds-based approach or even a pure grant-based approach. It has introduced what it refers to as a 'New Funding Model.'⁸⁸⁸ The Fund, not applicants, now takes the first step, projecting the total resources available to it over a three-year horizon, which will then serve as a cap on total grant commitments. The Fund plans to allocate those forecasted monies into tranches for each disease, further cutting those categories along the axes of income and burden. This is effectively a hybrid supply-driven and demand-driven model, despite the Fund's assertion it remains demand-driven as it was for much of its first decade, approving grants based on merit, not available funding.⁸⁸⁹

Starting in 2013 for a few select countries and in 2014 for most Fund-eligible countries (eligibility has not changed though additional countries have 'graduated' out because of higher per capita incomes), country-coordinating mechanisms (CCMs) will submit a 'concept note,' outlining the scope of their challenges, current work against those challenges, existing and expected funding for the next three years. Against that backdrop, CCMs will make a three-year funding request. This also signals a major change. A two-phase grant model, with performance intended to determine whether grants receive the second tranche of funding, has disappeared. Although the Fund remains committed to what it now calls 'results-based funding,' how that translates into practice remains to be seen. Another notable departure from the Fund's previous usage of performance is that grants' past performance will now be taken into account in assessing grant's technical robustness and feasibility, a responsibility the Technical Review Panel (TRP) continues to hold.

⁸⁸⁸ The next section on the New Funding Model based on author's own assessment of all documents as of 27 December 2013 on Global Fund, 'Funding Model,' webpages; available <http://theglobalfund.org/en/fundingmodel/process/>

⁸⁸⁹ See Global Fund, 'Report of the Twenty-Eighth Board Meeting.'

The TRP will now make recommendations not to the Board but to a Grant Approvals Committee entirely comprised of Secretariat staff. If that committee approves the grant, it sets an upper ceiling limit and then the Secretariat (presumably a different committee or group) negotiates a proposed agreement with the CCM's designated principal recipient. That agreement then returns to the Secretariat's Grant Approvals Committee and provided it approves, the grant agreement goes to the Board for its approval.

The Fund also introduced throughout 2013 more stringent requirements for CCMs, principal recipients, and for the first time, sub-recipients. The Secretariat now assesses compliance during the grant negotiation; pre-screening appears to have disappeared. The requirements – still to be fleshed out in specifics – now include CCMs actively overseeing the grant, ensuring robust metrics and evaluation tools; and, principal recipients demonstrating effective management, no conflict-of-interest and strong internal controls, including for sub-recipients and significant sub-sub-recipients. The Fund has positioned these requirements as helping CCMs and principal recipients recognise gaps, presumably management and capacity gaps before they become programmatic disappointments. Particularly notable is that now CCMs are expected to have the visibility and technical support (from donors or multilaterals) necessary to actively oversee grant implementation, versus the passive or non-existent implementation of previous years.

Once the Board approves grant agreements, intended now to occur 3-4 months after CCMs submit concept notes, disbursements will occur annually with performance reporting semi-annually, a difference from the quarterly cadence that often characterised both in previous years. Whether more timely and complete reporting occurs likely relies more on the quality of grant's data protocols and

systems. Whether performance-level data becomes public in a more timely and reliable way relies on the Secretariat's commitment. The Fund said in 2012 it would provide higher quality public data.⁸⁹⁰ In December 2012, it stopped updating the grant portfolio spreadsheets and individual country-coordinating mechanism or individual grant webpages, in an effort it maintained to provide higher quality data.⁸⁹¹ In summer 2013, the Fund introduced a new grant portfolio with every disbursement field filled in but no performance ratings at all. An Aidspace analysis found that more than 50% of the disbursement amounts differed in the new grant portfolio from its predecessor; the Fund acknowledged the historic challenges with accuracy around disbursements. These discrepancies call into question the integrity of the work examining Fund disbursements against grant ratings, chiefly the 2007 Radelet & Siddiqi article and a 2013 Center for Global Development paper.⁸⁹² Neither the implications for previous research nor the persistent lack of performance ratings in the grant portfolio have received significant attention. Anecdotally, I noticed over the summer of 2013, individual country-coordinating mechanism and grant webpages were becoming standardised, including with respective performance ratings. Still, as of December 2013, there is no one place on the Fund's website to access a consolidated view of grant performance.

Scrutiny around how the Fund defines and uses evidence and performance remain crucial to its credibility, arguably more so in its second decade following the findings of fraud at the end of its first. It is not clear in late 2013 how the Fund will

⁸⁹⁰ See Kelvin Kinyua, 'Aidspace Analysis Reveals Problems with Grant Data Provided by the Global Fund,' GFO, Issue 221, 10 July 2013.

⁸⁹¹ Posted on Fund's website in December 2012 (author's own observation).

⁸⁹² Victoria Fan, *et al.*, 'Grant Performance and Payments at the Global Fund,' Center for Global Development, 22 August 2013; available <http://www.cgdev.org/publication/grant-performance-and-payments-global-fund>

Fan, *et al.* used data pre-mid 2012 so any disbursement inaccuracies would have impacted their conclusions.

define performance or, in the absence of Phase II, how it will penalise a grant for poor programmatic performance (versus the newly included past grant performance as a TRP assessment criteria for future concept notes and proposals). Its commitment to penalising grants for fraud seems no less strong in 2013 than it did in 2011 or 2012, judged by the pace of Inspector General reports and its suspension of funds when fraud or misuse is unmistakable.⁸⁹³ The three-year grant time horizon and the introduction of a supply-driven element to grant-making coupled with a continued strong Inspector General, the Board appointment of TRP members and the persistence of Board control over all funding decisions –arguably gives the Board even more control than it had in the Fund’s first decade. We will have to wait and see how, if at all, the Secretariat might use its newly granted authority through the Grant Approvals Committee to influence the Board’s decision-making and ultimate decisions.

The introduction of more stringent requirements for CCMs and principal recipients could be interpreted in one of two ways. Either, as further limiting country-ownership through imposing more limitations on how CCMs define their roles and therefore their definition of country-ownership. Or, it could be interpreted as increasing country-ownership. By defining the remit of CCMs more precisely, it arguably limits, or at least constrains, the ways in which donors can engage on CCMs and through technical assistance.

The Fund mandates that CCMs include in their concept notes a technical assistance plan, with their technical assistance partners detailed. The Secretariat again has situated itself mainly as a facilitator between CCMs and technical partners though it now asserts it will provide, for the first time, its view on technical assistance

⁸⁹³ The Inspector General reported to the Board in November 2013 that the Fund had recovered \$23.8 million of the \$118 million identified (the majority since 2010 and a good portion since Parsons’ exit). See: Global Fund, ‘Losses and Recoveries Report,’ submitted to the Thirtieth Board Meeting (2013).

best practices, crossing the fine line that had so concerned the Technical Review Panel. Additionally, a core part of the new funding model is an ‘on-going country dialogue,’ the avenue by which the Secretariat facilitates relationships between CCMs, technical partners and others in-country. Whether such country dialogues and the more country-team approach touched on in Chapter One moves the Secretariat away from Geneva is yet to be seen. These various changes might well decrease the Secretariat’s information asymmetry vis-à-vis the technical assistance providers on the Board and, via CCMs, increase its influence among implementing countries on the Board. Neither likely increase country-ownership and, if anything, further weakens it.

At its May 2012 Board Meeting, the Board agreed to further look at Board governance reform to enable greater and more meaningful participation by implementing countries.⁸⁹⁴ At its November 2012 Meeting, the Board acknowledged a governance manual had been developed to help implementing countries engage more effectively with the Fund governance, presumably meaning the Board and other parts of the Fund, including the Secretariat. The handbook is not included in the Board documents nor is it elsewhere on the Fund site making it difficult to assess whether the challenges discussed in this thesis were directly addressed and if so, how. What is clear is that neither in that meeting nor in the subsequent meeting,⁸⁹⁵ were donors Board Members asked to change their practices (e.g., to not convene separately) or to provide additional resources to implementing country delegations to facilitate whatever the handbook recommended. Little evidence exists in the Fund’s nascent second decade to support the contention that implementers will have a more equal voice or influence over the Board than in previous years.

⁸⁹⁴ See Global Fund, ‘Report of the Twenty-Sixth Board Meeting,’ pp. 13-14 and ‘Governance Reforms Phase 2,’ submitted to the Twenty-Sixth Board Meeting.

⁸⁹⁵ Although the Board has met twice, only the Twenty-Ninth Board Meeting Report has been published as of December 2013.

The Board dynamics may not have changed because the funding dynamics of the Fund have not changed. The 2013 replenishment process concluded in Washington in early December with few surprises. It was more successful at \$12 billion pledged than the previous replenishment had been, with the U.S. and others noting the Fund's reforms as a major reason for continued or moderately increased support.⁸⁹⁶ The major supporters of the Fund historically were once again the major supporters of the Fund, though with more conditions than before. The UK conditioned its £1 billion pledge for the first time, not wanting to represent more than 10% of the Fund's resources, a threshold more than met. The U.S. pledged \$5 billion if the Fund secured \$10 billion from other donors, a level that looks unlikely. More implementers made pledges (e.g., China's \$15 million pledge) than ever before and a few new donors emerged (e.g., the United Methodist Church at \$16 million).⁸⁹⁷ But, on balance, little changed in 2013 from previous replenishments. Even more, the large donors in 2013 look very similar to those who pledged in 2001-2002 to help bring the Fund from an idea to an institution. In 2013, like all years before it, private sector funding remains characterised by a few gifts from private companies that are generally less than China's pledge and (RED)'s generated funds. Nothing has occurred to change the now low expectations around private sector contributions.

The High-Level Panel noted various implementing country health ministers, finance ministers and CCM members saw the Fund as no different than other international organisations.⁸⁹⁸ This thesis helps elucidate some of the reasons behind those feelings. New funders did not emerge at the level hoped for at the arrival of the new millennium. Evidence and performance could not be perceived as driving

⁸⁹⁶ As one example, see John Kerry's speech to the Global Fund's replenishment conference, 2 December 2013: <http://www.youtube.com/watch?v=pvTygTHQCzE>.

⁸⁹⁷ See documents on Global Fund, 'Fourth Replenishment' (cited 28 December 2013); available <http://www.theglobalfund.org/en/replenishment/fourth/>

⁸⁹⁸ HLP, p. 9.

funding decisions consistently due to the lack of transparency and data quality. An equal voice on the Board, country-coordinating mechanisms and a Geneva-only Secretariat were inadequate to catalyse or sustain meaningful country-ownership, unless we define it as giving donors greater confidence in how their aid monies were being used.

In the global governance experiment the Global Fund represents, the principals arguably retained more control than is true in traditional multilateral institutions. Principal-agency literature stresses how principals design incentives, including the withholding of resources, to induce an agent to carry out their interests. The years the Gates Foundation gave little or no money to the Fund and when Germany and others withheld funding in late 2010-early 2011 sent clear signals to the Secretariat about their interests and its unmistakable donor dependence, but neither as significantly as the U.S. creating PEPFAR in 2003 and then tying the Fund's fate to its mast.

Similarly, classical principal-agency theory generally assumes agents have more information than principals, an inevitable result of the rationale for states to cooperate initially – the need for information to be collected, analysed and disseminated across governments. In the Fund, donors are structurally advantaged, often sitting on both CCMs (something the Secretariat is prohibited to do, even under the new model) and the Board. Principal-agent theory expects principals to work at shrinking that information asymmetry. In the Fund's case, the asymmetry developed in the principals' favour and now, it is the Secretariat arguably working to change that dynamic. The presence of principals on CCMs also somewhat circumvented another challenge principal-agent theory holds principals often confront: monitoring. Principals likely knew and know more about CCMs and principal recipients than the

Secretariat. Strong Board oversight and the Inspector General provided Board-mandated monitoring of the Secretariat's own operations. For these reasons and the lack of identifiably implementing country-ownership on the Board or in grants, the Fund was an experiment in global governance but has not yet proven to be a success in establishing a new model for cooperation.

For scholars interested in global health, international organisations or cooperation more broadly, the findings in this thesis invite future research, particularly as the Fund changes and more current and historic data becomes available. Questions of fundraising, performance and country-ownership will need to be asked of the Fund repeatedly, at least for as long as it rests its identity so firmly upon them. The GAVI Alliance is ripe for similar inquiry as are the relationships between technical assistance providers, international organisations and recipient governments, in the context of the Fund and beyond. In those areas, as in this thesis, principal-agent theory could prove useful in helping surface question and sharpen insights, advancing our understanding of global health cooperation and international cooperation more broadly.

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Interviews

Richard Feachem. Personal interview, conducted by phone. 16 December 2011.